



**HOFSTRA UNIVERSITY**

Financial Statements

August 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

# HOFSTRA UNIVERSITY

## Table of Contents

|                                  | <b>Page(s)</b> |
|----------------------------------|----------------|
| Independent Auditors' Report     | 1–2            |
| Statements of Financial Position | 3              |
| Statements of Activities         | 4              |
| Statements of Cash Flows         | 5–6            |
| Notes to Financial Statements    | 7–32           |



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## **Independent Auditors' Report**

The Board of Trustees  
Hofstra University:

### *Opinion*

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of August 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

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

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

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

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

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

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



In performing an audit in accordance with GAAS, we:

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

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

*KPMG LLP*

New York, New York  
December 6, 2024

**HOFSTRA UNIVERSITY****STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2024 AND 2023**

|  | <b>Notes</b> | <b>2024</b>                    | <b>2023</b>                    |
|--|--------------|--------------------------------|--------------------------------|
| <b><u>ASSETS</u></b>                     |              |                                |                                |
| Cash and Cash Equivalents                |              | \$ 183,751,236                 | \$ 124,836,068                 |
| Short-Term Investments                   | 3, 19        | 31,129,704                     | 48,389,194                     |
| Accounts Receivable, net                 | 4            | 6,364,784                      | 5,839,048                      |
| Grants Receivable, net                   | 25           | 3,438,251                      | 28,190,101                     |
| Other Receivables, net                   |              | 9,896,384                      | 11,563,162                     |
| Prepaid Expenses and Other Assets        |              | 13,198,267                     | 11,799,288                     |
| Contributions Receivable, net            | 5            | 7,838,851                      | 11,025,851                     |
| Loans Receivable, net                    | 6            | 19,189,171                     | 18,501,499                     |
| Long-Term Investments:                   |              |                                |                                |
| Endowment                                | 7, 19        | 924,141,947                    | 794,687,741                    |
| Other                                    | 8, 19        | 30,860,302                     | 28,178,341                     |
| Total Long-Term Investments              |              | <u>955,002,249</u>             | <u>822,866,082</u>             |
| Assets Held by Bond Trustees             | 19           | 3,007,361                      | 23,278,814                     |
| Land, Buildings, and Equipment, net      | 9, 16        | <u>364,491,925</u>             | <u>363,570,197</u>             |
| <b>TOTAL ASSETS</b>                      |              | <b>\$ <u>1,597,308,183</u></b> | <b>\$ <u>1,469,859,304</u></b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b> |              |                                |                                |
| <b><u>LIABILITIES</u></b>                |              |                                |                                |
| Accounts Payable and Accrued Expenses    |              | \$ 22,574,608                  | \$ 27,651,879                  |
| Other Liabilities                        |              | 9,477,025                      | 7,794,176                      |
| Deferred Revenue                         |              | 126,985,141                    | 122,587,994                    |
| U.S. Government Grants Refundable        |              | 1,047,453                      | 1,352,850                      |
| Asset Retirement Obligation              | 13           | 6,725,740                      | 6,395,840                      |
| Liability for Postretirement Benefits    | 14           | 26,876,642                     | 21,877,639                     |
| Long-Term Debt                           | 15, 16       | <u>197,577,885</u>             | <u>207,341,161</u>             |
| <b>TOTAL LIABILITIES</b>                 |              | <b><u>391,264,494</u></b>      | <b><u>395,001,539</u></b>      |
| <b>COMMITMENTS AND CONTINGENCIES</b>     | 7, 25        |                                |                                |
| <b><u>NET ASSETS</u></b>                 |              |                                |                                |
| Net Assets Without Donor Restrictions    | 17, 18       | 740,129,575                    | 682,311,287                    |
| Net Assets With Donor Restrictions       | 17, 18       |                                |                                |
| With Time or Purpose Restrictions        |              | 182,658,730                    | 148,727,192                    |
| With Perpetual Restrictions              |              | <u>283,255,384</u>             | <u>243,819,286</u>             |
| Total Net Assets With Donor Restrictions |              | <u>465,914,114</u>             | <u>392,546,478</u>             |
| <b>TOTAL NET ASSETS</b>                  |              | <b><u>1,206,043,689</u></b>    | <b><u>1,074,857,765</u></b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  |              | <b>\$ <u>1,597,308,183</u></b> | <b>\$ <u>1,469,859,304</u></b> |

*See notes to financial statements*

**HOFSTRA UNIVERSITY**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

|   |            | 2024  |  |                  | 2023  |  |                  |
|---|------------|---|--|------------------|---|--|------------------|
|   | Notes      | NET ASSETS<br>WITHOUT DONOR<br>RESTRICTIONS | NET ASSETS<br>WITH DONOR<br>RESTRICTIONS | TOTAL            | NET ASSETS<br>WITHOUT DONOR<br>RESTRICTIONS | NET ASSETS<br>WITH DONOR<br>RESTRICTIONS | TOTAL            |
| <b><u>REVENUES</u></b>  |            |   |  |                  |   |  |                  |
| Net Tuition and Fees  | 24         | \$ 307,457,254                              | -  | \$ 307,457,254   | \$ 293,787,189                              | -  | \$ 293,787,189   |
| Investment Return - Endowment   | 18         | 76,843,911                                  | \$ 34,488,585                            | 111,332,496      | 55,396,921                                  | \$ 15,878,455                            | 71,275,376       |
| Investment Return - Other   |            | 15,432,897                                  | 210,392                                  | 15,643,289       | 11,487,893                                  | 191,650                                  | 11,679,543       |
| Contributions   |            | 6,264,116                                   | 41,764,921                               | 48,029,037       | 5,692,208                                   | 15,812,254                               | 21,504,462       |
| Government Grants and Contracts   | 25         | 10,472,661                                  | 421,108                                  | 10,893,769       | 34,027,035                                  | 265,399                                  | 34,292,434       |
| Sales and Services of Educational Departments   |            | 5,377,829                                   | -  | 5,377,829        | 5,034,224                                   | -  | 5,034,224        |
| Sales and Services of Auxiliary Enterprises, net                                      |            | 40,621,073                                  | -  | 40,621,073       | 40,703,806                                  | -  | 40,703,806       |
| Reimbursement of Shared Services  |            | 10,219,561                                  | -  | 10,219,561       | 10,928,676                                  | -  | 10,928,676       |
| Other Sources   | 16         | 9,216,452                                   | 587,592                                  | 9,804,044        | 8,005,508                                   | 372,264                                  | 8,377,772        |
|   |            | 481,905,754                                 | 77,472,598                               | 559,378,352      | 465,063,460                                 | 32,520,022                               | 497,583,482      |
| Net Assets Released from Restrictions   |            | 4,261,259                                   | (4,261,259)                              | -                | 5,932,402                                   | (5,932,402)                              | -                |
| <b>TOTAL REVENUES</b>   |            | 486,167,013                                 | 73,211,339                               | 559,378,352      | 470,995,862                                 | 26,587,620                               | 497,583,482      |
| <b><u>EXPENSES</u></b>  |            |   |  |                  |   |  |                  |
|   | 20, 21, 22 |   |  |                  |   |  |                  |
| Instruction   |            | 193,780,013                                 | -  | 193,780,013      | 189,299,988                                 | -  | 189,299,988      |
| Research  |            | 9,873,796                                   | -  | 9,873,796        | 7,304,076                                   | -  | 7,304,076        |
| Public Service  |            | 9,678,282                                   | -  | 9,678,282        | 9,906,961                                   | -  | 9,906,961        |
| Academic Support  |            | 34,087,166                                  | -  | 34,087,166       | 33,643,753                                  | -  | 33,643,753       |
| Student Services  |            | 69,653,238                                  | -  | 69,653,238       | 68,921,195                                  | -  | 68,921,195       |
| Institutional Support   |            | 62,622,169                                  | -  | 62,622,169       | 62,039,758                                  | -  | 62,039,758       |
| Auxiliary Enterprises   |            | 41,286,671                                  | -  | 41,286,671       | 40,537,452                                  | -  | 40,537,452       |
| <b>TOTAL EXPENSES</b>   |            | 420,981,335                                 | -  | 420,981,335      | 411,653,183                                 | -  | 411,653,183      |
| <b>CHANGE IN NET ASSETS, before reclassifications,<br/>and postretirement changes</b> |            | 65,185,678                                  | 73,211,339                               | 138,397,017      | 59,342,679                                  | 26,587,620                               | 85,930,299       |
| <b>RECLASSIFICATIONS AND OTHER ADJUSTMENTS</b>  |            | (251,453)                                   | 156,297                                  | (95,156)         | (982,696)                                   | 739,404                                  | (243,292)        |
| <b>CHANGE IN NET ASSETS, before postretirement changes</b>                            |            | 64,934,225                                  | 73,367,636                               | 138,301,861      | 58,359,983                                  | 27,327,024                               | 85,687,007       |
| <b>OTHER COMPONENTS OF NET PERIODIC BENEFIT COSTS</b>                                 | 14, 20     | (1,397,139)                                 | -  | (1,397,139)      | (1,877,327)                                 | -  | (1,877,327)      |
| <b>POSTRETIREMENT CHANGES OTHER THAN NET<br/>PERIODIC BENEFIT COSTS</b>               | 14         | (5,718,798)                                 | -  | (5,718,798)      | 5,142,303                                   | -  | 5,142,303        |
| <b>CHANGE IN NET ASSETS</b>   |            | 57,818,288                                  | 73,367,636                               | 131,185,924      | 61,624,959                                  | 27,327,024                               | 88,951,983       |
| <b>NET ASSETS, BEGINNING OF YEAR</b>  |            | 682,311,287                                 | 392,546,478                              | 1,074,857,765    | 620,686,328                                 | 365,219,454                              | 985,905,782      |
| <b>NET ASSETS, END OF YEAR</b>  |            | \$ 740,129,575                              | \$ 465,914,114                           | \$ 1,206,043,689 | \$ 682,311,287                              | \$ 392,546,478                           | \$ 1,074,857,765 |

