

APPENDIX A
TRANSYLVANIA UNIVERSITY

General Description of the University	2
Accreditation and Affiliation	3
Governance	3
Administration	4
Academic Programs	5
Campus and Facilities	6
Faculty and Staff	7
Enrollment	8
Applications, Acceptances and Matriculations	8
Tuition and Fees	9
Competition	10
Endowment Funds	11
Financial Aid	12
Gifts, Grants and Bequests	12
Capital Campaign and Alumni Support	12
Outstanding Indebtedness	13
Insurance	14
Financial Covenants	14

1. GENERAL DESCRIPTION OF THE UNIVERSITY

Transylvania University (the “University”) is a coeducational, four year, private liberal arts college located in the heart of Lexington, Kentucky. The University is organized and operated as a non-profit corporation under the laws of the Commonwealth of Kentucky.

The University was founded in 1780 by an Act of the General Assembly of Virginia (of which Kentucky was then a part) and was both the sixteenth college in the United States and the first college west of the Allegheny Mountains. In its early years, Transylvania included a medical school, a law school, a seminary, and a college of arts and sciences that educated thousands of the young nation’s leaders in government, business, medicine, law, and education. Its alumni include two United States Vice Presidents (John C. Breckinridge and Richard M. Johnson), 50 United States Senators, 101 United States Representatives, 34 Ambassadors and 36 Governors. Henry Clay was both a law professor and a member of Transylvania’s board of trustees. Other distinguished Transylvania alumni include the founder and hero of Texas, Stephen F. Austin, abolitionist Cassius M. Clay, and U.S. Supreme Court Justices John Marshall Harlan and Samuel Freeman Miller.

Now in its 244th year, the University works diligently to enhance the educational experience of its students. The University, which has long been noted for its strong liberal arts curriculum, also provides academic majors in such areas as computer science and business administration, as well as pre-professional programs and career counseling in all areas. The University’s pre-medical studies program has received national attention for the high rate of admittance of its students to medical schools. To better serve its students, the University has established innovative scholarship and faculty development programs. Beginning in 1982, the William T. Young Scholarships (the “Young Scholarships”) annually have provided up to 10 freshmen students with four-year scholarships covering full tuition and fees. These merit-based awards have been vital in attracting bright, well-rounded students who can be outstanding both in and out of the classroom. This was the first program of its kind in Kentucky.

As a complement to the Young Scholarships, the Bingham Awards for Excellence in Teaching (the “Bingham Awards”) were established in 1987 with a \$5 million endowment. These awards are designed to reward superior faculty members and to draw other distinguished teachers to the University. Bingham Award recipients are chosen by an external selection committee on the basis of classroom visits, essays submitted by candidates, and student evaluations. Composed of faculty members from some of the nation’s best-known educational institutions, the selection and renewal committees include professors from Bowdoin, Davidson, Middlebury, Colby and Pomona Colleges, as well as College of the Holy Cross. The selected faculty members receive annual teaching awards of up to \$25,000. Since 1996, six Transylvania professors have been recognized as outstanding teachers of the year among their peers in Kentucky.

Non-white enrollment is approximately 20 percent. Female enrollment is approximately 57 percent. Approximately 83 percent of the University’s students are Kentucky residents. A total of 33 states and 5 foreign countries are represented on campus and approximately 1 percent of the student body is international. Approximately 38 percent of the University’s graduates go on to graduate and professional schools within one year of graduation. One hundred percent of students who apply for law school are accepted and approximately 90 percent of students who apply for medical school are accepted. Approximately 95 percent of the University’s students are enrolled in graduate or professional school, or employed, within 6 months of graduation.

2. ACCREDITATION AND AFFILIATION

The University is a member of the American Council on Education, the American Association of Colleges, the National Association of Independent Colleges and Universities, the Southern University Conference and NCAA Division III. The University is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award the Bachelor of Arts degree and is licensed by the Council on Postsecondary Education of the Commonwealth of Kentucky to award Baccalaureate Degrees. Transylvania's decennial reaffirmation of accreditation visit occurred in September 2021. On June 30, 2022, the SACSCOC Board of Trustees reaffirmed our accreditation with no additional reports requested. Our next reaffirmation is scheduled for 2032.

