

**BRADLEY UNIVERSITY**  
Peoria, Illinois

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED MAY 31, 2024 AND 2023**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Bradley University  
Peoria, Illinois

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of Bradley University, which comprise the statements of financial position as of May 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bradley University as of May 31, 2024 and 2023, and the results of its activities 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bradley University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bradley University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bradley 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 financial statements as a whole. The financial responsibility ratio supplemental schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Peoria, Illinois  
October 10, 2024

**BRADLEY UNIVERSITY**  
**STATEMENTS OF FINANCIAL POSITION**  
**MAY 31, 2024 AND 2023**  
**(IN THOUSANDS OF DOLLARS)**

	2024	2023
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 17,444	\$ 11,702
Deposit with Trustee	75	27
Accounts Receivable:		
Tuition and Fees, Net of \$580 and \$500 Allowance in 2024 and 2023, Respectively	678	1,432
Government Grants and Appropriations	2,567	521
Other	1,342	1,204
Student Loans, Net of \$104 and \$225 Allowance in 2024 and 2023, Respectively	1,379	1,895
Deferred Charges and Other	1,370	1,375
Contributions Receivable, Net of \$165 and \$682 Allowance in 2024 and 2023, Respectively	2,041	2,068
Investments	362,422	347,536
Right-of-Use Asset - Operating	1,899	1,929
Property, Plant, and Equipment, Net	325,757	336,818
	<u>\$ 716,974</u>	<u>\$ 706,507</u>
Total Assets	<u>\$ 716,974</u>	<u>\$ 706,507</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accrued Wages and Related Taxes	\$ 12,658	\$ 13,579
Accounts Payable and Accrued Expenses	8,213	10,903
Student Deposits	294	334
Deferred Revenue	2,358	3,076
Reserve for Annuities	1,206	1,336
Refundable Government Loan Fund	2,025	780
Postretirement Benefits Other than Pensions	22,726	21,953
Notes Payable	231	302
Lease Liability - Financing	448	550
Lease Liability - Operating	1,908	1,933
Swap Contract	-	646
Bonds Payable, Net	136,507	140,645
Total Liabilities	188,574	196,037
<b>NET ASSETS</b>		
Without Donor Restrictions	370,928	360,805
With Donor Restrictions	157,472	149,665
Total Net Assets	528,400	510,470
Total Net Assets and Liabilities	<u>\$ 716,974</u>	<u>\$ 706,507</u>

See accompanying Notes to Financial Statements.

**BRADLEY UNIVERSITY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MAY 31, 2024**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2023)**  
**(IN THOUSANDS OF DOLLARS)**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>OPERATING REVENUES AND OTHER ADDITIONS</b>				
Tuition and Fees, Net of Allowance of \$83,448 and \$82,978 Allowance in 2024 and 2023, Respectively	\$ 84,568	\$ -	\$ 84,568	\$ 90,439
Contributions	1,367	10,017	11,384	15,341
Government Grants and Appropriations	4,383	-	4,383	3,913
Contracts	1,174	-	1,174	158
Endowment Income Designated for Current Operations	17,991	755	18,746	14,059
Net Investment Return Designated for Current Operations	400	32	432	1,897
Auxiliary	25,659	(25)	25,634	27,584
Other Income (Loss), Net	4,435	(31)	4,404	5,454
Net Assets Released from Restrictions	5,327	(5,327)	-	-
Total Operating Revenue and Other Additions	145,304	5,421	150,725	158,845
<b>OPERATING EXPENDITURES</b>				
Instructional and Research	54,805	-	54,805	60,428
Operation and Maintenance of Plant	10,477	-	10,477	10,549
General Institutional	17,041	-	17,041	16,853
Student Services	10,851	-	10,851	11,094
General Administrative	9,461	-	9,461	8,249
Library	2,326	-	2,326	1,615
Public Service, Information, and Fundraising	5,329	-	5,329	6,236
Auxiliary	26,166	-	26,166	26,194
Interest on Indebtedness	5,401	-	5,401	5,544
Depreciation and Amortization	13,530	-	13,530	13,626
Total Operating Expenditures	155,387	-	155,387	160,388
Change in Net Assets from Operating Activities	(10,083)	5,421	(4,662)	(1,543)
<b>NONOPERATING REVENUE AND EXPENDITURES</b>				
Net Investment Appreciation Less Return Designated for Current Operations	48,106	409	48,515	2,348
Allocation of Endowment Income to Operations	(17,991)	(755)	(18,746)	(14,059)
Loss on Disposal of Asset	(6)	-	(6)	(19)
Swap Contract Gain	371	-	371	830
Postretirement Benefits Related Charges, Other Than Periodic Cost	(5,713)	-	(5,713)	(2,779)
Change in Donor Restrictions	(2,823)	2,823	-	-
Changes in Split Interest Arrangements	(55)	17	(38)	11
Other Nonoperating Expenses	(1,683)	(108)	(1,791)	-
Change in Net Assets from Nonoperating Activities	20,206	2,386	22,592	(13,668)
<b>TOTAL CHANGES IN NET ASSETS</b>	10,123	7,807	17,930	(15,211)
Net Assets - Beginning of Year	360,805	149,665	510,470	525,681
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 370,928</u>	<u>\$ 157,472</u>	<u>\$ 528,400</u>	<u>\$ 510,470</u>

See accompanying Notes to Financial Statements.



**BRADLEY UNIVERSITY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MAY 31, 2023**  
**(IN THOUSANDS OF DOLLARS)**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUES AND OTHER ADDITIONS</b>			
Tuition and Fees, Net of Allowance of \$82,978 and \$78,843 Allowance in 2023 and 2022, Respectively	\$ 90,439	\$ -	\$ 90,439
Contributions	989	14,352	15,341
Government Grants and Appropriations	3,913	-	3,913
Contracts	158	-	158
Endowment Income Used in Operations	13,485	574	14,059
Net Investment Return Designated for Current Operations	1,841	56	1,897
Auxiliary	27,584	-	27,584
Other Income, Net	6,300	(846)	5,454
Net Assets Released from Restrictions	2,392	(2,392)	-
Total Operating Revenue and Other Additions	147,101	11,744	158,845
<b>OPERATING EXPENDITURES</b>			
Instructional and Research	60,428	-	60,428
Operation and Maintenance of Plant	10,549	-	10,549
General Institutional	16,853	-	16,853
Student Services	11,094	-	11,094
General Administrative	8,249	-	8,249
Library	1,615	-	1,615
Public Service, Information, and Fundraising	6,236	-	6,236
Auxiliary	26,194	-	26,194
Interest on Indebtedness	5,544	-	5,544
Depreciation	13,626	-	13,626
Total Operating Expenditures	160,388	-	160,388
Change in Net Assets from Operating Activities	(13,287)	11,744	(1,543)
<b>NONOPERATING REVENUE AND EXPENDITURES</b>			
Net Investment Appreciation Less Return Designated for Current Operations	2,230	118	2,348
Allocation of Endowment Income to Operations	(13,485)	(574)	(14,059)
Loss on Disposal of Asset	(19)	-	(19)
Capital Gifts	-	-	-
Postretirement Benefits Related Charges Other than Periodic Cost	(2,779)	-	(2,779)
Change in Donor Restrictions	(2,147)	2,147	-
Changes in Split Interest Arrangements	23	(12)	11
Change in Net Assets from Nonoperating Activities	(15,347)	1,679	(13,668)
<b>TOTAL CHANGES IN NET ASSETS</b>	(28,634)	13,423	(15,211)
Net Assets - Beginning of Year	389,439	136,242	525,681
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 360,805</u>	<u>\$ 149,665</u>	<u>\$ 510,470</u>

See accompanying Notes to Financial Statements.