See notes to financial statements

**HOFSTRA UNIVERSITY****STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

|   | <b>2024</b>         | <b>2023</b>         |
|---|---------------------|---------------------|
| <b><i>Cash Flows from Operating Activities:</i></b>                             |                     |                     |
| Net Tuition and Fees  | \$ 310,102,802      | \$ 293,998,433      |
| Contributions   | 9,760,507           | 10,435,640          |
| Government Grants and Contracts   | 10,645,619          | 8,302,377           |
| Investment Return   | 22,965,106          | 17,699,238          |
| Reimbursement of Shared Services  | 11,277,385          | 10,609,421          |
| Sales and Services of Educational Departments                                   | 5,385,917           | 4,997,196           |
| Sales and Services of Auxiliary Enterprises:                                    |                     |                     |
| Students  | 36,608,134          | 37,085,952          |
| Others  | 3,958,292           | 3,174,919           |
| Other Sources:  |                     |                     |
| Students  | 4,616,646           | 4,375,293           |
| Others  | 5,033,388           | 4,004,208           |
| Payment of Salaries and Wages   | (223,942,026)       | (214,123,812)       |
| Payment of Benefits   | (76,975,518)        | (82,690,900)        |
| Payment to Suppliers  | (87,313,619)        | (93,342,987)        |
| Payment of Interest   | (7,937,637)         | (7,836,239)         |
| <b><i>Net Cash Flows Provided by (Used For) Operating Activities</i></b>        | <b>24,184,996</b>   | <b>(3,311,261)</b>  |
| <b><i>Cash Flows from Investing Activities:</i></b>                             |                     |                     |
| Purchase of Land, Buildings and Equipment                                       | (24,015,491)        | (56,799,551)        |
| Interest Capitalized During Construction  | -                   | (579,053)           |
| Decrease in Accounts Payable Incurred for Land, Buildings and Equipment         | (7,208,101)         | -                   |
| Purchase of Investments   | (338,824,608)       | (231,966,955)       |
| Proceeds from the Sale of Investments   | 328,240,712         | 224,516,653         |
| Student Loans:  |                     |                     |
| New Loans Made  | (2,377,301)         | (2,458,392)         |
| Principal Collected and Loans Canceled or Assigned                              | 1,689,629           | 1,893,078           |
| <b><i>Net Cash Flows Used for Investing Activities</i></b>                      | <b>(42,495,160)</b> | <b>(65,394,220)</b> |
| <b><i>Cash Flows from Financing Activities:</i></b>                             |                     |                     |
| Withdrawals in Assets Held by Bond Trustees                                     | 20,271,453          | 18,365,504          |
| Principal Payments on Indebtedness  | (9,406,495)         | (9,405,049)         |
| Contributions, Grants and Income Restricted to Long-Term Investment and Capital | 66,360,374          | 7,624,032           |
| <b><i>Net Cash Flows Provided by Financing Activities</i></b>                   | <b>77,225,332</b>   | <b>16,584,487</b>   |
| <b><i>Net Change in Cash and Cash Equivalents</i></b>                           | <b>58,915,168</b>   | <b>(52,120,994)</b> |
| <b><i>Cash and Cash Equivalents:</i></b>  |                     |                     |
| Beginning of Year   | 124,836,068         | 176,957,062         |
| End of Year   | \$ 183,751,236      | \$ 124,836,068      |
| <b><i>Supplemental Disclosures:</i></b>   |                     |                     |
| Interest Paid   | \$ 8,050,002        | \$ 8,421,292        |
| Assets Acquired by Finance Leases   | 1,135,999           | 2,731,309           |
| Increase in Accounts Payable for Purchase of Land, Building and Equipment       | -                   | 1,052,164           |

***See notes to financial statements***

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

---

|   | <u>2024</u>                 | <u>2023</u>                  |
|---|-----------------------------|------------------------------|
| <b><i>Reconciliation of Change in Net Assets to Net Cash Flows Provided by (Used For) Operating Activities:</i></b> |                             |                              |
| Change in Net Assets  | \$ 131,185,924              | \$ 88,951,983                |
| Adjustments to Reconcile Change in Net Assets to Net Cash Flows (Used For)  |                             |                              |
| Provided by Operating Activities:   |                             |                              |
| Net Appreciation in Fair Value of Investments   | (104,292,781)               | (65,199,163)                 |
| Depreciation, Amortization and Accretion  | 24,561,863                  | 22,624,906                   |
| Settlement of Asset Retirement Obligation   | (2,200)                     | (4,600)                      |
| Amortization and Other Changes in Debt Premium  | (1,592,409)                 | (1,722,539)                  |
| Amortization of Bond Issuance Costs   | 99,628                      | 99,628                       |
| Provision for Bad Debt  | 2,585,000                   | 2,550,000                    |
| Adjustment of Contributions Receivable  | 46,830                      | 163,025                      |
| Postretirement Changes Other Than Net Periodic Benefit Costs  | 5,718,798                   | (5,142,303)                  |
| Contributions, Grants and Income Restricted to Long-Term Investment and Capital                                     | (39,510,709)                | (35,090,075)                 |
| Changes in Operating Assets and Liabilities:  |                             |                              |
| Accounts Receivable, net  | (3,110,736)                 | (2,665,181)                  |
| Grants Receivable, net  | (248,150)                   | (990,057)                    |
| Contributions Receivable other than financing activities, net   | 1,290,505                   | (898,481)                    |
| Other Receivables, net  | 1,666,778                   | (789,056)                    |
| Prepaid Expenses and Other Assets   | (1,398,979)                 | (2,453,083)                  |
| Accounts Payable, Accrued Expenses and Other Liabilities  | 3,508,282                   | (6,335,010)                  |
| Deferred Revenue  | 4,397,147                   | 3,902,431                    |
| Liability for Postretirement Benefits Relating to Net Periodic Costs and Claims Paid                                | (719,795)                   | (313,686)                    |
| <b><i>Net Cash Flows Provided by (Used For) Operating Activities</i></b>  | <b>\$ <u>24,184,996</u></b> | <b>\$ <u>(3,311,261)</u></b> |



**(1) Organization**

Hofstra University (the “University”), founded in 1935, is an independent non-sectarian, co-educational institution of higher learning located on an approximately 240 acre campus in Hempstead, New York. The University provides educational services, primarily for students at the undergraduate and graduate levels, and performs research, training and related services.

**(2) Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board (FASB) for not-for-profit organizations. Accordingly, the University’s resources are classified and reported based on the existence or absence of donor-imposed restrictions. A description of the net asset classifications follows:

*Net Assets without Donor Restrictions* – Net assets that are used to carry out the educational mission of the University and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the University.

*Net Assets with Donor Restrictions* – Net assets that are subject to donor-imposed restrictions and include the following:

- Time or Purpose Restrictions – Net Assets that include gifts donated for specific purposes, certain pledges, and the capital appreciation on permanent endowment.
- Perpetual Restrictions – Net assets that are subject to donor-imposed restrictions that require the original contribution be maintained in perpetuity by the University but permits the use of the investment earnings for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by explicit donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on prior year net assets with donor restrictions are reported as net assets released from restrictions. Grants and contracts are reported as revenue when expenses are incurred and all conditions are met in accordance with the terms of the agreement.

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received. Contributions of investment securities are recorded at their fair value at the date of the gift. Pledges are reported at their net present value, reduced by an allowance for uncollectible pledges. Contributions and grants, subject to donor-imposed restrictions and/or barriers that are met in the same reporting period, are reported as revenues within net assets without donor restrictions.

**(2) Summary of Significant Accounting Policies (continued)*****Cash Equivalents***

Cash equivalents consist principally of demand deposits, money market accounts, U.S. treasury obligations, and certificates of deposit which are readily convertible to cash and have original maturities of less than three months, except any such instruments held as part of Long-Term Investments or for capital projects included in Assets Held by Bond Trustees.

***Investments***

Investments in equity and debt securities with readily determinable fair values are measured at fair value, based on quoted market prices.

Hedge funds, private equity, and certain other investments without readily determinable fair values are carried at estimated fair value based on, as a practical expedient, net asset value (NAV) provided by the fund managers. The University, and its independent investment advisor, believe that the carrying amounts of these investments are a reasonable estimate of fair value as of August 31, 2024 and 2023.

The University's investment managers may employ derivative strategies in their funds from time to time. Derivatives, if any, are reported at fair value.

Realized and unrealized gains and losses resulting from changes in the fair value of investments are recognized in the Statements of Activities.

***Land, Buildings, and Equipment***

Land, Buildings, and Equipment are recorded at cost at the date of acquisition or, if acquired by gift, at the fair market value on the date of the gift. Land, Buildings, and Equipment are presented net of accumulated depreciation and amortization of right of use assets.

Depreciation on buildings and equipment has been computed on the straight-line basis over the estimated economic lives of the assets, as follows:

|                                |          |
|--------------------------------|----------|
| Buildings                      | 50 years |
| Building and land improvements | 20 years |
| Equipment and library books    | 10 years |
| Computers and software         | 3 years  |

Depreciation expense amounted to approximately \$22.8 million and \$20.9 million for the years ended August 31, 2024 and 2023, respectively. Amortization of right of use assets was \$1.4 million for the years ended August 31, 2024 and 2023.

The University has a \$5,000 capitalization policy for all equipment. The cost of assets retired and the related amounts of accumulated depreciation are eliminated in the year of disposal. Gains and losses, if any, are included in the Statements of Activities. Capitalized interest, if any, is reduced by any interest income earned on the temporary investment of the bond proceeds.

***Leasing***

Lease arrangements are determined at inception. The University has leases under which it is obligated as a lessee and a lease for which it is a lessor. Operating leases as a lessee are included in Prepaid Expenses and Other Assets and Other Liabilities in the Statements of Financial Position. Finance leases as a lessee are included in Property, Plant and Equipment, net and in Long-Term Debt in the Statements of Financial Position.

**(2) Summary of Significant Accounting Policies (*continued*)**

***Art Collection***

The University maintains an art collection, which consists of works of art, including prints, paintings, photographs, and sculptures that are held for the purpose of public exhibition, education, and research. Each item is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed by the Museum Director. The art collection is not recognized as an asset on the Statements of Financial Position.