The University has been affiliated with the Christian Church (Disciples of Christ) since 1865.

3. GOVERNANCE

The University is governed by a self-perpetuating Board of Trustees (the "Board") consisting of up to 40 members. Board officers and committee appointments are based on nominations from the Board's Governance Committee. Terms and classes, as well as provisions for the election of new members of the Board of Trustees, are established in the By-Laws.

The full Board meets three times per academic year. An Executive Committee composed of 12 trustees meets as often as necessary to transact all business and to do and perform any and all acts and things that the Board might rightfully do between meetings of the Board. The University maintains several permanent standing committees—the Executive Committee, Governance Committee, Academic Affairs Committee, Advancement Committee, Infrastructure Committee, Student Experience Committee, Finance Committee, Investment Management Committee, and the Strategic Technology Committee. The primary functions of the Board are:

- A. To oversee, approve, and govern the strategic objectives and direction of the University.
- B. To grant academic degrees, certificates or diplomas, and other such honors which may be deemed appropriate, and recommended by the President and Faculty of the University.
- C. To elect its members.
- D. To identify and select the President of the University.
- E. To support and assist the President and other executive officers of the University.
- F. To formulate policies upon the recommendations of either University officers or members of the Board including matters of diversity, equity and inclusion.
- G. To inquire into the conduct of the affairs of the University.
- H. To maintain the fiscal integrity of the University.
- I. To take any and all action necessary to promote the quality and welfare of the University.
- J. To avoid any conflict of interest as outlined in the University's Conflict of Interest Statement.

Twenty-four current trustees are alumni of Transylvania.

4. ADMINISTRATION

The chief administrator of the University is the President. The President appoints the other administrative officers of the University and serves as an ex officio member of the Board of Trustees.

The current administrative officers of the University are as follows:

William Brien Lewis, President; B.A., University of North Carolina at Chapel Hill; J.D. University of Toronto.

S. Rebecca Thomas, Executive Vice President for Academic Affairs and Dean of the University; S.B., Massachusetts Institute of Technology; Ph.D., Stanford University.

Lisa Custardo, Executive Vice President for Business Affairs & CFO; B.S., Elmhurst University; M.B.A., Northern Illinois University.

Rhyan Conyers, Senior Vice President for Student Success and Institutional Effectiveness; B.A., Georgetown College; M.Ed., Vanderbilt University; Ph.D., University of Kentucky.

Erin Craig, Senior Vice President for Enrollment Management; B.S., Le Moyne College; M.S., Le Moyne College

Michelle Bliffen, Vice President, Human Resources; B.A. Kentucky Christian University; B.A. Eastern Kentucky University; MBA, Eastern Kentucky University; D.B.A. Liberty University

Jeff Chaney, Vice President for Athletics; B.S., Georgetown College

Kara Covert, Vice President for Advancement; B.A., Transylvania University; M.Ed., Vanderbilt University

Michael Covert, Vice President for Student Affairs and Dean of Students; B.A., Transylvania University; M.S., Indiana University; Ph. D., University of Kentucky.

Megan C. Moloney, Vice President for Marketing and Communications, B.S., Miami University; M.S., Johns Hopkins University.

Amanda Sarratore, Vice President for Information Technology and Chief Information Officer, B.A. Union University; B.B.A University of Tennessee at Martin; Executive M.B.A., University of Notre Dame

5. ACADEMIC PROGRAMS

The University is a traditional, residential, liberal arts college committed to undergraduate students and to excellence in liberal education. For over 240 years, the mission of the University has been to educate youth for responsible citizenship, meaningful careers, lifelong learning, and a humane existence. Its philosophy is that the scope, spirit, analytic approaches, and integration of knowledge inherent in a liberal education are the best preparation for life beyond college. At the same time, the University recognizes that specific career goals are important and integrates these within individual programs of study. The University encourages the free search for knowledge and understanding drawn from the natural and social sciences, the humanities, and the arts. By so doing, it hopes to empower men and women to develop lifelong habits of learning and respectful discussion.