**BRADLEY UNIVERSITY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MAY 31, 2024 AND 2023**  
**(IN THOUSANDS OF DOLLARS)**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 17,930	\$ (15,211)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation and Amortization	13,560	14,030
Provision (Recoveries) of Uncollectible Contributions and Accounts Receivable	(437)	138
Net Accretion of Premiums and Discounts on Bonds Payable and Bond Issuance Costs	(363)	(716)
Loss on Disposal of Property, Plant, and Equipment	6	19
Net Realized and Unrealized Gain on Investments	(48,515)	(2,348)
Swap Contract Gain	(371)	(830)
Post Retirement Benefits Related Charges	1,459	-
Contributions Restricted for Long-Term Investment	(5,169)	(10,533)
Interest and Dividends Restricted for Long-Term Investment (Net of Expenses)	(158)	(369)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(1,510)	350
Deferred Charges and Other	5	291
Contributions Receivable	544	498
Accounts Payable, Accrued Expenses, and Accrued Wages	(3,611)	1,377
Student Deposits	(40)	(1,148)
Deferred Revenue	(718)	489
Reserve for Annuities	(130)	(211)
Lease Liability - Operating	(25)	(391)
Postretirement Benefits	(686)	(1,652)
Net Cash Used by Operating Activities	(28,229)	(16,217)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	33,629	6,938
Purchase of Investments	-	(6,217)
Purchase of Property and Equipment	(2,475)	(9,507)
Withdrawal of Deposit with Trustee	9,389	8,886
Deposit with Trustee	(9,437)	(8,887)
Net Cash Provided (Used) by Investing Activities	31,106	(8,787)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	5,169	10,533
Interest and Dividends Restricted for Long-Term Investment	158	369
Proceeds from Issuance of Bonds Payable	16,990	-
Retirement of Bonds Payable	(17,335)	-
Payments on Notes Payable	(71)	(275)
Payments on Bonds Payable	(3,705)	(3,550)
Change in Refundable Government Loan Funds, Net	1,761	(171)
Payments on Lease Liability - Financing	(102)	(101)
Net Cash Provided by Financing Activities	2,865	6,805
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	5,742	(18,199)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	11,702	29,901
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 17,444	\$ 11,702
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ 5,401	\$ 5,544

See accompanying Notes to Financial Statements.

**BRADLEY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2024 AND 2023**  
**(IN THOUSANDS OF DOLLARS)**

**NOTE 1    PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

**Operations**

Bradley University (the University) is a nonprofit organization established to provide educational opportunities to qualified students from throughout the world.

**Basis of Presentation**

The University prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which require classification of net assets and revenues, expenses, gains, and losses based on the absence or existence of donor-imposed restrictions into two categories: without donor restrictions which have no donor-imposed restrictions and are available for any purpose consistent with the University's mission; and with donor restrictions which have either donor-imposed restrictions that will expire in the future and normally fund specific expenditures of an operating or capital nature, such as life income funds, student loan funds, and pledges or donor-imposed restrictions that do not expire and are normally restricted to long-term investment with income earned and appreciation available for specific or general University purposes, such as life income funds, endowment funds, and pledges.

The University's financial statements are prepared on the accrual basis of accounting.

**Cash and Cash Equivalents**

The University defines cash equivalents as securities with original maturities of 90 days or less.

**Revenue Recognition**

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to our customers (students), in an amount that reflects the consideration we expect to be entitled in exchange for those goods or services.

The following table shows the University's tuition revenue disaggregated according to the timing of the transfer of goods or service and by source as of May 31:

	2024	2023
Revenue Recognized Over Time:		
Undergraduate Tuition and Fees	\$ 72,420	\$ 78,663
Graduate Tuition and Fees	12,148	11,776
Total	<u>\$ 84,568</u>	<u>\$ 90,439</u>

**BRADLEY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2024 AND 2023**  
**(IN THOUSANDS OF DOLLARS)**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

The following table shows the University's auxiliary revenues disaggregated according to the timing of the transfer of goods or service and by source as of May 31:

	2024	2023
Revenue Recognized Over Time:		
Housing	\$ 11,669	\$ 12,271
Dining	8,644	9,062
Athletics Ticket Sales	1,257	1,050
Apartment Rental Income	3,022	3,144
Other	1,042	2,057
Total	<u>\$ 25,634</u>	<u>\$ 27,584</u>

**Performance Obligations and Revenue Recognition**

The University has 11 academic terms; Fall, Fall 1, Fall 2, January Interim, Spring, Spring 1, Spring 2, May Interim, Summer, Summer 1 and Summer 2. Tuition revenue is recognized in the fiscal year in which the academic programs are delivered, proratable over the term of the related semester. Auxiliary revenue is recognized in the fiscal year in which housing and food services are provided, proratable over the term of the related semester. Any payments received prior to fiscal year-end related to academic terms that occur subsequent to fiscal year-end are recorded as deferred revenue in the accompanying statements of financial position.

Customer contracts generally have separately stated prices for each performance obligation contained in the contract. Therefore, each performance obligation generally has its own standalone selling price. Arrangements for payment are agreed to prior to registration of the student's first academic term. Generally, payments for tuition, fees and auxiliaries are due approximately two weeks prior to the start of the academic terms. Students may also enter into a payment plan in which payment is due at predetermined dates during the course of a semester. Many students obtain Title IV or other financial aid resulting in the University receiving a significant amount of the transaction price at the beginning of the academic term.

**Transaction Price**

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services. Tuition and auxiliary revenues are reported at established rates, net of financial assistance provided by the University.

Students may receive discounts, scholarships or refunds, which gives rise to variable consideration. The amount of discounts or scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the transaction price is reduced directly by these discounts or scholarships from the amount of the standard rates charged.

Students who adjust their course load or withdraw completely within the first nine weeks of the academic term (add/drop period) may receive a full or partial refund in accordance with the University's refund policy.

**BRADLEY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2024 AND 2023**  
**(IN THOUSANDS OF DOLLARS)**

**NOTE 1    PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Transaction Price (Continued)**

If a student withdraws prior to completing an academic term, federal regulations permit the University to retain only a set percentage of the total tuition and auxiliary revenues received from such student, which varies with, but generally equals or exceeds, the percentage of the academic term completed by such student. Payment amounts received by the University in excess of such set percentages of tuition are refunded to the student or the appropriate funding source.

For contracts with similar characteristics and historical data on refunds, the expected value method is applied in determining the variable consideration related to refunds. Estimates of the University's expected refunds are determined at the outset of each academic term, based upon actual experience in previous academic terms. Reserves related to refunds are presented as refund liabilities on the statements of financial position. All refunds are netted against revenue during the applicable academic term. Management believes it is not probable that a significant reversal in the amount of cumulative revenue recognized will occur when the uncertainty associated with variable consideration is subsequently resolved.

Management reassesses collectability throughout the period revenue is recognized by the University on a student-by-student basis. This reassessment is based upon new information and changes in facts and circumstances relevant to a student's ability to pay. Management also reassesses collectability when a student withdraws from the institution and has unpaid charges.

**Contract Balances**

Tuition, fees and auxiliary revenues are recognized in the period classes and services are provided and amounts received for future periods are reported as deferred revenue. Students are billed at the beginning of each academic term and payment is due at that time. The University's performance obligations are to provide educational services in the form of instruction as well as housing facilities and meals during the academic term. As these performance obligations are satisfied over the academic term, deferred revenue is reduced. A significant portion of student payments are from Title IV financial aid and other programs and are generally received during the first month of the respective term. When payments are received, accounts receivable is reduced.

The balance of deferred revenue at May 31, 2024 will be recognized as revenue over the academic term beginning June 1, 2024 as services are rendered.

**Practical Expedients**

As the University's performance obligations have an original expected duration of one year or less, we have applied the practical expedient to not disclose the amount of the transaction price allocated to our performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and when the entity expects to recognize this amount as revenue. All consideration from contracts with customers is included in the transaction price.

