

**DENISON UNIVERSITY AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL REPORT**

**JUNE 30, 2024 and 2023**



# DENISON UNIVERSITY AND SUBSIDIARIES

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### Independent Auditors' Report

To the Board of Trustees  
Denison University  
Granville, Ohio

#### **Opinion**

We have audited the consolidated financial statements of Denison University (the University) (a nonprofit organization) and subsidiaries, 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 consolidated financial statements present fairly, in all material respects, the financial position of the University and subsidiaries 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 Auditors' Responsibilities for the Audits 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 these consolidated 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 the 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 within one year after the date that the consolidated financial statements are available to be issued.

#### **Auditors' Responsibilities for the Audits of the 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 it 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 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

*Meloney + Novotny LLC*

Cleveland, Ohio  
October 25, 2024

DENISON UNIVERSITY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023 (in thousands)

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,606	\$ 1,710
Accounts receivable, less allowance of \$500	1,613	1,497
Inventories and prepaid expenses	1,625	1,508
Pledges receivable	42,653	25,570
Short term operating investments	44,895	37,841
Student loans receivable, less allowance of \$450	3,179	3,399
Short-term investments restricted for land, buildings and equipment	16,780	714
Interest in charitable trusts and perpetual trusts held by others	5,599	5,505
Long-term investments	1,049,332	1,016,941
Assets held in deferred compensation plans	2,962	2,857
Assets held for others in agency funds	3,966	4,157
Land, buildings and equipment, net	<u>382,957</u>	<u>362,255</u>
Total assets	<u>\$ 1,557,167</u>	<u>\$ 1,463,954</u>
<b>Liabilities and net assets</b>		
Accounts payable	\$ 9,403	\$ 8,421
Accrued compensation and related taxes	10,040	9,458
Deposits	1,232	1,607
Refundable advances	1,058	1,203
Liability related to split-interest agreements	5,153	4,283
Liability for post-employment healthcare benefits	9,173	9,826
Bonds payable	212,668	173,115
Agency funds held for others	<u>3,966</u>	<u>4,157</u>
Total liabilities	252,693	212,070
Net assets:		
Without donor restrictions	561,149	543,949
With donor restrictions	<u>743,325</u>	<u>707,935</u>
Total net assets	<u>1,304,474</u>	<u>1,251,884</u>
Total liabilities and net assets	<u>\$ 1,557,167</u>	<u>\$ 1,463,954</u>

The accompanying notes are an integral part of these financial statements.

DENISON UNIVERSITY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2024 (in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating revenues</b>			
Tuition and fees	\$ 157,299		\$ 157,299
Less financial aid discount	(85,341)		(85,341)
Net tuition and fees	71,958		71,958
Auxiliary services	42,685		42,685
Government grants	1,551		1,551
Private contributions and grants	8,118	\$ 14,894	23,012
Investment return, net	50,340	5,869	56,209
Other revenues	1,568	98	1,666
Net assets released from restrictions	8,680	(8,680)	-
Total operating revenues	184,900	12,181	197,081
<b>Operating expenses</b>			
Instruction	64,606		64,606
Research	1,004		1,004
Academic support	20,915		20,915
Student services	36,106		36,106
Auxiliary services	32,375		32,375
Management and general	22,991		22,991
Fundraising	7,234		7,234
Total operating expenses	185,231		185,231
Net (decrease) increase from operations	(331)	12,181	11,850
Nonoperating items:			
Contributions for endowment and capital		18,306	18,306
Investment return, net	9,615	12,997	22,612
Post-retirement related changes other than net periodic post-retirement cost	(1,019)		(1,019)
Other nonoperating activities, net		841	841
Changes in designation of gifts received in prior years	1,306	(1,306)	-
Net assets released from restrictions for building and equipment	7,629	(7,629)	-
Total nonoperating items	17,531	23,209	40,740
Change in net assets	17,200	35,390	52,590
Net assets at beginning of year	543,949	707,935	1,251,884
Net assets at end of year	\$ 561,149	\$ 743,325	\$ 1,304,474

The accompanying notes are an integral part of these financial statements.