***Split Interest Agreements***

The University's split interest agreements with donors consist primarily of charitable gift annuities and irrevocable charitable remainder trusts for which the University serves as trustee. Assets are invested and payments are made to donors and/or beneficiaries in accordance with the respective agreements.

Contribution revenue for charitable gift annuities and charitable remainder trusts is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective donors and/or beneficiaries. The liability related to all split interest agreements approximated \$0.9 million at August 31, 2024 and 2023 and is included in Other Liabilities on the Statements of Financial Position.

Gains and losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset category in the Statements of Activities as Other Sources of Revenue, and amounted to an increase of approximately \$146,000 in 2024 and an increase of approximately \$88,000 in 2023.

***Net Tuition and Fees***

Net tuition and fees are recognized in the fiscal year in which the academic programs are delivered. The University maintains a policy of offering qualified applicants admission to the University without regard to financial circumstance. The University provides scholarships to those admitted on the basis of merit or need in the form of direct grants or employment during the academic year.

***Sponsored Programs***

Revenues associated with contracts and grants are recognized as the related costs or capital expenditures are incurred. Indirect cost recovery by the University on federal grants is based upon a negotiated rate and is recorded as unrestricted revenue.

***Reimbursement of Shared Services***

Reimbursement of Shared Services represents amounts received from Northwell Health pursuant to a Joint Academic Agreement entered into in March 2008, in connection with the operation of the medical school.

***Sales and Services of Auxiliary Enterprises***

Sales and Services of Auxiliary Enterprises are recognized in the fiscal year in which the services are provided. Sales and Services of Auxiliary Enterprises consist primarily of revenues from student housing and those received under agreements with the University's food service and bookstore providers and from conference and facility use agreements. Sales and Services of Auxiliary Enterprises have been reduced by approximately \$4.8 million in 2024 and \$4.1 million in 2023 for institutional financial aid grants applied to room charges.

**(2) Summary of Significant Accounting Policies (*continued*)**

***Deferred Revenue***

Deferred revenue principally represents amounts collected from students through August 31 and relates to student registrations for the upcoming fall semester. Such amounts are reported as revenues in the subsequent fiscal year. The amount of deferred revenue reported was \$127.0 million and \$122.6 million, respectively for 2024 and 2023.

***Income Tax Status***

The University is organized as an educational organization under the laws of New York State. The University is exempt from federal, state, and local income taxes as a 501(c)(3) organization under the Internal Revenue Code.

Income generated that is unrelated to the University's exempt purpose is subject to tax. The University believes it did not have any material tax liability nor any significant uncertain tax positions for the years ended August 31, 2024 and 2023. A provision for income taxes, which is considered immaterial, has been reflected in the accompanying financial statements.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Estimates include fair values of certain investments, actuarial assumptions relating to postretirement benefits, allowances for doubtful accounts, asset retirement obligations, allocations of certain expenses, and the useful lives of fixed assets.

***Reclassifications***

Certain reclassifications have been made to the 2023 financial statements or notes to conform to the 2024 presentation.

***New Accounting Pronouncements***

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU)*, which requires a financial asset (or group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The ASU is intended to improve financial reporting by requiring earlier recognition of credit losses on certain financial assets. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The University adopted the provisions of the ASU using a prospective transition approach. As such, the University is not required to adjust comparative periods or provide comparative period disclosures. The adoption of this ASU did not have a material impact to the University's financial statements.

**(3) Short-Term Investments**

Short-Term Investments, consisting of treasury notes and certificates of deposit, are reported at fair value (See Note 19) at August 31, 2024.

**(4) Accounts Receivable**

Accounts receivable are reported net of an allowance for doubtful accounts at August 31, 2024 and 2023 as follows:

|                                 | <u>2024</u>         | <u>2023</u>         |
|---------------------------------|---------------------|---------------------|
| Student receivables             | \$ 22,563,440       | \$ 21,688,728       |
| Allowance for doubtful accounts | <u>(16,198,656)</u> | <u>(15,849,680)</u> |
|                                 | <u>\$ 6,364,784</u> | <u>\$ 5,839,048</u> |

**(5) Contributions Receivable**

Contributions receivable, net of an allowance for doubtful accounts, are reported at the present value of future payments discounted at a risk-adjusted rate determined at the time of the gift, which approximates fair value, and consists of the following at August 31, 2024 and 2023:

|   | <u>2024</u>         | <u>2023</u>          |
|---|---------------------|----------------------|
| Contributions receivable  | \$ 9,061,137        | \$ 12,180,923        |
| Less:   |                     |                      |
| Allowance for doubtful accounts                                 | (559,103)           | (469,371)            |
| Discount to present value<br><i>(Ranging from 0.1% to 5.3%)</i> | <u>(663,183)</u>    | <u>(685,701)</u>     |
|   | <u>\$ 7,838,851</u> | <u>\$ 11,025,851</u> |

Contributions receivable at August 31, 2024 and 2023 are expected to be collected as follows:

|                     | <u>2024</u>         | <u>2023</u>          |
|---------------------|---------------------|----------------------|
| Within 1 year       | \$ 3,320,891        | \$ 6,537,724         |
| Within 2 to 5 years | 4,140,246           | 3,608,199            |
| Thereafter          | <u>1,600,000</u>    | <u>2,035,000</u>     |
|                     | <u>\$ 9,061,137</u> | <u>\$ 12,180,923</u> |

At August 31, 2024, 66% of the contributions receivable are due from five donors, compared with 72% at August 31, 2023.

**(6) Loans Receivable**

Loans receivable are reported net of an allowance for doubtful accounts and consist of the following at August 31, 2024 and 2023:

|                                 | <u>2024</u>          | <u>2023</u>          |
|---------------------------------|----------------------|----------------------|
| Federal Perkins loans           | \$ 1,085,010         | \$ 1,598,234         |
| Law School loans                | 326,996              | 342,960              |
| Medical School loans            | 18,059,361           | 17,167,797           |
| Other                           | 572,304              | 591,508              |
|                                 | <u>20,043,671</u>    | <u>19,700,499</u>    |
| Allowance for doubtful accounts | <u>(854,500)</u>     | <u>(1,199,000)</u>   |
|                                 | <u>\$ 19,189,171</u> | <u>\$ 18,501,499</u> |

**(7) Long-Term Investments – Endowment**

Endowment investments are reported at estimated fair value (See Note 19). A summary of endowment investments as of August 31, 2024 and 2023 is as follows:

|                                    | <u>Fair value</u>     |                       |
|------------------------------------|-----------------------|-----------------------|
|                                    | <u>2024</u>           | <u>2023</u>           |
| Equity                             | \$ 498,748,527        | \$ 423,494,140        |
| Fixed Income                       | 124,209,263           | 107,134,241           |
| Hedge Funds                        | 142,999,104           | 134,366,127           |
| Private Equity and Distressed Debt | 82,268,888            | 76,655,001            |
| Real Estate                        | 14,602,468            | 16,338,193            |
| Cash Equivalents                   | 59,233,720            | 34,785,027            |
| Split Interest Agreements:         |                       |                       |
| Equity                             | 1,472,863             | 1,319,926             |
| Fixed Income                       | 562,539               | 552,392               |
| Cash Equivalents                   | 44,575                | 42,694                |
| Total Split Interest Agreements    | <u>2,079,977</u>      | <u>1,915,012</u>      |
| Total                              | <u>\$ 924,141,947</u> | <u>\$ 794,687,741</u> |

The University maintains an investment pool for its endowment investments, except for those investments made pursuant to split interest agreements.

*Investment Objectives*

The Investment Policy for endowment assets is the responsibility of the Endowment and Investment Committee of the Board of Trustees which is supported by an independent investment advisor. Substantially all endowment assets are managed by outside investment managers. The policy has been designed to preserve the value of the investments in real terms, after inflation, and to provide a predictable flow of funds to support operations. The University diversifies its investments among various asset classes incorporating multiple strategies and managers in accordance with established guidelines. The University invests its endowment to achieve a prudent long-term total return, and has an endowment spending policy which authorizes annual distributions to support current operations.

**(7) Long-Term Investments – Endowment (*continued*)**

The spending policy provides for annual distributions not to exceed 5% of a 3-year moving average for all endowed scholarships and professorships, and 4% of a 3-year moving average for all other true endowments. The amounts distributed may include interest, dividends and a portion of accumulated investment gains.

*Investment Strategies*

In addition to traditional stocks and fixed-income securities, the University holds shares or units in investment funds involving hedged strategies, private equity, distressed debt and real estate.

Equity includes direct holding of stocks or mutual funds traded on exchanges and commingled funds that invest in non-US securities for which estimated fair value is based upon reported NAV. Redemption terms range from daily to monthly with 0 to 6 days notice.

Fixed Income includes direct holding of mutual funds traded on exchanges and commingled funds that invest in high yield, emerging market debt, and preferred securities for which estimated fair value is based upon reported NAV. Redemption terms range from daily to monthly with 0 to 30 days' notice.

Hedged strategies involve fund of funds whose managers have the authority to invest in various asset classes at their discretion, including the following strategies: multi-strategy, long/short equities and credit, interest rate driven, event driven, global macro, commodities, managed futures, etc. These funds generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments. Redemptions are permitted quarterly or semi-annually with 65 to 95 days notice.

Private equity funds generally employ buyout, venture capital and debt related strategies. Distributions are made to investors through the liquidation of the underlying assets. It is expected to take up to fourteen years from initial investment to fully distribute those assets. As of August 31, 2024, the University had total outstanding capital commitments to private equity and debt related strategies of \$29.0 million.

Since hedged strategies and private equity investments are not readily marketable, their estimated value may differ from the value that would have been used had a ready market for such investment existed.

The University holds investments in real estate which include commercial and residential properties subject to lease agreements, as well as real estate funds. The investments in directly held real estate are valued on the basis of periodic independent appraisals, adjusted annually for market fluctuations. The most recent appraisals were obtained in 2020 for the commercial property and in 2022 for the residential properties. As of August 31, 2024, the University had no outstanding capital commitments to real estate fund managers.

