University of Dayton

Consolidated Financial Report
June 30, 2024

Contents

Independent Auditor's Report

Board of Trustees
University of Dayton

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

RSM US LLP

Dayton, Ohio
October 28, 2024

University of Dayton

Consolidated Statements of Financial Position
June 30, 2024 and 2023
(In Thousands)

	2024	2023
Assets		
Cash	$ 73,085	$ 73,201
Accounts receivable, net (Note 3)	61,515	70,119
Contributions receivable, net (Note 3)	18,281	22,682
Inventories, prepaid expenses and other	9,932	7,950
Notes receivable, net (Note 3)	2,984	3,595
Investments - restricted bond reserves	6	18,782
Investments and assets held by others (Note 4, 6, 12)	1,239,796	1,163,762
Right-of-use assets - finance leases (Note 7)	2,793	2,742
Right-of-use assets - operating leases (Note 7)	6,216	7,819
Land, buildings and equipment (Note 8)	761,269	754,166
Total assets	$ 2,175,877	$ 2,124,818
Liabilities		
Accounts payable	$ 42,999	$ 38,977
Accrued payroll and compensated absences	25,632	27,007
Other liabilities	24,038	24,686
Deferred revenue and student deposits	10,963	10,371
Lease liabilities - finance leases, net (Note 7)	1,935	2,080
Lease liabilities - operating leases, net (Note 7)	7,553	8,769
Split interest agreement obligations (Note 6)	8,417	8,272
Interest rate swap obligations (Note 10, 12)	1,094	1,520
Indebtedness (Note 9)	362,007	380,096
Accrued postretirement benefits (Note 11)	32,905	32,813
Total liabilities	517,543	534,591
Net Assets (Note 13)		
Without donor restrictions:		
Controlling interest	1,169,062	1,116,755
Noncontrolling interest	1,789	1,379
	1,170,851	1,118,134
With donor restrictions	487,483	472,093
Total net assets	1,658,334	1,590,227
Total liabilities and net assets	$ 2,175,877	$ 2,124,818

See notes to consolidated financial statements.

University of Dayton

Consolidated Statement of Activities
Year Ended June 30, 2024
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Student tuition and fees, net of student aid $268,617	$ 169,263		$ 169,263
Private gifts, grants and other (Note 15)	16,232	31,710	47,942
Private research contracts	20,988	-	20,988
Government grants and contracts	243,774	1,602	245,376
Investment return designated for current operations (Note 4)	48,540	15,744	64,284
Auxiliary enterprises	110,568	-	110,568
Related entities	26,953	-	26,953
	636,318	49,056	685,374
Net assets released from restrictions	36,770	(36,770)	-
Total revenues, gains, and other support	673,088	12,286	685,374
Expenditures:			
Salaries and benefits	355,865	-	355,865
Interest expense	13,174	-	13,174
Depreciation and amortization	37,714	-	37,714
Cost of sales	16,418	-	16,418
Contract services and maintenance	108,538	-	108,538
Supplies	23,174	-	23,174
Utilities and communications	11,613	-	11,613
Other expenditures	91,448	-	91,448
	657,944	-	657,944
Change in net assets from operations	15,144	12,286	27,430
Other activities:			
Investment return in excess of amounts designated for current operations (Note 4)	48,446	7,151	55,597
Actuarial change in annuities	-	(938)	(938)
Voluntary separation incentive plan	(9,832)	-	(9,832)
Change in interest rate swap agreements	426	-	426
Loss on disposals	(377)	-	(377)
Net assets released from restriction	3,109	(3,109)	-
Change in postretirement benefit obligation (Note 11)	(4,199)	-	(4,199)
Change in other activities	37,573	3,104	40,677
Change in net assets	52,717	15,390	68,107
Less change in net assets attributable to to the noncontrolling interest	(410)	-	(410)
Change in net assets attributable to the University of Dayton	52,307	15,390	67,697
Net assets at beginning of year	1,116,755	472,093	1,588,848
Net assets at end of year	$ 1,169,062	$ 487,483	$ 1,656,545

See notes to consolidated financial statements.

University of Dayton

Consolidated Statement of Activities
Year Ended June 30, 2023
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Student tuition and fees, net of student aid $263,343	$ 174,553	-	$ 174,553
Private gifts, grants and other (Note 15)	19,135	34,610	53,745
Private research contracts	12,888	-	12,888
Government grants and contracts	225,331	1,855	227,186
Investment return designated for current operations (Note 4)	47,547	16,997	64,544
Auxiliary enterprises	109,380	-	109,380
Related entities	27,128	-	27,128
	615,962	53,462	669,424
Net assets released from restrictions	31,481	(31,481)	-
Total revenues, gains, and other support	647,443	21,981	669,424
Expenditures:			
Salaries and benefits	343,190	-	343,190
Interest expense	13,986	-	13,986
Depreciation and amortization	34,779	-	34,779
Cost of sales	16,163	-	16,163
Contract services and maintenance	105,617	-	105,617
Supplies	22,302	-	22,302
Utilities and communications	14,794	-	14,794
Other expenditures	82,695	-	82,695
	633,526	-	633,526
Change in net assets from operations	13,917	21,981	35,898
Other activities:			
Investment return in excess of amounts designated for current operations (Note 4)	18,131	7,735	25,866
Actuarial change in annuities	-	(979)	(979)
Change in interest rate swap agreements	1,248	-	1,248
Bond issuance costs write off	2,441	-	2,441
Loss on disposals	(492)	-	(492)
Net assets released from restriction	6,297	(6,297)	-
Change in postretirement benefit obligation (Note 11)	(2,103)	-	(2,103)
Change in other activities	25,522	459	25,981
Change in net assets	39,439	22,440	61,879
Less change in net assets attributable to to the noncontrolling interest	(664)	-	(664)
Change in net assets attributable to the University of Dayton	38,775	22,440	61,215
Net assets at beginning of year	1,077,980	449,653	1,527,633
Net assets at end of year	$ 1,116,755	$ 472,093	$ 1,588,848

See notes to consolidated financial statements.

University of Dayton

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023
(In Thousands)

	2024	2023
Operating activities:		
Change in net assets	**$ 68,107**	$ 61,879
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	**34,444**	31,816
Amortization of premium on bond and debt issuance costs	**(2,266)**	(4,733)
Amortization of right to use asset and other	**3,271**	2,963
Gifts for restricted purposes	**(31,710)**	(34,610)
Net realized and unrealized gains on investments	**(71,973)**	(63,967)
Income restricted for long-term investment	**(1,938)**	(1,589)
Change in accrued postretirement benefit obligation	**92**	(1,952)
Loss on interest rate swap agreements	**(426)**	(1,249)
Cash provided by (used in) operating assets and liabilities:		
Decrease in receivables	**13,005**	3,812
Increase in inventories and prepaid expenses and other	**(1,982)**	(1,172)
Increase in accounts payable, accrued liabilities, and other liabilities	**2,881**	160
Increase (decrease) in deferred revenue and student deposits	**592**	(53)
Decrease in lease liability	**(1,757)**	(2,711)
Net cash provided by (used in) operating activities	**10,340**	(11,406)
Investing activities:		
Proceeds from the sale of investments	**124,027**	70,794
Purchases of investments	**(109,312)**	(98,391)
Payments received on notes receivable	**611**	769
Additions of land, buildings and equipment, net of nominal disposals	**(41,547)**	(60,820)
Net cash used in investing activities	**(26,221)**	(87,648)
Financing activities:		
Income restricted for long-term investment	**1,938**	1,589
Decrease in advances from government for federal loans	**(737)**	(1,045)
Gifts for restricted purposes	**31,710**	34,610
Payments of lease liabilities	**(1,323)**	(1,163)
Proceeds on indebtedness	**-**	88,035
Premium on bond issuance	**-**	8,274
Payment of debt issuance costs	**-**	(705)
Payments on indebtedness	**(15,823)**	(65,147)
Net cash provided by financing activities	**15,765**	64,448
Net decrease in cash	**(116)**	(34,606)
Cash:		
Beginning	**73,201**	107,807
Ending	**$ 73,085**	$ 73,201

See notes to consolidated financial statements.