DENISON UNIVERSITY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2023 (in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating revenues</b>			
Tuition and fees	\$ 144,748		\$ 144,748
Less financial aid discount	(77,465)		(77,465)
Net tuition and fees	67,283		67,283
Auxiliary services	40,477		40,477
Government grants	3,937		3,937
Private contributions and grants	6,918	\$ 3,356	10,274
Investment return, net	44,869	5,588	50,457
Other revenues	1,872	120	1,992
Net assets released from restrictions	9,287	(9,287)	-
Total operating revenues	174,643	(223)	174,420
<b>Operating expenses</b>			
Instruction	61,367		61,367
Research	909		909
Academic support	20,196		20,196
Student services	33,908		33,908
Auxiliary services	29,691		29,691
Management and general	20,861		20,861
Fundraising	6,213		6,213
Total operating expenses	173,145		173,145
Net increase (decrease) from operations	1,498	(223)	1,275
Nonoperating items:			
Contributions for endowment and capital		15,101	15,101
Investment return, net	(26,755)	(8,995)	(35,750)
Post-retirement related changes other than net periodic post-retirement cost	(721)		(721)
Other nonoperating activities, net		866	866
Changes in designation of gifts received in prior years	(209)	209	-
Net assets released from restrictions for building and equipment	3,374	(3,374)	-
Total nonoperating items	(24,311)	3,807	(20,504)
Change in net assets	(22,813)	3,584	(19,229)
Net assets at beginning of year	566,762	704,351	1,271,113
Net assets at end of year	\$ 543,949	\$ 707,935	\$ 1,251,884

The accompanying notes are an integral part of these financial statements.

DENISON UNIVERSITY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023 (in thousands)

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 52,590	\$ (19,229)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	16,584	15,142
Loss on disposal of property and equipment	611	-
Gain on investments	(72,803)	(12,338)
Gain on beneficial interest in perpetual trusts held by others	(87)	(46)
Contributions, net of pledges, for permanently restricted purposes	(7,869)	(8,466)
Gain restricted to long-term investment	(964)	(53)
Contributions, net of pledges, restricted for land, buildings and equipment	(6,393)	(2,454)
Actuarial adjustment of split interest agreements	(841)	(866)
Changes in assets and liabilities that provide (use) cash:		
Accounts receivable	(116)	(494)
Inventories and prepaid expenses	(117)	42
Pledges receivable	(17,083)	(5,640)
Assets held for others in deferred compensation plans	(105)	272
Assets held for others in agency funds	191	1,044
Accounts payable	982	(2,442)
Accrued compensation and taxes	582	(1,375)
Deposits and agency funds held for others	(566)	(1,211)
Refundable advances	(145)	(267)
Liability for payment/discount under split-interest agreements	1,063	63
Liability for post-employment healthcare benefits	(653)	(1,477)
Net cash used in operating activities	<u>(35,139)</u>	<u>(39,795)</u>
<b>Cash flows from investing activities</b>		
Student loans issued	(392)	(510)
Proceeds from loan collections and cancellations	612	645
(Acquisition) use of assets restricted to investment in land, buildings and equipment	(16,066)	13,876
Net sales of investments	33,358	57,655
Purchases of land, buildings and equipment	<u>(39,448)</u>	<u>(31,014)</u>
Net cash (used in) provided by investing activities	<u>(21,936)</u>	<u>40,652</u>
<b>Cash flows from financing activities</b>		
Contributions restricted for land, buildings and equipment	6,393	2,454
Contributions for permanently restricted purposes	7,869	8,466
Interest in charitable trusts held by others	641	1,036
Income and gain restricted to long-term investment	964	53
Net proceeds from issuance of bonds payable	50,497	-
Net payments on line of credit	-	(3,000)
Payment of bond issuance costs	(483)	-
Payments of bonds payable	<u>(8,910)</u>	<u>(8,535)</u>
Net cash provided by financing activities	<u>56,971</u>	<u>474</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(104)	1,331
<b>Cash and cash equivalents at beginning of year</b>	<u>1,710</u>	<u>379</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,606</u>	<u>\$ 1,710</u>

The accompanying notes are an integral part of these financial statements.



# DENISON UNIVERSITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Significant Accounting Policies

- A. Organization – Denison University is a private institution of higher education, with the core mission to inspire and educate our students to become autonomous thinkers, discerning moral agents and active citizens of a democratic society.

These consolidated financial statements include the accounts of Denison University, The Historic Granville Inn, LLC, Middleton House, Ltd. and Denison Golf, LLC (collectively, the University).

- B. Basis of Presentation – The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All significant intercompany activity has been eliminated in consolidation.

The assets and liabilities in the consolidated statements of financial position are presented in order of liquidity, with the exception of investments, which have certain components that are considered short term and others that are considered long term.

The University classifies revenues earned and expenses incurred related to its core mission, and investment returns made available for current use, and funds designated for longer term use by the Board of Trustees (quasi-endowment and endowment spending policy), as operating revenues or expenses in the consolidated statements of activities. All other activities, including contributions restricted by donors for endowment (permanent restrictions), and contributions restricted by donors for long-lived assets, are shown as a component of nonoperating activities.

- C. Net Asset Classes – The accompanying consolidated financial statements present information regarding the University's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets with donor restrictions include net assets which are permanently restricted by the donor, and net assets subject to donor-imposed restrictions that will expire through the passage of time or can be fulfilled or removed by actions pursuant to those restrictions.