The academic organization of the University consists of an administrative structure composed of four divisions: Fine Arts, Humanities, Natural Sciences and Mathematics, and Social Sciences. Each of these units is administered by a faculty member appointed to serve as Division Chair. The individual academic Programs within each Division are administered by a faculty member who is appointed to serve as Program Director. The Board of Trustees has delegated to the faculty primary responsibility for policy and decision-making in such areas as curriculum, instruction, research, faculty appointments and status, and aspects of student life related to classroom instruction.

In addition to the option of designing an individual major, the University offers 49 majors leading to a Bachelor of Arts degree in Accounting, Anthropology, Studio Art, Art History, Biology, Business Administration, Chemistry, Classics, Computer Science, Digital Arts and Media, Economics, Education, Education and Social Change, English, Health and Exercise Science, Chinese Studies, French Language and Literature, Spanish Language and Literature, History, International Affairs, Mathematics, Music Education, Music Performance, Music Studies, Music Technology, Neuroscience, Philosophy, Philosophy Politics and Economics (PPE), Physics, Political Science, Psychology, Religion, Sociology, Sociology/Anthropology, Theater Arts, Theater Design and Technology, Theater Performance, and Writing, Rhetoric and Communications. Teaching majors are available in many of these programs. During the 2023-2024 academic year, 207 B.A. degrees were awarded.

Effective teaching is the primary responsibility for the faculty. In support of excellence in teaching, faculty members are expected to demonstrate continuing intellectual growth by contributing actively to the ongoing life of their academic disciplines. Other responsibilities include student advising, committee work in the faculty governance system, and the sponsorship of student organizations. Significant support for these activities is provided by the Bingham Foundation Board and by the David and Betty Jones Fund for Faculty Development.

The academic programs of the University are supported by the library, intercollegiate and intramural athletic programs, study abroad programs, academic internships, career development services, and a broad range of student organizations on campus. There are more than 60 student organizations, including student government, speech and debate teams, inter-cultural awareness groups, community service, leadership and academic honor societies, a literary and art magazine, four national fraternities and four national sororities.

6. CAMPUS AND FACILITIES

The University is centrally located in Lexington, in the heart of Kentucky's Blue Grass Region, and at one corner of the "golden triangle" with Louisville and Northern Kentucky. The campus is on the north side of the city, within a few blocks of downtown. Immediately surrounding the campus is a historical district, highlighted by Gratz Park with its ring of restored homes.

The campus consists of approximately 40 buildings on 70 acres. The most famous of the University's buildings is Old Morrison, a Registered National Historic Landmark built in 1833 and depicted on the seal of the Lexington-Fayette Urban County Government. Considered one of the finest examples of Greek revival architecture in the nation, Old Morrison was modernized in 1970 and contains the University's administrative offices, chapel, and classroom space.

The L.A. Brown Science Center (completed in 1970, renovated 2008-2014) is designed to meet the demands of the University's programs in science and mathematics. It includes facilities for study, lecture, and experimentation in the sciences and laboratories.

The library complex includes the J. Douglas Gay Jr. Library and the Frances Carrick Thomas Library. The Gay Library was completed in 1986, and, during its construction, the Thomas Library was totally renovated and modernized. The complex houses the library for undergraduate studies, the Rare Book Room, the renowned Old Medical Library, and the extensive J. Winston Coleman Jr. Kentuckiana Collection. The library's catalog is available on-line, and a computerized library network provides access to another 33 million books. Instruction in the use of library resources is a primary responsibility of the library staff.

The Mitchell Fine Arts Center (completed in 1966) provides complete facilities for theater, music and art. Contained here are Haggin Auditorium, Carrick Theater, Morlan Gallery, and study areas. The building also houses art studios, a recital hall, and practice and rehearsal rooms.

Carpenter Academic Center (formerly Haupt Humanities Building, completed in 1960) was renovated in 2017-2018. It is a major campus classroom building, and its clock tower is a familiar campus landmark. Classrooms, offices, and seminar rooms support study in philosophy, religion, English, history, political science, and modern foreign languages.