Note 1. Nature of activities

The University of Dayton (the University) is an independent, coeducational institution founded and sponsored by the Society of Mary (the Marianists), a Roman Catholic Institute of Consecrated Life. The University is located in Dayton, Ohio and is one of the nation's largest Catholic institutions of higher learning. Its students are actively recruited from all states and many foreign nations. The student population approximates 8,190 undergraduate and 3,190 graduate students. The University awards baccalaureate, masters, and select doctoral degrees in programs within the College of Arts and Sciences and four professional schools: the School of Business Administration, the School of Education and Health Sciences, the School of Engineering, and the School of Law. Through these academic units, University libraries and its Research Institute, the University conducts a wide variety of academic and scientific research.

The accompanying consolidated financial statements present the accounts of the following entities, hereafter referred to as the University:

- The University of Dayton
- Eight legal limited liability companies that own interests in real estate near the University's campus, and of which the University is the sole member
- UDCI, Ltd., a limited liability company established to hold the University's interests in its operations in China, and of which the University is the sole member. This entity was liquidated during 2024.
- The River Park Community Corporation, a separate nonprofit corporation engaged in activities related to the University, and of which the University is the sole member
- 111 River Park, LLC, a wholly owned affiliate of The River Park Community Corporation
- River Park Development II, LLC, a wholly owned affiliate of The River Park Community Corporation
- 1414 South Patterson, LLC, a limited liability company established to hold the University's interests in a real estate joint venture, and of which the University is the sole member
- Dayton Hotel II, LLC and Concord Dayton Hotel II, LLC, both of which are controlled by 1414 South Patterson, LLC and established to own and operate a hotel adjacent to the University's campus which the University is a 90% owner
- 1401 South Main, LLC, a limited liability company established to hold the University's interests in the real estate and operations of an office building adjacent to campus, and of which the University is the sole member
- Arcade Innovation Hub, LLC, a limited liability company established with Dayton/Miami Valley Entrepreneurs Center, Inc. to own a transdisciplinary space for innovation and creation which the University is 75% owner

Note 2. Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of the accompanying consolidated financial statements.

Basis of presentation: The consolidated financial statements include the accounts of all controlled affiliates that are required to be consolidated, and all intercompany transactions and balances have been eliminated. The amount of net assets allocated to the noncontrolling members are reflected as noncontrolling interests in the consolidated financial statements. Investments in joint ventures for which the University does not have control or is not the primary beneficiary, but has the ability to exercise significant influence over the operating and financial policies, are accounted for under the equity method. Accordingly, the University's share of net earnings and losses from these ventures is included in the consolidated statements of activities.

Net assets: Net assets are classified into two categories: without donor restrictions, that are free of donor imposed restrictions as well as net assets designated by the governing board; and with donor restrictions, which have donor-imposed restrictions. The latter category has restrictions that will be met either by actions of the University or by the passage of time. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the University.

The expiration of a donor restriction on a contribution or endowment income is recognized in the period in which the restriction expires, and at that time, the related resources are reclassified to net assets without donor restrictions. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions of long-lived assets, such as land, buildings, or equipment without donor restrictions concerning the use are reported as revenue of the net asset class without donor restrictions. Such gifts are recorded at fair value at the date of donation. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. Donor restrictions are considered released upon the University placing the asset in service.

Net assets are released from donor restriction by incurring expenses satisfying the restricted purposes, by occurrence of events specified by the donors, or by the change of restrictions specified by the donors.

Related-party transactions: The Marianists are a separate entity from the University. Members of the Marianists may serve on the faculty and staff of the University under employment agreements; however, they are not eligible to participate in the University's retirement programs. On an annual basis, the University reimburses the Marianists an amount equivalent to the salaries and benefits of employed members. The reimbursement was $1,076 in 2024 and $1,104 in 2023. The University's intent is to compensate the Marianists at a rate comparable to University employees in similar positions. The Marianists contribute funds to the University, which are recorded as gifts. These gifts were $208 and $227 in 2024 and 2023, respectively.

Liquidity: Assets and liabilities are listed in their estimated order of liquidity. For accounts with undeterminable liquidity, the University has made additional disclosures in the accompanying notes to the consolidated financial statements.

(In Thousands)

Note 2. Significant Accounting Policies (Continued)

Revenue recognition: Revenue is recognized as performance obligations are satisfied, which are determined based on the nature of the services and goods provided.

Tuition and fees revenue is reported within the fiscal year in which educational services are provided. Tuition and fees relating to summer sessions that begin after June 30 are recorded in the consolidated statements of financial position as deferred revenue.

Scholarships and fellowships awarded to students for tuition, fees, and room and board are based upon need and merit. These awards include amounts funded by the endowment, research funds, and gifts, and reduce the published price of tuition for students receiving such aid. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. Institutional aid is netted against tuition and fees in the consolidated statements of activities as follows:

	2024	2023
Scholarships and fellowships:		
Institutionally funded	$ 254,726	$ 249,870
Endowed	11,112	9,137
Externally funded—gifts and grants	2,779	4,336
Total amount netted against tuition and fees revenue	$ 268,617	$ 263,343

The University receives grant and contract revenues from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return. Revenues from reciprocal transactions are recognized as the performance obligations are met, which is generally as the related costs are incurred. The funding may also represent a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large. Revenue from nonreciprocal transactions are considered contributions and are recognized when conditions have been substantially met.

Gifts of cash, property, and marketable securities are recorded as revenue at fair value when received. Unconditional contributions are recognized as revenue based on the estimated present value of the future cash flows, net of allowances, when the commitment is received. Contributions made and collected in the same reporting period are recorded when received in the appropriate net asset category. Conditional contributions are recorded as revenue only when donor conditions are substantially met. In cases where conditional contributions are received with restrictions and the conditions and restrictions are met at the same time revenue is recognized, the University has elected to reflect those as without donor restrictions. Conditional promises not reflected in the consolidated financial statements, which consist primarily of the difference between the award amount and the revenue recognized for the non-exchange transactions were $716,304 and $574,397 as of June 30, 2024 and 2023, respectively.

Deferred revenue is primarily composed of amounts received for grants and contracts that are not billed on a cost reimbursement basis and student tuition received, but not yet been earned. If services are conducted over a fiscal year-end, deferred revenue is recorded for all revenue related to programs predominately conducted in the next fiscal year when performance obligations are met. The beginning balance of deferred revenue was $10,424 at July 1, 2022.

Note 2. Significant Accounting Policies (Continued)

Auxiliary enterprises include residence halls, food services, retail stores, and athletics. Fee charges are directly related to the costs of services rendered to provide student housing and dining facilities, ticket sales for athletic and community events, parking services, grants from the NCAA and other miscellaneous activities. These services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public, and fees charged are directly related to, although not necessarily equal to, the cost of the goods or services.

Performance obligations for housing and dining services are delivered over the academic terms. Consequently, revenue from housing and dining services is recognized ratably as services are rendered. Other revenues are directly related to the costs of services rendered and are recognized as revenue when the services or goods are delivered.

Cash and cash equivalents: Cash and cash equivalents include all cash and highly liquid investments that are neither internally nor externally restricted. The University considers highly liquid investments to be cash equivalents when they are both readily convertible to cash and so near to maturity (typically within 90 days) when acquired that their value is not subject to substantial risk due to changes in interest rates. In addition, the University maintains cash which may exceed federally insured amounts. The University continually monitors its balances to minimize the risk of loss.

Accounts receivable, net: Accounts receivable consist of amounts due to the University for tuition, grants and contracts, and other revenue generated by the University. The University has recorded an allowance for doubtful accounts based on management's assessment of collectability while considering historical collection results as well as current and forward looking business and economic conditions. Amounts are recorded at estimated net realizable value. The beginning balance of accounts receivable was $76,240 at July 1, 2022.

Contributions receivable, net: Contributions receivable are recorded as revenue in the year the contribution is made. Unconditional donor contributions to give cash, marketable securities, and other assets are reported using a discounted cash flow approach. The discount rates used range from 0.4% to 7.0% depending on the year the contribution was received. Conditional donor promises to give and indications of intentions to give are not recognized until the condition is satisfied. Contributions received with donor restrictions that limit the use of the donated assets are reported as with donor restrictions support until the donor restriction expires. Most unconditional contributions are designated for scholarships and general operating purposes. An allowance is recorded for amounts deemed uncollectible.