The expiration of a donor-imposed restriction is recognized in the period in which the restriction expires, and, at that time, the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both. Net assets with donor restrictions for long-lived assets are released from restrictions when the assets are placed in service.

- D. Use of Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

- E. Cash and Cash Equivalents – Investments with a maturity of three months or less when purchased are reported as cash and cash equivalents. Cash equivalents temporarily held by investment custodians to be reinvested are reported within investments in the accompanying consolidated financial statements.

DENISON UNIVERSITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**Note 1. Significant Accounting Policies (Continued)**

- F. Student Loans Receivable – Student loans receivable are carried at unpaid principal balances, less an allowance for credit losses. Periodic evaluation of the adequacy of the allowance is based on historical loan loss experience as well as current and future business and economic conditions. The interest rates charged on certain loans receivable are fixed by the U.S. Department of Education. Interest on past due loans is not accrued and is recognized only to the extent cash payments are received.
- G. Investments – The carrying value of the University's investments approximates fair value in accordance with accounting principles generally accepted in the United States of America. Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value based on quoted market prices. The University holds investment securities which are exposed to various risks including interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the University's investment account balances and the amounts reported in the consolidated statements of financial position.

Alternative investments include certain interests in absolute return (hedge funds), public equities, private equity, fixed income or real assets depending on the legal structure and investment strategy of the underlying manager. The University invests in limited partnerships and commingled vehicles, some of which employ traditional strategies (long only) in readily marketable securities (liquid equities or bonds traded on exchanges) and others which employ less traditional strategies that may hold concentrated positions in smaller and/or less liquid securities and may use options, futures and other derivative instruments. Nearly all of the valuations reported by the absolute return investment managers rely upon third-party administrators to objectively value positions and calculate Net Asset Value (NAV). Private asset managers internally calculate values according to agreed upon procedures and provide audited financial statements at calendar year end.

- H. Fair Value of Financial Instruments – The University has disclosed fair value information about financial instruments for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using NAV or other evaluation techniques as provided by the external investment managers. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument.

The University estimates the fair value of financial instruments using available market information and other generally accepted valuation methodologies. Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs used to measure fair value are classified into three levels:

## DENISON UNIVERSITY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### **Note 1. Significant Accounting Policies (Continued)**

##### **H. Fair Value of Financial Instruments (Continued)**

- Level 1 – Quoted market prices in active markets for identical assets and liabilities
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3 – Unobservable inputs in which little or no market data exists

The asset's or liability's fair value measurement level is based on the lowest level of any input that is significant to the fair value measurement.

- I. Land, Buildings and Equipment – Records of the University do not reflect the basis on which carrying amounts for certain buildings were established prior to 1930. Acquisitions of land, buildings and equipment since that date are stated at cost or at amounts assigned to the properties if acquired by gift.

The University recognizes depreciation on the straight-line method over the estimated useful life of 40-150 years for buildings, 10-50 years for improvements, 3-20 years for equipment, furniture and software and 20 years for library books.

- J. Art Collection – The University's museum and library house numerous works of art, historical treasures, literary works and artifacts. These collections are protected and preserved for public exhibition, education and research. They are neither disposed of for financial gain nor encumbered in any manner. Accordingly, such collections are not recorded for financial statement purposes.

- K. Asset Retirement Obligations – The University is required to recognize a liability for conditional asset retirement obligations. Management has considered its legal obligations to perform asset retirement activities, such as asbestos removal, on its existing properties. Management of the University believes that there is an indeterminate settlement date for the asset retirement obligations because the range of time over which the University may settle the obligations is unknown and cannot be estimated. As a result, as of June 30, 2024 and 2023, management cannot reasonably estimate a liability related to these potential asset retirement activities.

- L. Revenue and Revenue Recognition – The University recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering education services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. In addition, room is required of all students except commuters and board is required of all students except commuters. The performance obligation of providing access to housing and meals is satisfied ratably over the academic period in which the student lives on campus and purchase a meal plan. Tuition, room and board are combined into a single portfolio. Payments are generally required prior to the beginning of the school year, or monthly throughout the semester. All amounts received prior to the commencement of the school year, including enrollment deposits, are deferred to the applicable period. All prior year deferred revenue was recognized as current year revenue. Financial aid discounts provided to students are recorded as a reduction from the posted tuition and fees at the time revenue is recognized.

## DENISON UNIVERSITY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### **Note 1. Significant Accounting Policies (Continued)**

##### **L. Revenue and Revenue Recognition (Continued)**

The University records contributions, cash and promises to give, when they are received unconditionally, at their fair value. Conditional contributions are recognized as revenue when the conditions on which they depend have been met. Federal and state contracts and grants are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. (Consequently, at June 30, 2024 and 2023, contributions approximating \$1.156 million and \$1.393 million, respectively, of which no amounts have been received in advance, have not been recognized in the accompanying financial statements because the conditions have not yet been met.)

Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair values.

Donated assets are reflected as contributions at their estimated fair market value at the time of donation.

- M. Federal Income Tax – The University is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The University recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the University, the continued tax-exempt status of bonds issued by the University and various positions related to potential sources of unrelated taxable income. The University believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

On December 22, 2017, the Tax Cuts and Jobs Act (the Act) was enacted. The Act impacts the University in several ways, including the addition of excise taxes on executive compensation and net investment income, as well as new rules for calculating unrelated business taxable income. The University continues to evaluate the impact of the Act on current and future tax positions.

The Historic Granville Inn, LLC, Middleton House, Ltd. and Denison Golf, LLC are organized as single member limited liability companies and are disregarded for federal income tax purposes. Accordingly, all profits and losses of the Historic Granville Inn, LLC, Middleton House, Ltd. and Denison Golf, LLC are recognized by the University.

- N. Change in Accounting Principle – As of July 1, 2023, the University adopted Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)* (ASC 326). ASC 326 replaced the incurred loss model for measuring the allowance for credit losses with a new model that reflects current expected credit losses (CECL) that are expected to occur over the lifetime of the underlying accounts receivable. The CECL methodology is applicable to financial assets that are measured at amortized costs, including accounts receivable. The University adopted ASC 326 using a modified retrospective approach, which did not have a material impact to the consolidated financial statements.
- O. Subsequent Events – The University has evaluated all subsequent events for potential recognition or disclosure through October 25, 2024, the date the consolidated financial statements were available to be issued.

# DENISON UNIVERSITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### Note 2. Investments

The following tables set forth by level the University's financial assets (including the Denison University Research Foundation totaling \$2.701 million and \$2.615 million as of June 30, 2024 and 2023, respectively - Note 10) that were accounted for at fair value on a recurring basis as of June 30, 2024 and 2023:

	2024 (in Thousands)				
	Level 1	Level 2	Level 3	NAV	Total
Investments:					
Cash and cash equivalents	\$ 57,663	\$ -	\$ -	\$ -	\$ 57,663
Fixed income	47,038	-	-	-	47,038
Absolute return (hedge funds)	88	-	-	-	88
Public equities	114,921	-	-	-	114,921
Limited partnerships:					
Absolute return (hedge funds)	-	-	-	281,273	281,273
Fixed income	-	-	-	6,970	6,970
Public equities	-	-	-	169,416	169,416
Private equities	-	-	-	350,552	350,552
Real assets	-	-	1,121	67,886	69,007
	219,710	-	1,121	876,097	1,096,928
Trust held by others	-	-	5,599	-	5,599
Assets held in deferred compensation plans	2,962	-	-	-	2,962
Short-term investments restricted for land, buildings and equipment	16,780	-	-	-	16,780
Total assets in the fair value hierarchy	<u>\$ 239,452</u>	<u>\$ -</u>	<u>\$ 6,720</u>	<u>\$ 876,097</u>	<u>\$1,122,269</u>

## DENISON UNIVERSITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**Note 2. Investments (Continued)**

	2023 (in Thousands)				
	Level 1	Level 2	Level 3	NAV	Total
Investments:					
Cash and cash equivalents	\$ 47,283	\$ -	\$ -	\$ -	\$ 47,283
Fixed Income	62,876	-	-	-	62,876
Absolute return (hedge funds)	150	-	-	-	150
Public equities	76,842	-	-	-	76,842
Limited partnerships:					
Absolute return (hedge funds)	-	-	-	308,542	308,542
Fixed Income	-	-	-	6,486	6,486
Public equities	-	-	-	138,852	138,852
Private equities	-	-	-	346,035	346,035
Real assets	-	-	11	70,320	70,331
	187,151	-	11	870,235	1,057,397
Trust held by others	-	-	5,505	-	5,505
Assets held in deferred compensation plans	2,857	-	-	-	2,857
Short-term investments restricted for land, buildings and equipment	714	-	-	-	714
Total assets in the fair value hierarchy	<u>\$ 190,722</u>	<u>\$ -</u>	<u>\$ 5,516</u>	<u>\$ 870,235</u>	<u>\$1,066,473</u>

*Investments* – The University invests in cash and equivalents, fixed income, public equities and other securities with quoted prices in active markets that are considered Level 1 inputs.

