NAZARETH UNIVERSITY

Financial Statements

June 30, 2024

(With Independent Auditor's Report Thereon)

Bonadio & Co., LLP
Accounting, Consulting & More

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INDEPENDENT AUDITOR'S REPORT

November 5, 2024

To the Board of Trustees of
Nazareth University:

Opinion
We have audited the accompanying financial statements of Nazareth University (a New York not-for-profit corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nazareth University as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nazareth University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted 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 Nazareth 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 Nazareth 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.

Report on Summarized Comparative Information
We have previously audited Nazareth University's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bonadio & Co., LLP

NAZARETH UNIVERSITY

Statement of Financial Position

June 30, 2024

(with comparative information for June 30, 2023)

Assets		**2024**		**2023**
Cash and cash equivalents	$	4,837,946	$	11,369,615
Short-term investments		30,003,675		30,918,649
Student accounts receivable, net of allowance for credit losses of $260,003 in 2024 and $330,945 in 2023		3,047,832		2,461,270
Interest and other receivables		2,031,938		1,845,229
Contributions receivable, net		2,107,190		2,703,275
Investments held for long-term purposes		93,776,222		84,798,564
Other assets		2,103,417		2,416,847
Property, plant and equipment, net		153,861,217		153,008,475
Total assets	$	291,769,437	$	289,521,924

Liabilities and Net Assets				
Liabilities:				
Accounts payable	$	2,513,845	$	3,164,205
Accrued expenses		3,734,499		4,083,071
Deferred revenues		783,416		808,109
Asset retirement obligation		3,424,326		3,238,103
Accrued postretirement benefit costs		7,493,494		8,053,581
Long-term debt, net		40,379,454		42,271,093
Total liabilities		58,329,034		61,618,162
Net assets:				
Without donor restrictions		182,205,883		181,147,519
With donor restrictions:				
Time or purpose		25,879,336		22,673,292
Held in perpetuity		25,355,184		24,082,951
Total with donor restrictions		51,234,520		46,756,243
Total net assets		233,440,403		227,903,762
Total liabilities and net assets	$	291,769,437	$	289,521,924

See accompanying notes to financial statements.

NAZARETH UNIVERSITY

Statement of Activities

Year ended June 30, 2024

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

	2024 Net Assets Without Donor Restrictions	2024 Net Assets With Donor Restrictions	2024 Total	2023 Total
Operating revenues:				
Educational and general:				
Tuition and fees, net	$ 54,658,059	$ -	$ 54,658,059	$ 55,125,384
Federal grants and contracts	-	1,604,208	1,604,208	954,955
State of New York grants and contracts	246,113	1,094,903	1,341,016	1,851,994
Private gifts, grants and contracts	754,591	2,405,780	3,160,371	3,069,009
Investment income and gains	4,543,006	-	4,543,006	4,037,892
Long-term investment return allocated for operations	2,277,843	1,923,550	4,201,393	4,066,546
Other revenues	879,817	483,534	1,363,351	1,479,228
Net assets released from restrictions	7,518,490	(7,518,490)	-	-
Total educational and general	70,877,919	(6,515)	70,871,404	70,585,008
Auxiliary enterprises:				
Housing and food, net	15,171,570	-	15,171,570	14,417,104
Other auxiliary revenues	1,348,748	-	1,348,748	1,231,237
Total auxiliary enterprises	16,520,318	-	16,520,318	15,648,341
Total operating revenues	87,398,237	(6,515)	87,391,722	86,233,349
Operating expenses:				
Educational and general:				
Instruction	36,121,922	-	36,121,922	33,939,102
Academic support	9,488,541	-	9,488,541	9,181,530
Student services	17,433,498	-	17,433,498	16,123,313
Institutional support	12,100,307	-	12,100,307	11,779,922
Total educational and general	75,144,268	-	75,144,268	71,023,867
Auxiliary enterprises	15,459,368	-	15,459,368	14,922,156
Total operating expenses	90,603,636	-	90,603,636	85,946,023
Change in net assets from operating activities	(3,205,399)	(6,515)	(3,211,914)	287,326
Non-operating activities:				
Long-term investment activities:				
Interest and dividends	141,138	120,622	261,760	349,825
Net realized and unrealized gains	6,035,329	5,161,347	11,196,676	7,726,020
Total long-term investment activities	6,176,467	5,281,969	11,458,436	8,075,845
Long-term investment return allocated for operations	(2,277,843)	(1,923,550)	(4,201,393)	(4,066,546)
Capital and endowment gifts	68,255	1,379,576	1,447,831	2,715,492
Other changes, net	97,625	30,703	128,328	259,050
Change in obligations of postretirement benefit plan	(84,647)	-	(84,647)	243,611
Net assets released from restrictions	283,906	(283,906)	-	-
Change in net assets from non-operating activities	4,263,763	4,484,792	8,748,555	7,227,452
Change in net assets	1,058,364	4,478,277	5,536,641	7,514,778
Net assets at beginning of year	181,147,519	46,756,243	227,903,762	220,388,984
Net assets at end of year	$ 182,205,883	$ 51,234,520	$ 233,440,403	$ 227,903,762

See accompanying notes to financial statements.