**BRADLEY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2024 AND 2023**  
**(IN THOUSANDS OF DOLLARS)**

**NOTE 1    PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Allowance for Credit Losses**

The University maintains an allowance for credit losses for tuition and fees based on the University's historical collection results. Management believes that its allowance for tuition and fees represents its best estimate of such amounts, however, ultimate results could vary significantly from such amounts. As adjustments to these estimates become necessary, such adjustments are reflected in current activities.

The provision of current expected credit losses is based upon management's evaluation of the collectability of receivables. Management determines the allowance for credit losses by regularly evaluating receivables and considering financial conditions, credit history and current economic conditions. Receivables are written off when deemed uncollectible.

**Auxiliary Enterprises**

The University's auxiliary enterprises exist primarily to furnish goods and services to students, faculty, and staff. Managed as essentially self-supporting activities, the University's auxiliaries consist principally of dining halls, residence halls, and intercollegiate athletics. Auxiliary enterprise revenues and fully costed expenses are reported as changes in net assets without donor restrictions.

**Grants and Contributions**

A portion of the University's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the University has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

**Investments and Investment Income**

Investments in equity securities with readily determinable fair values and all investments in debt securities are presented at fair value. Investments in farms are stated at appraised value while other real estate investments are stated at acquisition cost or, for gifts, at fair value on the date of receipt. The net realized and unrealized appreciation or depreciation in the fair value of investments is reflected in the statements of activities.

Endowment funds are accounted for with a unitized accounting system. Individual funds within the investment pool are assigned units based on their proportionate share of the investments in the pool. Additions and subtractions are assigned units based on the unit value at the time of the additions or subtractions. Net appreciation or depreciation on endowment funds and all other funds is classified in the accompanying financial statements based on restrictions by the donor or by law.

**BRADLEY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2024 AND 2023**  
**(IN THOUSANDS OF DOLLARS)**

**NOTE 1    PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments and Investment Income (Continued)**

An individual endowment fund is considered to be underwater if the fund is permanently restricted and the fair value has decreased below its historic dollar value. Due to the recent market conditions, the University has approximately 19 of 792 individual endowment funds whose market values are \$111 in total under their historical cost that are considered to be “underwater” as of May 31, 2024 (approximately 65 of 777 with market value of \$407 in total under their historical cost that are considered to be “underwater” as of May 31, 2023). Spending associated with endowment funds is governed by the Uniform Prudent Management of Institutional Funds Act and places stipulations upon spending from underwater endowment funds.

Purchases and sales of investment securities are recorded on the trade-date basis. Dividends are recorded on the ex-dividend date and interest is recorded as earned.

**Property, Plant, and Equipment**

Land, buildings, and equipment are stated at acquisition cost less accumulated depreciation. Donations of property are recorded at fair market value on the date of receipt. Depreciation is computed using the straight-line method over the estimated useful life of each asset type. The University has adopted a policy of capitalizing assets with values of \$1 (one thousand dollars) or greater.

**Impairment of Long-Lived Assets**

The University reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**Income Taxes**

The University is exempt from federal and state income taxes under the applicable U.S. and Illinois internal revenue codes for related income. No provision has been made in the accompanying financial statements as the University believes there is no significant unrelated business income.

**Use of Estimates in the Preparation of Financial Statements**

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

**BRADLEY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1    PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates in the Preparation of Financial Statements (Continued)**

At May 31, 2024 and 2023, reserves have been established for uncollectible accounts, student loans, and contributions receivable. These reserves have been estimated based on historical collection and allowance practices, as well as an evaluation by management of current trends.

Contributions receivable, annuities receivable, and the reserve for annuities are based on estimated fair values using discount rates. The University believes the methods and assumptions used are appropriate.

The liability for postretirement benefits other than pensions is based on actuarial studies. The University believes the methods and assumptions used in computing this liability are appropriate.

**Change in Donor Restrictions**

A donor may change their imposed restrictions subsequent to the initial contribution. When such a change occurs, the net asset balance of the contribution is reclassified to reflect the current status of the restriction, if any.

**Leases**

The University determines if an arrangement is a lease at inception. Operating leases are included in ROU asset – operating and lease liability - operating in the statement of financial position. Financing leases are included in property, plant and equipment, net and lease liability – financing in the statement of financial position.

ROU asset – operating and ROU asset – financing represents the University's right to use an underlying asset for the lease term and lease liability – operating and lease liability - financing represents the University's obligation to make lease payments arising from the lease. ROU asset – operating, lease liability – operating, ROU asset – financing, and lease liability – financing are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain the University will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The University has elected to recognize payments for short-term leases with a least term of 12 months or less as expense as incurred and these leases are not included as ROU asset – operating or lease liability operating on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. The discount rate used in computing the present value of lease liabilities is determined based upon published bond index rates and the University's credit rating.

The University has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.



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**NOTE 1    PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Adoption of New Accounting Standards**

The University has adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, effective June 1, 2023, utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the University's financial statements.

**NOTE 2    LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2024	2023
Cash and Cash Equivalents	\$ 17,519	\$ 11,729
Accounts Receivable	4,587	3,157
Total	<u>\$ 22,106</u>	<u>\$ 14,886</u>

The University's endowment funds consist of donor-restricted and without donor restricted 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 expenditure.

The University's without donor restrictions endowment of \$315,043 is subject to an annual spending rate up to 5.0% as described in Note 3. Although the University does not intend to spend from this endowment without donor restrictions (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary, subject to ensuring the University maintained compliance with the liquidity ratio covenants within the bond agreements.

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**NOTE 3 INVESTMENTS**

A summary of the fair values of investments at May 31 are as follows:

	2024	2023
Short-Term Funds Held for Investment	\$ 701	\$ 701
Equities and Equity Mutual Funds	212,218	208,481
Alternative Investments	55,637	56,562
Fixed Income Assets	67,708	56,554
Mortgages and Notes	293	304
Real Estate and Farms	15,090	14,333
Other Investments	10,775	10,601
Total	<u>\$ 362,422</u>	<u>\$ 347,536</u>

Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statements of financial position and the statements of activities. The timing of the reallocation of investments as of May 31, 2024 and 2023 caused \$701 to be held in short-term funds held for investment, respectively.

Investment return for the years ended May 31 is comprised of the following:

	2024	2023
Investment Income, Net of Fees	\$ 432	\$ 1,897
Net Realized and Unrealized Gains on		
Investments Reported at Fair Value	48,515	2,348
Total Return on Investments, Net of Fees	48,947	4,245
Investment Return Designated for Current Operations	(432)	(1,897)
Endowment Income Designated for Operations	(18,746)	(14,059)
Net Appreciation (Depreciation) on Investments	<u>\$ 29,769</u>	<u>\$ (11,711)</u>

**Endowments**

Bradley University endowments consist of 792 and 777 funds as of May 31, 2024 and 2023, respectively, established to support a variety of purposes at the University. Its endowments consist of both donor-restricted endowment funds and funds designated by the Board of Trustees (Board) to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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**NOTE 3 INVESTMENTS (CONTINUED)**

**Endowments (Continued)**

**Interpretation of Relevant Law**

The Board of the University has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the historical cost 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, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts [or, if the fair value election has been made, including promises to give at fair value]) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the University and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- The investment policies of the University

**Return Objectives and Risk Parameters**

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce long-term investment gain with a tolerance for managed risk.

**Spending Policy**

The University has a policy of appropriating for distribution each year up to 5% of the endowment fund's average appreciated value over a moving three-year average.

In establishing this policy, the University considered the long-term expected returns on its endowment investments. Accordingly, over the long term, the University expects the current spending policy will allow its endowment to retain or enhance the original fair value of the gift.

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**NOTE 3 INVESTMENTS (CONTINUED)**

**Endowments (Continued)**

**Strategies Employed for Achieving Objectives**

The University relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends).

