



**REGENT UNIVERSITY AND
AFFILIATED ORGANIZATIONS**

Consolidated Financial Statements
and Supplemental Schedules

June 30, 2024 and 2023

(With Independent Auditors' Reports Thereon)



KPMG LLP
Suite 1510
222 Central Park Avenue
Virginia Beach, VA 23462

Independent Auditors' Report

The Board of Trustees
Regent University and Affiliated Organizations:

Opinion

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

In our opinion, the accompanying consolidated 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 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 Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information included on schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Virginia Beach, Virginia
October 22, 2024

**REGENT UNIVERSITY AND
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Consolidated Statements of Financial Position

June 30, 2024 and 2023

(Dollars in thousands)

Assets	2024	2023
Current assets:		
Cash and cash equivalents	\$ 41,759	37,676
Investments	1,778	1,039
Accounts receivable, less allowance for doubtful accounts of \$7,992 in 2024 and \$6,297 in 2023	8,472	8,397
Contributions receivable, net	25	39
Prepaid expenses and other assets	1,701	1,728
Total current assets	53,735	48,879
Contributions receivable, net	5	67
Investments	74,711	66,590
Assets whose use is limited	4,621	4,824
Operating lease right-of-use asset	—	451
Property, plant, and equipment, net	91,385	92,993
Total assets	\$ 224,457	213,804
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 16,032	15,764
Deferred revenue	10,088	10,455
Current portion of bonds payable	1,920	1,825
Operating lease liabilities	—	431
Total current liabilities	28,040	28,475
Bonds payable, net	71,813	74,297
Total liabilities	99,853	102,772
Net assets:		
Without donor restrictions	84,280	74,823
With donor restrictions	40,324	36,209
Total net assets	124,604	111,032
Total liabilities and net assets	\$ 224,457	213,804

See accompanying notes to consolidated financial statements.

**REGENT UNIVERSITY AND
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Consolidated Statements of Activities

Years ended June 30, 2024 and 2023

(Dollars in thousands)

	2024			2023		
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Net assets without donor restrictions	Net assets with donor restrictions	Total
Operating revenue and other support:						
Tuition and fees, net of institutional scholarships of \$25,867 (2024) and \$25,600 (2023)	\$ 114,440	—	114,440	109,844	—	109,844
Gifts and grants	958	3,118	4,076	3,154	1,383	4,537
Investment return designated for operations	2,350	—	2,350	2,715	—	2,715
Auxiliary services	6,471	—	6,471	5,555	—	5,555
Hospitality revenue	12,964	—	12,964	11,969	—	11,969
Other	147	488	635	522	489	1,011
Net assets released from restrictions	3,122	(3,122)	—	2,111	(2,111)	—
Total operating revenue and other support	140,452	484	140,936	135,870	(239)	135,631
Operating expenses:						
Program services:						
Instruction	37,664	—	37,664	35,845	—	35,845
Research and public services	574	—	574	681	—	681
Student services	44,930	—	44,930	45,477	—	45,477
Auxiliary services	5,403	—	5,403	4,649	—	4,649
Hospitality services	6,835	—	6,835	6,159	—	6,159
Total program services	95,406	—	95,406	92,811	—	92,811
Supporting services:						
Academic support	10,485	—	10,485	10,299	—	10,299
Fundraising	2,131	—	2,131	1,827	—	1,827
Institutional support	20,421	—	20,421	16,836	—	16,836
Hospitality support	6,194	—	6,194	6,233	—	6,233
Total supporting services	39,231	—	39,231	35,195	—	35,195
Total operating expenses	134,637	—	134,637	128,006	—	128,006
Income (loss) from operations	5,815	484	6,299	7,864	(239)	7,625
Losses on uncollectible contributions receivable	—	(44)	(44)	—	—	—
Investment income, net	2,433	902	3,335	1,110	561	1,671
Realized and unrealized gains (losses) on investments, net	3,559	2,773	6,332	2,250	1,753	4,003
Investment return designated for operations	(2,350)	—	(2,350)	(2,715)	—	(2,715)
Changes in net assets	9,457	4,115	13,572	8,509	2,075	10,584
Net assets at beginning of year	74,823	36,209	111,032	66,314	34,134	100,448
Net assets at end of year	\$ 84,280	40,324	124,604	74,823	36,209	111,032

See accompanying notes to consolidated financial statements.