**NOTES TO FINANCIAL STATEMENTS**

**(7) Long-Term Investments – Endowment *(continued)***

The following provides a summary of the changes in value of the endowment investments for the years ended August 31, 2024 and 2023:

|   | <u>2024</u>           | <u>2023</u>           |
|---|-----------------------|-----------------------|
| Investments, beginning of year  | \$ 794,687,741        | \$ 749,108,468        |
| Gifts and other additions:  |                       |                       |
| Contributions, excluding pledges  | 36,570,240            | 3,265,830             |
| Pledge Receipts:  |                       |                       |
| With Perpetual Restrictions   | 3,102,967             | 3,053,450             |
| With Time Restrictions  | 20,000                | 23,864                |
| Transfers   | 16,876,215            | 5,676,981             |
| Investment Return:  |                       |                       |
| Interest and Dividends, net   | 12,165,208            | 8,934,206             |
| Net Appreciation on Investments   | 99,424,220            | 62,498,652            |
| Total Investment Return   | <u>111,589,428</u>    | <u>71,432,858</u>     |
| <i>(Including 317,885 and \$156,419 related to split interest agreements for 2024 and 2023, respectively)</i> |                       |                       |
| Investment Return Designated for Operations   | (38,704,644)          | (37,873,710)          |
| <i>(In accordance with spending policy and split interest agreements)</i>                                     |                       |                       |
| Investments, end of year  | <u>\$ 924,141,947</u> | <u>\$ 794,687,741</u> |

Total investment management and advisory fees incurred in connection with endowment assets were approximately \$6.6 million and \$6.7 million for the years ended August 31, 2024 and 2023, respectively, and were netted with investment returns.

**(8) Long-Term Investments – Other**

Other Long-Term Investments, reported at fair value (See Note 19), are largely comprised of assets internally earmarked in connection with the University's postretirement benefits obligation in accordance with a policy approved by the Board. The Investment Policy is the responsibility of the Endowment and Investment Committee of the Board of Trustees which is supported by an independent investment advisor. Other Long-Term Investments also include assets invested in connection with a student managed investment fund in accordance with a policy approved by the Board of \$577,181 and \$507,338 in 2024 and 2023, respectively. The Spending policy provides for distributions to fund net periodic benefit costs and other postretirement costs.

A summary of Other Long-Term Investments as of August 31, 2024 and 2023 is as follows:

|                  | <u>2024</u>          | <u>2023</u>          |
|------------------|----------------------|----------------------|
| Equity           | \$ 19,898,568        | \$ 18,498,304        |
| Fixed Income     | 6,345,891            | 5,827,816            |
| Hedge Funds      | 3,984,930            | 3,645,318            |
| Cash Equivalents | 630,913              | 206,903              |
|                  | <u>\$ 30,860,302</u> | <u>\$ 28,178,341</u> |

Investment earnings were \$4.9 million and \$2.7 million in 2024 and 2023, respectively. Investment earnings of \$1.2 million were transferred to operations in 2024 to support postretirement benefit expenses.



**NOTES TO FINANCIAL STATEMENTS****(9) Land, Buildings, and Equipment**

Land, Buildings, and Equipment consist of the following:

|                                    | <b>Cost</b>           | <b>Accumulated<br/>Depreciation/<br/>Amortization</b> | <b>Net carrying<br/>Value</b> |
|------------------------------------|-----------------------|---|-------------------------------|
| At August 31, 2024:                |                       |   |                               |
| Land and Land Improvements         | \$ 57,465,752         | \$ 31,614,728   | \$ 25,851,024                 |
| Buildings and Improvements         | 641,160,275           | 338,276,963   | 302,883,312                   |
| Equipment, Software, Library Books | 93,155,445            | 57,715,562  | 35,439,883                    |
| Asset Retirement Costs             | 522,703               | 445,319   | 77,384                        |
| Construction in Progress           | 240,322               |   | 240,322                       |
|                                    | <u>\$ 792,544,497</u> | <u>\$ 428,052,572</u>                                 | <u>\$ 364,491,925</u>         |
| At August 31, 2023:                |                       |   |                               |
| Land and Land Improvements         | \$ 57,175,664         | \$ 30,529,398   | \$ 26,646,266                 |
| Buildings and Improvements         | 621,641,577           | 322,367,615   | 299,273,962                   |
| Equipment, Software, Library Books | 86,615,527            | 56,456,397  | 30,159,130                    |
| Asset Retirement Costs             | 522,703               | 439,922   | 82,781                        |
| Construction in Progress           | 7,408,058             |   | 7,408,058                     |
|                                    | <u>\$ 773,363,529</u> | <u>\$ 409,793,332</u>                                 | <u>\$ 363,570,197</u>         |

The University capitalized interest of approximately \$0.6 million in 2023. Included in Land and Land Improvements is land of approximately \$15.5 million as of August 31, 2024 and 2023. As of August 31, 2024 and 2023, respectively, Equipment, Software, Library Books includes \$4.5 million and \$4.9 million associated with Finance Leases.

**(10) Retirement Plans**

The University has a defined contribution retirement plan under IRC section 403(b) which covers academic and other employees eligible under IRS rules. The University's policy is to fund pension costs accrued. Total pension expense was \$17.3 million and \$16.9 million for the years ended August 31, 2024 and 2023, respectively.

*Multi-employer Plan*

The University also contributes to a union multi-employer defined benefit plan, which covers all Local 153 employees. The most recent Pension Protection Act (PPA) zone status is critical (also known as Red Zone) as well as declining status at August 31, 2024 and 2023, which are for plan years beginning on January 1, 2024 and 2023, respectively. The Plan has been in critical status since 2011. The zone status is based on information that the University received from the plan sponsor and, as required by the PPA, states that it was certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded. In March 2024, the Plan was certified as being in critical and declining status and is projected to become insolvent in 2029.

A Rehabilitation Plan, as required by PPA, was adopted by the plan's sponsor on November 10, 2011, following certifications by the plan's actuary, and last updated in 2018.

The collective-bargaining agreement requiring contributions to the plan expires on August 31, 2025. Contributions under this plan including any required Employer surcharges amounted to approximately \$327,000 and \$320,000 for the years ended August 31, 2024 and 2023, respectively. There have been no significant changes that affect the comparability of 2024 and 2023 contributions. The collective bargaining agreement provides that plan contributions made by the University reduce the wages paid to the covered employees.

**(11) Postemployment Benefits**

The University provides various benefits on a discretionary basis, which primarily includes salary and medical benefit continuations, retirement incentives, and unemployment insurance, and accrues the cost when awarded. The University incurred postemployment benefit expense of approximately \$0.2 million and \$0.5 million during 2024 and 2023, respectively.

The University reserves the right to offer retirement incentives on such terms and conditions as it may deem appropriate.

The present value of benefits granted is included in accounts payable and accrued expenses.

**(12) Self Insurance**

The University is self insured for certain employee medical, prescription, and dental programs. Included in Other Liabilities are costs for claims incurred of \$4.3 million at August 31, 2024 and \$3.3 million at August 31, 2023. The University purchases individual stop loss insurance to cover exposure above certain limits.

**(13) Asset Retirement Obligation**

The University recognizes the fair value of a liability for legal obligations associated with asset retirements, principally asbestos abatement related costs, in the period in which the obligation is incurred.

The following provides a summary of the changes in the aggregate carrying amount of asset retirement obligations for the years ended August 31, 2024 and 2023:

|  | <u>2024</u>         | <u>2023</u>         |
|--|---------------------|---------------------|
| Asset Retirement Obligation, beginning balance | \$ 6,395,840        | \$ 6,086,821        |
| Liabilities Settled During the Year            | (2,200)             | (4,600)             |
| Accretion Expense                              | <u>332,100</u>      | <u>313,619</u>      |
| Asset Retirement Obligation, ending balance    | \$ <u>6,725,740</u> | \$ <u>6,395,840</u> |

**(14) Postretirement Benefits**

In addition to the University's defined contribution retirement plan, the University sponsors a defined benefit plan that provides postretirement medical and life insurance benefits to full-time employees who meet minimum age and service requirements. Benefits and eligibility may be modified from time to time.

The University implemented several amendments including (i) plan design changes and cost sharing for administrators and members of certain unions, commencing on January 1, 2004, (ii) changes in deductibles, prescription co-pays and other changes for all retirees, commencing on January 1, 2004, and further modified as of January 1, 2012, (iii) the elimination of postretirement medical coverage for administrators and certain union employees starting on or after September 1, 2003, and (iv) commencing in 2013, further elimination of postretirement health care benefits for employees regardless of employment date upon their becoming Medicare-eligible. The plan design changes and cost sharing now cover all employees.

**HOFSTRA UNIVERSITY****NOTES TO FINANCIAL STATEMENTS****(14) Postretirement Benefits (continued)**

The following table presents the unfunded plan's status recognized in the University's Statements of Financial Position as of August 31, 2024 and 2023:

|  | <u>2024</u>          | <u>2023</u>          |
|--|----------------------|----------------------|
| Changes in accumulated postretirement benefit obligation (APBO): |                      |                      |
| APBO, beginning of year  | \$ 21,877,639        | \$ 27,333,628        |
| Service cost   | 121,824              | 133,480              |
| Interest cost  | 1,077,088            | 1,168,226            |
| Benefit payments (paid by University)                            | (2,715,167)          | (2,811,037)          |
| Plan Participants' Contribution                                  | 476,409              | 486,544              |
| Net Actuarial Loss/(Gain) on Assumptions                         | <u>6,038,849</u>     | <u>(4,433,202)</u>   |
| Liability for postretirement benefits (APBO, end of year)        | <u>\$ 26,876,642</u> | <u>\$ 21,877,639</u> |

Cumulative gains and losses in excess of 10% of the accumulated postretirement benefit obligation are amortized in net periodic benefit costs over the average years of remaining future service to the expected retirement age of current employees.