A portion of the University's investments is measured at NAV as a practical expedient for fair value. These investments include hedge funds, fixed income, public equity, private equity and real asset funds structured within limited partnerships and/or off-shore vehicles. The market values reported are based on valuations provided by external investment managers and the managers' third-party administrators. These investments have been reported under NAV as a practical expedient since they lack readily determinable fair value and are investment companies. The NAV reported for these funds is calculated using the University's share of the partners' capital or total commitment, multiplied by the reported market value. These reported fund market values are audited annually and provided to the University on a quarterly basis. Given the increase of transparency over time, these fund managers are able to work with administrators to generate a Limited Partners specific quarter end market value.

DENISON UNIVERSITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**Note 2. Investments (Continued)**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

*Interest in trusts held by others* – The valuation of interest in charitable trusts and perpetual trusts held by others is based on inputs that are derived principally from observable market data which is used to estimate the future cash flows of the trust. This type of asset has no readily determinable exit price due to legal constraints and, therefore, is considered a Level 3 input.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows:

2024 (in Thousands)					
	Beginning Balance	Purchases	Distributions	Realized and Unrealized Gains	Ending Balance
Real assets	\$ 11	\$ 1,110	\$ -	\$ -	\$ 1,121
Interest in trusts held by others	5,505	-	(699)	793	5,599
	<u>\$ 5,516</u>	<u>\$ 1,110</u>	<u>\$ (699)</u>	<u>\$ 793</u>	<u>\$ 6,720</u>

  

2023 (in Thousands)					
	Beginning Balance	Purchases	Distributions	Realized and Unrealized Gains	Ending Balance
Real assets	\$ 11	\$ -	\$ -	\$ -	\$ 11
Interest in trusts held by others	5,791	-	(775)	489	5,505
	<u>\$ 5,802</u>	<u>\$ -</u>	<u>\$ (775)</u>	<u>\$ 489</u>	<u>\$ 5,516</u>

Investment funds in the private equity and private real assets classes are typically organized as limited partnerships. A unique characteristic of these funds is that the investment manager requests (or calls) capital commitments from the investors as investment opportunities arise and distributes capital as investments are liquidated. Capital calls are typically made by the investment manager during years 1-5 of a fund's life while the majority of capital distributions do not occur until years 8-10 of a fund's life.

The University was obligated at June 30, 2024 to invest additional funds in limited partnership investments (private equities and real assets) in the amount of approximately \$162.690 million at the direction of the general partners. These commitments are expected to be satisfied through redistribution of invested assets.

Illiquid investments represent those invested in private real assets and private equity limited partnerships. Sales of these funds can only be made through secondary markets, which are not as liquid or efficient as a public equity market. The University may periodically consider sales of private assets in secondary markets as part of ongoing portfolio management.

# DENISON UNIVERSITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### Note 2. Investments (Continued)

The University is required to disclose the nature and risks of the investments recorded at NAV. The following tables summarize the nature and risk of these investments:

	Fair Value at 6/30/2024 (in Thousands)	Redemption Terms	Notice Required
Absolute return	\$ 123,153	Monthly/quarterly	5 - 90 days
Absolute return	85,207	Annual/semi annual	90 days
Absolute return	72,913	>1 year	60 - 90 days
Fixed income	6,970	Monthly	10 days
Public equities	161,421	Monthly	9 - 60 days
Public equities	7,995	Semi annual/annual/lockup	60 days
Private equities	350,552	Illiquid	N/A
Real assets	67,886	Illiquid	N/A
	<u>\$ 876,097</u>		

	Fair Value at 6/30/2023 (in Thousands)	Redemption Terms	Notice Required
Absolute return	\$ 142,979	Monthly/quarterly	5 - 90 days
Absolute return	92,058	Annual/semi annual	90 days
Absolute return	73,505	>1 year	60 - 90 days
Fixed income	6,486	Monthly	10 days
Public equities	123,528	Monthly	9 - 60 days
Public equities	15,324	Rolling 3 year lock	60 days
Private equities	346,035	Illiquid	N/A
Real assets	70,320	Illiquid	N/A
	<u>\$ 870,235</u>		

The composition of investment return is as follows:

	Year Ended June 30, (in Thousands)	
	2024	2023
Investment income, net	\$ 5,033	\$ 2,270
Net realized and unrealized gains	73,788	12,437
Total investment return	78,821	14,707
Investment return included in operations	(56,209)	(50,457)
Nonoperating investment return	<u>\$ 22,612</u>	<u>\$ (35,750)</u>

### Note 3. Endowment Funds

The University's endowment pool includes donor-restricted endowment funds, funds designated by the University's Board of Trustees or management to function as endowments and the assets of Denison University Research Foundation (included in assets held for other in agency funds in the consolidated statements of financial position) (collectively referred to as endowment). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.