NAZARETH UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2024

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

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 5,536,641	$ 7,514,778
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	8,789,644	8,656,563
Accretion expense	194,286	185,568
Amortization of deferred financing costs	65,729	65,730
Capital and endowment gifts	(1,447,831)	(2,715,492)
Remediation adjustment	(8,063)	(40,268)
Bond premium amortization	(82,368)	(82,368)
Change in obligations of postretirement benefit plan	84,647	(243,611)
Change in fair value of interest rate swap	(72,462)	(274,904)
Net realized and unrealized gains on investments	(11,196,676)	(7,726,020)
(Gain) loss on disposal of assets	81,101	(10,788)
Changes in assets and liabilities that provide (use) cash:		
Student accounts receivable	(586,562)	17,782
Interest and other receivables	(186,709)	107,779
Contributions receivable	812,942	538,765
Other assets	313,430	314,213
Accounts payable	15,966	(753,972)
Accrued expenses	(276,110)	(810,630)
Deferred revenues	(24,693)	13,928
Accrued postretirement benefit costs	(644,734)	(593,819)
Net cash provided by operating activities	1,368,178	4,163,234
Cash flows from investing activities:		
Purchases and construction of property, plant and equipment, net of construction costs payable	(10,393,988)	(8,206,969)
Proceeds from the sale of property, plant and equipment	4,175	15,840
Purchases of investments	(5,151,374)	(47,326,123)
Proceeds from the sales of investments	7,370,392	65,576,904
Change in short-term investments	914,974	(19,307,024)
Net cash (used in) provided by investing activities	(7,255,821)	(9,247,372)
Cash flows from financing activities:		
Principal repayments on long-term debt	(1,875,000)	(1,790,000)
Capital and endowment gifts	1,230,974	1,413,492
Net cash used in financing activities	(644,026)	(376,508)
Net change in cash and cash equivalents	(6,531,669)	(5,460,646)
Cash and cash equivalents at beginning of year	11,369,615	16,830,261
Cash and cash equivalents at end of year	$ 4,837,946	$ 11,369,615
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,695,654	$ 1,778,206
Non-cash investing activities:		
Change in construction costs payable	$ 666,326	$ (1,036,658)

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) The Organization

Nazareth University (the University) is a private, coeducational, comprehensive University founded in 1924, located on a 148-acre campus in suburban Rochester, New York. Its mission is to foster integrated learning through action and reflection, educating whole persons who are guided by empathy, committed to equity, and prepared to lead innovation for our time. The University is a residential community that offers undergraduate and graduate programs and is primarily funded by tuition and other student fees charged for programs offered.

(b) Basis of Presentation

The University's financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, which addresses the presentation of financial statements for not-for-profit entities. In accordance with ASC 958, net assets and changes therein, are classified based on the existence or absence of donor-imposed restrictions.

The net assets of the University are classified as follows:

Net assets without donor restrictions are not subject to donor stipulations restricting their use, but may be designated for specific purposes by the University's Board of Trustees.

Net assets with donor restrictions are subject to donor stipulations that expire by the passage of time or can be fulfilled by actions pursuant to the stipulations. With donor restrictions also include investment earnings on funds not yet appropriated by the Board of Trustees for spending. When a donor restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year are reported as revenue in the net asset without donor restrictions class. Certain net assets with donor restrictions are subject to donor stipulations requiring that they be maintained in perpetuity.

(c) Recently Adopted Accounting Guidance

Topic 326 *Financial Instruments – Credit Losses* requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The estimated credit loss is required to be based on historical information, current conditions, and forecasts that could impact the collectability of the amounts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

Effective July 1, 2023, the University adopted ASC 326 using the modified retrospective approach for all financial assets measured at amortized cost. The new accounting pronouncement did not have a material impact on the financial statements. Results for reporting periods beginning after July 1, 2023 are presented under CECL, while prior period amounts continue to be reported and disclosed in accordance with previously applicable accounting standards.

(d) Revenue Recognition

The University recognizes student revenue as it satisfies its performance obligations, which is to provide educational services and housing and food to students. Given the timing of each year's academic sessions, nearly all performance obligations on behalf of the University are completed within the fiscal year. The University recognizes tuition on a straight-line basis over each academic session based on published rates, net of explicit price concession, such as discounts. Discounts in the form of scholarships and grants, including those funded by the endowment and gifts, are reported as a reduction of tuition and fees. A discount represents the difference between the stated charge for the academic (living/learning) program and the amount that is billed to the student and/or third parties making payments on behalf of the student. Scholarships and grants are more fully discussed in Note 4.

The academic programs are delivered in the Fall (mid-to-late August to mid-December) and Spring (mid-January to early-May) terms, as well as two summer terms of six weeks. The University offers Summer A (mid-May to late-June) and Summer B (early-July to mid-August). Payments for the Summer B term are due by mid-June and are recorded as deferred revenue until performance obligations are met.

(e) Deferred Revenues

Deferred revenue of approximately $783,000 and $808,000 as of June 30, 2024 and 2023, respectively, represents student deposits, performance obligations associated with payments received for each academic year's Summer B term, and revenue from grants and contracts received in advance.

The deferred revenue for Summer B term is recognized during the term and deferred revenue from grants and contracts is recognized when conditions from the donor are met and there are no barriers to be overcome.

(f) Contributions

Contributions, including unconditional pledges, are recognized as revenue when donors' commitments are received. Conditional pledges become unconditional and are recognized as revenue when the conditions are substantially met. Unconditional pledges, net of an allowance for uncollectible amounts, are reported at their estimated fair values.

The University expended approximately $3,337,000 and $3,447,000 for Institutional Advancement for the years ended June 30, 2024 and 2023, respectively.

(g) Students Accounts Receivable

Student accounts receivable is reported net of an allowance for credit losses. This allowance provides for account estimated to be uncollectible. The University extends credit, primarily to students, in the form of accounts receivable for educational expenses.

Allowances for credit losses are recorded and represent the amounts that, in the opinion of the management of the University, are necessary to account for probable losses related to current receivables adjusted for management's expectations about current and future economic conditions. Allowances are determined based upon numerous considerations, including economic conditions, the specific composition of the receivable balances, as well as trends of delinquencies and write offs. On a periodic basis, these factors are considered and the allowances for credit losses are adjusted accordingly with a corresponding adjustment to the provision for allowance for credit losses and accounts receivable.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit with financial institutions and other highly liquid investments, primarily cash management funds. The University places its cash and cash equivalents with high quality financial institutions. Included in cash and cash equivalents at June 30, 2024 and 2023, are approximately $4,174,000 and $11,181,000, respectively, of cash equivalents primarily representing interest bearing money market and other short-term investment accounts.