Net periodic postretirement benefit cost recognized as expenses in the Statements of Activities includes the following components. The components other than the service cost component are included in the line item "Other Components of Net Periodic Benefit Cost".

|  | <u>2024</u>         | <u>2023</u>         |
|--|---------------------|---------------------|
| Service cost - benefits attributed to service during the period                            | \$ 121,824          | \$ 133,480          |
| Interest cost on accumulated postretirement benefit obligation                             | 1,077,088           | 1,168,226           |
| Amortization, <i>previously unrecognized as a component of net periodic benefit cost</i> : |                     |                     |
| Prior service credit   | (45,352)            | (45,352)            |
| Net loss   | <u>365,403</u>      | <u>754,453</u>      |
| Net periodic postretirement benefit cost   | <u>\$ 1,518,963</u> | <u>\$ 2,010,807</u> |

The items not yet recognized as a component of net periodic benefit cost are as follows:

|                      | <u>2024</u>            | <u>2023</u>           |
|----------------------|------------------------|-----------------------|
| Prior Service Credit | \$ 219,048             | \$ 264,400            |
| Net Loss             | <u>(12,008,534)</u>    | <u>(6,335,088)</u>    |
|                      | <u>\$ (11,789,486)</u> | <u>\$ (6,070,688)</u> |

The University's actuaries have estimated the net periodic benefit cost for the fiscal year ending in 2025 at approximately \$2.1 million.

**HOFSTRA UNIVERSITY****NOTES TO FINANCIAL STATEMENTS**

---

**(14) Postretirement Benefits (continued)**

The components of projected net periodic cost/(credit) for fiscal 2025 are as follows:

|   |    |                         |
|---|----|-------------------------|
| Service cost  | \$ | 133,433                 |
| Interest cost   |    | 1,276,773               |
| Amortization, <i>previously unrecognized as a component of net periodic benefit cost:</i> |    |                         |
| Prior service credit  |    | (45,352)                |
| Net loss  |    | <u>746,865</u>          |
| Net periodic postretirement benefit   | \$ | <u><u>2,111,719</u></u> |

In addition to any gains and losses arising in 2025, the University will record a credit of \$701,513 in Postretirement Changes Other Than Net Periodic Benefit Costs.

The following assumptions were used in calculating the actuarial liability and expense:

|   | <u>2024</u>                   | <u>2023</u>                   |
|---|-------------------------------|-------------------------------|
| Discount rate - Benefit Obligation        | 5.00%                         | 5.20%                         |
| Discount rate - Net Periodic Benefit Cost | 5.20%                         | 4.50%                         |
| Healthcare trend rates – Pre 65           | 7.09%                         | 8.05%                         |
|   | Decreasing to<br>4.0% in 2049 | Decreasing to<br>4.5% in 2030 |
| Healthcare trend rates – Post 64          | 8.77%                         | 7.05%                         |
|   | Decreasing to<br>4.0% in 2049 | Decreasing to<br>4.5% in 2028 |

As of August 31, 2024, the University has not identified any provision of healthcare reform that would be expected to have a significant impact on the benefit obligation.

Estimated Future Benefit Payments (*in millions*):

|           |      |
|-----------|------|
| 2025      | 2.7  |
| 2026      | 2.7  |
| 2027      | 2.6  |
| 2028      | 2.6  |
| 2029      | 2.5  |
| 2030-2034 | 11.0 |

Effective February 2012, the University contracts with its pharmacy provider's Employer Group Waiver Plan to process the Prescription Drug Plan payments from The Center for Medicare Services along with other rebates. These payments are reflected as a reduction of Benefit Payments paid by the University.

**(15) Long-Term Debt**

The University's long-term debt at August 31, 2024 and 2023 consists of the following:

|   | <u>2024</u>           | <u>2023</u>           |
|---|-----------------------|-----------------------|
| Town of Hempstead Local Development Corporation<br>Series A 2021 bonds, original amount of \$90,930,000<br><i>maturing through 2051 with yields ranging from<br/>0.43% to 2.27% (a)</i> | \$ 75,425,000         | \$ 80,925,000         |
| Unamortized Bond Premium  | 10,292,739            | 11,533,977            |
| Unamortized Bond Issuance Costs   | (949,617)             | (985,134)             |
| Town of Hempstead Local Development Corporation<br>Series B 2021 bonds, original amount of \$12,320,000<br><i>maturing through 2035 with yields ranging from<br/>2.34% to 2.99% (b)</i> | 12,320,000            | 12,320,000            |
| Unamortized Bond Issuance Costs   | (111,062)             | (121,406)             |
| Town of Hempstead Local Development Corporation<br>Series 2017 bonds, original amount of \$54,520,000,<br><i>maturing through 2047 with yields ranging from<br/>2.23% to 3.5% (c)</i>   | 47,855,000            | 48,790,000            |
| Unamortized Bond Premium  | 4,974,205             | 5,173,963             |
| Unamortized Bond Issuance Costs   | (616,626)             | (643,779)             |
| Town of Hempstead Local Development Corporation<br>Series 2013 bonds, original amount of \$66,495,000,<br><i>maturing through 2043 with yields ranging from 3.53%<br/>to 4.50% (d)</i>  | 43,125,000            | 44,670,000            |
| Unamortized Bond Premium  | 1,167,868             | 1,319,280             |
| Unamortized Bond Issuance Costs   | (500,413)             | (527,027)             |
| Finance Lease Obligations, <i>maturing through 2029 with<br/>imputed interest at an average rate of 1.1% (e)</i>  | 4,595,791             | 4,886,287             |
| Total Long-Term Debt  | <u>\$ 197,577,885</u> | <u>\$ 207,341,161</u> |

**(a) Town of Hempstead Local Development Corp, Series A 2021 Tax-Exempt**

In May 2021, the University issued \$90,930,000 of tax-exempt bonds through the Town of Hempstead Local Development Corporation. The proceeds were used to: (i) refinance a portion of the Series 2011 Town of Hempstead Local Development Corporation's outstanding Civic Facility Revenue, (ii) to finance a portion of a new Center for Science and Innovation, and (iii) pay certain costs of issuance and capitalized interest. The amount capitalized was \$41.6 million through August 31, 2024.

**(b) Town of Hempstead Local Development Corp, Series B 2021 Taxable**

In May 2021, the University issued \$12,320,000 of taxable bonds through the Town of Hempstead Local Development Corporation. The proceeds will be used to: (i) finance a portion of a new Center for Science and Innovation, (ii) finance deferred maintenance and improvement projects through the University campus, and (iii) pay certain costs of issuance. The amount capitalized was \$12.3 million through August 31, 2024.

**(15) Long-Term Debt (continued)***(c) Town of Hempstead Local Development Corp, Series 2017 Tax-Exempt*

In May 2017, the University issued \$54,520,000 of tax-exempt bonds through the Town of Hempstead Local Development Corporation. The proceeds were used to refinance \$20,000,000 of the 2007 Town of Hempstead Industrial Development Agency's outstanding Civic Facility Revenue Bonds and to finance the costs of: (i) constructing and equipping of a new facility for the School of Business, (ii) renovation of the CV Starr classroom facility and improvements to the surrounding parking areas; and (iii) other general maintenance. The entire proceeds of the bonds had been capitalized by August 31, 2020.

*(d) Town of Hempstead Local Development Corp, Series 2013 Tax-Exempt*

In June 2013, the University issued \$66,495,000 of tax-exempt bonds through the Town of Hempstead Local Development Corporation. The proceeds were used to refinance \$39,040,000 of the 2003 Town of Hempstead Industrial Development Agency's outstanding Civic Facility Revenue Bonds and to finance the costs of: (i) constructing and equipping of a new facility for the School of Medicine, (ii) renovating and equipping Adams Hall and Barnard Hall; and (iii) other general maintenance. The entire proceeds of the bonds had been capitalized by August 31, 2020.

*(e) Finance Lease Obligations*

The University has entered into several finance lease agreements which are still outstanding for computers, copiers, and various network equipment costing \$11,283,717. The leases are being repaid with monthly payments, including imputed interest ranging from 0% to 5.8%, and will mature through August 2030.

The following provides a summary of the future debt payments for the bonds and finance lease obligations:

|                                       | <b>Bonds<br/>Payable</b> | <b>Finance Lease<br/>Obligations</b> | <b>Total</b>          |
|---------------------------------------|--------------------------|--------------------------------------|-----------------------|
| 2024-25                               | \$ 15,876,923            | \$ 1,520,790                         | \$ 17,397,713         |
| 2025-26                               | 15,840,423               | 1,291,951                            | 17,132,374            |
| 2026-27                               | 15,784,923               | 1,042,138                            | 16,827,061            |
| 2027-28                               | 15,749,223               | 521,718                              | 16,270,941            |
| 2028-51                               | <u>210,037,547</u>       | <u>375,801</u>                       | <u>210,413,348</u>    |
| Less: Interest                        | (94,564,040)             | (156,607)                            | (94,720,647)          |
| Less: Unamortized Bond Issuance Costs | (2,177,717)              |                                      | (2,177,717)           |
| Plus: Unamortized Bond Premium        | 16,434,812               |                                      | 16,434,812            |
|                                       | <u>\$ 192,982,094</u>    | <u>\$ 4,595,791</u>                  | <u>\$ 197,577,885</u> |

The University recorded interest expense of \$6.4 million and \$6.1 million for the years ended August 31, 2024 and 2023.

**NOTES TO FINANCIAL STATEMENTS****(16) Leases**

The University is committed to minimum annual rent payments under several long-term non-cancellable operating and finance leases for computers, office and medical equipment, and vehicles through fiscal 2030.