**REGENT UNIVERSITY AND
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Consolidated Statements of Cash Flows

Years ended June 30, 2024 and 2023

(Dollars in thousands)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Changes in net assets	\$ 13,572	10,584
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,900	6,001
Bad debt expense	1,695	312
Realized and unrealized gains on investments, net	(6,332)	(4,003)
Payments on gift annuities	2	1
Restricted contributions received	(370)	(334)
Changes in assets and liabilities:		
Accounts receivable	(1,770)	1,055
Contributions receivable	76	156
Prepaid expenses and other assets	47	(388)
Accounts payable and accrued expenses	268	(669)
Deferred revenue	(367)	(377)
Net cash provided by operating activities	<u>12,721</u>	<u>12,338</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(4,205)	(3,400)
Purchases of investments	(46,698)	(27,271)
Proceeds from sales of investments	44,170	25,780
Increase (decrease) in assets whose use is limited	203	(208)
Net cash used in investing activities	<u>(6,530)</u>	<u>(5,099)</u>
Cash flows from financing activities:		
Principal payments on bonds payable	(2,476)	(2,412)
Payments on gift annuities	(2)	(1)
Restricted contributions received	370	334
Net cash used in financing activities	<u>(2,108)</u>	<u>(2,079)</u>
Net increase in cash and cash equivalents	4,083	5,160
Cash and cash equivalents at beginning of year	<u>37,676</u>	<u>32,516</u>
Cash and cash equivalents at end of year	<u>\$ 41,759</u>	<u>37,676</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 1,951	1,979

See accompanying notes to consolidated financial statements.

REGENT UNIVERSITY AND AFFILIATED ORGANIZATIONS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(Dollars in thousands)

(1) Summary of Operations and Significant Accounting Policies

Regent University (the University) is a nonstock, nonprofit educational institution established in 1977. The University is accredited by the Southern Association of Colleges and Schools. The University presently includes the School of Communication and the Arts, School of Divinity, School of Education, School of Government, School of Law, School of Business and Leadership, the College of Arts and Sciences and the College of Health and Behavioral Sciences, the last of which houses the School of Psychology & Counseling, the School of Nursing and the School of Allied Health. The University also has an Honor College associated with the traditional undergraduate program.

The affairs of the University are governed by a Board of Trustees (Board). The election of individual trustees and the selection of the University's chairman of the board are made by a majority vote of the directors of The Christian Broadcasting Network (CBN) (note 9).

On August 1, 2000, the University purchased The Founders Inn and Conference Center (the Conference Center) and various land parcels for expansion from CBN. In connection with the execution of the purchase, the University established two wholly owned subsidiaries, Founders Conference Center, LLC and Henrico, Inc. The assets of Henrico, Inc. primarily comprise the Conference Center's land and buildings. In 2007, Regent University Foundation was established to serve as a supporting organization of the University's endowment. These aforementioned entities are collectively referred to as the Affiliated Organizations.

(a) Basis of Presentation

The consolidated financial statements include the University and its Affiliated Organizations under common control (collectively, the University). All significant intercompany transactions and accounts have been eliminated in consolidation. The consolidated financial statements of the University have been prepared on the accrual basis of accounting.

These consolidated financial statements have been prepared to focus on the University, as a whole, and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Net assets and revenue, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The University's net assets are segregated into two net asset groups:

Net assets without donor restrictions – Net assets not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the University and/or the passage of time, or net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the University. Generally, the donors of these assets permit the University to use all, or part of, the income earned on related investments for general or specific purposes.

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(Dollars in thousands)

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Restrictions on gifts to acquire long-lived assets are considered met in the period the assets are acquired or placed in service.

(b) Cash Equivalents

The University considers all highly liquid financial instruments purchased with original maturities of three months or less to be cash equivalents.

(c) Investments

Most investments are stated at fair value. In the case of certain less marketable investments, principally venture capital, private equity, hedge funds, and other alternative investments, the University generally uses net asset value (NAV) per share as provided by external investment managers without further adjustment as the practical expedient estimate of fair value. Accordingly, such carrying values could differ materially from values that would have been used had a ready market for the investments existed. The net asset values provided by investment managers are reviewed and evaluated by the University's personnel.

The University's investments include various types of investment securities and investment vehicles. These investments are exposed to several risks, such as interest rate, currency, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in estimated values will occur in the near term and that such changes could materially affect the amounts reported in the University's consolidated financial statements.

The net realized and unrealized gains and losses on investments are reflected in the accompanying consolidated statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or law. Investment income/(loss) is reported net of related investment expenses.