The amounts held in bank accounts may, at times, exceed federally insured limits. The University has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

(i) Short-Term Investments

Short-term investments are designed to provide the framework for the investment of working capital funds while, at the same time, provide for the short / intermediate and long-term liquidity needs of the University.

Short-term investments are recorded at fair value. The University invests portions of its operating cash in certificates of deposit, domestic and international equities, fixed income and alternative instruments.

(j) Investments Held for Long-Term Purposes

Investments held for long-term purposes are designed to achieve long term capital growth and appreciation with the lowest level of risk and to generate income.

Long-term investments are reported at fair value. If an investment is held directly by the University and an active market with quoted prices exists, the University reports the fair value as the market price of an identical security. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year. The University also holds shares or units in alternative investment funds involving absolute return funds, private equity, and real assets.

Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, such funds may hold assets which require the estimation of fair values in the absence of readily determinable market values.

Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

The University utilizes the net asset value (NAV) reported by each of the alternative funds as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements.

Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the University’s interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the University’s interest in the funds.

Endowment and investment return includes interest and dividends, realized gains and losses, and the change in unrealized appreciation (depreciation) on the associated investments. The average cost of investment securities sold is used to determine the basis for computing realized gains or losses, and the University accounts for investment sales and purchases on a trade-date basis.

(k) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The University capitalizes all property, plant and equipment expenditures greater than $2,000. Expenditures for maintenance, repairs, and renewals of relatively minor items are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives used in computing depreciation are as follows:

Buildings	50 years
Property improvements	10 – 25 years
Library books and reference materials	20 years
Furniture and equipment	10 years
Vehicles	4 - 6 years
Computers and technology	4 - 6 years

Leasehold improvements depreciation is computed using the straight-line method over the shorter of the estimated useful lives of the asset or the term of the related lease.

Donor restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed into service.

(l) Interest Rate Swap Agreement

The University uses an interest rate swap agreement as part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. The interest rate swap agreement in place (see Note 10a) is not designated as a hedge of cash flows related to the corresponding debt agreement. The fair value of the interest rate swap is recognized as either an asset or liability. Gains and losses on settlements and changes in the fair value of the interest rate swap transactions are reflected in the Statement of Activities.

(m) Income Taxes

The Internal Revenue Service has determined and informed the University by a letter dated June 8, 1973, that the University is generally exempt from income taxes, under Section 501(a) of the Internal Revenue Code, as an organization described in Section 501(c)(3).

The University has also been classified as a organization that is not a private foundation. Management does not believe that any circumstances arising after the date of the Internal Revenue Service determination letter will affect the tax-exempt status of the University.

(n) Non-operating Activities

Long-term investment activities, net of long-term investment return allocated for operations, capital and endowment gifts with donor restrictions or designated for long-term investments, and postretirement-related changes are considered non-operating activities in the accompanying Statements of Activities. Long-term investment return is allocated for operations in accordance with the University's spending policy for investments held for endowment and similar purposes, as more fully discussed in Note 6.

(o) Functional Expenses and Allocation of Certain Expenses

Expenses are reported in the Statements of Activities in categories recommended by the National Association of College and University Business Officers. The University's primary program is instruction. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of this primary program. Institutional support represents supporting services expenses.

Certain categories of expenses are attributable to one or more program or supporting functions, and these expenses are allocated to the reported functional columns (Note 13). These expenses, along with the University's allocation methods used for major expense categories, are as follows:

Allocable Expense Categories	Allocation Methodology
Fringe benefits	Percentage of salary expense of each function
Technology support	Estimated hours worked by employees that are shared between multiple functions, based on project work and help desk requests; and percentage of full-time equivalent faculty, staff and student for technology maintenance expenses
Interest	Use of bond proceeds by each function
Depreciation, amortization and accretion	Square feet occupied by each function
Insurance	Square feet occupied by each function
Utilities	Square feet occupied by each function
Operations and maintenance	Square feet occupied by each function

(p) Asset Retirement Obligation

Asset retirement obligations (AROs) are legal obligations associated with expected future retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability.

Asset retirement costs are subsequently amortized over the useful lives of the related assets. Subsequent to initial recognition, the University records period-to-period changes in the ARO liability resulting from the passage of time as occupancy expense.

Upon settlement of the obligation, any difference between the actual cost to settle the ARO and the liability recorded is recognized as a gain or loss in the Statement of Activities.

Portions of the University's buildings were constructed at a time when certain asbestos-based materials were commonly in use. Current regulations require that whenever renovations are made to an area of the facility, any of these materials that will be exposed during the process must be removed and disposed of in accordance with the appropriate regulatory requirements.

Amounts related to the ARO at June 30, 2024 and 2023 were as follows:

		2024	2023
Asset retirement obligation at beginning of year	$	3,238,103	3,092,803
Accretion expense		194,286	185,568
Remediation adjustment		(8,063)	(40,268)
Asset retirement obligation at end of year	$	3,424,326	3,238,103

(q) Bond Premium Amortization

Bond premiums related to the issuance of debt obligations are amortized over the life of the related debt and are included as a component of long-term debt in the accompanying Statements of Financial Position. Amortization of the premium is included as a component of interest expense in the accompanying financial statements.

(r) Deferred Financing Costs

Deferred financing costs represent the legal and administrative costs and prepayment penalty incurred during the process of issuing and refinancing debt. Amortization of such costs are on a straight-line basis over the life of the related debt. Bond issuance costs are presented as a contra-liability of long-term debt in the related Statements of Financial Position, and amortization of the financing costs are included as a component of interest expense.

(s) Use of Estimates

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

(t) Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform with the current year presentation.

(2) Receivables

Student Accounts Receivable, net

Student accounts receivable, net consisted of the following at June 30:

		2024	2023
Gross amount	$	3,307,835	2,792,215
Less: Allowances for credit losses		(260,003)	(330,945)
	$	3,047,832	2,461,270

Interest and Other Receivables

Included in interest and other receivables are interest, gifts and grants receivables.