Inventories: Inventories are stated at the lower of cost or net realizable value. The auxiliary operations determine cost using the first in, first out method. Facilities determines cost using an average cost method.

Notes receivable, net: Notes receivable consist of a loan associated with the construction of solar panels located at the research facility and from student loans under government loan programs. An allowance for doubtful accounts has been recorded based on management's assessment of collectability while considering historical collection results as well as current and forward looking business and economic conditions. The notes are recorded at estimated net realizable value.

Note 2. Significant Accounting Policies (Continued)

Investments and assets held by others: The University invests its endowed funds and other funds in a variety of marketable securities and alternative investments. Investments in marketable debt and equity securities are carried at fair market value based on quoted market prices or the last reported sale price on the last business day of the fiscal year.

Alternative investments include limited partnerships, private equity, hedge funds and real estate partnerships, do not have readily determinable fair values, and are carried at the University's proportionate share of the fund's net asset value used as a practical expedient. Such fair value estimates are based upon the funds' net asset value at its year end, adjusted for any contributions, distributions and earnings between the funds' year end and the University's year end. In management's opinion, the stated values approximate fair value. Due to the inherent uncertainty of valuation, the estimated values may differ from values that would have been used had a readily available market value for the investments existed, and such differences may be material.

The weighted average method is used for purposes of determining gains and losses on the sale of marketable securities. Interest and dividend income is recorded when earned.

The University also holds certain real estate investments that are not readily marketable. These investments are accounted for using the equity method.

In addition, the University has assets held by others which represent the present value of the estimated income the University will receive in the future from beneficial interest in trusts for which third parties serve as the trustees.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities may occur in the near term and those changes could materially affect the amounts reported in the consolidated financial statements.

Split interest agreements: The University has entered into split interest agreements, including charitable remainder trusts and gift annuities which are recorded at the date of donation and provide that the University, as trustee, make payments to designated beneficiaries in accordance with the applicable donor's trust or contractual agreement. At the date of contribution, the University records an asset at fair value and a split interest agreement obligation to life beneficiaries based on the present value of the estimated payments to designated life beneficiaries. The split interest agreement obligation is recorded as a liability on the consolidated statements of financial position. Obligations under split interest agreements are recorded at the present value of estimated payments (based on actuarially determined life expectancy tables, trust asset growth assumptions, and discount rates ranging from 0.4% to 10.0%). The University is also the beneficiary of charitable trusts held by third party trustees. Assets held under these agreements are included in investments and are recorded at fair value. The annual change in the value of the split interest agreement obligation to life beneficiaries is reflected in the consolidated statements of activities and represents the change in actuarial assumptions as well as the revenues and expenses of the trust.

Note 2. Significant Accounting Policies (Continued)

Leases: The University determines whether an arrangement is or contains a lease at the inception of the arrangement based on the unique facts and circumstances present in that arrangement. This determination generally depends on whether the arrangement conveys the right to control the use of an identified asset explicitly or implicitly for a period of time in exchange for consideration. Control of an underlying asset is conveyed if the University obtains the rights to direct the use of, and to obtain substantially all of the economic benefit from, the use of the underlying asset. Some of the University's leases include both lease and nonlease components, which are accounted for as a single lease component as allowed for under the practical expedient in Accounting Standards Codification (ASC) 842-10-15-37. Some operating lease agreements include variable lease costs, including taxes, and common area maintenance or increases in rental costs related to inflation. Such variable payments, other than those dependent upon a market index or rate, are expensed when the obligation for those payments is incurred. Lease expense is recorded in operating expenses in the consolidated statements of activities. The University's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset that the University is reasonably certain to exercise are considered short-term leases and are not recorded on the consolidated statements of financial position.

Right-of-use assets and lease liabilities are recognized at each lease's commencement date based on the present value of its lease payments over its respective lease term. Right-of-use assets are depreciated over the shorter of the lease term or their respective useful lives, ranging from 5-15 years. When a borrowing rate is not explicitly available for a lease, the University's incremental borrowing rate is used based on information available at the lease's commencement date to determine the present value of its lease payments. Operating lease payments are recognized on a straight-line basis over the lease term.

The University has operating leases for vehicles, office and research equipment as well as research, housing, and retail buildings used in operations. The University also has finance leases composed primarily of furnishings and computer hardware. These leases have remaining lease terms of less than one year to greater than five years, some of which include renewal options. The University considers these renewal options in determining the lease term used to establish right-of-use assets and lease liabilities when it is determined that it is reasonably certain that the renewal option will be exercised.

Land, buildings and equipment: Property and equipment is recorded at cost, at date of acquisition or fair value at date of donation, in the case of gifts. Depreciation of buildings, land improvements, and equipment is recorded using the straight-line method over the estimated useful lives of 45 years, 20 years, and 3 to 15 years, respectively. The cost of repairs and maintenance is expensed in the year incurred.

Derivative instruments: The University has entered into interest rate swap agreements to reduce the costs of and exposure to significant, unanticipated fluctuations caused by interest-rate volatility on certain variable rate debt. The University's goal is to lower (whenever possible) the cost of its borrowed funds. In accordance with the Accounting for Derivative Instruments and Hedging Activities Topics of the ASC, the University recognizes its derivative financial instruments as either assets or liabilities at fair value in the consolidated statements of financial position. The fair values of the interest rate swaps reflect the present value of the future potential gains or losses if settlement were to take place on the consolidated statements of financial position date. The derivative instruments are not designated as hedging instruments and, therefore, gains and losses on the derivative instruments are recorded as other income (expense) in the consolidated statements of activities during the period of change.

Note 2. Significant Accounting Policies (Continued)

Advances from government for federal loans: Funds provided by the United States government under the Federal Perkins Loan Program are loaned to qualified students. These funds are ultimately refundable to the government and are recorded as a liability in other liabilities in the accompanying consolidated statement of financial position. The Federal Perkins Loan Program expired September 30, 2017, and the University may not disburse Perkins loans to any student on or after October 1, 2017, except for subsequent disbursements of loans first disbursed between June 30, 2017 and September 30, 2017. The University will be liquidating its Federal Perkins Revolving Loan Fund at the direction of the Department of Education.

Other expenditures: Other expenditures on the consolidated statements of activities are expenditures for travel, licenses, taxes, insurances, leases, membership dues and other general expenditures of the University.

Income taxes: The University is recognized by the Internal Revenue Service (IRS) as an organization exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code (IRC). The University is a public charity as defined by IRC Section 170(b)(1)(A)(ii). The University is exempt from federal income taxes except to the extent of income derived from unrelated business activities. Unrelated business income is not material to the consolidated financial statements. The entities for which the University is the sole member are disregarded for tax purposes. Any activity from these entities is included in the tax return of the University.

The River Park Community Corporation has been recognized by the Internal Revenue Service as a title holding corporation exempt from federal taxation under Section 501(c)(2) of the IRC. The River Park Community Corporation is exempt from federal income taxes except to the extent of income derived from unrelated business activities.

Tax returns filed by the University and River Park Community Corporation are subject to examination by the IRS up to three years from the filing date of each return. Forms 990 and 990T filed by the entities are no longer subject to examination for the years 2020 and prior.

The University completed an analysis of its tax position, in accordance with ASC 740, Income Taxes, and determined that no amounts were required to be recognized in the consolidated financial statements as of June 30, 2024 or 2023.

Use of estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates are used to determine the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also are used to determine the reported amounts of revenue, gains, and other support and expenditures during the reporting period. The actual results could differ from these estimates.

Functional expenses: Expenses have been classified as instruction, organized research, academic support, student services, institutional support, auxiliary enterprises and related entities (Note 16). These are classified based on direct expenditure where possible. Natural expenses attributable to more than one functional expense category are allocated proportionally by assigned square footage.