As of May 31, we had the following endowment net asset composition by type of fund:

	Without Donor Restriction	With Donor Restrictions	Total
<u>May 31, 2024</u>			
Board-Designated Funds Functioning as Endowment	\$ 315,043	\$ -	\$ 315,043
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	125,110	125,110
Accumulated Investment Gains	-	2,043	2,043
Total	<u>\$ 315,043</u>	<u>\$ 127,153</u>	<u>\$ 442,196</u>
<u>May 31, 2023</u>			
Board-Designated Funds Functioning as Endowment	\$ 295,628	\$ -	\$ 295,628
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	119,236	119,236
Accumulated Investment Gains	-	1,888	1,888
Total	<u>\$ 295,628</u>	<u>\$ 121,124</u>	<u>\$ 416,752</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At May 31, 2024 and 2023, respectively, funds with original gift values of \$2,246 and \$10,328, fair values of \$2,135 and \$9,921, and deficiencies of \$111 and \$407 were reported in net assets with donor restrictions.

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**NOTE 3 INVESTMENTS (CONTINUED)**

**Endowments (Continued)**

Changes in Endowment net assets for the years ended May 31 are as follows:

	<u>May 31, 2024</u>	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of Year		\$ 295,628	\$ 121,124	\$ 416,752
Investment Return:				
Investment Income		1,425	32	1,457
Net Appreciation		53,217	1,155	54,372
Total		<u>54,642</u>	<u>1,187</u>	<u>55,829</u>
Contributions		288	5,416	5,704
Other, Net Appropriation of				
Endowment		(618)	(137)	(755)
Assets for Expenditure		(34,897)	(437)	(35,334)
Net Assets - End of Year		<u>\$ 315,043</u>	<u>\$ 127,153</u>	<u>\$ 442,196</u>
	<u>May 31, 2023</u>			
Net Assets - Beginning of Year		\$ 306,276	\$ 109,674	\$ 415,950
Investment Return:				
Investment Income		1,953	56	2,009
Net Appreciation (Depreciation)		9,799	565	10,364
Total		<u>11,752</u>	<u>621</u>	<u>12,373</u>
Contributions		90	11,045	11,135
Other, Net Appropriation of				
Endowment		60	46	106
Assets for Expenditure		(22,550)	(262)	(22,812)
Net Assets - End of Year		<u>\$ 295,628</u>	<u>\$ 121,124</u>	<u>\$ 416,752</u>

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**NOTE 4 CONTRIBUTIONS**

Unconditional contributions receivable, less an appropriate reserve, are recorded at their estimated fair value with amounts due later than one year recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. The University utilized a discount rate of 5.21% for pledges received in 2024 and 4.23% for pledges received in 2023 to arrive at this present value. The discount rates for all outstanding pledges ranged from 0.70% to 5.21% and 0.70% to 4.23% at May 31, 2024 and 2023, respectively. The expiration of a donor-imposed restriction on a contribution or endowment is recognized in the period in which the restriction expires, and the related resources are reclassified to unrestricted net assets at that time. Conditional promises to give are not included as contributions until the conditions are substantially met.

Unconditional contributions receivable at May 31 are as follows:

	2024	2023
Contributions Due in:		
Less Than One Year	\$ 1,375	\$ 2,370
One Year to Five Years	912	402
Six Years or Greater	-	-
Less: Discount to Present Value and Allowance	(246)	(704)
Total	<u>\$ 2,041</u>	<u>\$ 2,068</u>

Contributions receivable are distributed between net asset classifications as follows at May 31:

	2024	2023
Without Donor Restrictions:	\$ -	\$ -
With Donor Restrictions	2,041	2,068
Total	<u>\$ 2,041</u>	<u>\$ 2,068</u>

**NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University has the ability to access.

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**NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

*Level 2* – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A significant portion of University's investments are held through limited partnerships and commingled funds for which fair value is estimated using net asset values (NAVs) reported by fund managers as a practical expedient for fair value measurements. GAAP allows such NAV measured investments to be excluded from the categories in the fair value hierarchy.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at May 31, 2024 and 2023.

*Equities, Equity Mutual Funds, and Short-Term Funds:* Valued at the closing price reported on the active market on which the individual securities are traded. Those classified in Level 2 are valued based on other observable inputs such as the published net asset value.

*Fixed Income Assets:* Valued at the closing price reported on the active market on which the individual securities are traded for those classified in Level 1. Those classified in Level 2 are valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type.

*Alternative Investments:* Valued based on information provided by the manager of the various funds, developed utilizing net asset value, prices or quotes of similar assets or liabilities, or other discounted cash flow models.

*Mortgages and Notes:* Valued at the cost, which approximates fair value.

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**NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

*Real Estate and Farms:* Valued at the current appraised value.

*Other Investments:* Valued at the carrying amount, which approximates fair value.

*Interest Rate Swap Agreement:* Valued by a third-party using a model that builds a yield curve from market data for actively traded securities at various times and maturities and takes into account current interest rates and the current creditworthiness of the respective counterparties.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the University's assets and liabilities at fair value on a recurring basis as of May 31:

Assets at Fair Value as of May 31, 2024					
	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Short-Term Funds	\$ 701	\$ -	\$ -	\$ -	\$ 701
Equities and Equity					
Mutual Funds	144,605	-	-	-	144,605
Mutual Funds - Measured at Net Asset Value	-	-	-	67,613	67,613
Fixed Income Assets	5,294	-	-	-	5,294
Fixed Income Assets - Measured at Net Asset Value	-	-	-	62,414	62,414
Alternative Instruments - Measured at Net Asset Value	88	-	-	-	88
Venture Capital	-	-	-	15,875	15,875
Hedge Funds	-	-	-	39,674	39,674
Mortgages and Notes	-	-	293	-	293
Real Estate and Farms	-	15,090	-	-	15,090
Other Investments	857	9,918	-	-	10,775
Total Investments	<u>\$ 151,545</u>	<u>\$ 25,008</u>	<u>\$ 293</u>	<u>\$ 185,576</u>	<u>\$ 362,422</u>
Liabilities at Fair Value as of May 31, 2024					
	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Interest Rate Swap Agreement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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**NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Assets at Fair Value as of May 31, 2023					
	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Short-Term Funds	\$ 701	\$ -	\$ -	\$ -	\$ 701
Equities and Equity					
Mutual Funds	84,989	-	-	-	84,989
Mutual Funds - Measured at Net Asset Value	-	-	-	123,466	123,466
Fixed Income Assets	2,960	-	-	-	2,960
Fixed Income Assets - Measured at Net Asset Value	-	-	-	53,594	53,594
Alternative Instruments:	79	-	-	-	79
Measured at Net Asset Value					
Venture Capital	-	-	-	16,497	16,497
Hedge Funds	-	-	-	39,986	39,986
Mortgages and Notes	-	-	304	-	304
Real Estate and Farms	-	14,333	-	-	14,333
Other Investments	886	9,741	-	-	10,627
Total Investments	<u>\$ 89,615</u>	<u>\$ 24,074</u>	<u>\$ 304</u>	<u>\$ 233,543</u>	<u>\$ 347,536</u>
Liabilities at Fair Value as of May 31, 2023					
	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Interest Rate Swap Agreement	<u>\$ -</u>	<u>\$ 646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 646</u>

The following tables set forth a summary of changes in fair value of the University's Level 3 assets and liabilities for the years ended May 31:

	Level 3 Assets Year Ended May 31, 2024	Level 3 Assets Year Ended May 31, 2023
Balance - Beginning of Year	\$ 304	\$ 326
Unrealized Losses	(11)	(22)
Balance - End of Year	<u>\$ 293</u>	<u>\$ 304</u>

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**NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Assets Measured Net Asset Value (or its Equivalent)**

Fair value measurements of investments that calculate Net Asset Value per share (or its equivalent) as of May 31, 2024:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity Mutual Funds	\$ 67,613	\$ 6,189	Daily	N/A
Fixed Income Assets	62,414	-	Monthly	30 Days
Alternative Investments:				
Venture Capital	15,875	32,063	Monthly/ Quarterly	30-90 Days
Hedge Funds	39,674	349	Monthly/ Quarterly	30-180 Days
Total	<u>\$ 185,576</u>	<u>\$ 38,601</u>		

Fair value measurements of investments that calculate Net Asset Value per share (or its equivalent) as of May 31, 2023:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity Mutual Funds	\$ 123,466	\$ 12,836	Daily	N/A
Fixed Income Assets	53,594	-	Monthly	30 Days
Alternative Investments:				
Venture Capital	16,497	4,515	Monthly/ Quarterly	30-90 Days
Hedge Funds	39,986	168	Monthly/ Quarterly	30-180 Days
Total	<u>\$ 233,543</u>	<u>\$ 17,519</u>		

*Equity mutual funds* include investments in funds that are invested in domestic and emerging market, and international common stocks. The fair value of the investments in this category is based on quoted market prices for the underlying securities which comprise the net asset value of the collective fund. The funds provide full disclosure of the underlying holdings, whereby the University is able to verify its account balances.