Allowance for Credit Losses

Changes in the allowance for credit losses for the year ended June 30, 2024 was as follows:

Balance, beginning of the period	$	330,945
Impact of the adoption of the new credit loss standard		-
Provisions		235,898
Write-offs, net of recoveries		(306,840)
Balance, end of the period	$	260,003

(3) Contributions Receivable

Contributions, including unconditional promises to donate to the University in the future, are recognized when received. Contributions receivables represent the net realizable value of future cash flows at June 30, 2024 and 2023. Contributions to be received after one year are discounted at an appropriate discount rate, ranging from 1.7% to 5.4%, commensurate with the risks involved. The allowance for uncollectible contributions receivable is based on actual write-offs, prior collection history, and type of contribution.

Contributions receivable, net, are as follows at June 30:

		2024	2023
Unconditional promises expected to be collected in:			
Less than one year	$	763,972	2,123,774
One year to five years		1,908,303	1,145,219
		2,672,275	3,268,993
Less: Unamortized discount		(331,229)	(339,647)
Less: Allowance for uncollectible contributions		(233,856)	(226,071)
Contributions receivable, net	$	2,107,190	2,703,275

(4) Scholarships and Grants

Tuition and fees, as well as housing and food, consisted of the following for the years ended June 30:

	2024			2023		
	Gross Amount	Scholarships and Grants	Net Amount	Gross Amount	Scholarships and Grants	Net Amount
Tuition and fees	$ 92,207,820	$ (37,549,761)	$ 54,658,059	$ 90,691,864	$ (35,566,480)	$ 55,125,384
Housing and food	$ 17,552,045	$ (2,380,475)	$ 15,171,570	$ 16,860,622	$ (2,443,518)	$ 14,417,104

Out of the scholarship and grants funds, in 2024 and 2023, $2,789,824 and $2,381,004, respectively, were specifically funded by federal, state of New York or private gifts or grants, or by investment income and gains earned on investments held for endowment and similar purposes and utilized under the University's total return spending. The University's total return spending policy is more fully discussed in Note 6.

(5) Investments Held for Long-Term Purposes

The assets held for endowment and similar purposes include accumulated principal of endowment gifts to be held in perpetuity, and other assets designated by the Board of Trustees to function as quasi-endowment, including accumulated appreciation resulting from investment of such funds. Substantially, all assets held for endowment and similar purposes are pooled on a fair value basis, with each individual fund subscribing to or disposing of units on the basis of the value per unit at fair value, determined on a quarterly basis.

(a) Fair Value Measurements

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the University has the ability to access at the measurement date. Assets and liabilities classified as Level 1 generally include listed equities. Level 1 also includes cash and cash equivalents given the short maturity of these investments.

- Level 2 inputs are quoted market prices for markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly. Assets and liabilities classified as Level 2 generally include fixed income securities or investments in common/collective trusts that hold Level 1 assets and derivative instruments.

- Level 3 inputs include pricing inputs that are unobservable for the assets and reflect certain assumptions to determine fair value.

The University utilizes the NAV reported by the alternative investments, as a practical expedient for measuring and reporting their fair values in the accompanying financial statements. The investments in these partnerships and funds may include certain private instruments that do not trade in public markets and, therefore, may be subject to greater liquidity risk. As of June 30, 2024, the University had no specific plans or intentions to sell investments at amounts different than NAV.

In certain cases, the inputs used to measure fair value may fall into different levels of fair value hierarchy. In such cases, the University categorizes such investments based on the lowest level input that is significant to the fair value measurement in its entirety. Accordingly, the inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indicator of the risk associated with investing in those investments or a reflection on the liquidity of each fund's underlying assets and liabilities.

The University's investments that are measured at fair value on a recurring basis were as follows at June 30:

	2024					
	Level 1	**Level 2**	**Level 3**	**Total**	**Redemption frequency**	**Days' notice**
Investments:						
Domestic equities:						
Large capitalization stocks	$ 24,597,572	-	-	24,597,572	Daily	Same day
Medium/small capitalization stocks	4,485,768	-	-	4,485,768	Daily	Same day
International equities:						
Developed markets	14,857,203	-	-	14,857,203	Daily	Same day
Emerging markets	5,300,569	-	-	5,300,569	Daily	Same day
Global Equities:	5,756,636	-	-	5,756,636	Daily	Same day
Fixed income:						
Domestic	3,134,529	-	204,788	3,339,317	Daily/Annual	Same day
Alternative instruments:						
Real assets	17,777	-	-	17,777	Daily	Same day
Total investments at fair value	$ 58,150,054	-	204,788	58,354,842		
Alternative and other investments, measured using net asset value as practical expedient				35,421,380		
Total investments				$ 93,776,222		

	2023					
	Level 1	**Level 2**	**Level 3**	**Total**	**Redemption frequency**	**Days' notice**
Investments:						
Domestic equities:						
Large capitalization stocks	$ 21,429,405	-	-	21,429,405	Daily	Same day
Medium/small capitalization stocks	4,005,301	-	-	4,005,301	Daily	Same day
International equities:						
Developed markets	14,096,178	-		14,096,178	Daily	Same day
Emerging markets	4,358,616	-	-	4,358,616	Daily	Same day
Global Equities:	5,256,749			5,256,749	Daily	Same day
Fixed income:						
Domestic	2,982,211	-	175,761	3,157,972	Daily/Annual	Same day
Alternative instruments:						
Real assets	13,501	-	-	13,501	Daily	Same day
Total investments at fair value	$ 52,141,961	-	175,761	52,317,722		
Alternative and other investments, measured using net asset value as practical expedient				32,480,842		
Total investments				$ 84,798,564		

There were no changes in valuation techniques for the years ended June 30, 2024 and 2023.

The University's significant alternative investment strategies are described as follows:

- Absolute return funds – over the long-term, the objective of absolute return fund strategies are to generate returns with lower volatility and lower correlation to traditional equity and bond funds, providing diversification benefits to the portfolio. These strategies have the flexibility to invest across asset classes and throughout the capital structure with an expanded tool set, including the use of shorting, leverage and derivatives.