# DENISON UNIVERSITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### Note 3. Endowment Funds (Continued)

The Board of Trustees of the University has approved an investment policy for the endowment, which details investment objectives, asset allocation, investment guidelines, communication, reporting and governance. The basic philosophy of the investment policy is that administration and management of the endowment are to be implemented through a diversified portfolio of assets designed to maximize the long-term risk adjusted return.

The University's Board-approved endowment spending policy balances current support for students and operations with the objective of preserving the real value of the endowment, to support future generations of students. To achieve these objectives, the spending policy includes a constant growth component, which increases the endowment appropriation in line with inflation, and a market value component, which aligns appropriation with changes in the market value of the endowment. The formula is weighted 30% to a current average market value and 70% to the inflation-adjusted prior year's spending rate.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. The University has interpreted the Ohio Uniform Prudent Management of Institutional Funds Act (UPMIFA) to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2024 and 2023, the University had funds with deficiencies of \$1.818 and \$2.463 million, respectively.

The University has interpreted UPMIFA as allowing the University to appropriate for expenditure from a donor restricted endowment fund such amount as the Board of Trustees determines is prudent, except as otherwise provided by the donor in a gift agreement. The University considers the following factors, if relevant, in making investment and appropriation decisions for such funds:

1. The duration and preservation of the fund
2. General economic conditions
3. The possible effect of inflation or deflation
4. The expected total return from income and the appreciation of investments
5. Other resources of the University
6. The University's investment policies

The University's endowment was as follows as of June 30, 2024 and 2023:

	2024 (in Thousands)		
	Without Donor Restrictions	With Donor Restrictions	Total
Quasi endowment funds	\$ 259,998	\$ -	\$ 259,998
University capital reserve funds	77,723	-	77,723
University operating investments	21,570	-	21,570
Denison University Research Foundation	2,701	-	2,701
Donor-restricted endowment funds			
Historical gift value (permanently restricted)	-	280,506	280,506
Accumulated gains	-	394,980	394,980
	<u>\$ 361,992</u>	<u>\$ 675,486</u>	<u>\$1,037,478</u>

DENISON UNIVERSITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**Note 3. Endowment Funds (Continued)**

	2023 (in Thousands)		
	Without Donor Restrictions	With Donor Restrictions	Total
Quasi endowment funds	\$ 252,118	\$ -	\$ 252,118
University capital reserve funds	75,709	-	75,709
University operating investments	21,011	-	21,011
Denison University Research Foundation	2,615	-	2,615
Donor-restricted endowment funds			
Historical gift value (permanently restricted)	-	271,222	271,222
Accumulated gains	-	383,787	383,787
	<u>\$ 351,453</u>	<u>\$ 655,009</u>	<u>\$1,006,462</u>

Changes in net assets of the endowment for the years ended June 30, 2024 and 2023 are presented below:

	2024 (in Thousands)		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 351,453	\$ 655,009	\$1,006,462
Investment return, net	27,904	45,926	73,830
Contributions and reinvested income	1,219	9,089	10,308
Appropriated for expenditure	(18,584)	(34,538)	(53,122)
Endowment net assets, end of year	<u>\$ 361,992</u>	<u>\$ 675,486</u>	<u>\$1,037,478</u>

	2023 (in Thousands)		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 378,162	\$ 655,484	\$1,033,646
Investment return, net	(9,724)	21,816	12,092
Contributions and reinvested income	503	9,656	10,159
Appropriated for expenditure	(17,488)	(31,947)	(49,435)
Endowment net assets, end of year	<u>\$ 351,453</u>	<u>\$ 655,009</u>	<u>\$1,006,462</u>

# DENISON UNIVERSITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### Note 4. Available Resources and Liquidity

The University regularly monitors availability of resources required to meet operating needs and other contractual commitments, while also striving to maximize the investment of available funds. Resources available to fund general expenditures, such as operating expenses, interest and principal payments on bonds payable and internally funded capital construction, have seasonal variations related to the timing of tuition billings, receipt of gifts and pledge payments and transfers from the endowment. The University actively manages its resources, utilizing a combination of short, medium and long-term investment strategies, to align its cash inflows with anticipated outflows, in accordance with investment and endowment spending policies approved by the Board of Trustees.

Existing financial assets and liquidity resources available within one year were as follows:

	June 30, (in Thousands)	
	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,606	\$ 1,710
Accounts receivable, net	1,613	1,497
Contributions for general expenditure due in one year or less	4,163	2,959
Short term investments available to be converted to cash	44,895	37,841
Line of credit available to draw	77,000	77,000
Operating cash invested in the long-term investment pool	21,570	21,011
Capital reserves invested in the long-term investment pool	77,723	75,709
Bond funds available for capital construction	15,388	-
Anticipated collections on University funded student loans	409	360
Payments from trusts held by others due in one year or less	698	727
Pay-out on term endowments for use over the next 12 months	481	405
Pay-out on donor-restricted endowments for use over the next 12 months	35,621	33,820
Pay-out on quasi endowments for use over the next 12 months	<u>13,696</u>	<u>13,274</u>
	<u>\$294,863</u>	<u>\$266,313</u>

Additionally, the University has \$259.998 million of board-designated quasi-endowment and other University reserves invested as quasi-endowment, a portion of which can be liquidated within one year; however, no liquidation is anticipated.