(d) Fair Value Measurement

Certain assets and liabilities are reported or disclosed at fair value in the consolidated financial statements. Fair value is defined 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. In determining fair value, the University uses various methods, including the market, income, and cost approaches. The University uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. See note 3 for additional information with respect to fair value measurements.

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(Dollars in thousands)

(e) *Property, Plant, and Equipment*

Property, plant, and equipment are stated at the cost of the asset acquired or at fair value at the date of donation in the case of gifts. Depreciation is computed under the straight-line method over estimated useful lives of 45 years for buildings and improvements, 5 to 10 years for furniture and equipment, 15 years for library books and materials, 3 to 7 years for computer hardware and software, and 7 years for vehicles. The cost of property sold or retired is removed from the accounts and any gain or loss is reflected in the accompanying consolidated statements of activities.

(f) *Right of Use Assets and Liabilities*

The University determines if an arrangement is or contains a lease at inception of the contract. The right-of-use (ROU) assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and ROU liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As the University's leases generally do not provide an implicit rate, the University's risk-free discount rate at commencement date is used to determine the present value of future payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and any initial direct costs incurred. The University's operating lease ROU assets and operating lease liabilities are calculated including options to extend the lease when it is reasonably certain that the University will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. A ROU asset and liability is not recognized for short-term leases with an initial term of twelve months or less and a lease expense is recognized for these leases on a straight-line basis over the lease term.

(g) *Bond Issuance Costs*

Costs associated with issuing bonds payable have been capitalized, are amortized over the term of the bonds using the effective interest rate method, and are reported as a component of bonds payable, net on the consolidated statements of financial position.

(h) *Revenue Recognition*

(i) *Revenue from Contracts with Customers*

Revenue is measured based on consideration specified in a contract with a customer. The University recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

The University's principal activities resulting in contracts with customers include academic services consisting of tuition and fees and related auxiliary services including housing, dining services and other education-related activities. The Conference Center generates hospitality revenue primarily from room rentals, food and beverage sales, and other customer-related revenue.

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(ii) Tuition and Fees and Auxiliary Services Revenue

Student tuition and fees and auxiliary services revenue are recognized as revenue during the fiscal year in which the related academic services are rendered. Student tuition and fees and auxiliary services revenue received in advance of services to be rendered are reported as deferred revenue in the consolidated statements of financial position. Student tuition and fees and auxiliary services revenue are recorded in the consolidated statements of activities net of tuition discounts provided to the student by the University. Student scholarship aid is provided from earnings on restricted funds and certain board-designated endowments, along with gifts and grants dedicated to providing student financial aid.

Institutional aid provided by the University as a discount to tuition and fees is reflected as a reduction of tuition and fee revenue.

(iii) Hospitality Revenue

Deposits received from customers of the Conference Center in advance of services to be rendered are reported as deferred revenue in the consolidated statements of financial position.

The Conference Center is required to collect certain taxes and fees from customers on behalf of government agencies and remit these back to the applicable governmental agencies on a periodic basis. These taxes and fees are legal assessments on the customer, which the University has a legal obligation to act as a collection agent. Because the University does not retain these taxes and fees, such amounts are accounted for on a net basis and included in accounts payable and accrued expenses and, therefore, are excluded from revenue in the consolidated statements of activities.

(iv) Deferred Revenue

Substantially all of the deferred revenue balance related to tuition and fees and auxiliary revenue of \$10,455 at June 30, 2023 was recognized into revenue during fiscal year 2024. The balance of deferred revenue of \$10,088 at June 30, 2024 less any refunds issued is expected to be recognized as revenue over the academic term beginning July 2024 as services are rendered.

(v) Contributions, Gifts and Government Grants

Unconditional contributions, gifts and grants, including unconditional promises to give, are recognized as revenue in the period received.

A contribution, gift or grant is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are overcome.

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Unconditional contributions, gifts and grants with no purpose or time restrictions are reported as revenues without donor restrictions.

Unconditional contributions, gifts and grants with donor-imposed restrictions that limit the use of the asset are reported as revenues with donor restrictions and are reclassified to net assets without donor restrictions when an expense is incurred that satisfies the donor-imposed restriction. However, for unconditional donor-restricted contributions, gifts or grants that were initially conditional, if donor-imposed restrictions are met in the same year that they become unconditional, the revenues are reported as revenues without donor restrictions on the consolidated statements of activities. Contributions restricted for the acquisition of property, plant and equipment are released from restriction when the asset is placed in service.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of the fundraising activity. Contributions receivable are recorded at estimated fair value on the date the donor's unconditional promise to contribute is made using the present value of future cash flows. Contributions receivable are not measured at fair value subsequent to the initial measurement because the discount rate selected for each contribution receivable remains constant over time.