The components of lease expense are as follows:

|                                     | <u>2024</u>         | <u>2023</u>         |
|-------------------------------------|---------------------|---------------------|
| Finance Lease Expense               |                     |                     |
| Amortization of right-of-use assets | \$ 1,462,901        | \$ 1,367,436        |
| Interest on lease obligations       | 104,079             | 72,869              |
| Operating Lease Expense             | 116,038             | 124,714             |
| Short-term Lease Expense            | 328,538             | 548,157             |
| Total Lease Expense                 | <u>\$ 2,011,556</u> | <u>\$ 2,113,176</u> |

*Other Information:*

|  | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------|
| Weighted-average remaining lease term – finance leases   | 3.7 years   | 4.6 years   |
| Weighted-average remaining lease term – operating leases | 2.3 years   | 1.9 years   |
| Weighted-average discount rate – finance leases          | 1.10%       | 1.60%       |
| Weighted-average discount rate – operating leases        | 4.00%       | 3.45%       |

Payments due include options to extend finance leases through fiscal year 2030 and are summarized below as of August 31, 2024:

| <u>Fiscal Year</u>                  | <u>Operating</u>  | <u>Finance</u>      |
|-------------------------------------|-------------------|---------------------|
| 2025                                | \$ 109,225        | \$ 1,520,790        |
| 2026                                | 75,258            | 1,291,952           |
| 2027                                | 43,135            | 1,042,138           |
| 2028                                |                   | 521,718             |
| Thereafter                          |                   | 375,800             |
| Less: amounts representing interest | <u>(10,785)</u>   | <u>(156,607)</u>    |
| Total Obligation                    | <u>\$ 216,833</u> | <u>\$ 4,595,791</u> |

The University is the lessor in a long-term non-cancellable lease through fiscal 2040. Rental revenue amounted to \$275,000 in 2024 and 2023. Future minimum rental revenue due is summarized below as of August 31, 2024:

| <u>Fiscal Year</u> | <u>Operating</u>    |
|--------------------|---------------------|
| 2025               | \$ 275,000          |
| 2026               | 275,000             |
| 2027               | 275,000             |
| 2028               | 275,000             |
| 2029               | 275,000             |
| Thereafter         | 3,313,750           |
| Total Obligation   | <u>\$ 4,688,750</u> |

**HOFSTRA UNIVERSITY****NOTES TO FINANCIAL STATEMENTS**

---

**(17) Net Assets**

Net Assets without Donor Restrictions are comprised of the following components at August 31, 2024 and 2023:

|  | <b><u>2024</u></b>           | <b><u>2023</u></b>           |
|--|------------------------------|------------------------------|
| Designated for Operations              | \$ 31,356,038                | \$ 34,681,538                |
| Designated for Postretirement Benefits | 3,406,479                    | 5,793,364                    |
| Long-Term Investment:                  |                              |                              |
| Student Managed Fund                   | 577,181                      | 507,338                      |
| Quasi-Endowment                        | 497,223,004                  | 442,197,394                  |
| Designated for Student Loans           | 574,344                      | 478,146                      |
|  | <u>498,374,529</u>           | <u>443,182,878</u>           |
| Plant:                                 |                              |                              |
| Designated for Plant Improvements      | 43,796,868                   | 25,541,497                   |
| Net Investment in Plant                | 163,195,661                  | 173,112,010                  |
|  | <u>206,992,529</u>           | <u>198,653,507</u>           |
|  | <u><u>\$ 740,129,575</u></u> | <u><u>\$ 682,311,287</u></u> |

Net Assets with Donor Restrictions are available for the following purposes at August 31, 2024 and 2023:

|   | <b><u>2024</u></b>           | <b><u>2023</u></b>           |
|---|------------------------------|------------------------------|
| <i>With Time or Purpose Restrictions:</i>   |                              |                              |
| Annuity trust agreements  | \$ 934,640                   | \$ 796,005                   |
| Accumulated appreciation on perpetually restricted endowment net assets, subject to purpose restrictions: |                              |                              |
| Scholarships and awards   | 102,797,044                  | 80,090,996                   |
| Chairs and Professorships   | 34,814,319                   | 30,024,903                   |
| Other   | 30,042,960                   | 23,049,839                   |
| Loan Forgiveness Program  | 148,324                      | 150,187                      |
| Education and general gifts subject to restriction  | 8,108,692                    | 7,512,006                    |
| Contributions Receivable  | 5,812,751                    | 7,103,256                    |
|   | <u>\$ 182,658,730</u>        | <u>\$ 148,727,192</u>        |
| <i>With Perpetual Restrictions:</i>   |                              |                              |
| Perpetual endowment funds   | 257,247,019                  | 217,410,947                  |
| Contributions Receivable  | 2,026,100                    | 3,922,595                    |
| Annuity trust agreements  | 233,433                      | 233,433                      |
| Perpetual loan funds  | 23,748,832                   | 22,252,311                   |
|   | <u>283,255,384</u>           | <u>243,819,286</u>           |
|   | <u><u>\$ 465,914,114</u></u> | <u><u>\$ 392,546,478</u></u> |

Perpetual endowment funds provide investment income principally for scholarships.



**HOFSTRA UNIVERSITY****NOTES TO FINANCIAL STATEMENTS****(17) Net Assets (continued)**

The change in net assets reflects the following results:

|   | <u>2024</u>           | <u>2023</u>          |
|---|-----------------------|----------------------|
| <i>Net Assets without Donor Restrictions:</i> |                       |                      |
| Operations:                                   |                       |                      |
| Designated Funds                              | \$ (3,325,500)        | \$ 1,691,800         |
| Postretirement Funds                          | (2,386,885)           | 5,793,364            |
| Plant   | 8,339,022             | 32,683,375           |
|   | <u>2,626,637</u>      | <u>40,168,539</u>    |
| Operations:                                   |                       |                      |
| Long-Term Investment                          | 55,191,651            | 21,456,420           |
|   | <u>57,818,288</u>     | <u>61,624,959</u>    |
| <i>Net Assets with Donor Restrictions:</i>    |                       |                      |
| With Time or Purpose Restrictions             | 33,931,538            | 16,464,067           |
| With Perpetual Restrictions                   | 39,436,098            | 10,862,957           |
|   | <u>73,367,636</u>     | <u>27,327,024</u>    |
|   | <u>\$ 131,185,924</u> | <u>\$ 88,951,983</u> |

The University's operating margin reflects the following:

|   | <u>2024</u>          | <u>2023</u>          |
|---|----------------------|----------------------|
| Change in Operating Net Assets without Donor Restrictions           | \$ 2,626,637         | \$ 15,168,539        |
| NY State Grant for Science and Innovation                           |                      | 25,000,000           |
| Transfers   | 16,917,030           | 5,919,997            |
| Operating Margin, including Other Postretirement Changes            | 19,543,667           | 46,088,536           |
| Other Components of Net Periodic Benefit Costs                      | 1,397,139            | 1,877,327            |
| Postretirement Changes Other than Net Periodic Benefit Costs        | 5,718,798            | (5,142,303)          |
|   | <u>7,115,937</u>     | <u>(3,264,976)</u>   |
| Operating Margin, before Other Postretirement Changes and Transfers | <u>\$ 26,659,604</u> | <u>\$ 42,823,560</u> |

**(18) Endowment Net Assets**

The University's endowment consists of approximately 965 individual funds established for scholarships and other academic activities. The endowment includes donor-restricted 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.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. As of August 31, 2024, none of the endowment funds were below book value. As of August 31, 2023, 9 of the endowment funds with a fair value of \$2.4 million had fallen below their book value of \$2.6 million. The deficiency is classified as part of net assets with donor restrictions. The University limits the spending of endowments below book value to income yield.

**HOFSTRA UNIVERSITY****NOTES TO FINANCIAL STATEMENTS****(18) Endowment Net Assets (continued)**

In September 2010, New York State enacted the *New York Prudent Management of Institutional Funds Act* (NYPMIFA). The University interpreted NYPMIFA as allowing the University to appropriate for expenditure so much of a donor-restricted endowment fund as the University deems prudent, subject to the intent of the donor as expressed in the gift instrument. Nevertheless, the University has elected to continue restricting endowment spending on underwater funds to income yield only.

Endowment net assets, which consist principally of endowment investments and pledges, are classified at August 31, 2024 and 2023 as follows:

|                        | <b>2024</b>                               |                                |                                   |                | <b>2023</b>    |
|------------------------|---|--------------------------------|-----------------------------------|----------------|----------------|
|                        | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With Donor Restrictions</b> |                                   | <b>Total</b>   | <b>Total</b>   |
|                        |   | <b>Time/<br/>Purpose</b>       | <b>Perpetual<br/>Restrictions</b> |                |                |
| Donor-Restricted Funds | \$  | \$ 168,588,963                 | \$ 259,506,552                    | \$ 428,095,515 | \$ 355,528,718 |
| Board Designated Funds | \$ 497,223,004                            | \$                             | \$                                | \$ 497,223,004 | \$ 442,197,394 |
| Total Endowment Funds  | \$ 497,223,004                            | \$ 168,588,963                 | \$ 259,506,552                    | \$ 925,318,519 |                |
| Total 2023             | \$ 442,197,394                            | \$ 133,961,743                 | \$ 221,566,975                    |                | \$ 797,726,112 |

The changes in endowment net assets for the years ended August 31, 2024 and 2023 are as follows:

|  | <b>2024</b>                               |                                |                                   |                | <b>2023</b>    |
|--|---|--------------------------------|-----------------------------------|----------------|----------------|
|  | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With Donor Restrictions</b> |                                   | <b>Total</b>   | <b>Total</b>   |
|  |   | <b>Time/<br/>Purpose</b>       | <b>Perpetual<br/>Restrictions</b> |                |                |
| Endowment Net Assets,<br>beginning of year     | \$ 442,197,394                            | \$ 133,961,743                 | \$ 221,566,975                    | \$ 797,726,112 | \$ 749,761,574 |
| Investment Return:                             |   |                                |                                   |                |                |
| Investment income, net                         | 6,521,363                                 | 5,673,020                      |                                   | 12,194,383     | 8,904,442      |
| Net appreciation                               | 53,880,167                                | 45,257,946                     |                                   | 99,138,113     | 62,370,934     |
| Release accumulated<br>return to fund spending | 16,442,381                                | (16,442,381)                   |                                   |                |                |
| Total Investment Return                        | 76,843,911                                | 34,488,585                     |                                   | 111,332,496    | 71,275,376     |
| Gifts, net                                     | 850                                       |                                | 37,775,861                        | 37,776,711     | 8,622,297      |
| Pledge Payments                                | 20,000                                    |                                |                                   | 20,000         | 23,865         |
| Investment Return                              |   |                                |                                   |                |                |
| Appropriated                                   | (38,559,069)                              |                                |                                   | (38,559,069)   | (37,722,402)   |
| Other Changes and Transfers                    | 16,719,918                                | 138,635                        | 163,716                           | 17,022,269     | 5,765,402      |
| Endowment Net Assets,<br>end of year           | \$ 497,223,004                            | \$ 168,588,963                 | \$ 259,506,552                    | \$ 925,318,519 | \$ 797,726,112 |

**(18) Endowment Net Assets (continued)**

The University's endowment investment return reported in the Statements of Activities reflects the following:

|  | <u>2024</u>           | <u>2023</u>          |
|--|-----------------------|----------------------|
| Operating Revenue Without Donor Restrictions | \$ 76,843,911         | \$ 55,396,921        |
| Revenue With Donor Restrictions              | <u>34,488,585</u>     | <u>15,878,455</u>    |
| Total  | <u>\$ 111,332,496</u> | <u>\$ 71,275,376</u> |

**(19) Fair Value of Financial Instruments***Investments*

Investments in debt and equity securities with readily determinable fair values (RDFV) are reported at fair value based upon quoted market prices or a published NAV for investments in funds with characteristics similar to a mutual fund.