Hazelrigg Hall (completed in 1960) is currently offline and the University is evaluating renovations. It has included offices, classrooms, and seminar rooms for psychology, sociology, and anthropology.

The Beck Center (dedicated in 2002), Thomas Field, Hall Field, Marquard Field (sold in 2024), Pat Deacon Field, and the Fourth Street Athletics Complex are the home of the Transylvania Pioneers—one of the nation's top-ranked small college athletic programs. In addition to serving as a field house for athletics, the Beck Center provides classroom and office facilities for exercise science.

The William T. Young Campus Center opened in 1983 and was rededicated in 2021 with the completion of the new addition which houses the residential dining facility, bookstore, a new fitness center, recreation rooms, as well as meeting rooms and offices for student services staff including wellness and counseling services.

The University's older residence facilities are the Warren W. Rosenthal Residence Complex (completed in 1986—partially renovated in 2023-2024), and the Poole Residence Center (completed in 1989). The Rosenthal complex includes the Commons, which is used for meetings and classes.

Graham Cottage, the alumni house, is used for campus and alumni receptions as well as for general meetings and conferences.

Lucille Little Theatre (completed in 1999) is a 15,000 square-foot theater teaching and performance facility.

Cowgill Classroom Building (completed in 1998—with a partial renovation in 2023) is home to the business, economics and education programs. This 30,000 square-foot facility uses technology extensively for teaching and learning.

The Glenn Building (completed in 2005) is a 10,000 square-foot, multi-purpose facility that houses Transylvania's admissions office and a coffee shop.

Thomson Hall (completed in 2008) is a 61-bed residence hall. The concept is apartment-style living with two occupants per suite. Each suite consists of a sitting/study area, bedroom, separate bathroom and a kitchenette.

Dalton-Voigt Residence Hall, a new 144-bed residence hall, opened in 2015. Bassett and Kincaid Halls (completed in 2016), each contain 144 beds and opened during the 2016-2017 academic year.

The Glenn Building, Thomson, Dalton-Voigt, Bassett and Kincaid Halls are heated and cooled by geothermal systems.

7. FACULTY AND STAFF

The faculty for the 2023-2024 academic year is comprised of 82 full-time and 23 part-time members, consisting of 35 professors, 31 associate professors, 12 assistant professors, and 4 full-time instructors. Approximately 77 percent of the full-time faculty is tenured and approximately 95 percent has earned a Ph.D. or the highest degree in their field of expertise. The student to faculty ratio is 11 to 1 and reflects an average class size of 15.

There are approximately 175 non-faculty, full-time employees of the University, including administration and support staff.

There are no unions representing the University's employees.

Retirement benefits are available to all full-time and part-time employees, excluding students, through Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF). The retirement plan is an employer contribution type with individual accounts. These programs are available for faculty and administrative staff after one year of full-time service. The University is current in its obligations to TIAA-CREF.

8. ENROLLMENT

The following table sets forth the University's goals for enrollment figures for the next three years for the academic years beginning the day after Labor Day, excluding new business initiatives:

	<u>2025</u>	<u>2026</u>	<u>2027</u>
FTE enrollment	974	947	973

These enrollment goals are baseline enrollment goals and exclude several new business initiatives that are expected to generate additional students. Enrollment has averaged 980 (FTE) over the past ten years with a range of 947 to 1,052. The following table sets forth the University's breakdown between full-time and part-time students during the University's fall terms over the last five years:

	<u>Fall 2020</u>	<u>Fall 2021</u>	<u>Fall 2022</u>	<u>Fall 2023</u>	<u>Fall 2024</u>
Full-time enrollment	954	964	956	1,001	994
Part-time enrollment	<u>5</u>	<u>10</u>	<u>25</u>	<u>23</u>	<u>13</u>
Total enrollment	959	974	981	1,024	1,024

During the past five years, between 78 percent and 86 percent of first-time freshmen have returned to the University for their sophomore year. Overall retention across all classes of students is about 90 percent. Within six years of entering, between 69 and 74 percent of full-time students have graduated.