### Note 5. Pledges Receivable

As of June 30, 2024 and 2023, the University had received unconditional promises totaling \$42.653 million and \$25.570 million, respectively, on which management has determined that no allowance for uncollectible promises is necessary. Unconditional promises are generally restricted and are due as follows:

	June 30, (in Thousands)	
	<u>2024</u>	<u>2023</u>
Less than one year	\$ 3,821	\$ 3,476
One to five years	31,469	17,658
More than five years	<u>7,363</u>	<u>4,436</u>
	<u>\$ 42,653</u>	<u>\$ 25,570</u>

# DENISON UNIVERSITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### Note 5. Pledges Receivable (Continued)

Pledges permanently restricted by donor designation of \$15.727 million and \$11.905 million as of June 30, 2024 and 2023, respectively, are included in the pledges receivable total. The amounts are recorded at the present value of future cash flows based on a discount rate of 5%. The discount is \$7.444 million and \$3.997 million at June 30, 2024 and 2023, respectively.

### Note 6. Land, Buildings and Equipment

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

	June 30, (in Thousands)	
	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 55,331	\$ 47,093
Buildings and improvements	476,047	453,543
Construction in progress	18,714	18,393
Library books	14,727	14,349
Furniture, equipment and software	<u>71,523</u>	<u>65,174</u>
	636,342	598,552
Accumulated depreciation	<u>(253,385)</u>	<u>(236,297)</u>
	<u>\$ 382,957</u>	<u>\$ 362,255</u>

Depreciation expense totaled \$18.135 million and \$16.400 million for the years ended June 30, 2024 and 2023, respectively. The University has outstanding commitments of approximately \$9.880 million remaining for the construction and renewal of facilities and equipment at June 30, 2024.

### Note 7. Available Line of Credit

Under an unsecured line of credit arrangement with a bank, the University may borrow up to \$75 million at a variable interest rate based on an independent index which is the Prime Rate as reported in the Wall Street Journal less 2.45%, with a minimum of 2% (6.00% at June 30, 2024). As of June 30, 2024 and 2023, there was \$-0- outstanding on this line of credit. Interest expense incurred and paid on the line of credit for the years ended June 30, 2024 and 2023 was \$-0-. The line of credit arrangement matures on April 28, 2026.

Under a second unsecured line of credit arrangement with a bank, the University may borrow up to \$2 million at a variable interest rate based on an independent index which is the Wall Street Journal Prime Rate less 1%. As of June 30, 2024, there was \$-0- outstanding on this line of credit.

# DENISON UNIVERSITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### **Note 8. Net Assets**

Net assets as of June 30, 2024 and 2023 comprise the following:

	June 30, (in Thousands)	
	<u>2024</u>	<u>2023</u>
Without donor restrictions		
Board designated quasi-endowments	\$ 249,142	\$ 240,648
Other quasi-endowments	79,506	77,446
Other net assets without donor restrictions	29,977	33,189
Investment in land, buildings and equipment, net of debt	<u>202,524</u>	<u>192,666</u>
Total without donor restrictions	561,149	543,949
With donor restrictions		
Permanently restricted by donor designation		
Endowed funds	291,814	279,007
Annuity, life income and trust funds	8,594	8,145
Revolving loans funds	6,048	5,792
Beneficial interest in perpetual trusts	1,185	1,097
Temporarily restricted by university spending policy/ donor designation:		
Scholarships and student employment	170,090	164,266
Academic programs and professorships	137,652	133,576
General university operations	81,465	79,694
Other programs	27,275	22,880
Annuity, life income and trust funds	3,062	2,721
Term endowment funds	3,859	3,760
Donor restricted for buildings and equipment	3,584	5,199
Private grants for specific purposes	<u>8,697</u>	<u>1,798</u>
Total with donor restrictions	<u>743,325</u>	<u>707,935</u>
	<u>\$1,304,474</u>	<u>\$1,251,884</u>

### **Note 9. Expenses**

Expenses are presented in the consolidated statements of activities by functional classification in accordance with the overall service mission of the University. Certain expenses are attributable to more than one function and have been allocated across these classifications. Depreciation expense has been allocated based on square footage occupancy. Interest expense and amortization is allocated to the functional categories that have benefitted from the proceeds of the related debt. Facilities operation and maintenance represents space and grounds related costs which are allocated to the functional categories directly, on a square footage basis and/or based on total operating expenses.