(i) Income Taxes

The University has been recognized by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC). Henrico, Inc., a title holding company, has been recognized by the Internal Revenue Service as tax-exempt under Section 501(c)(2) of the IRC. Founders Conference Center, LLC, a single-member limited liability corporation with the University as its sole member, is a disregarded entity for federal and state income tax purposes. Regent University Foundation has been recognized by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the IRC. The University does not believe its consolidated financial statements include any uncertain tax positions.

(j) Use of Estimates

The preparation of the consolidated financial statements, in accordance with U.S. generally accepted accounting principles, requires management of the University to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the valuation of investments in securities for which there are no readily available market values and the allowance for uncollectible accounts and loans receivable. Actual results could differ from those estimates.

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(k) Functional Expenses

The University allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated by various statistical bases.

(l) Operating Measure

Operating revenues and expenses in the consolidated statements of activities reflect all transactions that change net assets without donor restrictions. This does not include endowment investment activity in excess of the amount designated for expenditure based on the University's endowment spending policy and certain other nonrecurring items. Investment return designated for operations represents 5% of a five-year moving average of the endowment measured as of December 31 of each year.

(2) Investments and Assets Whose Use is Limited

Investments and assets whose use is limited at June 30, 2024 and 2023 consist of the following:

	2024		2023	
	Cost	Carrying value	Cost	Carrying value
Current:				
Cash and money market accounts	\$ 1,778	1,778	1,039	1,039
Long-term:				
Common stock – domestic	25,999	31,495	27,445	28,889
Common stock – foreign	2,333	2,703	3,135	3,219
Emerging markets equities	2,543	2,824	2,268	2,318
Venture capital and private equities	4,169	4,163	1,163	1,217
Fixed income	21,344	21,390	18,048	17,424
Hedge funds, primarily overseas	8,817	9,372	10,773	10,978
Real estate	—	—	232	204
Commodities	1,814	2,270	1,786	1,856
Other investments	492	494	485	485
	67,511	74,711	65,335	66,590
Limited by terms of bond agreement:				
Fixed income	4,621	4,621	4,784	4,824
Total investments and assets whose use is limited	\$ 73,910	81,110	71,158	72,453

Investment expenses netted against investment income on the accompanying consolidated statements of activities were \$297 and \$275 for the years ended June 30, 2024 and 2023, respectively.

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The University is invested in hedge funds that are primarily structured as overseas corporations or partnerships. These corporations invest in domestic and international equities, corporate bonds, U.S. treasuries, and other similar securities utilizing long and short positions having a goal of enhanced overall return with reduced volatility. The risk to the University is limited to the amount of the University's investment in each of the funds.

Venture capital and private equity amounts are predominately invested in limited partnerships. Capital redemptions from these investments are at the discretion of the partnership's general partner.

The University has remaining capital commitments of \$513 and \$704 at June 30, 2024 and 2023, for certain venture capital and private equity investments.

Assets whose use is limited by bond agreement are restricted for debt service reserve funds.

(3) Fair Value of Financial Instruments

Assets and liabilities recorded at fair value in the consolidated statements of financial position are categorized based upon a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active market, as well as U.S. Treasury securities.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs. Level 2 assets and liabilities include debt securities that are infrequently traded. This category also includes certain U.S. government and agency mortgage-backed debt securities.

Level 3 – Inputs to the valuation methodology that are supported by little or no market activity are significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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Investments Measured Using the NAV Practical Expedient

For those investments measured using NAV as a practical expedient, the University uses the reported capital account or NAV per share to determine the fair value of investments that (a) do not have a readily determinable fair value due to a lack of market activity or transparency into the underlying investments of the fund and (b) either have the attributes of an investment company or prepare their audited financial statements consistent with the measurement principles of an investment company. The University reviews and evaluates the external valuations of underlying assets that comprise the capital accounts provided by the fund managers in determining the NAV of those investments.

Investments measured using the NAV practical expedient include equity common trust funds, hedge funds utilizing absolute return and long/short equity strategies, private equity, and real assets (including buyout, energy, real estate, and natural resources).