9. APPLICATIONS, ACCEPTANCES AND MATRICULATIONS

The following table sets forth information regarding applications, acceptances, and matriculations for the last five years:

	<u>Fall 2020</u>	<u>Fall 2021</u>	<u>Fall 2022</u>	<u>Fall 2023</u>	<u>Fall 2024</u>
Number of applications	1,663	1,631	1,781	1,848	1,965
Applications accepted	1,532	1,500	1,617	1,592	1,632
Selectivity (percent)	92.1%	92.0%	90.8%	86.1%	83.1%
Matriculation	267	289	281	281	262
Matriculation (percent)	17.4%	19.3%	17.4%	17.7%	16.1%

The following table shows the average composite ACT total test score for freshmen entering the University for each of the last five academic years:

<u>Year</u>	<u>ACT</u>
2020-2021	26.3
2021-2022	26.7
2022-2023	26.5
2023-2024	27.5
2024-2025	26.9

The national average ACT score for 2024 was 19.4. The ACT scores of the middle 50% of the 2024 entering class ranged from 24 to 30.

The 2024-2025 undergraduate student body is composed of students from a total of 32 states and 5 foreign countries are represented on campus and approximately 1 percent of the student body is international. The states with the largest percentages of the student body were Kentucky (83%), Ohio (4%), Tennessee (3%) and Indiana (2%).

10. TUITION AND FEES

The University meets the costs of its educational programs primarily through tuition, fees, endowment spendable income, gifts and grants. Generally, payments must be made in full by the 1st day of the month in which classes begin for the Fall Term and for the Winter/May Term. The University also offers a twelve-month payment plan. All billings and payment plans are performed in-house.

The following table sets forth the actual tuition and fees charged for the five prior academic years:

<u>Academic year beginning September 1</u>	<u>Tuition and fees</u>	<u>Total revenue from tuition and fees</u>
2019-2020	40,210	37,487,000
2020-2021	41,610	38,839,000
2021-2022	42,520	40,228,000
2022-2023	43,670	41,153,000
2023-2024	44,980	44,539,000

The following table sets forth the breakdown between tuition and room and board as well as the change for the academic years 2019-2020 through 2023-2024:

	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>
Tuition and fees	\$ 40,210	\$ 41,610	\$ 42,520	\$ 43,670	\$ 44,980
Room and board	<u>11,140</u>	<u>11,660</u>	<u>12,200</u>	<u>12,750</u>	<u>13,600</u>
Total	\$ 51,350	\$ 53,270	\$ 54,720	\$ 56,420	\$ 58,580
Change from prior year		3.7%	2.7%	3.1%	3.8%

The University projected tuition and fees and total project tuition and fees for academic year 2024-2025 are:

<u>Academic year beginning</u> <u>September 1</u>	<u>Tuition</u> <u>and fees</u>	<u>Total projected revenue</u> <u>from tuition and fees</u>
2024-2025	\$ 46,870	\$ 45,987,071

The following table sets forth student charges (tuition and fees plus room and board) per FTE and institutional discounting for the last five years:

	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025*</u>
Gross student charges per FTE	\$ 45,782	\$ 48,331	\$ 49,992	\$ 52,915	\$ 55,101
Net student charges per FTE	24,098	24,709	24,545	25,140	26,473
Institutional financial aid per FTE	(21,684)	(23,622)	(25,448)	(27,774)	(28,628)
Student institutional discount (%)	47.4%	48.9%	50.9%	52.5%	52.0%

*projected

11. COMPETITION

Set forth below is information about the 2024-2025 total tuition and fees for the colleges and universities which the University believes are its principal competitive institutions for potential students.