- Private equity – seek to exceed the total return of public equity markets by investing in privately held and illiquid assets and capturing market inefficiencies. The private equity program utilizes a targeted and diversified approach investing in buyout/growth equity, venture capital and distressed/opportunist categories.

- Real assets – intended to play a diversifying role in a broader investment portfolio and can provide potential diversification, correlation and return enhancements, in addition to providing an inflation hedge for the portfolio.

The nature and risk of alternative investments by major category are as follows for the year ended June 30, 2024:

	Alternative Investments	Unfunded Commitments	Redemption Provisions
Real assets private	$ 822,068	$ 1,215,000	No voluntary redemptions allowable. Investments will be redeemed upon dissolution of the individual funds.
Absolute return funds	12,016,885	-	Redemptions are allowed on a daily, semiannual, or annual basis depending on the investment. Required notice of redemption is between 45-90 days, depending on investment.
Real assets public	8,109,070	-	Redemptions are allowed on a daily basis. Required notice of redemption is 2 days.
Private equity	14,473,357	6,826,000	No voluntary redemptions allowable. Investments will be redeemed upon dissolution of the individual funds.
	$ 35,421,380	$ 8,041,000	

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. The University's Investment Committee of the Board of Trustees approves the investment policy on an annual basis. At least annually, management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

(b) Liquidity

The following presents the fair value of the University's investments as of June 30, 2024, by redemption period:

Investments redemption period:		
Daily	$	65,890,520
Quarterly		8,660,608
Semiannual		3,331,632
Annual		598,037
Illiquid		15,295,425
Total	$	93,776,222

The limitations and restrictions on the University's ability to redeem or sell these investments vary by investment and range from required notice periods (generally 45 to 105 days after initial lockup periods) for certain funds. Substantially all of the University's investments, other than illiquid, are available to be redeemed in fiscal year 2025.

(6) Endowment

The University follows the New York Prudent Management of Institutional Funds Act (NYPMIFA) in the management of its endowment. The University has interpreted NYPMIFA as allowing the University to spend or accumulate the amount of an endowment fund that the University determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The University has not changed the way donor restricted net assets are classified as a result of this interpretation and classifies as donor restricted net assets (a) the original values of gifts donated to endowments to be held in perpetuity, (b) the original values of subsequent gifts to these endowments, and (c) accumulations to these endowments made in accordance with the directions of the applicable donors' gift instruments at the times the accumulations are added to the funds. ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*, requires the portion of a donor restricted endowment fund to be classified as donor restricted net assets until those amounts are appropriated for spending by the University's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The University's endowment consists of 279 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following is a summary of the University's endowment net asset composition excluding pledges receivable, by type of fund as of June 30:

		2024		
		Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$	-	43,496,125	43,496,125
Board-designated endowment funds		50,032,648	-	50,032,648
Total endowed net assets	$	50,032,648	43,496,125	93,528,773

		2023		
		Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$	-	38,359,993	38,359,993
Board-designated endowment funds		46,064,718	-	46,064,718
Total endowed net assets	$	46,064,718	38,359,993	84,424,711

The following is a summary of the components of the return of the endowment pool and changes in endowment net assets for the years ended June 30:

		2024		
		Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$	46,064,718	38,359,993	84,424,711
Total endowment investment return		6,176,467	5,278,656	11,455,123
Appropriation of endowment assets for expenditure		(2,277,843)	(1,923,550)	(4,201,393)
Contributions		-	1,416,646	1,416,646
Other changes		69,306	364,380	433,686
Endowment net assets, end of year	$	50,032,648	43,496,125	93,528,773

		2023		
		Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$	43,051,278	34,867,904	77,919,182
Total endowment investment return		4,908,895	3,170,318	8,079,213
Appropriation of endowment assets for expenditure		(2,216,850)	(1,849,696)	(4,066,546)
Contributions		-	2,647,719	2,647,719
Other changes		321,395	(476,252)	(154,857)
Endowment net assets, end of year	$	46,064,718	38,359,993	84,424,711

(a) Funds with Deficiencies

Endowment funds are considered to be underwater when their fair value is less than their historical gift amounts. In accordance with the Prudent Management standards contained in NYPMIFA, the University has the ability to spend, however would not spend, from individual endowments that are underwater, if it considers such action to be prudent for that particular endowment. In addition, in accordance with the implementation of NYPMIFA in 2011, the University was required to ask existing donors if they wished to prevent spending from their endowment if underwater. If the donor had requested spending not occur if their endowment is underwater, the University is required to comply with this request.

The Finance Committee of the Board of Trustees at Nazareth University passed a resolution on April 5, 2011 stating the “At this time University management believes it would not be prudent to spend below the historic gift value of each endowed fund.” Annually the spending distribution is authorized for each endowment fund which has a market value as of December 31, that exceeds the historic gift value. At June 30, 2024 and 2023 deficiencies of $8,986 and $1,736 were reported, respectively.

(b) Spending Policy

Spending to support programs from assets held for endowment and similar purposes is under a total return policy. The Board of Trustees approved the spending rate to be 5.4% for fiscal years 2024 and 2023. Amounts utilized under this policy are reported as long-term investment return allocated for operations in the accompanying Statements of Activities. To the extent the total return requirement for the current year is not fulfilled by interest and dividends, the University utilizes realized appreciation of assets held for endowment and similar purposes. To the extent that the total return requirement for the current year is exceeded by interest and dividends, the University reinvests the excess income in its assets held for endowment and similar purposes. Unspent net realized and unrealized gains and losses, which are recognized as either with or without donor restrictions, dependent upon donor stipulations, are also maintained within the portfolio of endowment and other assets held for similar purposes.

(c) Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a sustainable level of revenue distribution in support of the University's operating budget while preserving the purchasing power of the remaining invested assets. Endowment assets include those assets of donor-designated funds that the University must hold in perpetuity as well as board-designated funds.

Under this policy, as approved by the Board of Trustees, the endowment assets are expected to generate long-term average annual real returns, net of fees and expenses, which meet or exceed the endowment's authorized distribution to the University operating budget, thereby maintaining the purchasing power of the endowment assets. The financial objective over three to five years is to provide an average annual real return at least equal to 5.5%.