The following tables present financial instruments that are measured at fair value on a recurring basis as of June 30, 2024 and 2023 by level within the fair value hierarchy:

				2024			
	Level 1	Level 2	Level 3	Investments reported at NAV ⁽¹⁾	Total	Redemption or liquidation	Days' notice
Current:							
Cash and money market accounts	\$ 1,778	—	—	—	1,778	Daily	1
Long term:							
Common stock – domestic	31,495	—	—	—	31,495	Daily	1 to 3
Common stock – foreign	2,703	—	—	—	2,703	Daily	1 to 3
Emerging markets equities	—	2,824	—	—	2,824	Daily	1 to 5
Venture capital and private equities	—	—	—	4,163	4,163	Illiquid	N/A (A)
Fixed income	—	21,390	—	—	21,390	Daily	1 to 5
Hedge funds, primarily overseas	—	—	—	9,372	9,372	Quarterly/Illiquid	60 to 100
Commodities	—	—	—	2,270	2,270	Daily	1 to 3
Other investments	494	—	—	—	494	Daily	1 to 3
	34,692	24,214	—	15,805	74,711		
Limited by terms of bond agreement:							
Fixed income	—	4,621	—	—	4,621	N/A	N/A (B)
Total cash and investments	\$ 36,470	28,835	—	15,805	81,110		

⁽¹⁾ Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized 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 statement of financial position.

(A) These funds are expected to liquidate within 1–3 years. Unfunded future commitments aggregate to \$513.

(B) This represents the debt service reserve fund established as part of Regent's 2021 bond issue. The debt service reserve fund is invested in a guaranteed investment contract for the debt service reserve fund.

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(Dollars in thousands)

	2023				Total	Redemption or liquidation	Days' notice
	Level 1	Level 2	Level 3	Investments reported at NAV ⁽¹⁾			
Current:							
Cash and money market accounts	\$ 1,039	—	—	—	1,039	Daily	1
Long term:							
Common stock – domestic	28,889	—	—	—	28,889	Daily	1 to 3
Common stock – foreign	3,219	—	—	—	3,219	Daily	1 to 3
Emerging markets equities	—	2,318	—	—	2,318	Daily	1 to 5
Venture capital and private equities	—	—	—	1,217	1,217	Illiquid	N/A (A)
Fixed income	—	17,424	—	—	17,424	Daily	1 to 5
Hedge funds, primarily overseas	—	—	—	10,978	10,978	Quarterly/Illiquid	60 to 100
Real estate	—	—	—	204	204	Daily	1 to 5
Commodities	—	—	—	1,856	1,856	Daily	1 to 3
Other investments	485	—	—	—	485	Daily	1 to 3
	32,593	19,742	—	14,255	66,590		
Limited by terms of bond agreement:							
Fixed income	—	4,824	—	—	4,824	N/A	N/A (B)
Total cash and investments	\$ 33,632	24,566	—	14,255	72,453		

⁽¹⁾ Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized 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 statement of financial position.

(A) These funds are expected to liquidate within 1–3 years. Unfunded future commitments aggregate to \$704.

(B) This represents the debt service reserve fund established as part of Regent's 2021 bond issue. The debt service reserve fund is invested in a guaranteed investment contract for the debt service reserve fund.

There were no transfers between fair value levels for the years ended June 30, 2024 and 2023.

(4) Endowment Assets

The University's endowment consists of 126 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The University has interpreted the Virginia Uniform Prudent Management of Institutional Funds Act of 2007 (the Act) as requiring 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 net assets with donor restriction, (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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(Dollars in thousands)

The remaining portion of the donor-restricted endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the University and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the University
7. The investment policies of the University

Endowment asset composition consists of the following at June 30, 2024:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ —	39,500	39,500
Board-designated endowment funds	38,037	—	38,037
Total endowment assets	\$ 38,037	39,500	77,537

Endowment asset composition consists of the following at June 30, 2023:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ —	35,455	35,455
Board-designated endowment funds	32,045	—	32,045
Total endowment assets	\$ 32,045	35,455	67,500

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(Dollars in thousands)

Changes in endowment assets for the year ended June 30, 2024 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment assets, June 30, 2023	\$ 32,045	35,455	67,500
Investment return, net	5,992	3,675	9,667
Contributions	—	370	370
Endowment assets, June 30, 2024	<u>\$ 38,037</u>	<u>39,500</u>	<u>77,537</u>

Changes in endowment assets for the year ended June 30, 2023 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment assets, June 30, 2022	\$ 28,685	32,807	61,492
Investment return, net	3,360	2,314	5,674
Contributions	—	334	334
Endowment assets, June 30, 2023	<u>\$ 32,045</u>	<u>35,455</u>	<u>67,500</u>

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the University to retain as a fund of perpetual duration. There were deficiencies of this nature of \$0 and \$2 as of June 30, 2024 and 2023, respectively.