<u>Name of institution</u>	<u>Type</u>	<u>Tuition and fees</u>	
Transylvania University Lexington, Kentucky	Private	\$	46,870
Bellarmino University Louisville, Kentucky	Private	\$	48,770
Centre College Danville, Kentucky	Private	\$	52,820
Georgetown College Georgetown, Kentucky	Private	\$	42,840
Eastern Kentucky University Richmond, Kentucky	Public	\$	11,280 (in state)
		\$	22,190 (out of state)
University of Kentucky Lexington, Kentucky	Public	\$	13,502 (in state)
		\$	34,140 (out of state)
University of Louisville Louisville, Kentucky	Public	\$	13,136 (in state)
		\$	29,482 (out of state)

12. ENDOWMENT FUNDS

Transylvania's endowment funds support current operations, scholarships, the William T. Young Scholarship program, the Bingham Program for Excellence in Teaching and the David and Betty Jones Fund for Faculty Development.

At June 30, 2024, the Endowment Fund of the University was valued at \$273.5 million, of which \$257.5 million constituted marketable equity securities, and \$15.9 million constituted cash and cash equivalents. The following table recaps the market value of the University's endowment investments at June 30 for the past five fiscal years:

<u>Period ending</u>	<u>Market value</u>	<u>Donor Restricted</u>	<u>Board Designated</u>	<u>Total Return for Period</u>
June 30, 2024	\$ 273,547,275	\$ 267,121,592	\$ 6,425,683	16.3%
June 30, 2023	\$ 244,769,343	\$ 236,641,241	\$ 8,128,102	14.6%
June 30, 2022	\$ 220,712,248	\$ 212,031,724	\$ 8,680,524	-4.9%
June 30, 2021	\$ 240,818,154	\$ 231,150,103	\$ 9,668,051	30.4%
June 30, 2020	\$ 190,196,979	\$ 182,591,634	\$ 7,605,345	4.2%
June 30, 2019	\$ 191,238,170	\$ 183,305,993	\$ 7,932,177	14.6%

No derivative products are used in connection with endowment funds.

Over the past five years, the asset mix has been weighted 93% to 98% in domestic equity securities and the remainder in fixed income securities, cash and cash equivalents. Total return objectives have been in place since the early 1980s. The University uses an endowment spending rate each year to support endowment purposes. The rate contemplates adequate annual financial support while allowing for long-term endowment growth. The table below depicts the spending rate for the past five fiscal years:

<u>Period ending</u>	<u>Spending rate</u>
June 30, 2024	5.91%
June 30, 2023	4.51%
June 30, 2022	4.99%
June 30, 2021	5.30%
June 30, 2020	5.15%
June 30, 2019	5.40%

Investment policies and objectives are the responsibility of the Board of Trustees. The Board's Investment Committee manages the assets with a combination of fund managers and in-house management. Routine oversight is provided by the Finance Committee and an annual report is made to the Board of Trustees. A comprehensive endowment investment report, prepared by the Executive Vice President for Business Affairs & CFO, is issued to the Investment and Executive Committees on a quarterly basis.

13. FINANCIAL AID

Financial aid is provided to students at the University in the form of scholarships, grants (institutional, state, and federal) and loans. The University's financial aid for students can be separated into two categories: endowment supported aid (which includes William T. Young Scholarship Program), university-funded aid (which includes need-based aid).

Endowment supported aid totaled \$6.8 million in 2023-2024. This includes the Young Scholarships which provide full tuition and fees each year for entering freshmen. The cost of this program was \$1,574,300 in 2023-2024, representing % of tuition and fee revenues.

University-funded aid includes merit scholarships, matching of federal aid programs and "need-gap" grants. These funds totaled \$27.4 million in 2023-2024 and represented 61.6% of tuition and fee revenues. Funding is provided through current gifts, endowment and discounting. University-funded aid is administered with the help of a financial aid computer model. This model analyzes historical data from the previous years of applicants who matriculated and those that did not. The model establishes specific award amounts based on several criteria including academic ability level and demonstrated need. Need-based grant aid is funded through federal and state programs. Awards are made according to applicable federal and state guidelines and regulations. In certain cases, University funds will be used to supplement need-based aid. In 2023-2024 students received \$3.8 million from need-based grants from federal and state sources.

During 2023-2024, students received \$39.7 million in financial assistance. Of this total, approximately 11 percent is from state funds and outside sources, 19 percent is from federal programs and 70 percent is from University funds, which is provided in the form of scholarships and grants. Approximately 99 percent of the University's full-time students receive some form of assistance, including work opportunities.