(d) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return policy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places emphasis on investments in equities, bonds, real assets, and alternative strategies in a 55-5-10-30 percentage ratio to achieve its long-term return objectives within prudent risk constraints.

(7) Short-Term Investments

The assets held in short-term investments include fixed income securities consisting of U.S. Government obligations, corporate bonds, and institutional mutual funds.

	2024					
	Level 1	**Level 2**	**Level 3**	**Total**	**Redemption frequency**	**Days' notice**
Investments:						
Domestic equities:						
Large capitalization stocks	$ 9,074,905	-	-	9,074,905	Daily	Same day
Small/Mid capitalization stocks	1,457,531			1,457,531		
International equities:				-		
Developed markets	5,752,720	-	-	5,752,720	Daily	Same day
Emerging markets	1,489,267			1,489,267		
Global LC.	4,279,010			4,279,010		
Fixed income:				-		
Domestic	2,465,705	-	-	2,465,705	Daily	Same day
Alternative instruments:				-		
Absolute return funds	2,705,260	-	-	2,705,260	Daily	Same day
Real assets	2,779,277	-	-	2,779,277	Daily	Same day
Total investments at fair value	$ 30,003,675	-	-	30,003,675		

	2023					
	Level 1	**Level 2**	**Level 3**	**Total**	**Redemption frequency**	**Days' notice**
Investments:						
Domestic equities:						
Large capitalization stocks	$ 7,270,529	-	-	7,270,529	Daily	Same day
Small/Mid capitalization stocks	870,505			870,505	Daily	Same day
International equities:						
Developed markets	5,935,573	-	-	5,935,573	Daily	Same day
Emerging markets	939,076			939,076	Daily	Same day
Global LC.	2,895,359			2,895,359	Daily	Same day
Fixed income:						
Domestic	8,196,531	-	-	8,196,531	Daily	Same day
Alternative instruments:						
Absolute return funds	2,648,787	-	-	2,648,787	Daily	Same day
Real assets	2,162,289	-	-	2,162,289	Daily	Same day
Total investments at fair value	$ 30,918,649	-	-	30,918,649		

(8) Liquidity and Availability of Resources

The University regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

A significant portion of the University's financial assets consist of investments. Liquidity of investments held for long-term purposes and short-term investments are described in Note 5 and Note 7, respectively. As detailed in Note 6, the University maintains an endowment and on an annual basis the Board of Trustees authorizes a spending rate.

The governing Board of Trustees has designated a portion of its resources to function as endowment and for other purposes. These funds are invested for long-term appreciation and current income, however remain available to spend at the discretion of the Board of Trustees.

In the event of an unanticipated liquidity need, the University could draw upon $7,500,000 of an available line of credit, as further discussed in Note 14(b).

As of June 30, 2024, the following financial assets could be made readily available within one year of the balance sheet date to meet general expenditures:

Financial assets *	$ 135,804,803
Less: those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions:	
Restricted under the terms of grant awards	(639,971)
Investments held in annuity trusts	(573,392)
Donor restricted for capital and other support of academic purposes	(11,531,724)
Donor-restricted for capital and other support of academic purposes to be held in perpetuity	(25,355,186)
Time restrictions	(281,114)
Endowment returns subject to future appropriation	(14,066,496)
Other	(486,902)
Board designations:	
Quasi-endowment fund, net of fiscal year 2025 spending policy appropriation	(44,601,624)
Board designated for capital and other support of academic purposes	(16,339,478)
Financial assets available to meet cash needs for general expenditures within one year	$ 21,928,916

* Total assets less non-financial assets (other assets and property, plant and equipment, net)

As of June 30, 2023, the following financial assets could be made readily available within one year of the balance sheet date to meet general expenditures:

Financial Assets *	$	134,096,602
Less: those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted under the terms of grant awards		(643,670)
Amounts held in trust for others		(190,737)
Investments held in annuity trusts		(489,175)
Donor restricted for capital and other support of academic purposes		(11,646,045)
Donor-restricted for capital and other support of academic purposes to be held in perpetuity		(24,082,951)
Time restrictions		(294,225)
Endowment returns subject to future appropriation		(10,733,022)
Other		(578,867)
Board designations:		
Quasi-endowment fund, net of fiscal year 2024 spending policy appropriation		(41,087,552)
Board designated for capital and other support of academic purposes		(23,357,342)
Financial assets available to meet cash needs for general expenditures within one year	$	20,993,016

* Total assets less non-financial assets (other assets and property, plant and equipment, net)

(9) Property, Plant and Equipment

Property, plant and equipment consisted of the following at June 30:

		2024	2023
Land	$	8,232,974	8,232,974
Buildings		148,655,552	148,657,752
Property improvements		105,785,246	97,511,607
Library books and reference materials		20,414,820	20,813,313
Furniture and equipment		19,304,312	18,714,926
Computers and technology		13,270,141	13,308,623
Vehicles		1,317,390	1,298,658
Leasehold improvements		759,816	759,816
Construction in progress		3,556,317	3,953,270
		321,296,568	313,250,939
Less: Accumulated depreciation		(167,435,351)	(160,242,464)
Property, plant and equipment, net	$	153,861,217	153,008,475

The University incurred depreciation expense of $8,789,644 and $8,656,563 for the years ended June 30, 2024 and 2023, respectively.