Note 2. Significant Accounting Policies (Continued)

Fair value measurements: The University follows the provisions of Financial Accounting Standards Board (FASB) ASC 820, Fair Value Measurements and Disclosures*,* which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value. ASC 820 defines a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, and as noted above, ASC 820 defines a three-level fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participants. The fair value hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Inputs utilize quoted market prices in active markets for identical assets or liabilities

Level 2: Inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset and liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals

Level 3: Inputs are unobservable for the asset or liability, which is typically based on an entity's own assumptions, as there is little, if any, related market activity

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The University's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the asset or liability.

Operating and other activities: The University's measure of operating activities, presented in the consolidated statements of activities, includes all transactions that are incurred in the course of the normal business operations of the University. Other activities presented in the consolidated statements of activities include transactions that result from something other than the ongoing day-to-day activity of the University.

Reclassification: Certain reclassifications have been made to the 2023 consolidated financial statement presentation to conform to the 2024 presentation.

Subsequent events: The University has evaluated subsequent events through October 28, 2024, the date on which the consolidated financial statements were issued.

(In Thousands)

Note 3. Receivables

Accounts receivable, net: Accounts receivable consist of the following as of June 30:

	2024	2023
Amounts due from students for tuition and other costs	$ 8,660	$ 8,325
Grants and contracts	43,139	53,848
Related entities activity	5,437	6,200
Direct student loan proceeds and other	8,257	5,297
	65,493	73,670
Less allowance for credit losses		
Beginning of year	(3,551)	(3,137)
Change in provision	(427)	(414)
End of year	(3,978)	(3,551)
Total accounts receivable, net	$ 61,515	$ 70,119

Contributions receivable, net: Outstanding contributions receivable as of June 30:

	2024	2023
Less than one year	$ 9,723	$ 11,598
One to five years	9,726	12,312
More than five years	528	828
	19,977	24,738
Less discount on contributions receivable	(734)	(862)
Less allowance for uncollectible contributions receivable	(962)	(1,194)
Total pledges receivable, net	$ 18,281	$ 22,682

Notes receivable, net: Notes receivable consist of the following as of June 30:

	2024	2023
Student loans under government loan programs	$ 1,555	$ 2,229
Other notes	1,748	1,796
	3,303	4,025
Less allowance for credit losses on student loans	(319)	(430)
Total notes receivable, net	$ 2,984	$ 3,595

(In Thousands)

Note 4. Investments

The carrying value of investments at June 30 is reflected in the following table:

	2024	2023
Short term money market funds	$ 22,934	$ 28,367
Fixed maturity:		
U.S. Treasuries	12	12
Mutual funds and pooled accounts:		
Domestic	3,984	3,483
Individual securities:		
Domestic	182,568	104,484
Total fixed maturity	186,564	107,979
Equities:		
Mutual funds and pooled accounts:		
Domestic	94,259	31,149
International	115,547	209,642
Individual securities:		
Domestic	287,007	284,597
Total equities	496,813	525,388
Exchange traded commodities and real assets	338	2,437
Hedge funds	196,827	207,410
Private equity funds	294,473	264,652
Real estate and real estate funds	39,072	43,785
Assets held by others	1,230	1,136
Other	1,551	1,390
Total	$ 1,239,802	$ 1,182,544

Approximately $1,200,784 and $1,128,669 of the carrying value of investments as of June 30, 2024 and 2023, respectively, is invested in the University's long-term investment pool (the pool). The pool includes $865,508 and $805,161 of the University's endowment funds as of June 30, 2024 and 2023, respectively.

Some of the investments, including the real estate and real estate funds, limited partnerships, hedge funds and private equity investments, have time restrictions on redemption. These restrictions vary from six months to the stated term of the limited partnership, trust, or fund, which may be longer than one year. During this period, the University may not be able to readily sell or convert certain holdings in the pool to cash. Funds that have restrictions on liquidity in excess of one year are approximately $315,806 and $291,197 as of June 30, 2024 and 2023, respectively, and range from two to seven years in duration.

(In Thousands)

Note 4. Investments (Continued)

The following tables summarize the gross return on investments and its classification in the consolidated statements of activities as of June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest earnings	$ 41,704	$ 6,204	$ 47,908
Net realized and unrealized gains	55,282	16,691	71,973
Net return on investments	96,986	22,895	119,881
Investment return designated for current operations	(48,540)	(15,744)	(64,284)
Investment return in excess of amounts designated for current operations	$ 48,446	$ 7,151	$ 55,597

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest earnings	$ 19,688	$ 6,755	$ 26,443
Net realized and unrealized gains	45,990	17,977	63,967
Net return on investments	65,678	24,732	90,410
Investment return designated for current operations	(47,547)	(16,997)	(64,544)
Investment deficient from amounts designated for current operations	$ 18,131	$ 7,735	$ 25,866

(In Thousands)

Note 5. Liquidity and Availability

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

	2024	2023
Financial assets at year end:		
Cash	$ 73,085	$ 73,201
Accounts receivable—net	61,515	70,119
Pledges receivable—net	18,281	22,682
Notes receivable—net	2,984	3,595
Investments - restricted bond reserves	6	18,782
Investments and assets held by others	1,239,796	1,163,762
Total financial assets	1,395,667	1,352,141
Less amounts not available to meet cash needs for general expenditures within one year:		
Accounts receivables greater than a year	(1,642)	(828)
Contributions receivable greater than a year or with donor restrictions	(10,802)	(19,638)
Notes receivables greater than a year	(2,884)	(3,502)
Investments not available due to contractual restrictions—bond reserves	(6)	(18,782)
Amounts not available due to donor or board restrictions	(882,257)	(820,790)
Financial assets available to meet cash needs for general expenditures within one year	$ 498,076	$ 488,601

The cash flows of the University vary throughout the fiscal year due to tuition billings as well as contributions that increase during calendar year and fiscal year ends. Our practice is to regularly monitor our liquidity needs to meet our operating and other contractual commitments, while optimizing any short-term excess cash investing opportunities. To further manage liquidity, the University also maintains bank lines of credit.

Note 6. Split Interest Agreements

A summary of assets held and related obligations related to split interest agreements as of June 30:

	2024	2023
Assets:		
Investments:		
Charitable remainder trusts	$ 10,779	$ 10,106
Charitable gift annuities	4,745	4,378
Total	$ 15,524	$ 14,484
Liabilities:		
Split interest agreement obligations:		
Charitable remainder trusts	$ 6,246	$ 6,029
Charitable gift annuities	2,171	2,243
Total	$ 8,417	$ 8,272
Net:		
Charitable remainder trusts	$ 4,533	$ 4,077
Charitable gift annuities	2,574	2,135
Total	$ 7,107	$ 6,212

(In Thousands)

Note 7. Right-of-Use Assets and Lease Liabilities

The components of lease expense at June 30:

The following are the components of the lease expense at June 30:

	2024	2023
Finance lease expense:		
Amortization of right-of-use assets	$ 1,067	$ 830
Interest on lease liabilities	68	38
Operating lease expense	2,463	2,113
Variable lease expense	425	433
Short-term lease expense	512	841
Total lease expense	$ 4,535	$ 4,255
Other Information:		
Weighted-average remaining lease term—finance leases	2.66 years	2.92 years
Weighted-average remaining lease term—operating leases	3.55 years	3.62 years
Weighted-average discount rate-finance leases	3.79%	2.58%
Weighted-average discount rate-operating leases	2.37%	2.26%

Non-cash right-of-use assets obtained in exchange for new lease obligations during fiscal year 2024 were $1,699 and $1,118 for operating and finance leases, respectively.

Payments due include options to extend leases that are reasonably certain and are summarized below as of June 30, 2024:

	Finance	Operating
Fiscal Year:		
2025	$ 954	$ 2,391
2026	785	1,828
2027	272	1,077
2028	18	921
2029	-	532
Thereafter	-	1,088
	2,029	7,837
Less amounts representing interest	(94)	(284)
Total lease liabilities	$ 1,935	$ 7,553

(In Thousands)

Note 8. Land, Buildings and Equipment

The following is a summary of land, buildings and equipment at June 30:

	2024	2023
Buildings	$ 939,425	$ 878,066
Equipment	195,591	189,782
Land and land improvements	116,061	115,379
Library books	92,408	90,079
Construction in progress	13,008	44,752
	1,356,493	1,318,058
Accumulated depreciation	(595,224)	(563,892)
	$ 761,269	$ 754,166

Construction commitments: During 2024, the University committed to constructing a facility for student development known as The Health and Wellbeing Center. The budgeted costs for this new facility are estimated to total $30,400. As of June 30, 2024, the University was contractually committed for construction and architectural services totaling $135. The University had incurred $1,607 of costs through June 30, 2024.