*Fixed income assets* include investments in funds with an objective of providing consistent returns with a diversified portfolio of emerging market, inflation-linked fixed income instruments, equity securities, and debt obligations. The fair value of the investments in this category has been based on quoted market prices or the net asset value per share of the underlying securities which comprise the net asset value of the collective fund. The funds provide full disclosure of the underlying holdings, whereby the University is able to verify its account balances.

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**NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Assets Measured Net Asset Value (or its Equivalent) (Continued)**

*Hedge funds and venture capital* include investments in portfolio funds invested in domestic equity markets, partnerships, buyouts, or other limited liability vehicles. The fair value of the investments in this category has been estimated using the net asset value per share of the investments.

*Opportunistic funds* include funds invested primarily in a diversified portfolio of fixed-income securities including lower-rated, higher-yield corporate, and mortgage bonds. The fair value of the funds in this category has been estimated using the net asset value per share of the investments.

The following methods were used to estimate the fair value of the following financial instruments:

*Contributions Receivable* – The fair value is estimated based upon the present value of the expected future cash flows, discounted based on a risk-free rate.

*Reserve for Annuities* – The fair value is estimated based upon actuarially determined present values considering the income beneficiaries and applicable discount rates based on federal tables.

For all other financial instruments, the fair values approximate the carrying values in the accompanying financial statements.

**NOTE 6 PROPERTY, PLANT, AND EQUIPMENT, NET**

	Depreciable Life	May 31,	
		2024	2023
Educational Plant:			
Land		\$ 25,221	\$ 25,184
Buildings	20 to 60	353,534	351,151
Equipment	3 to 10	80,192	79,609
Improvement Other Than Buildings	20	31,481	31,481
Construction in Progress		3,429	5,160
Accumulated Depreciation		(199,159)	(188,723)
Subtotal		294,698	303,862
Residential Halls:			
Buildings	20 to 60	85,800	84,830
Equipment	3 to 10	4,911	4,918
Accumulated Depreciation		(63,760)	(61,097)
Subtotal		26,951	28,651
Fraternity and Sorority Housing	20 to 60	6,154	6,160
Rental Property	20 to 30	1,405	1,405
Accumulated Depreciation		(3,451)	(3,260)
Subtotal		4,108	4,305
Total		\$ 325,757	\$ 336,818

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**NOTE 7    LINE OF CREDIT ARRANGEMENTS**

The University had formal line of credit arrangements with two banks. The first arrangement, which expired on May 22, 2023, permitted borrowing up to \$7,500 on an unsecured basis at the one-month London Interbank Offered Rate (LIBOR) rate plus 90 basis points.

The second arrangement was entered into June 13, 2022, permits borrowing up to \$5,000 on an unsecured basis at the Adjusted Term Secured Overnight Financing Rate (SOFR) plus 95 basis points. The University incurs an unused commitment fee of 20 basis points per annum on daily balance of the Available Revolving Commitment. If any event of default, the unused commitment fee shall increase by 1,000 basis points per annum. The University had no borrowings under this arrangement as of May 31, 2023. The line of credit arrangement was terminated on May 29, 2024.

Subsequent to year-end the University entered into a new line of credit arrangement. This arrangement permits borrowing up to \$5,000 on an unsecured basis at the Adjusted Term Secured Overnight Financing Rate (SOFR) plus 115 basis points plus a SOFR adjustment of 10 basis points. The new line of credit matures on July 12, 2025.

**NOTE 8    RESERVE FOR ANNUITIES**

Several donors have entered into split-interest agreements with the University. These agreements are in the form of charitable gift annuities, charitable remainder annuity trusts, charitable remainder unitrusts, and life income funds. The assets held in the trusts, which approximate \$4,318 and \$4,032 at May 31, 2024 and 2023, respectively, are reported at fair value as investments in the statements of financial position. The annuities payable to beneficiaries resulting from these agreements are reported as a liability at the present value of the estimated future payments to be distributed over the beneficiaries' lives. The University calculates the present value of these payments through the use of discount rates (risk-free interest rates, which are 120% of the mid-term Applicable Federal Rate) and mortality tables (IRS Publication 590 expectancy tables). The University utilized discount rates based upon the applicable year in which the split-interest agreements were initiated within these calculations. The University used discount rates based upon industry standards as established by the American Council on Gift Annuities, ranging from 1.20% to 7.80% for the year ended May 31, 2024 and 1.2% to 8.8% for the year ended May 31, 2023.

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**NOTE 9 BONDS PAYABLE, NET**

The University's bonds payable consist of the following at May 31:

	<u>2024</u>	<u>2023</u>
Bonds Payable:		
Series 2017C, Revenue Bonds		
Due August 1, 2034 (A)	\$ 31,760	\$ 33,215
Series 2021A, Revenue Refunding Bonds		
Due August 1, 2051 (B)	77,585	77,585
Series 2021B, Revenue Refunding Bonds		
Due August 1, 2032 (B)	-	19,310
Series 2024, Revenue Refunding Bonds		
Due August 1, 2032 (C)	<u>16,990</u>	<u>-</u>
Subtotal	126,335	130,110
Less: Bonds Discounts	(281)	(295)
Plus: Bond Premium	11,333	11,414
Less: Unamortized Bond Issuance Costs	<u>(880)</u>	<u>(584)</u>
Total Bonds Payable, Net	<u>\$ 136,507</u>	<u>\$ 140,645</u>

(A) Pursuant to a Trust Indenture dated September 1, 2017 between the University and the Illinois Finance Authority (the Authority), the University issued a Promissory Note, Series 2017 in the principal amount of \$89,500, issued under and secured by the Loan Agreement to (1) finance a portion of the costs of the construction of the Business & Engineering Complex, (2) refund certain bonds heretofore issued by the Authority for the benefit of the Borrower, and (3) pay certain of the costs relating to the issuance of the Series 2017 Bonds. The Authority issued bonds in three series known as the "Illinois Finance Authority Revenue Bonds (Bradley University Project) Series 2017A and 2017B" (the Series 2017A and 2017B Bonds) and the "Illinois Finance Authority Revenue Bonds (Bradley University Project) Series 2017C" (the Series 2017C Bonds and with the Series 2017A and 2017B Bonds, the "Bonds"). A premium of \$4,500 was received upon issuance of the Series 2017 Bonds. The agreement requires annual principal payments ranging in amounts from \$835 to \$920 from 2021 through 2048 for the Series 2017A and 2017B Bonds. The agreement also requires annual principal payments ranging in amounts from \$1,140 to \$5,725 from 2019 through 2035 from the Series 2017C Bonds.

The Series 2008A, 2008B, 2017A, and 2017B bonds were redeemed on October 29, 2021 with proceeds from the Revenue Refunding Bond Series 2021A and 2021B bonds.