(10) Long-Term Debt, net

Long-term debt, net, inclusive of any bond premium or discount, consisted of the following at June 30:

		2024	2023
Bonds payable – COMIDA:			
Civic Facility Revenue Bonds – 08	$	5,450,000	5,740,000
Bonds payable – MCIDC:			
Tax-Exempt Revenue Refunding Bonds – 13(a)		7,613,499	8,396,436
Bonds payable – MCIDC:			
Tax-Exempt Revenue Refunding Bonds – 17		28,276,698	29,161,129
Total long-term debt		41,340,197	43,297,565
Less: Unamortized deferred financing costs		(960,743)	(1,026,472)
Total	$	40,379,454	42,271,093

(a) COMIDA Civic Facility Revenue Bonds – 08

During 2008, the University entered into an agreement with County of Monroe Industrial Development Agency (COMIDA) whereby COMIDA issued $9,030,000 in civic facility revenue bonds to primarily finance the following: (1) the construction of a three-story 45,000 square foot residence hall to house approximately 150 students and (2) site improvements and expansion of a parking lot. Additionally, the bond proceeds were used to pay certain costs of issuance of the bonds. Interest is payable monthly with variable interest rates. The bonds mature at various dates through 2038, with optional early redemption by the University on certain bonds beginning in 2019.

As security for its obligation under the agreement, the University has granted a mortgage on certain facilities.

Effective February 1, 2008, the University entered into an interest rate swap agreement that terminates April l, 2038, to exchange the variable rate debt on these COMIDA bonds, for a fixed-rate obligation without the exchange of the underlying principal amount. Under the terms of the interest rate swap agreement, the counterparty pays the University a variable interest rate equal to the SIFMA – Municipal Swap Index. The University pays the counterparty a fixed rate of 3.768% on the bonds based on a notional balance of $5,450,000 as of June 30, 2024.

The University recorded the fair value of the swap liability of $216,242 and $288,704 as of June 30, 2024 and 2023, respectively, within accrued expenses in the accompanying Statements of Financial Position and classifies it in Level 2 of the fair value hierarchy.

The change in the fair value of the swap of $72,462 and $274,904 for the years ended June 30, 2024 and 2023, respectively, are included in Other changes, net in the accompanying Statements of Activities.

The continued effectiveness of the swap will be contingent upon the ability of the counterparty to meet its contractual obligations under the agreement.

(b) MCIDC Tax-Exempt Revenue Refunding Bonds – 13A

During 2013, the University entered into an agreement with the MCIDC whereby MCIDC issued tax-exempt revenue refunding bonds, Series 2013A, in the amount of $13,905,000 for the purpose of refinancing COMIDA civic facility revenue bonds Series 2001. Additionally, the bond proceeds were used to pay certain costs of issuance of the bonds. Interest is payable semi-annually. Interest rates vary from 4.0% to 5.0%. Bond premium was approximately $721,000. The bonds mature on various dates through 2032, with optional early redemption by the University on certain bonds beginning in 2023.

As security for its obligation under the agreement, the University granted a security interest in pledged revenues.

(c) MCIDC Tax-Exempt Revenue Bonds – 17

During 2018, the University entered into an agreement with MCIDC whereby MCIDC issued tax-exempt revenue bonds, Series 2017, in the amount of $31,645,000 for the purpose of financing or refinancing a certain project consisting of: (A) (i) the construction and equipping of an approximately 24,125 square-foot one (1) story addition to the University's Arts Center to house the University's new musical training and performance center including related facilities and improvements; (ii) finance the construction and equipping of an approximately 118,000 square-foot one (1) story athletic facility to house the University's new athletic training center including related facilities and improvements; (iii) finance the replacement of the existing artificial turf at the University's Golden Flyer Stadium; (B) advance refund a portion of the outstanding tax-exempt revenue bonds, Series 2011 (see Note 10(b) above). Additionally, the bond proceeds were used to finance the payment of capitalized interest and pay certain costs of issuance amounts. Interest is payable semi-annually.

Interest rates vary from 3.0% to 5.0%. Bond premium was $1,155,499. The bonds mature on various dates through 2047, with optional early redemption by the University on certain bonds beginning in 2027.

As security for its obligation under the agreement, the University granted a security interest in pledged revenues.

(d) Covenants

As a condition of these borrowings, the University is subject to various covenants that include maintaining specified financial ratios. At June 30, 2024 and 2023, the University determined that it was in compliance with these covenants.

(e) Required Future Principal Payments

Required future principal payments, inclusive of any bond premium, on the University's long-term debt are summarized as follows:

Year ending June 30:		
2025	$	2,047,368
2026		2,147,368
2027		2,242,368
2028		2,352,368
2029		2,447,368
Thereafter		30,103,357
	$	41,340,197

The University incurred interest expense of approximately $1,752,900 and $1,851,900 for the years ended June 30, 2024 and 2023, respectively.

(11) Benefit Plans

The University participates in defined contribution retirement plans for faculty, administrative, support staff, and other employees. Expenses under the plans were $1,547,486 and $1,590,828 in 2024 and 2023, respectively, and were funded on a current basis. All funded payments are vested immediately and used to purchase annuity contracts to provide retirement benefits.

The University also provides certain healthcare and life insurance benefits to retired employees and their eligible dependents under a defined benefit plan covering many retirees and employees. The University accrues the cost of those retiree health and life insurance benefits during the working careers of active employees. The University's postretirement plan is not funded and is available only to employees hired before July 1, 1995, who met eligibility requirements.

The changes in the unrecognized amounts recorded in net assets for the years ended June 30, 2024 and 2023, are presented as a separate line item within non-operating activities in the Statement of Activities.