During 2024, the University committed to renovating a residence hall known as Virginia W. Kettering Hall to replace critical infrastructure and improve the living space. The budgeted costs for this new facility are estimated to total $17,200. As of June 30, 2024, the University was contractually committed for construction and architectural services totaling $9,610. The University had incurred $7,379 of costs through June 30, 2024.

(In Thousands)

Note 9. Indebtedness

The University finances the construction, renovation, and acquisition of certain facilities through the issuance of debt obligations which may include bonds, bank loans, and other borrowings. Total indebtedness for the years ended June 30 was as follows:

	2024	2023
Notes and term loan:		
Term loan—1401 S Main	$ 1,980	$ 1,980
Senior secured note	10,804	12,970
Other various notes	436	549
Revenue bonds:		
2003, paid off in 2024, interest at variable rate at CPI plus a stated spread	-	1,225
2006, paid off in 2024, interest at variable rates at CPI plus a spread	-	3,620
2015A, due serially until maturity in 2046, interest from 3.0%-5.0%	49,775	49,775
2015B, due serially until maturity in 2036, interest from 0.9%-4.335%	14,110	14,980
2016A, due serially until maturity in 2026, interest at variable rates based on term SOFR plus ten basis points, plus a stated spread.	22,625	25,500
2016B, due serially until maturity in 2031, interest rate 2.21%	20,870	20,870
2018A, due serially until maturity in 2049, interest from 3.0%-5.0%	62,190	63,490
2018B, due serially until maturity in 2036, interest from 4.0%-5.0%	40,610	42,540
2020, due serially until maturity in 2042, interest from 3.0%-5.0%	37,040	37,040
2022A, due serially until maturity in 2052, interest rate from 4.0%-5.0%	46,080	46,080
2022B, due serially until maturity in 2044, interest rate 5.0%	37,335	39,060
	343,855	359,679
Net unamortized premium	20,390	22,903
Net unamortized issuance cost	(2,238)	(2,486)
	$ 362,007	$ 380,096

Under the terms of a New Market Tax Credit financing arrangement in 2018, the University borrowed $1,980 under a term loan agreement with a regional new market fund. This term loan is unsecured and bears interest at a fixed rate of 2.92% and matures on November 1, 2025. The loan requires monthly payments of only interest through October 31, 2025. On November 1, 2025, the University is required to make a lump sum principal payment of $1,980.

The senior secured note is an amortizing loan at a fixed interest rate of 3.98% with a final maturity of December 17, 2026. The proceeds were used to finance the purchase and planned renovation of a hotel adjacent to the University’s campus; the note is secured by a mortgage on this real estate. Monthly principal payments range from $62 to $202 through November 2026, with a balance of $5,203 due at maturity.

(In Thousands)

Note 9. Indebtedness (Continued)

On March 20, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families, and businesses affected by the coronavirus pandemic. The CARES Act established the Paycheck Protection Program (PPP), which was administered by the U.S. Small Business Administration (SBA), to provide loans to help offset certain payroll and other operating costs. A subsidiary of the University applied for, and was awarded, an unsecured PPP loan in the amount of $1,250 on April 20, 2020, and a second unsecured PPP loan in the amount of $1,831 on April 21, 2021, calculated on the basis of documented payroll costs. The loans and accrued interest were forgivable as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintained payroll levels during the subsequent 24-week period. In July 2021, the University received confirmation from the SBA that the full amount of the first PPP loan in the amount of $1,250 had been forgiven. In July 2022, the University received confirmation from the SBA that $1,611 of the second unsecured PPP loan had been forgiven and the remainder repaid.

The University uses the proceeds from Revenue Bonds to finance the construction and renovation of facilities related to the University's academic purpose. Revenue Bonds are structured as long-term leases with the State of Ohio Higher Education Facility Commission. Under the terms of these indentures, the buildings and facilities (historical cost totaling over $549,110) are pledged as security, in addition to University revenue and the full faith and credit of the University. Upon repayment of the Revenue Bonds and termination of the leases, ownership of the respective facilities is transferred to the University.

The outstanding bonds do not require mandatory reserves for future payments of principal and interest.

Bond obligations are generally callable by the University and mature at various dates through 2046. Maturities on debt obligations for the next five years and thereafter are:

2025	$ 16,504
2026	19,264
2027	21,876
2028	14,141
2029	14,790
Thereafter	257,280
Total	$ 343,855

Interest expense was $13,174 for 2024 and $13,986 for 2023. Interest capitalized was $422 for 2024 and $1,121 for 2023. Cash paid for interest was $15,140 for 2024 and $14,129 for 2023.

As discussed more fully in Note 10, the University has entered into interest rate swap agreements that fix the interest rates on some of its variable rate debt.

The University maintains unsecured revolving credit agreements with two banks totaling $40,000. The agreements, which are $20,000 each, are due to expire on February 28, 2025 and January 31, 2025. As of June 30, 2024 and 2023, respectively, the University had no outstanding balances on these lines of credit.

As of June 30, 2024, the University had met all of the covenants required under its bond indentures and bank loans.

Note 10. Interest Rate Swap Obligations

The University uses interest rate swap agreements to manage interest rate risk associated with its variable rate debt. Under these agreements, the University and its counterparty agree to exchange the difference between the fixed and variable rate interest amounts calculated by reference to specified notional principal amounts during the agreement period. The difference between the fixed and variable interest amounts under the swap agreements is recorded as interest expense. The change in fair value of the interest rate swap agreements is recorded as a change in net unrealized gain (loss) on interest rate swap agreements.

In August 2006, the University entered into an interest rate swap agreement with a notional amount of $22,350, with an adjustment to the notional amount at various amounts based on maturity terms within the agreement. The notional amount at June 30, 2024 and 2023 is $0 and $1,225, respectively. This agreement effectively fixed the interest rate, for the term of the bonds, on the portion of the $54,100 State of Ohio Higher Education Facility Commission Converted 2003 Revenue Bonds whose interest rate was tied to the Consumer Price Index (CPI) at rates ranging from 4.09% to 4.44% for the bonds maturing between the dates of December 1, 2015 and December 1, 2023. The fair value of this agreement as of June 30, 2024 and 2023, is recorded as an asset of $0 and $8 respectively in the accompanying consolidated statements of financial position. The University retired this swap in December 2023 when it retired the 2003 bonds.

Also in August 2006, the University entered into an interest rate swap agreement with a notional amount of $25,995, with an adjustment to the notional amount at various amounts based on maturity terms within the agreement. The notional amount at June 30, 2024 and 2023, is $0 and $3,620, respectively. This agreement effectively fixed the interest rate on the portion of the $72,105 State of Ohio Higher Education Facility Commission, 2006 Revenue Bonds whose interest rate was tied to the CPI at rates ranging from 4.09% to 4.44% for the bonds maturing between the dates of December 1, 2015 through December 1, 2023. The fair value of this agreement as of June 30, 2024 and 2023, is recorded as an asset of $0 and $24, respectively in the accompanying consolidated statements of financial position. The University retired this swap in December 2023 when it retired the 2006 bonds.

In April 2007, the University entered into an interest rate swap agreement with a notional amount of $28,000, with an adjustment to the notional amount at various amounts based on maturity terms within the agreement. The notional amount at June 30, 2024 and 2023, is $22,625 and $25,500, respectively. This agreement effectively fixed the interest rate on the $28,000 State of Ohio Higher Education Facility Commission 2002 Variable Rate Revenue Bonds at 3.999% through December 1, 2032. In 2009, the 2002 bonds were retired and replaced with the 2011B Revenue Bonds, which were subsequently retired and replaced with the 2016A Revenue Bonds. In March 2016, the University amended this interest rate swap agreement. Under the revised agreement, the University receives 67% of the one-month LIBOR rate. The University has adopted the ISDA Fallback Protocol for U.S. dollar LIBOR for this swap. The fair value of this agreement as of June 30, 2024 and 2023, is recorded as a liability of $1,094 and $1,520, respectively, in the accompanying consolidated statements of financial position.