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**NOTE 9 BONDS PAYABLE, NET (CONTINUED)**

(B) Pursuant to a Trust Indenture dated October 1, 2021 between the University and the Illinois Finance Authority (the Authority), the University issued a Promissory Note, Series 2021 in the principal amount of \$99,065, issued under and secured by the Loan Agreement to (a) refund all of the outstanding Illinois Finance Authority Variable Rate Demand Revenue Refunding Bonds, Series 2008A, 2008B, 2017A, and 2017B and (b) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Refunded Bonds. A premium of \$9,772 was received upon issuance of the Series 2021 Bonds. The agreement requires annual principal payments ranging in amounts from \$510 to \$5,870 from 2023 through 2052 for Series 2021A and 2021B Bonds. The Series 2021A Bonds include a coupon fixed rate of 4.0%, while the interest rate on the Series 2021B Bonds is variable.

The Series 2021B bonds were redeemed on April 30, 2024 with proceeds from the Revenue Refunding Bond Series 2024.

(C) Pursuant to a Trust Indenture dated April 1, 2024 between the University and the Illinois Finance Authority (the Authority), the University issued a Promissory Note, Series 2024 in the principal amount of \$16,990, issued under and secured by the Loan Agreement to (a) refund all of the outstanding Illinois Finance Authority Variable Rate Demand Revenue Refunding Bonds, Series 2021B and (b) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Refunded Bonds. A premium of \$691 was received upon issuance of the Series 2024 Bonds. The agreement requires annual principal payments ranging in amounts from \$575 to \$2,815 from 2025 through 2033. The Series 2024 Bonds include a coupon fixed rate of 5.0%.

Scheduled principal payments on bonds payable are:

<u>Year Ending May 31,</u>	<u>Amount</u>
2025	\$ 3,925
2026	3,910
2027	4,110
2028	4,320
2029	4,540
2030 and After	105,530
Total	<u>\$ 126,335</u>

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**NOTE 10 LEASES**

The University leases equipment as well as certain facilities for various terms under long-term noncancellable lease agreements and has multiple noncancelable lease agreements that provide renewal options for various terms. It is expected the University will renew or replace these leases with similar agreements. The leases expire at various dates through 2029.

The following table provides quantitative information concerning the University's Leases:

	<u>2024</u>	<u>2023</u>
Lease Costs:		
Finance Lease Cost:		
Amortization of Right-to-Use Asset	\$ 358	\$ 458
Interest on Lease Liabilities	13	21
Operating Lease Costs	<u>2,140</u>	<u>1,786</u>
Total Lease Cost	<u>\$ 2,511</u>	<u>\$ 2,265</u>
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows From Operating Leases	\$ 25	\$ 391
Financing Cash Flows From Finance Leases	102	101
Right-of-Use Assets Obtained in Exchange for New		
Operating Lease Liabilities	2,042	2,842
Weighted Average Remaining Lease Term -		
Financing Leases	4 Years	5 Years
Weighted Average Remaining Lease Term -		
Operating Leases	4 Years	2 Years
Weighted Average Discount Rate - Financing Leases	2%	2%
Weighted Average Discount Rate - Operating Leases	4%	3%

A maturity analysis of annual undiscounted cash flows for lease liabilities is as follows:

<u>Year Ending May 31,</u>	<u>Financing Leases Amount</u>	<u>Operating Leases Amount</u>
2025	\$ 196	\$ 434
2026	104	438
2027	102	441
2028	59	394
2029	-	293
Thereafter	-	140
Total	<u>461</u>	<u>2,140</u>
Less: Amounts Representing Interest	<u>(13)</u>	<u>(232)</u>
Lease Liabilities Recorded	<u>\$ 448</u>	<u>\$ 1,908</u>

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**NOTE 11 INTEREST RATE SWAP AGREEMENT**

The University entered into an interest rate swap agreement with Morgan Stanley Capital Services, Inc. (MSCS) in conjunction with the Series 2008A bond issuance, which was transferred to the Series 2021B upon the refunding of the Series 2008A Bonds. The swap agreement exchanges the variable rate interest for a fixed rate of 3.48% until maturity on August 1, 2032. A floating rate is determined monthly to calculate settlement payments between the University and MSCS. MSCS determines the floating rate monthly based on 67% of the 30-day LIBOR Index. The fair value of the swap is recorded as an asset or a liability based on its valuation as of May 31. The fair value of the swap at May 31, 2023 was a liability of \$646. This agreement ended with the redemption of the Series 2021B bonds on April 30, 2024.

**NOTE 12 NET ASSETS**

Net assets with donor restrictions are restricted for the following purposes or periods.

	2024	2023
Investment in Perpetuity, Income Available to Support:		
Scholarships	\$ 72,089	\$ 67,302
Annuity	1,394	1,378
Research, Academic Support, Student Services, and Institutional Support	40,257	39,579
Property and Equipment Acquisition and Maintenance	150	150
Purpose Restrictions:		
Scholarships	6,253	5,573
Annuity, Life Income, and Similar Funds	3,138	3,063
Research, Academic Support, Student Services, and Institutional Support	30,964	29,262
Property and Equipment Acquisition and Maintenance	3,227	3,358
Total	<u>\$ 157,472</u>	<u>\$ 149,665</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended May 31:

	2024	2023
Scholarships	\$ 819	\$ 442
Instruction, Research, Academic, and Institutional Support	4,508	1,950
Total	<u>\$ 5,327</u>	<u>\$ 2,392</u>



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**NOTE 13 COMMITMENTS AND CONTINGENCIES**

The University is a defendant in various legal actions arising out of the normal course of its operations. Although the final outcome of such actions cannot currently be determined, the University believes that eventual liability, if any, will not have a material effect on the University's financial position.

All funds expended in conjunction with government grants and contracts are subject to audit by government agencies. In the opinion of management, any liability resulting from these audits will not have a material effect on the University's financial position.

**NOTE 14 RETIREMENT PLAN**

Retirement benefits are available to all full-time employees of the University through Teachers Insurance and Annuity Association (TIAA), a national organization which funds pension benefits for educational institutions. Under this fully vested plan, the University and plan participants make monthly contributions to TIAA to purchase individual annuities equivalent to accrued retirement benefits. The University's cost of these benefits was \$3,859 and \$3,071 in 2024 and 2023, respectively.

**NOTE 15 POSTRETIREMENT BENEFITS**

Through the University's self-insured health plan, certain benefits (other than pension benefits) are offered and provided to eligible employees and dependents after retirement. The University uses a May 31 measurement date for this plan.

Effective January 1, 2021, the University enacted a plan amendment, approved by the Board of Directors, which significantly reduced the long-term liability associated with the self-insured health plan. As of January 1, 2021, retirees must now sign up for Medicare and purchase a supplement to pay for expenses not covered by Medicare. The University now sponsors a Medicare Advantage Supplemental plan which is insured by a third party and integrates with Medicare to cover the retirees medical and prescription expenses.

This arrangement will move 100% of the medical and prescription expense of future retirees to Medicare and the third-party plan with the University's expense being 50% of the premium. The effect of the plan amendment resulted in a decrease in the accumulated postretirement benefit obligation of \$29,103, recognized as a prior service credit, at May 31, 2021. Certain eligible employees and retirees are grandfathered under the former plan, and thus a liability for that obligation does remain.