The three-level valuation hierarchy for disclosure of fair value measurements is defined as follows:

- Level 1 Valuations using quoted prices or published NAV (unadjusted) in active markets for identical assets or liabilities, including investment in a mutual fund or in a structure similar to a mutual fund where fair value is readily determinable.
- Level 2 Valuations using observable inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.
- Level 3 Valuations using unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risks associated with those investments or a reflection of the liquidity of or degree of difficulty in estimating the fair value of each fund's underlying assets and liabilities.

The University's interests in alternative investment funds are generally reported at the NAV reported by the fund managers, which is used as a practical expedient to estimate the fair value of the University's interest, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV.

As of August 31, 2024 and 2023, the University had no plans or intentions to sell investments at amounts different from NAV.

The University follows Accounting Standards Codification 820, *Fair Value Measurements*, which removes the requirements to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient and removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient.

**(19) Fair Value of Financial Instruments (continued)**

The University's investment assets at August 31, 2024 and August 31, 2023 are summarized in the following tables by their fair value hierarchy. Certain investments that are measured at fair value using NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. These amounts are presented in this table in the total to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Financial Position.

| August 31, 2024                    |  |              |              |                |
|------------------------------------|--|--------------|--------------|----------------|
|                                    | Investments Classified in the Fair Value Hierarchy |              |              |                |
|                                    | Level 1  | Level 2      | Level 3      | Total          |
| <i>Assets:</i>                     |  |              |              |                |
| Short-Term Investments             | \$ 31,129,704                                      |              |              | \$ 31,129,704  |
| Long-Term Investments - Endowment: |  |              |              |                |
| U.S. Equity                        | 312,333,116  |              |              | 312,333,116    |
| Non-U.S. Equity                    | 49,983,713   |              |              | 49,983,713     |
| Fixed Income                       | 90,659,178   |              |              | 90,659,178     |
| Cash Equivalents                   | 59,278,295   |              |              | 59,278,295     |
| Real Estate                        |  | \$ 1,510,000 | \$ 6,875,000 | 8,385,000      |
| Investments measured at NAV:       |  |              |              |                |
| Non-U.S. Equity                    |  |              |              | 137,904,561    |
| Fixed Income                       |  |              |              | 34,112,624     |
| Hedge Funds                        |  |              |              | 142,999,104    |
| Private Equity and Distressed Debt |  |              |              | 82,268,888     |
| Real Estate                        |  |              |              | 6,217,468      |
| Investments measured at NAV        |  |              |              | 403,502,645    |
| Long-Term Investments - Endowment  | 512,254,302  | 1,510,000    | 6,875,000    | 924,141,947    |
| Long-Term Investments – Other:     |  |              |              |                |
| U.S. Equity                        | 13,404,060   |              |              | 13,404,060     |
| Non-U.S. Equity                    | 6,494,508  |              |              | 6,494,508      |
| Fixed Income                       | 6,345,891  |              |              | 6,345,891      |
| Cash Equivalents                   | 630,913  |              |              | 630,913        |
| Investments measured at NAV:       |  |              |              |                |
| Hedge Funds                        |  |              |              | 3,984,930      |
| Investments measured at NAV        |  |              |              | 3,984,930      |
| Long-Term Investments – Other:     | 26,875,372   |              |              | 30,860,302     |
| Assets Held by Bond Trustees:      |  |              |              |                |
| Cash Equivalents                   | 3,007,361  |              |              | 3,007,361      |
| Total Assets at Fair Value         | \$ 573,266,739                                     | \$ 1,510,000 | \$ 6,875,000 | \$ 989,139,314 |

**HOFSTRA UNIVERSITY****NOTES TO FINANCIAL STATEMENTS****(19) Fair Value of Financial Instruments (continued)**

| August 31, 2023                    |  |              |              |                |
|------------------------------------|--|--------------|--------------|----------------|
|                                    | Investments Classified in the Fair Value Hierarchy |              |              |                |
|                                    | Level 1  | Level 2      | Level 3      | Total          |
| <i>Assets:</i>                     |  |              |              |                |
| Short-Term Investments             | \$ 48,389,194                                      |              |              | \$ 48,389,194  |
| Long-Term Investments – Endowment: |  |              |              |                |
| U.S. Equity                        | \$ 251,788,550                                     |              |              | 251,788,550    |
| Non-U.S. Equity                    | 58,046,621   |              |              | 58,046,621     |
| Fixed Income                       | 69,885,001   |              |              | 69,885,001     |
| Cash and Cash Equivalents          | 34,827,721   |              |              | 34,827,721     |
| Real Estate                        |  | \$ 1,510,000 | \$ 6,875,000 | 8,385,000      |
| Investments measured at NAV:       |  |              |              |                |
| Non-U.S. Equity                    |  |              |              | 114,978,895    |
| Fixed Income                       |  |              |              | 37,801,632     |
| Hedge Funds                        |  |              |              | 134,366,127    |
| Private Equity and Distressed Debt |  |              |              | 76,655,001     |
| Real Estate                        |  |              |              | 7,953,193      |
| Investments measured at NAV        |  |              |              | 371,754,848    |
| Long-Term Investments – Endowment  | 414,547,893  | 1,510,000    | 6,875,000    | 794,687,741    |
| Long-Term Investments – Other:     |  |              |              |                |
| U.S. Equity                        | 12,430,123   |              |              | 12,430,123     |
| Non-U.S. Equity                    | 6,068,181  |              |              | 6,068,181      |
| Fixed Income                       | 5,827,816  |              |              | 5,827,816      |
| Cash and Cash Equivalents          | 206,903  |              |              | 206,903        |
| Investments measured at NAV:       |  |              |              |                |
| Hedge Funds                        |  |              |              | 3,645,318      |
| Investments measured at NAV        |  |              |              | 3,645,318      |
| Long-Term Investments – Other:     | 24,533,023   |              |              | 28,178,341     |
| Assets Held by Bond Trustees:      |  |              |              |                |
| Cash and Cash Equivalents          | 23,278,814   |              |              | 23,278,814     |
| Total Assets at Fair Value         | \$ 510,748,924                                     | \$ 1,510,000 | \$ 6,875,000 | \$ 894,534,090 |

The following tables present the activity for the fiscal years ended August 31, 2024 and 2023 for University assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

| Level 3 Roll Forward               | 2024         | 2023         |
|------------------------------------|--------------|--------------|
| Fair value, beginning of year      | \$ 6,875,000 | \$ 6,875,000 |
| Change in Net Investment/Transfers |              |              |
| Fair Value, end of year            | \$ 6,875,000 | \$ 6,875,000 |

**(19) Fair Value of Financial Instruments (continued)**

Long-Term Investment liquidity as of August 31, 2024 and 2023 is aggregated below based on redemption or sale period:

| <u>Investment redemption or sale period:</u> | <b>Investment Fair Values</b> |                       |
|--|-------------------------------|-----------------------|
|  | <b>2024</b>                   | <b>2023</b>           |
| Daily  | \$ 539,129,674                | \$ 439,080,916        |
| Weekly                                       | 59,721,680                    | 51,323,627            |
| Monthly                                      | 112,295,505                   | 101,456,900           |
| Quarterly                                    | 60,349,741                    | 55,993,323            |
| Semi-annually                                | 88,144,293                    | 83,528,122            |
| Illiquid                                     | 95,361,356                    | 91,483,194            |
| Total  | <u>\$ 955,002,249</u>         | <u>\$ 822,866,082</u> |

**(20) Program and Supporting Expenses**

Expenses are reported in the University's Statements of Activities in functional categories recommended by the National Association of College and University Business Officers and are classified among program and supporting services as follows:

|  | <b>2024</b>           | <b>2023</b>           |
|--|-----------------------|-----------------------|
| Program - student instruction and services     | \$ 356,723,688        | \$ 348,071,728        |
| Management and general                         | 56,767,517            | 56,735,428            |
| Fundraising                                    | 7,490,130             | 6,846,027             |
|  | <u>\$ 420,981,335</u> | <u>\$ 411,653,183</u> |
| Other Components of Net Periodic Benefit Costs | 1,397,139             | 1,877,327             |
|  | <u>\$ 422,378,474</u> | <u>\$ 413,530,510</u> |

**HOFSTRA UNIVERSITY****NOTES TO FINANCIAL STATEMENTS****(21) Natural Classification of Expense**

Expenses are reported in functional classifications in the financial statements. Expenses in natural categories, which include changes related to Other Components of Net Periodic Benefit Costs of \$1,397,139 and \$1,877,327 for the fiscal years 2024 and 2023, respectively, are presented below.