(In Thousands)

Note 11. Retirement Plans

The University sponsors a defined contribution retirement plan that includes substantially all of its full-time employees. The University purchases individual retirement annuities through Teachers Insurance and Annuity Association (TIAA) to fund retirement benefits. The University contributes between 2.5% and 9% of an eligible employee's salary into such annuities, depending upon the employee's contribution levels and years of service. University contributions into participant accounts vest ratably over the participant's first four years of service. The University has no unfunded pension obligation because its required plan contributions are funded on a current basis. The cost to fund these benefits was $15,653 in 2024 and $15,073 in 2023.

Through salary reduction agreements, employees may contribute additional amounts on a tax-deferred basis with a preferred investment provider, in accordance with limitations under the Internal Revenue Code of 1986, as amended.

The University also provides health care benefits to retired faculty and staff hired before January 1, 2014; this benefit is not available to employees hired after that date. Faculty and staff are eligible for this benefit if they have either worked 20 years and attained age 55, or worked 10 years and attained age 60, while in service with the University. The plan is contributory and contains other cost-sharing features such as deductibles and co-insurance; contributions by plan participants were $1,658 in 2024 and $1,589 in 2023. The University makes amounts available to retirees to purchase health care insurance under this plan and the accrued liabilities associated with this plan have been recorded on the University's consolidated financial statements in accordance with generally accepted accounting principles. During 2019, the plan was amended replacing the Medicare Supplement plan with a Medicare Advantage plan.

Postretirement benefit expense related to the Plan includes the following components as of June 30:

	2024	2023
Service cost of benefits earned	$ 498	$ 566
Interest cost on liability	1,524	1,430
Amortization of net loss	(3,292)	(3,308)
Net periodic postretirement benefit cost	$ (1,270)	$ (1,312)

A summary of the components of the changes in the projected benefit obligations and funded status of the Plan as of June 30 is as follows:

	2024	2023
Change in projected benefit obligations:		
Projected benefit obligation, beginning of year	$ 32,813	$ 34,765
Service cost	498	566
Interest cost	1,524	1,430
Actuarial gain	907	(1,206)
Benefits paid	(2,837)	(2,742)
Projected benefit obligation, end of year	32,905	32,813
Change in fair value of plan assets:		
Fair value of plan assets, beginning of year	-	-
Employer contributions	2,837	2,742
Benefits paid	(2,837)	(2,742)
Fair value of plan assets, end of year	-	-
Net liability on the consolidated statements of financial position	$ 32,905	$ 32,813

(In Thousands)

Note 11. Retirement Plans (Continued)

A summary of the components recognized in net assets without donor restrictions for the years ended June 30 is as follows:

	2024	2023
Actuarial gain	$ 907	$ (1,206)
Prior service cost	(1,706)	(1,706)
Amortization of net loss	(1,585)	(1,602)
	$ (2,384)	$ (4,514)

There are unrecognized actuarial gains of $26,638 and $30,837 included in net assets without donor restrictions at June 30, 2024 and 2023, respectively, which have not yet been recognized in the net periodic benefit cost.

The following weighted-average assumptions were used to determine the postretirement benefit obligation and the postretirement benefit cost as of June 30:

	2024	2023
Weighted-average discount rate used to determine the projected benefit obligation	5.22%	4.85%
Weighted-average discount rate assumption used to determine the net periodic benefit cost	4.85%	4.28%

The University used the Pri.H-2012 Total Dataset Mortality Table fully generational using scale MP-2021 in determining its obligation.

The health care cost trend rate assumption significantly affects the projected benefit obligation and the change in the postretirement benefit obligation reported in the consolidated financial statements. The model is based on long-term projections of Gross Domestic Product per capita and National Health Expenditures per capita. These inputs are based on assumptions from the University's actuaries. The model does not specifically include an administrative cost trend. Rather, administrative costs are incorporated with the medical assumptions.

The following health care cost trend rates were assumed in the determination of the postretirement benefit obligation and net periodic benefit cost as of June 30:

	2024	2023
Initial year trend:		
Combined trend pre-Medicare	7.50%	7.50%
Combined trend post-Medicare	6.50%	6.50%
Combined ultimate trend for pre-1994 and grandfathered retirees:		
Pre-Medicare	4.50%	4.50%
Post-Medicare	4.50%	4.50%
Combined ultimate trend for non-grandfathered participants and post-1994 retirees:		
Pre-Medicare	4.50%	4.50%
Post-Medicare	No Trend	No Trend
Year that rates reach the ultimate trend rate	2032	2030

(In Thousands)

Note 11. Retirement Plans (Continued)

The following benefit payments, which reflect expected future service and the effect of the Medicare subsidy, as appropriate, are expected to be paid over the next 10 years:

Years ending:		
2025	$	3,207
2026		3,251
2027		3,120
2028		3,029
2029		2,908
2030–2033		12,929

Note 12. Fair Value Measurements

The University records investments in cash and cash equivalents, equity securities and equity and bond mutual funds at their current fair values based on quoted market prices in active markets for identical assets, which is consistent with Level 1 in the fair value hierarchy.

The University records its investments in U.S. government treasuries, exchange traded commodities and real estate at their current fair values based on quoted market prices in markets that are not active for all significant inputs, which is consistent with Level 2 in the fair value hierarchy. Following is the summary of the inputs and valuation techniques used as of June 30, 2024 and 2023 for valuing Level 2 investments:

Investments	Input	Valuation Technique
Short term money market funds	Broker/Dealer	Market
US Treasuries	Broker/Dealer	Market
Exchange traded commodities and real assets	Broker/Dealer	Market

The University also holds investments in private equity funds, real estate and real estate funds, hedge funds and other investments that are not publicly traded but are valued at a net asset value per unit, or its equivalent. The University records its portion of these funds at the reported net asset value of its ownership interest in partner capital as reported by the general partner or fund manager, and as such, these investments have been excluded from the fair value hierarchy. Due to the inherent uncertainty of valuation, the estimated fair values may differ from values that would have been used had a readily available market value for the investments existed, and such differences could be material.

The University also holds certain real estate investments that it accounts for using the equity method. As such, these investments are also excluded from the fair value hierarchy.

The University has an interest rate swap and fair value is provided by valuation experts using externally developed models that consider observable and unobservable market parameters due to limited market activity of the instruments.

(In Thousands)

Note 12. Fair Value Measurements (Continued)

The following table summarizes the recorded amount of assets and liabilities by class of asset/liability recorded at fair value on a recurring basis:

	2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Short term money market funds	$ 2,200	$ 20,734	$ -	$ 22,934
U.S. Treasuries	12	-	-	12
Fixed maturity:				
Mutual funds:				
Domestic	3,984	-	-	3,984
Individual securities:				
Domestic	-	182,568	-	182,568
Equities:				
Mutual funds:				
Domestic	94,259	-	-	94,259
International	115,547	-	-	115,547
Individual securities:				
Domestic	287,007	-		287,007
Assets held by others (b)	-	-	1,230	1,230
	503,009	203,302	1,230	707,541
Investments reported at fair value based on net asset value and equity method:				
Private equity funds (a)	-	-	-	294,473
Real estate and real estate funds (a)	-	-	-	25,725
Real assets (a)	-	-	-	338
Hedge funds (a)	-	-	-	196,827
Real estate—equity method	-	-	-	13,347
Guaranteed investment contract	-	-	-	1,551
Total investments	$ 503,009	$ 203,302	$ 1,230	$ 1,239,802
Liabilities:				
Interest rate swap obligation	$ -	$ 1,094	$ -	$ 1,094

(In Thousands)

Note 12. Fair Value Measurements (Continued)