14. GIFTS, GRANTS AND BEQUESTS

The following table shows the private gifts, grants, bequests and pledges received by the University during the past five fiscal years:

<u>Year</u>	<u>Amount</u>
2019-2020	3,523,000
2020-2021	6,464,000
2021-2022	4,850,000
2022-2023	4,299,000
2023-2024	7,548,000

15. CAPITAL CAMPAIGN AND ALUMNI SUPPORT

In five years, the University will celebrate our 250th Anniversary. Coupled with this important timing, Transylvania has organized and launched the leadership phase of a comprehensive capital campaign with a proposed completion timeline of 2030. The campaign monetary goal will be decided over the following twelve months. Priority projects will include financial aid, technology enhancements, endowment augmentation and investments in faculty and teaching, all of which remain key elements of our institutional mission. A committee of twelve Trustees

and major donors has been formed to lead the initial Campaign efforts, and solicitations are yielding larger pledges from numerous individuals than ever before.

Fundraising totals for the 2023-24 fiscal year yielded successes beyond goals in all categories. Total giving landed at \$7,972,206.46, a 66.2% increase over the prior year's efforts. Similarly, the Annual Unrestricted Fund increased by 16.4% to \$1,336,752.02. Goals were also exceeded in the number of donors and the number of \$1000 and up contributions. Two endowed gifts were received at the \$1.25 million at up level for scholarships and a faculty chair position.

16. OUTSTANDING INDEBTEDNESS

The table below sets forth the outstanding long-term indebtedness of the University as of June 30, 2024.

<u>Bonds</u>	<u>Amount Outstanding</u>
Series 2019B Bonds	\$ 13,765,000
Series 2021A Bonds	30,220,000
Note Payable	<u>351,661</u>
Total Senior Debt	44,336,661
Note Payable - subordinated	<u>3,390,797</u>
Total	<u>\$ 47,727,458</u>

The \$9,950,000 Kentucky Bond Development Corporation Industrial Revenue Bonds, City of Midway, Series 2019A were issued on March 29, 2019 to provide partial funding for the construction of the new campus center on the Transylvania campus. The bonds were paid in full in fiscal year 2024.

The \$13,765,000 Kentucky Bond Development Corporation Industrial Revenue Bonds, City of Stamping Ground, Series 2019B were issued on June 20, 2019 to provide partial funding for the construction of the new campus center on the Transylvania campus. The bonds bear interest at predetermined rates ranging from 3.125% - 4.00%. Annual principal payments range from \$585,000 to \$1,085,000 payable beginning on March 1, 2033 to the year 2049. The bonds are collateralized by future revenues of the University.

The \$32,160,000 Kentucky Bond Development Corporation Educational Facilities Refunding Revenue Bonds, City of Stamping Ground, Series 2021A were issued on February 18, 2021 to fully refund the Series 2012, Series 2016A, Series 2016B, Series 2016C, and Series 2016D bonds. The bonds bear interest at predetermined rates ranging from 2.00% - 5.00%. Annual principal payments range from \$890,000 to \$1,625,000 beginning March 1, 2023 to the year 2049. The bonds are collateralized by future revenues of the University. The net present value of the savings provided by the refunding was approximately \$179,000.

Certain covenants were made by the University in conjunction with issuance of each series bonds. As of June 30, 2024 and 2023, the University is in compliance with these covenants.

The University has a total of \$5,000,000 available in unsecured lines of credit with local banks. Proceeds are used for working capital and temporary funding of capital projects. There was \$2.0 million in borrowings under these lines of credit at June 30, 2024—which were subsequently paid in early July 2024.

17. INSURANCE

The University at all times insures its buildings and contents, including those under construction, against losses resulting from fire and other perils, with extended coverage providing for repair or replacement without deduction for depreciation and with coverage and deductibles typical for similar institutions of higher education. The University also maintains in effect business interruption insurance protecting against loss of revenues due to unusable facilities caused by fire and other perils, comprehensive general, cyber security, athletic injury, and automobile liability insurance for personal injury and property damage, including excess liability coverage, and directors and officers/educators liability insurance. The University covenants to maintain insurance at such levels and against such risks as customary for similarly situated educational institutions.