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**NOTE 15 POSTRETIREMENT BENEFITS (CONTINUED)**

The obligation, funded status, and amounts recognized in the financial statements for the postretirement plans at May 31 are as follows:

	Fiscal Year Ended	
	2024	2023
Change in Accumulated Postretirement Benefit Obligation:		
Accumulated Postretirement Benefit Obligation at the Beginning of the Year	\$ 21,953	\$ 23,605
Service Cost	233	307
Interest Cost	1,099	1,002
Actuarial Gain	(41)	(2,315)
Benefits Paid	(518)	(646)
Accumulated Postretirement Benefit Obligation at the End of the Year	<u>\$ 22,726</u>	<u>\$ 21,953</u>
	Fiscal Year Ended	
	2024	2023
Change in Plan Assets:		
Fair Value of Plan Assets at the Beginning of the Year	\$ -	\$ -
Benefits Paid	(518)	(646)
Employer Contributions	518	646
Fair Value of Assets at the End of the Year	<u>\$ -</u>	<u>\$ -</u>
Unfunded Status	<u>\$ 22,726</u>	<u>\$ 21,953</u>
Postretirement Benefits Other Than Pensions Included in Liabilities	<u>\$ 22,726</u>	<u>\$ 21,953</u>

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**NOTE 15 POSTRETIREMENT BENEFITS (CONTINUED)**

	Fiscal Year Ended	
	2024	2023
Assumptions Used to Determine Benefit Obligation:		
Discount Rate	5.51%	5.16%
Rate of Compensation Increase	N/A	N/A
Retiree Participation Rate	70%	70%
Assumed Healthcare Cost Trend Rates for Benefit Obligation:		
Healthcare Cost Trend Rate Assumed for Next Year:		
Pre-65 Trend Rate	8.39%	6.59%
Post-65 Trend Rate	15.29%	8.86%
Ultimate Rate	4.50%	4.50%
Year that the Ultimate Rate is Reached:		
Pre-65 Trend Rate	2033	2032
Post-65 Trend Rate	2033	2032
Components of Net Periodic Benefit Cost:		
Service Cost	\$ 233	\$ 307
Interest Cost	1,099	1,002
Amortization of Prior Service Credit	(6,038)	(6,038)
Amortization of Loss	284	944
Net Periodic Benefit Cost	<u>\$ (4,422)</u>	<u>\$ (3,785)</u>
	Fiscal Year Ended	
	2024	2023
Assumptions Used to Determine Net Periodic Benefit Cost:		
Discount Rate	5.16%	4.36%
Rate of Compensation Increase	N/A	N/A
Assumed Healthcare Cost Trend Rates for Net Periodic Benefit Cost:		
Healthcare Cost Trend Rate Assumed for Next Year:		
Pre-65 Trend Rate	6.59%	6.40%
Post-65 Trend Rate	8.86%	8.42%
Ultimate Rate	4.50%	4.50%
Year that the Ultimate Rate is Reached:		
Pre-65 Trend Rate	2032	2029
Post-65 Trend Rate	2032	2029

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**NOTE 15 POSTRETIREMENT BENEFITS (CONTINUED)**

Expected contributions for fiscal year 2025 are \$1,248.

Estimated future benefit payments for postretirement benefits other than pensions are as follows:

<u>Year Ending May 31,</u>	<u>Gross Payments</u>
2024	\$ 1,248
2025	1,283
2026	1,406
2027	1,527
2028	1,604
2029 - 2032	8,699

For measurement purposes, the following percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 2024:

<u>Year Ending May 31,</u>	<u>Under 65</u>	<u>65 and Up</u>
2025	8.92 %	16.62 %
2026	8.39	15.29
2027	7.85	10.32
2028	7.39	9.70
2029	6.92	8.69
2030	6.45	7.73
2031	5.96	6.79
2032	5.48	5.87
2033	4.99	5.08
2034+	4.50	4.50

**Reconciliation of Items Not Yet Reflected in Net Periodic Benefit Cost**

	<u>June 1, 2023</u>	<u>Reclassified as Net Periodic Benefit Cost</u>	<u>Amounts Arising During Period</u>	<u>May 31, 2024</u>
Prior Service Credit	\$ (17,028)	\$ 6,038	\$ -	\$ (10,990)
Net Loss (Gain)	\$ 4,031	\$ (284)	\$ (41)	\$ 3,706

**BRADLEY UNIVERSITY**  
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**NOTE 16 ALLOCATION OF EXPENSES**

The costs of program and supporting services activities have been summarized on a direct basis on the statement of activities and on a functional basis in the disclosure of functional expenses. The University excludes operating and maintenance of plant, interest on indebtedness, depreciation, and general institutional expenses from function expense categories in the statements of activities. The disclosure of functional expenses presents the natural classification detail of expenses by function. Therefore, expense require allocation on a reasonable basis that is consistently applied. Expenses including occupancy and depreciation are allocated on based on usage, while the remaining expenses including salaries, benefits, office expenses, information technology, travel, and other are allocated on the basis of estimates of time and effort.

Functional expenses as of May 31 are as follows:

2024							
	Instructional	Student Services	General Administration	Library	Public Service	Auxiliary	Total
Salaries	\$ 49,833	\$ 6,782	\$ 6,217	\$ 1,087	\$ 3,285	\$ 8,987	\$ 76,191
Other Benefits	10,778	1,482	1,328	234	727	1,385	15,934
Fees for Services	1,555	1,790	1,174	15	824	1,065	6,423
Office Expenses	2,746	1,755	286	33	606	2,048	7,474
Information Technology	2,328	73	36	1,166	31	26	3,660
Occupancy	3,641	845	584	264	288	12,795	18,417
Conferences and Travel	1,939	451	209	7	302	1,861	4,769
Other Expenses	1,188	450	169	32	628	1,121	3,588
Interest on Indebtedness	2,717	538	469	115	264	1,298	5,401
Depreciation	6,807	1,347	1,175	289	662	3,250	13,530
Nonoperating Expenses	-	-	26,294	-	-	-	26,294
Total	<u>\$ 83,532</u>	<u>\$ 15,513</u>	<u>\$ 37,941</u>	<u>\$ 3,242</u>	<u>\$ 7,617</u>	<u>\$ 33,836</u>	<u>\$ 181,681</u>

2023							
	Instructional	Student Services	General Administration	Library	Public Service	Auxiliary	Total
Salaries	\$ 50,155	\$ 6,579	\$ 6,505	\$ 1,042	\$ 3,270	\$ 8,634	\$ 76,185
Other Benefits	11,839	1,552	1,332	245	768	1,346	17,082
Fees for Services	3,550	1,746	1,103	25	1,496	880	8,800
Office Expenses	2,789	2,152	449	92	626	2,370	8,478
Information Technology	1,565	75	161	537	124	34	2,496
Occupancy	3,170	532	322	43	207	12,612	16,886
Conferences and Travel	1,941	750	282	22	447	2,017	5,459
Other Expenses	3,378	402	254	24	715	1,059	5,832
Interest on Indebtedness	2,943	540	402	79	304	1,276	5,544
Depreciation	7,235	1,328	987	193	746	3,137	13,626
Nonoperating Expenses	-	-	16,857	-	-	-	16,857
Total	<u>\$ 88,565</u>	<u>\$ 15,656</u>	<u>\$ 28,654</u>	<u>\$ 2,302</u>	<u>\$ 8,703</u>	<u>\$ 33,365</u>	<u>\$ 177,245</u>

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**NOTE 17 CONCENTRATION OF CREDIT**

The University primarily maintains its cash in various accounts. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. Total cash held by these banks was \$7,565 at May 31, 2024.

**NOTE 18 RELATED PARTY TRANSACTIONS**

During the years ended May 31, 2024 and 2023, the University received gifts from employees and trustees totaling \$152 and \$118, respectively.

**NOTE 19 COMPOSITE SCORE**

The University participates in various federally funded student financial aid programs. Under regulatory provisions of these programs, the University is required to demonstrate financial responsibility by meeting a certain composite score based on a formula developed by the Department of Education. This score uses financial ratios based on the University's audited financial statements. The composite score calculated reflects the overall relative financial health of institutions along a scale of negative 1.0 to positive 3.0.

The composite score for the year ended May 31, 2024 is as follows:

Primary Reserve Ratio:

Expendable Equity	\$ 206,303	
Total Expenses	<u>\$ 155,393</u>	<u>1.33</u>

Equity Ratio:

Modified Equity	\$ 528,400	
Modified Assets	<u>\$ 718,873</u>	<u>0.74</u>

Net Income Ratio:

Net Income	\$ 10,123	
Total Revenues	<u>\$ 145,675</u>	<u>0.07</u>

	Ratios	Strength Factors	Weight	Composite Scores
Primary Reserve	1.33	3.0	40%	1.2
Equity	0.74	3.0	40%	1.2
Net Income	0.07	3.0	20%	<u>0.6</u>
Composite Score				<u><u>3.0</u></u>

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**NOTE 19 COMPOSITE SCORE (CONTINUED)**

See below for additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV.