	2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Short term money market funds	$ 19,865	$ 8,502	$ -	$ 28,367
U.S. Treasuries	12	-	-	12
Fixed maturity:				
Mutual funds:				
Domestic	3,483	-	-	3,483
Individual securities:				
Domestic	-	104,484	-	104,484
Equities:				
Mutual funds:				
Domestic	31,149	-	-	31,149
International	209,642	-	-	209,642
Individual securities:				
Domestic	284,597	-		284,597
Assets held by others (b)	-	-	1,136	1,136
	548,748	112,986	1,136	662,870
Investments reported at fair value based on net asset value and equity method:				
Private equity funds (a)	-	-	-	264,652
Real estate and real estate funds (a)	-	-	-	30,831
Real assets (a)	-	-	-	2,437
Hedge funds (a)	-	-	-	207,410
Real estate—equity method	-	-	-	12,954
Guaranteed investment contract	-	-	-	1,390
Total investments	$ 548,748	$ 112,986	$ 1,136	$ 1,182,544
Liabilities:				
Interest rate swap obligation	$ -	$ 1,520	$ -	$ 1,520

(a) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value (or its equivalent) as a practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

(b) The fair value of beneficial interests in trusts held by others (perpetual trusts) are based on quoted prices of the underlying assets held by trustees. Due to restrictions on these assets that do not allow the University redemption rights, fair value is deemed to be based on Level 3 inputs.

(In Thousands)

Note 12. Fair Value Measurements (Continued)

The table below represents quantitative information about significant unobservable inputs related to investments reported at fair value using the practical expedient.

	2024			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)*	Redemption Notice Period
Private equity funds (a)	$ 294,473	$ 125,245	n/a	n/a
Real estate and real estate funds (b)	25,725	8,814	n/a	n/a
Real assets (c)	338	-	n/a	n/a
Hedge funds—Equity long/short (d)	55,329	-	monthly, quarterly	30-60 days
Hedge funds—Event driven (e)	19,180	-	quarterly	45-90 days
Hedge funds—Global opportunities (f)	15,547	-	monthly, quarterly	3-45 days
Hedge funds—Relative value (g)	61,668	-	quarterly, annually	60-90 days
Hedge funds—Multi-strategy (h)	45,103	-	quarterly, annually	65-90 days
Total	$ 517,363	$ 134,059		

	2023			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)*	Redemption Notice Period
Private equity funds (a)	$ 264,652	$ 133,517	n/a	n/a
Real estate and real estate funds (b)	30,831	11,676	n/a	n/a
Real assets (c)	2,437	3,825	n/a	n/a
Hedge funds—Equity long/short (d)	49,698	-	monthly, quarterly	30-60 days
Hedge funds—Event driven (e)	36,906	-	quarterly	45-90 days
Hedge funds—Global opportunities (f)	23,189	-	monthly, quarterly	3-45 days
Hedge funds—Relative value (g)	57,034	-	quarterly, annually	60-90 days
Hedge funds—Multi-strategy (h)	40,583	-	quarterly, annually	65-90 days
Total	$ 505,330	$ 149,018		

**Redemptions may be subject to an initial and/or rolling one to three year lock up or investor/fund level gate.*

(a) This class includes several private equity funds engaging venture capital, buyout and turnaround investments in U.S. and European companies. These funds may hold publicly traded securities as well as other securities that do not have a readily determinable market value. Investments in publicly traded securities are generally valued at quoted market prices in active markets. Investments without readily determinable quoted market prices in active markets are valued by the fund managers or valuation committees; such valuation estimates consider cost data, restrictions affecting marketability, operating results, the financial condition of the underlying portfolio company and prices determined by using recent observable transaction information for similar investments or transactions. The nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. It is anticipated that the underlying assets of the fund would be liquidated over the next 7 to 10 years.

Note 12. Fair Value Measurements (Continued)

(b) Real estate funds class includes several funds that invest primarily in U.S. commercial real estate properties. The holdings in these funds are valued by the fund managers or valuation committees; such valuation estimates consider cost data, restrictions affecting marketability, operating results, the financial condition of the underlying property and prices determined by using recent observable transaction information for similar purchase, sale or financing transactions. The nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund.

(c) Real assets are held in a private real estate investment trust that invests in commercial timberland properties. The trust's holdings are valued by fund manager or valuation committees by using recent observable transaction information for similar holdings or transactions. The nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund.

(d) Long-short strategies seek to profit by taking positions in equities and generally involve fundamental analysis in the investment decision process. Managers in these strategies tend to be stock pickers and typically manage market exposure by shifting allocations between long and short investments depending on market conditions and outlook. Long-short strategies may comprise investments in one or multiple countries, including emerging markets and one or multiple sectors.

(e) Event driven strategies involve investing in opportunities created by significant transaction events, such as spin-offs, mergers and acquisitions, and reorganizations. These strategies include risk arbitrage, distressed situations investing, special situations, opportunistic investing, and activism.

(f) Global opportunities strategies seek to exploit opportunities in various global markets. Portfolio managers employing these strategies have a broad mandate to invest in those markets and instruments which they believe provide the best opportunity. A portfolio manager employing a global macro strategy may take positions in currencies, sovereign bonds, global equities, and equity indices or commodities.

(g) Relative value strategies seek to profit by exploiting pricing inefficiencies between related instruments while remaining long-term neutral to directional price movements in any one market. These strategies include, but are not limited to: Convertible Bond Arbitrage, Fixed Income Arbitrage, Options Arbitrage, Pairs Trading, and multiple Market Neutral strategies.

(h) Multi-strategy funds dynamically allocate their assets among a variety of investment strategies to capture systematic inefficiencies and idiosyncratic opportunities across asset classes and market cycles. The various investment strategies employed include those detailed above. These investments include a commitment based investment in a renewable energy fund focused on the development, operation, and management of various solar projects.

(In Thousands)

Note 13. Nature and Amount of Net Assets

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

	2024	2023
Without donor restrictions:		
Board-designated endowment	$ 472,049	$ 442,210
Net investment in plant	284,305	298,349
Undesignated	412,708	376,196
Noncontrolling interest	1,789	1,379
Total net assets without donor restrictions	$ 1,170,851	$ 1,118,134

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

	2024	2023
Net assets restricted for specified purpose or passage of time:		
Instruction	$ 71,641	$ 66,375
Administrative and general	38,624	34,533
Organized research	986	739
Libraries	9,527	9,019
Student aid	127,252	117,942
Auxiliary enterprises	18,935	14,352
Contributions receivable including capital gifts for construction	1,745	5,961
Capital gifts for construction	999	495
Total specified purpose or time restrictions	269,709	249,416
Net assets restricted perpetually:		
Instruction	66,720	69,633
Administrative and general	12,541	13,304
Organized research	2,229	2,409
Libraries	4,008	4,312
Student aid	123,308	123,316
Auxiliary enterprises	792	856
Contributions receivable	8,176	8,847
Total restricted perpetually	217,774	222,677
Total net assets with donor restrictions	$ 487,483	$ 472,093

Note 14. Endowment Funds

The University's endowment consists of donor restricted endowment funds and unrestricted board-designated or quasi endowment funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The University has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to require the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanent endowments (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanent endowments is classified as unrestricted or donor restricted in accordance with UPMIFA and donor stipulations. Also in accordance with the University's interpretation of UPMIFA and absent specific donor restrictions on an endowed fund, the Board may appropriate the realized and unrealized net appreciation in the fair value of the assets of that fund for uses and purposes of the fund.

From time to time, the fair value of assets associated with the individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. In accordance with accounting standards, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2024 and 2023, funds with an original gift value of $3,127 and $5,355 were underwater by $109 and $293, respectively.

The long-term objective of the University's investment portfolio is to generate a return which is sufficient to provide funding for programs supported by its endowment. To accomplish this objective, the University seeks to earn the greatest total return possible consistent with its general risk tolerance and a diversified asset allocation strategy. To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that includes investments in a variety of asset classes, including fixed income, public and private equities, real assets and alternative investments to achieve its long-term objectives within prudent risk and liquidity constraints.