18. FINANCIAL COVENANTS

Certain covenants have been made by the University under the Loan Agreement which provide that: (a) the University's Maximum Annual Debt Service will not exceed 10% of its Unrestricted Revenues for the immediately preceding fiscal year (the "Maximum Annual Debt Service Covenant"); (b) as a condition to the incurrence of any Long-Term Debt, the University's Unrestricted Net Assets, as defined, shall be at least equal to 100% of the pro forma Long-Term Debt of the University, including the Long-Term Debt then to be incurred (the "Additional Long-Term Debt Covenant"); and (c) the University's Unrestricted Net Assets, as defined, will be maintained at a market value equal to at least 100% of its outstanding Long-Term Debt (the "Long-Term Debt Covenant").

The table below sets forth the University's compliance with the Maximum Annual Debt Service Covenant, for the years ended June 30, 2023 and 2024:

	<u>2023</u>	<u>2024</u>
Unrestricted revenues	\$ 37,665,455	41,292,986
10% of unrestricted revenues	3,766,546	4,129,298
Maximum annual debt service (MADS) subject to covenant	2,903,590	2,903,590
MADS as a percent of unrestricted revenues	7.71%	7.03%

Annual Debt Service

The table below shows the Fiscal Year debt service of Bonds and Notes outstanding under the Indenture (the note payable that is payable from and secured by certain pledges of donations are not subject to the covenant).

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2025	1,083,147	2,042,136	3,125,283
6/30/2026	1,125,335	1,999,548	3,124,883
6/30/2027	1,182,588	1,944,795	3,127,383
6/30/2028	1,239,827	1,887,306	3,127,133
6/30/2029	4,650,797	1,772,305	6,423,102
6/30/2030	1,275,000	1,542,075	2,817,075
6/30/2031	1,340,000	1,478,325	2,818,325
6/30/2032	1,410,000	1,411,325	2,821,325
6/30/2033	1,475,000	1,340,825	2,815,825
6/30/2034	1,535,000	1,281,825	2,816,825
6/30/2035	1,590,000	1,229,675	2,819,675
6/30/2036	1,645,000	1,175,675	2,820,675
6/30/2037	1,710,000	1,109,875	2,819,875
6/30/2038	1,775,000	1,041,475	2,816,475
6/30/2039	1,835,000	981,125	2,816,125
6/30/2040	1,905,000	914,200	2,819,200
6/30/2041	1,980,000	838,000	2,818,000
6/30/2042	2,060,000	758,800	2,818,800
6/30/2043	2,140,000	676,400	2,816,400
6/30/2044	2,225,000	590,800	2,815,800
6/30/2045	2,315,000	501,800	2,816,800
6/30/2046	2,410,000	409,200	2,819,200
6/30/2047	2,505,000	312,800	2,817,800
6/30/2048	2,605,000	212,600	2,817,600
6/30/2049	2,710,000	108,400	2,818,400
Total	\$ 47,726,694	\$ 27,561,289	\$ 75,287,983

The table below sets forth the University's compliance with the Additional Long-Term Debt Covenant based on total Long-Term Debt amount of \$50,167,285 and \$47,727,458, respectively, compared to the market value of the University's Unrestricted Net Assets¹ at June 30, 2023 and 2024:

	<u>2023</u>	<u>2024</u>
Unrestricted net assets	\$ 142,516,770	\$ 168,030,870
Unrestricted net assets as a percent of long-term debt	284.1%	352.1%

¹ Unrestricted Net Assets (per bond Loan Agreement) means (i) the unrestricted net assets of the University, as defined in accordance with Generally Accepted Accounting Principles and as shown on the audited financial statements of the University, plus (ii) amounts held in any debt service reserve funds by the respective holders of or indenture trustees for the University's Long-Term Debt, plus (iii) gain on endowment investments, as defined in accordance with Generally Accepted Accounting Principles and as shown in the audited financial statements of the University, less (iv) the University's Net Investment in Plant.