(c) Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organizations must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the appropriate indices while assuming a moderate level of investment risk. The University expects its endowment fund, over time, to provide a board-approved average rate of return annually. Actual returns in any given year vary from that amount.

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(Dollars in thousands)

(d) *Strategies Employed for Achieving Objectives*

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 places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(e) *Spending Policy and How the Investment Objectives Relate to Spending Policy*

The University has a policy of appropriating for distribution each year up to a board-approved percentage of its funds based on the average five-year rolling market value. In establishing this policy, the University considered the long-term expected return on its funds. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow annually. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return. The University may also withdraw funds for purposes as authorized by the Trustees.

(5) *Availability of Financial Assets for General Expenditures*

Resources available to the University to fund general expenditures, such as operating expenses along with interest and principal payments on debt and internally funded capital expenses, have seasonal variations related to the timing of tuition billing, receipt of gifts and transfers from the endowment. The University actively manages its resources to align with its cash inflows and outflows.

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The University's financial resources available to meet cash needs for general expenditures within one year of the date of the consolidated statements of financial position were follows:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 41,759	37,676
Accounts receivable	8,472	8,397
Contributions receivable, current	25	39
Operating investments	<u>60,682</u>	<u>52,047</u>
Total financial assets	110,938	98,159
Less: restricted assets	<u>(40,324)</u>	<u>(36,209)</u>
Total unrestricted financial assets	<u>70,614</u>	<u>61,950</u>
Liquidity resources:		
Annual endowment appropriation	<u>2,230</u>	<u>2,347</u>
Total liquidity resources	<u>2,230</u>	<u>2,347</u>
Total unrestricted financial assets and liquidity resources available within one year	\$ <u><u>72,844</u></u>	<u><u>64,297</u></u>

(6) Property, Plant, and Equipment

Property, plant, and equipment at June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 13,100	13,100
Buildings and improvements	154,654	152,146
Furniture and equipment	37,400	35,462
Library books and materials	31,203	31,203
Computer hardware and software	23,282	22,708
Automobiles	1,116	870
Construction in progress	<u>307</u>	<u>1,368</u>
	261,062	256,857
Less accumulated depreciation and amortization	<u>169,677</u>	<u>163,864</u>
	\$ <u><u>91,385</u></u>	<u><u>92,993</u></u>

Depreciation expense was \$5,813 and \$5,912 for the periods ending June 30, 2024 and 2023.

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June 30, 2024 and 2023

(Dollars in thousands)

(7) Bonds Payable

Bonds payable consist of the following at June 30, 2024 and 2023:

	Principal outstanding at June 30	
	2024	2023
Series 2021 bonds	\$ 67,010	68,835
	67,010	68,835
Unamortized bond premiums	7,752	8,403
Unamortized issuance costs	(1,029)	(1,116)
Total bonds payable, net	\$ 73,733	76,122

Aggregate annual maturities of bonds payable at June 30, 2024 are as follows:

2025	\$ 1,920
2026	2,015
2027	2,115
2028	2,220
2029	2,330
Thereafter	56,410
	\$ 67,010

Series 2021 Bonds

In May 2021, The University issued fixed rate bonds through the Virginia College Building Authority in the aggregate principal amount of \$72,185 at a premium of approximately \$9,778. The proceeds were used for current refunding of the outstanding Series 2006 Bonds and payment of issuance costs. The Series 2021 Bonds have varying maturities beginning June 2022 through June 2046 and bear interest rates ranging from 3.00% to 5.00% depending on the maturity date. Principal and interest are paid semiannually beginning in December 2021.

(8) Retirement Plan

The University provides retirement benefits through two defined-contribution plans adopted pursuant to Section 403(b) and 401(k) of the IRC. Both plans allow employees and the University to make discretionary contributions. Regular full-time employees of the University are eligible to participate in the 403(b) plan and the University's discretionary contributions for the years ended June 30, 2024 and 2023 were \$924 and \$881, respectively, calculated as 2% of eligible employees' base salaries for each year. Regular full-time employees of Founders Conference Center, LLC are eligible to participate in the 401(k) plan and the University made no discretionary contributions for the years ended June 30, 2024 and 2023.