| <b>2024</b>           |                                      |                                      |   |   |                     |                       |
|-----------------------|--------------------------------------|--------------------------------------|---|---|---------------------|-----------------------|
|                       | <b>Salaries<br/>and<br/>Benefits</b> | <b>Supplies<br/>and<br/>Services</b> | <b>Utilities<br/>and<br/>Maintenance<br/>of Plant</b> | <b>Depreciation<br/>And<br/>Accretion</b> | <b>Interest</b>     | <b>Total</b>          |
| Instruction           | \$ 152,295,426                       | \$ 20,252,806                        | \$ 6,136,358  | \$ 10,561,113                             | \$ 4,630,949        | \$ 193,876,652        |
| Research              | 7,654,502                            | 2,212,201                            | 7,093   |   |                     | 9,873,796             |
| Public Service        | 7,264,903                            | 2,224,731                            | 139,768   | 34,920                                    | 13,960              | 9,678,282             |
| Academic Support      | 23,536,899                           | 8,890,405                            | 775,146   | 704,314                                   | 180,402             | 34,087,166            |
| Student Services      | 45,284,578                           | 19,325,574                           | 4,003,836   | 507,298                                   | 531,952             | 69,653,238            |
| Institutional Support | 41,900,897                           | 15,780,439                           | 1,595,437   | 4,601,153                                 | 44,743              | 63,922,669            |
| Auxiliary Enterprises | 24,430,589                           | 800,795                              | 6,870,568   | 8,153,065                                 | 1,031,654           | 41,286,671            |
| 2024 Total            | <u>\$ 302,367,794</u>                | <u>\$ 69,486,951</u>                 | <u>\$ 19,528,206</u>                                  | <u>\$ 24,561,863</u>                      | <u>\$ 6,433,660</u> | <u>\$ 422,378,474</u> |
| <b>2023</b>           |                                      |                                      |   |   |                     |                       |
|                       | <b>Salaries<br/>and<br/>Benefits</b> | <b>Supplies<br/>and<br/>Services</b> | <b>Utilities<br/>and<br/>Maintenance<br/>of Plant</b> | <b>Depreciation<br/>And<br/>Accretion</b> | <b>Interest</b>     | <b>Total</b>          |
| Instruction           | \$ 148,065,325                       | \$ 22,242,339                        | \$ 6,335,562  | \$ 9,735,403                              | \$ 4,171,140        | \$ 190,549,769        |
| Research              | 5,879,601                            | 1,419,883                            | 4,592   |   |                     | 7,304,076             |
| Public Service        | 7,248,754                            | 2,462,313                            | 146,963   | 34,951                                    | 13,980              | 9,906,961             |
| Academic Support      | 23,216,243                           | 7,946,372                            | 651,255   | 494,349                                   | 196,236             | 32,504,455            |
| Student Services      | 43,672,861                           | 20,168,528                           | 3,987,673   | 503,057                                   | 589,076             | 68,921,195            |
| Institutional Support | 42,124,407                           | 15,507,568                           | 2,101,363   | 4,028,457                                 | 44,807              | 63,806,602            |
| Auxiliary Enterprises | 23,552,948                           | 1,181,309                            | 6,895,853   | 7,828,689                                 | 1,078,653           | 40,537,452            |
| 2023 Total            | <u>\$ 293,760,139</u>                | <u>\$ 70,928,312</u>                 | <u>\$ 20,123,261</u>                                  | <u>\$ 22,624,906</u>                      | <u>\$ 6,093,892</u> | <u>\$ 413,530,510</u> |

**(22) Allocation of Certain Expenses**

The University allocates certain expenses to specific program and support service activities on the basis of utilization of the underlying assets and estimates of building square footage. Interest expense is allocated to the functional classification that directly benefited from the proceeds of the debt. Expenses included in these allocations are operation and maintenance of plant, which includes related salaries and benefits, depreciation and accretion, and interest on indebtedness.

The allocated expenses for the years ended August 31, 2024 and 2023 are presented below:

|                       | <b>Operation<br/>and<br/>Maintenance<br/>of Plant</b> | <b>Depreciation<br/>and<br/>Accretion</b> | <b>Interest</b>     | <b>2024<br/>Total</b> | <b>2023<br/>Total</b> |
|-----------------------|---|---|---------------------|-----------------------|-----------------------|
| Instruction           | \$ 18,558,117   | \$ 10,561,113                             | \$ 4,630,949        | \$ 33,750,179         | \$ 32,389,862         |
| Research              | 31,326  |   |                     | 31,326                | 4,692                 |
| Public Service        | 515,721   | 34,920                                    | 13,960              | 564,601               | 568,287               |
| Academic Support      | 2,532,148   | 704,314                                   | 180,402             | 3,416,864             | 2,911,871             |
| Student Services      | 6,775,855   | 507,298                                   | 531,952             | 7,815,105             | 7,806,745             |
| Institutional Support | 2,829,777   | 4,601,153                                 | 44,743              | 7,475,673             | 7,565,669             |
| Auxiliary Enterprises | 25,917,604  | 8,153,065                                 | 1,031,654           | 35,102,323            | 34,058,258            |
| 2024 Total            | <u>\$ 57,160,548</u>                                  | <u>\$ 24,561,863</u>                      | <u>\$ 6,433,660</u> | <u>\$ 88,156,071</u>  |                       |
| 2023 Total            | <u>\$ 56,586,586</u>                                  | <u>\$ 22,624,906</u>                      | <u>\$ 6,093,892</u> |                       | <u>\$ 85,305,384</u>  |

**(23) Liquidity and Availability of Resources**

Resources available to the University to fund general expenditures, such as operating expenses, interest and principal payments on debt, and internally funded capital improvements, have seasonal variations related to the timing of tuition billings, receipt of gifts and pledge payments, and spending from the endowment. The University actively manages its resources, utilizing a number of operating investment strategies to align its cash flows, in accordance with policies approved by the Board of Trustees. A portion of the endowment is invested in vehicles that contain lock-up provisions that could reduce amounts available.



**(23) Liquidity and Availability of Resources (continued)**

Financial assets, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations, were as follows at August 31, 2024 and 2023:

|  | <u>2024</u>           | <u>2023</u>           |
|--|-----------------------|-----------------------|
| Cash and Cash Equivalents                          | \$ 183,751,236        | \$ 124,836,068        |
| Short-Term Investments                             | 31,129,704            | 48,389,194            |
| Receivables  | 27,538,270            | 56,618,162            |
| Add:   |                       |                       |
| Endowment and Other Long-Term Investments          |                       |                       |
| Appropriated for Spending in the Subsequent Year   | 41,322,220            | 40,372,727            |
| Subtract:  |                       |                       |
| Receivables, to be collected in more than one year | (11,140,246)          | (10,643,199)          |
| Donor Restrictions for Specific Purposes           | (8,108,692)           | (7,512,006)           |
| Long-term Capital Reserves                         | (43,796,868)          | (25,541,497)          |
| Long-term Loan Funds                               | (6,544,275)           | (5,954,300)           |
|  | <u>\$ 214,151,349</u> | <u>\$ 220,565,149</u> |

Hofstra University's endowment and other long-term investments consist of donor-restricted endowments, board designated endowment and other long-term investments. Income from endowment and other long-term investments are available for general expenditures at the point they are appropriated by the Board of Trustees in accordance with approved spending policies. Spending policies are described in Note 7 and Note 8.

**(24) Net Tuition and Fees**

Tuition and Fees are reported net of scholarships for the years ended August 31, 2024 and 2023 as follows:

|                    | <u>2024</u>           | <u>2023</u>           |
|--------------------|-----------------------|-----------------------|
| Tuition and Fees   | \$ 518,124,206        | \$ 489,513,369        |
| Less: Scholarships | (210,666,952)         | (195,726,180)         |
|                    | <u>\$ 307,457,254</u> | <u>\$ 293,787,189</u> |

In 2024 and 2023 net tuition and fees were generated at the following degree levels: 58% undergraduate, 26% graduate, 10% law, 4% medical, and 2% continuing education.

**(25) Commitments and Contingencies**

***Litigation***

The University is presently a defendant in several lawsuits arising from the normal conduct of its affairs. Management of the University, based upon the advice of counsel, is of the opinion that settlement, if any, of the aforementioned litigation will not have a material adverse impact on the financial position of the University.

***Other Contingencies***

Under the terms of federal and state grants, periodic audits are required. In the opinion of management, such audits will not result in any material adverse impact on the financial position of the University.

The University was awarded a New York State Urban Development Corporation Grant in the amount of \$25 million for the costs of construction of a new state-of-the-art building for the School of Engineering. A grant disbursement agreement was signed in August 2019, and amended in August 2021. The University commenced construction in June 2021 and completed and opened the building in August 2023. Having met all requirements of the grant, the grant was recorded as revenue and included in Grants Receivable at August 31, 2023. The grant payment was received in fiscal 2024.

**(26) Related Party Transactions**

The University has written conflict of interest policies that apply to each member of the Board of Trustees and to all of their employment, consulting and contractual relationships, as well as to University Officers, employees and University consultants and contractors. Trustees, officers and administrative employees are required to file an annual disclosure statement. Trustees are required to avoid participating in any University decision where the Trustee could be said to have any personal, financial, or other stake in the decision, or where other institutional connections could influence the Trustee's independent judgment.

No Board member or any affiliate of such member may serve as a paid consultant or enter into a paid employment or contractual relationship with the University, or otherwise provide services to the University for payment while he or she is a member of the Board or for a period of one year after leaving the Board.

Contributions provided by members of the University's Board of Trustees and senior management are included in contributions revenue in the accompanying Statements of Activities. The University recorded contributions of \$2.1 million and \$6.2 million from Trustees and senior management during the years ended August 31, 2024 and 2023, respectively. At August 31, 2024 and 2023, approximately \$5.1 million and \$6.4 million were included in contributions receivable in the accompanying Statements of Financial Position.

**(27) Subsequent Events**

The University evaluated events subsequent to August 31, 2024 and through December 6, 2024 the date on which the financial statements were issued and has concluded that there are no additional disclosures required.