**Net Assets**

1	Net assets with donor restrictions: restricted in perpetuity	\$ 113,890
2	Other net assets with donor restrictions (not restricted in perpetuity):	
a.	Annuities with donor restrictions	6,253
b.	Term endowments	34,191
c.	Life income funds (trusts)	3,138
d.	Total annuities, term endowments, and life income funds with donor restrictions	<u>43,582</u>

**Property, Plant, and Equipment, net**

3	Pre-implementation property, plant, and equipment, net	
a.	Ending balance of last financial statements submitted to and accepted by the Department of Education (May 31, 2023, financial statement)	\$ 336,818
b.	Reclassify capital lease assets previously included in PPE, net prior to the implementation of ASU 2016-02 leases standard	-
c.	Less subsequent depreciation and disposals (net of accumulated depreciation)	<u>(13,536)</u>
d.	Balance pre-implementation property, plant, and equipment, net	323,282
4	Debt financed post-implementation property, plant, and equipment, net	
	Long-lived assets acquired with debt subsequent to May 31, 2023:	
a.	Equipment	-
b.	Land improvements	-
c.	Building	-
d.	Total property, plant, and equipment, net acquired with debt exceeding 12 months	<u>-</u>
5	Construction in progress - acquired subsequent to May 31, 2023	-
6	Post-implementation property, plant, and equipment, net, acquired without debt:	
a.	Long-lived assets acquired without use of debt subsequent to May 31, 2020	<u>2,475</u>
7	Total Property, Plant, and Equipment, net - May 31, 2024	325,757

**Debt to be excluded from expendable net assets**

8	Pre-implementation debt:	
a.	Ending balance of last financial statements submitted to the Department of Education (May 31, 2023):	140,645
b.	Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standard.	-
c.	Less subsequent debt repayments	<u>(4,138)</u>
d.	Balance Pre-implementation Debt	136,507
9	Allowable post-implementation debt used for capitalized long-lived assets:	
a.	Equipment - all capitalized	-
b.	Land improvements	-
c.	Buildings	-
d.	Balance Post-implementation Debt	<u>-</u>
10	Construction in progress (CIP) financed with debt or line of credit	-
11	Long-term debt not for the purchase of property, plant, and equipment or liability greater than assets value	<u>-</u>
		136,507

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**NOTE 19 COMPOSITE SCORE (CONTINUED)**

**Debt to be excluded from expendable net assets (continued)**

12 Terms of current year debt and line of credit for PPE additions:

	Issue Date	Maturity Date	Nature of Capitalized Amounts	Amount Capitalized
a.	DATE	DATE	Equipment	\$ -
b.	DATE	DATE	Land improvements	-
c.	DATE	DATE	Buildings	-
		5 year term (from original maturity)		

**Lease right-of-use assets and liabilities**

13	Lease right-of-use assets		
	Right-of-use assets as of balance sheet date May 31, 2023	\$	1,899
14	Lease right-of-use assets - Pre-implementation		
	Right-of-use assets as of balance sheet date May 31, 2024, excluding leases entered into before December 15, 2018		1,899
15	Lease right-of-use assets - Post-implementation		
	Right-of-use assets as of balance sheet date May 31, 2024, excluding leases entered into on or after December 15, 2018		-
16	Lease right-of-use liability		
	Lease liabilities as of balance sheet date May 31, 2024, excluding		1,899
17	Lease right-of-use liability - Pre-implementation		
	Lease liabilities as of balance sheet date May 31, 2024, excluding leases entered into before December 15, 2018		1,899
18	Lease right-of-use liability - Post-implementation		
	Lease liabilities as of balance sheet date May 31, 2023, excluding leases entered into on or after December 15, 2018		-

**Unsecured related-party receivables**

19	Secured related-party receivables	-
20	Unsecured related party receivables	-
21	Total secured and unsecured related-party receivables	-

**Sale of fixed assets (if loss)**

22	Loss on sale of fixed assets	6
23	Remaining balances in expense category in which loss on sale of assets is included on SOA	-
24	Expense category in which loss on sale of assets is included on SOA	6

**Sale of fixed assets (if gain)**

25	Gain on sale of fixed assets	-
26	Remaining balances in nonoperating other income category in which gain on sale of assets is included on SOA	-
27	Other income category in which gain on sale of assets is included on SOA	-

**NOTE 20 SUBSEQUENT EVENTS**

The University evaluated subsequent events through October 10, 2024, the date the financial statements were available to be issued.



**BRADLEY UNIVERSITY**  
**FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL SCHEDULE**  
**YEAR ENDED MAY 31, 2024**  
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**Supplemental Schedule - Financial Responsibility Calculation Supplemental Components**

**Primary Reserve Ratio:**

		<b>Expendable Net Assets:</b>		
1	Statement of Financial Position (SFP)	Net assets without donor restrictions	\$	370,928
2	SFP	Net assets with donor restrictions		157,472
3	SFP	Net assets restricted in perpetuity		113,890
4	N/A	Unsecured related-party receivable		-
5	SFP	Donor restricted annuities, term endowments, life income funds		43,582
6	Note 6	Property, plant, and equipment pre-implementation		323,282
7	N/A	Property, plant, and equipment post-implementation with outstanding debt for original purchase		-
8	Note 6	Construction in progress purchased with long-term debt		-
9	SFP	Post-implementation property, plant, and equipment, net, acquired without debt		2,475
10	SFP	Lease right-of-use asset, pre-implementation (grandfather of leases option not chosen)		1,899
11	N/A	Lease right-of-use asset, post-implementation		-
12	N/A	Intangible assets		-
13	SFP	Post-employment and pension liabilities		22,726
14	Supplemental Disclosure (SD) Line 8d	Long-term debt - for long-term purposes pre-implementation		136,507
15	SD Line 9d	Long-term debt - for long-term purposes post-implementation		-
16	N/A	Line of credit for construction in progress		-
17	SFP	Pre-implementation right-of-use asset liability		1,899
18	N/A	Post-implementation right-of-use asset liability		-
		<b>Total Expenses and Losses:</b>		
19	Statement of Activities (SOA)	Total expenses (operating and nonoperating) without donor restrictions		155,387
20	N/A	Nonservice component of pension/postemployment (nonoperating) cost, (if loss)		-
21	SOA	Sale of fixed assets (if loss)		6
22	N/A	Change in value of interest-rate swap agreements (if loss)		-

**Equity Ratio:**

		<b>Modified Net Assets:</b>		
23	SFP	Net assets without donor restrictions		370,928
24	SFP	Net assets with donor restrictions		157,472
25	N/A	Intangible assets		-
26	N/A	Unsecured related-party receivables		-
		<b>Modified Assets:</b>		
27	SFP	Total assets		716,974
28	SFP	Lease right-of-use asset pre-implementation		1,899
29	N/A	Intangible assets		-
30	N/A	Unsecured related-party receivables		-

**Net Income Ratio:**

31	SOA	<b>Change in Net Assets Without Donor Restrictions</b>		10,123
		<b>Total Revenues and Gains:</b>		
32	SOA	Total operating revenue (including net assets released from restrictions)		145,304
33	SOA	Investments gain, net (aggregate operating and nonoperating interest, dividends, realized and unrealized gains)		-
34	SOA	Nonservice component of pension/postemployment (nonoperating) cost (if gain)		-
35	N/A	Pension-related changes other than net periodic pension costs (if gain)		-
36	N/A	Change in value of annuity agreement (typically in nonoperating)		-
37	SOA	Change in value of interest-rate swap agreements (if gain)		371
38	N/A	Sale of fixed assets (if gain)		-
39	N/A	Other gains		-