A summary of the postretirement plan's funded status and amounts recognized in the University's Statements of Financial Position at June 30 is as follows:

		2024	2023
Change in benefit obligation:			
Benefit obligation at beginning of year	$	8,053,581	8,891,011
Service cost		1,967	4,922
Interest cost		403,588	397,737
Plan participants' contributions		47,768	23,343
Actuarial gain		(318,941)	(641,348)
Benefits paid		(694,469)	(622,084)
Benefit obligation at end of year	$	7,493,494	8,053,581
Change in plan assets:			
Fair value of plan assets at beginning of year	$	-	-
Employer contribution		646,701	598,741
Plan participants' contributions		47,768	23,343
Benefits paid		(694,469)	(622,084)
Fair value of plan assets at end of year	$	-	-
Funded status recognized in the Statement of Financial Position	$	(7,493,494)	(8,053,581)

Amounts recorded in net assets without donor restrictions as of June 30, not yet amortized as components of net periodic benefit costs are as follows:

		2024	2023
Unamortized actuarial (gain) recognized as a reduction in net assets without donor restrictions	$	(1,128,243)	(892,470)

A summary of the components of net periodic benefit cost for the years ended June 30 is presented below:

		2024	2023
Service cost	$	1,967	4,922
Interest cost		403,588	397,737
Amortization of net (gain) loss		(83,168)	1,905
Net periodic benefit cost	$	322,387	404,564

(a) Assumptions

A summary of the weighted average assumptions used to determine the benefit obligations at June 30 is presented below:

	2024	2023
Discount rate	5.55%	5.32%

A summary of the weighted average assumptions used to determine net periodic benefit cost for the years ended June 30 is presented below:

	2024	2023
Discount rate	5.32%	4.66%

A summary of the assumed healthcare cost trend rates at June 30, 2024, is presented below:

	Pre-65 medical trend rates	Post-65 medical trend rates	Pre-65 prescription drugs trend rates	Post-65 prescription drugs trend rates
Healthcare cost trend rate for next year	7.75%	4.60%	7.75%	7.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.04%	4.04%	4.04%	4.04%
Year that the rate reaches the ultimate trend rate	2075	2075	2075	2075

As of June 30, 2024, the mortality assumption remained the sex-distinct White Collar Pri.H-2021 Mortality Tables for employees, healthy annuitants, and contingent survivors, with for mortality improvements with the MP-2021 mortality improvement scale on a generational basis.

As of June 30, 2024, the annual rate of increase in healthcare costs were revised to better reflect future expectations, including updating long-term rates based on the SOA Long Term Healthcare Cost Trends Model v2024_1f (the Getzen model). A review of published National trend survey data in relation to the retiree health plan offerings was the basis for this change. The revised assumption resulted in a decrease in liabilities.

(b) Cash Flows Contributions

The University expects to contribute approximately $665,900 to its postretirement benefit plan in fiscal year 2025.

(c) Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending June 30:		
2025	$	665,910
2026		653,640
2027		662,938
2028		670,508
2029		675,172
2030 – 2034		3,143,373
	$	6,471,541

(12) Net Assets With and Without Donor Restrictions

(a) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, were comprised as follows:

	2024	2023
Purpose restrictions:		
Other purpose restrictions	$ 11,531,724	11,646,045
In perpetuity, the income of which can be used for		
Scholarships and grants	17,118,193	15,725,410
Other restricted purposes	8,236,993	8,357,541
Time restrictions:		
Deferred giving arrangements	240,485	212,298
Contributions receivable, net	40,629	81,927
Endowment returns subject to future appropriation	14,066,496	10,733,022
	$ 51,234,520	46,756,243

(b) Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30, were comprised as follows:

	2024	2023
Designated by the board for endowment	$ 50,032,648	46,064,718
Designated by the board for reserves	16,339,479	23,357,342
Undesignated	115,833,756	111,725,459
	$ 182,205,883	181,147,519

(13) Functional Expenses

The University's expenses by both functional and natural classification for the years ended June 30, were as follows:

	2024					
	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Institutional Support	Total
Salaries and fringe benefits	$ 26,005,562	4,651,218	9,014,941	3,187,888	8,351,876	51,211,485
Supplies and office expense	471,252	393,810	637,388	47,960	577,126	2,127,536
Occupancy	2,825,192	1,325,297	2,136,366	3,255,199	606,494	10,148,548
Depreciation, amortization and interest	3,176,699	1,543,816	1,842,825	3,475,145	505,416	10,543,901
Food service	62,772	54,436	313,202	4,905,444	145,862	5,481,716
All other	3,580,445	1,519,964	3,488,776	587,732	1,913,533	11,090,450
	$ 36,121,922	9,488,541	17,433,498	15,459,368	12,100,307	90,603,636

	2023					
	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Institutional Support	Total
Salaries and fringe benefits	$ 24,366,518	4,834,644	7,618,177	2,821,133	7,791,230	47,431,702
Supplies and office expense	679,524	318,419	608,162	63,793	710,592	2,380,490
Occupancy	2,673,097	1,257,344	1,885,092	3,327,242	530,011	9,672,786
Depreciation, amortization and interest	3,169,311	1,540,226	1,838,539	3,456,200	504,241	10,508,517
Food service	93,799	37,309	334,754	4,535,812	31,687	5,033,361
All other	2,956,853	1,193,588	3,838,589	717,976	2,212,161	10,919,167
	$ 33,939,102	9,181,530	16,123,313	14,922,156	11,779,922	85,946,023

(14) Commitments and Contingencies

(a) Commitments

The University has entered into numerous non-cancelable contractual agreements. The commitments under such agreements provide for minimum annual payments as follows:

		Amount
Year ending June 30:		
2025	$	163,272
2026		170,805
2027		128,337
2028		49,632
	$	512,046

Rental expense for all rental agreements aggregated $150,985 and $157,937 for the years ended June 30, 2023 and 2022, respectively.

(b) Line of Credit

The University has a $7,500,000 line of credit with Manufacturers and Traders Trust Company (M&T Bank) with no stated expiration. The line of credit is on a demand basis with interest only due as scheduled. Amounts outstanding on the line of credit bear interest at one-month SOFR plus 2.2%, with a floor of 3.2%. At June 30, 2024 and 2023, the University had no amounts outstanding on the line of credit.

(c) Legal Proceedings

The University has been named as a party in legal proceedings brought against it. Management has reviewed these matters with legal counsel and in its opinion, these actions are defensible insofar as the University is concerned and settlement of these matters should have no material effect on the University's financial position or its results of operations. Consequently, no liability has been accrued related to these matters.

(d) Other

At June 30, 2024, the University has entered into construction contracts and commitments aggregating approximately $7,237,000. The remaining commitment that has not been paid is approximately $6,144,000 as of June 30, 2024.

(15) Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2024 and through November 5, 2024, the date on which the financial statements were issued.