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(Dollars in thousands)

(9) Related-Party Transactions

The University was charged \$1,948 and \$2,286 during fiscal years 2024 and 2023, respectively, for various services including grounds and building services, electricity, and various internet advertising performed by CBN. Two members of the University's Board are also members of the Board of Directors of CBN.

The University charged CBN \$1,845 and \$3,411 during fiscal years 2024 and 2023, respectively, for campus security expenses and salary reimbursement. There was \$21 and \$0 outstanding at June 30, 2024 and 2023, respectively, which is included in accounts receivable, less allowance for doubtful accounts, on the statement of financial position.

Founders Conference Center, LLC charged \$153 and \$333 during fiscal years 2024 and 2023, respectively, to various related parties other than the University, for use of its facilities, which is included in hospitality revenue in the accompanying consolidated statements of activities.

(10) Natural Expenses

Operating expenses by natural categories for the year ended June 30, 2024:

	Compensation and benefits	Materials and supplies	Services and other	Interest and depreciation	Total
Instruction	\$ 29,639	3,547	2,471	2,007	37,664
Research and public services	430	10	134	—	574
Student services	19,966	898	23,597	469	44,930
Auxiliary services	1,061	513	1,904	1,925	5,403
Hospitality services	4,190	386	1,734	525	6,835
Academic support	6,965	1,594	957	969	10,485
Fundraising	1,581	264	278	8	2,131
Institutional support	10,934	1,657	6,764	1,066	20,421
Hospitality support	2,068	144	3,188	794	6,194
	<u>\$ 76,834</u>	<u>9,013</u>	<u>41,027</u>	<u>7,763</u>	<u>134,637</u>

**REGENT UNIVERSITY AND
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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(Dollars in thousands)

Operating expenses by natural categories for the year ended June 30, 2023:

	Compensation and benefits	Materials and supplies	Services and other	Interest and depreciation	Total
Instruction	\$ 28,447	3,236	2,064	2,098	35,845
Research and public services	527	12	142	—	681
Student services	18,576	816	25,618	467	45,477
Auxiliary services	914	354	1,396	1,985	4,649
Hospitality services	3,810	421	1,550	378	6,159
Academic support	6,369	1,880	901	1,149	10,299
Fundraising	1,557	80	180	10	1,827
Institutional support	7,721	1,635	6,392	1,088	16,836
Hospitality support	1,965	173	3,307	788	6,233
	<u>\$ 69,886</u>	<u>8,607</u>	<u>41,550</u>	<u>7,963</u>	<u>128,006</u>

Program services are comprised of instruction, research and public service, student services, auxiliary services, hospitality services and other. Supporting services include academic support, fundraising, institutional support and hospitality support. The University allocates operation and maintenance of plant, interest and depreciation to the program and support expenses reported in the accompanying consolidated statement of activities on a square footage basis. All eliminated expenses in each category are included in the services and other column.

(11) Net Assets

The following is a summary of net assets, which includes the restricted purposes related to net assets with donor restrictions at June 30, 2024 and 2023:

	2024	
	Without donor restrictions	With donor restrictions
University operations	\$ 69,525	—
Hospitality operations	14,755	—
Scholarships	—	26,117
Faculty chairs and research	—	4,803
Student films and media	—	2,819
Student program support	—	1,087
Operational endowment fund	—	939
Other	—	4,559
	<u>\$ 84,280</u>	<u>40,324</u>

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(Dollars in thousands)

	2023	
	Without donor restrictions	With donor restrictions
University operations	\$ 60,540	—
Hospitality operations	14,283	—
Scholarships	—	24,125
Faculty chairs and research	—	4,575
Student films and media	—	2,551
Student program support	—	1,008
Operational endowment fund	—	941
Other	—	3,009
	\$ 74,823	36,209

(12) Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors. Total net assets released were \$3,122 and \$2,111 for the years ended June 30, 2024 and 2023, respectively.

(13) Commitments and Contingencies

The University is, at times, subject to litigation and other matters arising from the normal course of operations. Management does not believe that the results of these matters will have a materially adverse effect on the University's consolidated financial position.

Amounts received and expended by the University under various federal and state programs are subject to audit by various federal and state agencies. In the opinion of management, audit adjustments, if any, are not expected to have a significant effect on the financial position of the University.

(14) Subsequent Events

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires entities to evaluate events that occur after the balance sheet date but before financial statements are issued for potential recognition or disclosure. Entities are required to disclose the date through which subsequent events were evaluated, as well as the rationale for why that date was selected. In preparing these financial statements, the University has evaluated events and transactions for potential recognition or disclosure through October 22, 2024, the date the consolidated financial statements were issued, and determined that there were no items to disclose.