The University uses a hybrid method to calculate the amount it appropriates from its endowment each year (the appropriation). A portion of the appropriation is based on the prior year's appropriation plus an inflationary factor. The remaining portion of the appropriation is calculated by computing a return on the average of the previous 20 quarters ending market value computed at December 31 each year for the fiscal year beginning the following July 1. The amount appropriated is bound by a floor of 3.5% and a ceiling of 5.5% of the previous December 31 fair values for the endowment funds.

In January 2023 this policy was updated to be calculated by computing a return only on the average of the prior 12 quarters ending market value computed at December 31 each year for the fiscal year beginning the following July 1. The amount appropriated is bound by a floor of 3.75% and a ceiling of 5.75% of the previous December 31 fair values for the endowment funds.

(In Thousands)

Note 14. Endowment Funds (Continued)

In accordance with UPMIFA the University has appropriated funds where the purpose restriction has not yet been met. These net assets are classified as with donor restrictions and will be released upon satisfaction of the donor restriction. The amount of appropriated but unspent funds included in net assets with donor restrictions totaled $24,867 and $25,755 at June 30, 2024 and 2023, respectively.

The University has the following endowment-related activities:

	Changes in Endowment Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at July 1, 2023	$ 442,210	$ 362,951	$ 805,161
Investment return:			
Investment income	3,864	3,156	7,020
Net appreciation (realized and unrealized)	56,072	28,474	84,546
Contributions	2	11,386	11,388
Other (additions and deletions to endowment)	(11,212)	3,236	(7,976)
Appropriation of endowment assets for expenditure	(18,887)	(15,744)	(34,631)
Endowment net assets at June 30, 2024	$ 472,049	$ 393,459	$ 865,508

	Changes in Endowment Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at July 1, 2022	$ 426,425	$ 343,596	$ 770,021
Investment return:			
Investment income	2,559	64	2,623
Net depreciation (realized and unrealized)	35,407	22,476	57,883
Contributions	56	10,306	10,362
Other (additions and deletions to endowment)	(1,468)	3,506	2,038
Appropriation of endowment assets for expenditure	(20,769)	(16,997)	(37,766)
Endowment net assets at June 30, 2023	$ 442,210	$ 362,951	$ 805,161

(In Thousands)

Note 14. Endowment Funds (Continued)

The composition of net assets, by type, of endowment funds at June 30 is as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 393,459	$ 393,459
Board-designated endowment funds	472,049		472,049
	$ 472,049	$ 393,459	$ 865,508

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 362,951	$ 362,951
Board-designated endowment funds	442,210	-	442,210
	$ 442,210	$ 362,951	$ 805,161

Note 15. Private Gifts, Grants and Other

Private gifts, grants and other include the following:

	Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Gifts and grants	$ 1,729	$ 31,518	$ 33,247
Other University operating income	14,503	192	14,695
	$ 16,232	$ 31,710	$ 47,942

	Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Gifts and grants	$ 2,842	$ 34,505	$ 37,347
Other University operating income	16,293	105	16,398
	$ 19,135	$ 34,610	$ 53,745

(In Thousands)

Note 16. Functional Expense Summary

The University's expenses classified by functional and natural classification, for the years ended June 30, 2024 and 2023, are summarized as follows:

2024	Instruction	Organized Research	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	Related Entities	Total
Salaries and benefits	$ 113,547	$ 127,470	$ 27,788	$ 23,477	$ 15,798	$ 41,602	$ 6,183	$ 355,865
Interest expense	3,914	624	502	71	500	6,960	603	13,174
Depreciation	7,618	8,916	3,618	1,881	2,212	10,206	3,263	37,714
Cost of sales	1	-	-	4	3	14,803	1,607	16,418
Contract services and maintenance	5,946	62,695	3,455	3,350	10,922	19,892	2,278	108,538
Supplies	2,733	10,068	950	547	3,134	4,737	1,005	23,174
Utilities and communications	1,503	1,035	1,507	215	1,400	5,219	734	11,613
Other expenditures	13,325	32,617	5,679	9,209	3,462	22,427	4,729	91,448
Total expenditures	$ 148,587	$ 243,425	$ 43,499	$ 38,754	$ 37,431	$ 125,846	$ 20,402	$ 657,944

2023	Instruction	Organized Research	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	Related Entities	Total
Salaries and benefits	$ 114,191	$ 122,987	$ 26,622	$ 21,289	$ 17,614	$ 34,571	$ 5,916	$ 343,190
Interest expense	2,832	660	573	71	555	8,656	639	13,986
Depreciation	6,053	8,655	3,405	1,791	1,812	10,376	2,687	34,779
Cost of sales	-	-	-	24	-	14,648	1,491	16,163
Contract services and maintenance	5,186	62,160	3,394	2,314	10,012	20,444	2,107	105,617
Supplies	2,680	11,851	1,086	565	2,083	3,384	653	22,302
Utilities and communications	2,102	1,410	2,111	301	1,508	6,752	610	14,794
Other expenditures	14,402	32,839	2,877	4,412	1,575	22,543	4,047	82,695
Total expenditures	$ 147,446	$ 240,562	$ 40,068	$ 30,767	$ 35,159	$ 121,374	$ 18,150	$ 633,526

Expenses included in other activities on the statements of activities include $9,832 for voluntary separation incentive plan that are considered institutional support for the year ended June 30, 2024. Expenses included in other activities include $2,441 of bond issuance costs write off that are considered institutional support for the year ended June 30, 2023.

Note 17. Non Controlling Interests

The consolidated financial statements include the accounts of entities in which the University has a controlling interest. Below is activity related to activities of non controlling interests:

Hotel operations: The University is a member of a joint venture to own a local hotel adjacent to its campus. The University is a 90% partner in this venture.

The University recorded the following assets, liabilities, and equity on its books at June 30:

	2024	2023
Assets:		
Cash and other assets	$ 5,832	$ 3,720
Land, buildings and equipment	27,510	27,631
Elimination of University investment	(6,511)	(7,413)
	$ 26,831	$ 23,938
Liabilities and net assets:		
Senior secured note	$ 10,804	$ 12,970
Other liabilities	1,740	1,656
Controlling interest	12,845	8,367
Noncontrolling interest	1,442	945
	$ 26,831	$ 23,938

(In Thousands)

Note 17. Non Controlling Interests (Continued)

Innovation Hub: The University is a member of a joint venture to own a transdisciplinary space for innovation and creation near campus. The University is a 75% partner in this venture.

The University recorded the following assets, liabilities, and equity on its books at June 30:

	2024	2023
Assets:		
Cash and other assets	$ 2,787	$ 4,180
Land, buildings and equipment	1,672	2,006
Elimination of University investment	-	-
	$ 4,459	$ 6,186
Liabilities and net assets:		
Other liabilities	$ 3,072	$ 4,451
Controlling interest	1,040	1,301
Noncontrolling interest	347	434
	$ 4,459	$ 6,186

Note 18. Financial Responsibility

In 2019 the Department of Education revised certain provisions of the 34 Code of Federal Regulations (CFR) Section 668.172 which applies to the University. As a result of the revision the University is disclosing certain information to facilitate compliance with the provisions of Section 668.172 provided as follows:

Property, plant and equipment, net: The Department of Education has defined preimplementation property, plant and equipment as assets acquired as of June 30, 2019, less any assets resulting from capital leases entered into between December 15, 2018 and June 30, 2019. All subsequently acquired assets are deemed post implementation property, plant and equipment. As of June 30, 2024 and 2023, the University has $116,985 and $119,989 of postimplementation property, plant and equipment with outstanding debt and $164,436 and $100,230 of postimplementation property, plant and equipment without outstanding debt, respectively. As of June 30, 2024 and 2023, total property, plant and equipment preimplementation was $466,840 and $489,195, respectively.

Debt: The Department of Education has defined preimplementation debt as debt acquired as of June 30, 2019, and any debt acquired subsequent to June 30, 2019, is defined as postimplementation debt. As of June 30, 2024 and 2023, the University has $245,022 and $260,107 preimplementation debt and $116,985 and $119,989 postimplementation debt, respectively. As of June 30, 2024 and 2023, total debt for long term purposes was $362,007 and $380,096, respectively.