**REGENT UNIVERSITY AND
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Statement of Financial Position by Entity

June 30, 2024

(Dollars in thousands)

Assets	Regent University	Founders Conference Center, LLC	Henrico Inc.	Regent Foundation	Eliminations	Consolidated totals
Current assets:						
Cash and cash equivalents	\$ 39,687	2,070	2	—	—	41,759
Investments	1,778	—	—	—	—	1,778
Accounts receivable, less allowance for doubtful accounts of \$7,992	9,682	4,511	—	—	(5,721)	8,472
Contributions receivable, net	25	—	—	—	—	25
Prepaid expenses and other assets	1,444	257	—	—	—	1,701
Total current assets	52,616	6,838	2	—	(5,721)	53,735
Contributions receivable, net	5	—	—	—	—	5
Investments	74,711	—	—	—	—	74,711
Assets whose use is limited	4,621	—	—	—	—	4,621
Operating lease right-of-use asset	—	—	—	—	—	—
Property, plant, and equipment, net	74,855	3,507	13,023	—	—	91,385
Total assets	\$ 206,808	10,345	13,025	—	(5,721)	224,457
Liabilities and Net Assets						
Liabilities:						
Current liabilities:						
Accounts payable and accrued expenses	\$ 14,183	3,660	3,910	—	(5,721)	16,032
Deferred revenue	9,043	1,045	—	—	—	10,088
Current portion of bonds payable	1,920	—	—	—	—	1,920
Current portion of operating lease liabilities	—	—	—	—	—	—
Total current liabilities	25,146	4,705	3,910	—	(5,721)	28,040
Bonds payable, net	71,813	—	—	—	—	71,813
Total liabilities	96,959	4,705	3,910	—	(5,721)	99,853
Net assets:						
Without donor restrictions	69,525	5,640	9,115	—	—	84,280
With donor restrictions	40,324	—	—	—	—	40,324
Total net assets	109,849	5,640	9,115	—	—	124,604
Total liabilities and net assets	\$ 206,808	10,345	13,025	—	(5,721)	224,457

See accompanying independent auditors' report.

**REGENT UNIVERSITY AND
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Statement of Activities by Entity

Year ended June 30, 2024

(Dollars in thousands)

	Regent University	Founders Conference Center, LLC	Henrico Inc.	Regent Foundation	Eliminations	Consolidated totals
Operating revenue and other support:						
Tuition and fees, net of institutional scholarships of \$25,867	\$ 114,440	—	—	—	—	114,440
Gifts and grants	4,076	—	—	—	—	4,076
Investment return designated for operations	2,350	—	—	—	—	2,350
Auxiliary services	6,471	—	—	—	—	6,471
Hospitality revenue	—	13,224	1,100	—	(1,360)	12,964
Other	635	—	—	—	—	635
Total operating revenue and other support	127,972	13,224	1,100	—	(1,360)	140,936
Operating expenses:						
Program services:						
Instruction	37,730	—	—	—	(66)	37,664
Research and public services	574	—	—	—	—	574
Student services	44,961	—	—	—	(31)	44,930
Auxiliary services	5,403	—	—	—	—	5,403
Hospitality services	—	6,835	—	—	—	6,835
Total program services	88,668	6,835	—	—	(97)	95,406
Supporting services:						
Academic support	10,506	—	—	—	(21)	10,485
Fundraising	2,141	—	—	—	(10)	2,131
Institutional support	20,553	—	—	—	(132)	20,421
Hospitality support	—	6,558	736	—	(1,100)	6,194
Total supporting services	33,200	6,558	736	—	(1,263)	39,231
Total operating expenses	121,868	13,393	736	—	(1,360)	134,637
Income from operations	6,104	(169)	364	—	—	6,299
Losses on uncollectible contributions receivable	(44)	—	—	—	—	(44)
Investment income, net	3,335	—	—	—	—	3,335
Realized and unrealized (losses) on investments, net	6,332	—	—	—	—	6,332
Investment return designated for operations	(2,350)	—	—	—	—	(2,350)
Changes in net assets	13,377	(169)	364	—	—	13,572
Net assets at beginning of year	96,749	4,432	9,851	—	—	111,032
Equity transfers	(277)	1,377	(1,100)	—	—	—
Net assets at end of year	\$ 109,849	5,640	9,115	—	—	124,604

See accompanying independent auditors' report.