The University reports natural classification expense categories of compensation (wages and benefits), occupancy (including depreciation expense and interest expense on bonds payable), supplies and services and other.

# DENISON UNIVERSITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### Note 9. Expenses (Continued)

The natural classification of expenses across these functions for the years ended June 30, 2024 and 2023 is as follows:

	2024 (in Thousands)				
	Compensation	Occupancy	Supplies and Services	Other	Total
Program services:					
Instruction	\$ 44,876	\$ 10,016	\$ 5,870	\$ 3,844	\$ 64,606
Research	506	37	94	367	1,004
Academic support	13,004	2,844	2,706	2,361	20,915
Student services	18,594	6,511	4,345	6,656	36,106
Auxiliary services	4,146	10,616	14,053	3,560	32,375
Management and general	15,217	2,017	2,666	3,091	22,991
Fundraising	5,295	405	891	643	7,234
	<u>\$101,638</u>	<u>\$ 32,446</u>	<u>\$ 30,625</u>	<u>\$ 20,522</u>	<u>\$185,231</u>
	2023 (in Thousands)				
	Compensation	Occupancy	Supplies and Services	Other	Total
Program services:					
Instruction	\$ 42,830	\$ 9,294	\$ 5,808	\$ 3,435	\$ 61,367
Research	451	28	80	350	909
Academic support	12,319	2,632	2,895	2,350	20,196
Student services	17,742	5,833	4,327	6,006	33,908
Auxiliary services	4,230	9,682	13,605	2,174	29,691
Management and general	13,963	1,447	2,699	2,752	20,861
Fundraising	4,453	273	869	618	6,213
	<u>\$ 95,988</u>	<u>\$ 29,189</u>	<u>\$ 30,283</u>	<u>\$ 17,685</u>	<u>\$173,145</u>

### Note 10. Special Research Funding

The University is an indirect beneficiary of Denison University Research Foundation (the Foundation), the income from which is generally restricted for purposes of research grants to University faculty and students. A portion of such income is received by the University and disbursed to the designated beneficiaries. The assets of the Foundation, including cash and assets invested with the Endowment of the University, are included in the consolidated financial statements as a component of assets held for others in agency funds. As of June 30, 2024 and 2023, the assets of the Foundation held by the University were \$2.754 million and \$2.667 million, respectively.

### Note 11. Bonds Payable

The University has bonds through the Ohio Higher Educational Facility Commission (the Commission) to finance various building and improvement projects. The revenue bonds are collateralized by a security interest in the buildings and improvements comprising the Projects. Interest is payable November 1 and May 1, and principal payments are due November 1.

DENISON UNIVERSITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**Note 11. Bonds Payable (Continued)**

The University had the following bonds payable as of June 30, 2024 and 2023:

Denison University Project:	Issue Date	Amount	Coupon Rates	Final Maturity	Balance (in Thousands)	
					<u>2024</u>	<u>2023</u>
2013 Project	Apr-13	\$18,145,000	.375%-3.709%	Nov-29	\$ 3,920	\$ 4,370
2015 Project	Jul-15	59,080,000	2%-5%	Nov-34	36,995	40,360
2017 Series A Project	Apr-17	27,015,000	2%-5%	Nov-46	16,870	17,265
2017 Series B Project	Aug-17	29,140,000	5%	Nov-26	11,220	14,605
2019 Project	Mar-19	35,000,000	5%	Nov-44	35,000	35,000
2021 Project	May-21	30,000,000	3%-5%	Nov-50	30,000	30,000
2022 Project	Feb-22	15,475,000	2%	Nov-32	12,865	14,180
2023 Project	Aug-23	46,110,000	5.00%	Nov-53	46,110	-
					<u>192,980</u>	<u>155,780</u>
Unamortized bond costs, discount and premium					<u>19,688</u>	<u>17,335</u>
					<u>\$212,668</u>	<u>\$173,115</u>

Bond issue costs are being amortized over the term of the bonds. Net bond premium amortization, less bond issue cost amortization, totaled \$1.551 million and \$1.258 million for the years ended June 30, 2024 and 2023, respectively.

At June 30, 2024 future principal payments by year and in the aggregate for bond obligations consist of the following:

2025	\$ 9,305
2026	9,725
2027	10,170
2028	8,770
2029	9,135
Remaining amount due	<u>145,875</u>
	<u>\$192,980</u>

Interest expense on bonds payable totaled \$8.170 million and \$6.427 million for the years ended June 30, 2024 and 2023, respectively. An additional \$.519 million and \$.579 million was capitalized for the years ended June 30, 2024 and 2023, respectively. Cash paid for interest totaled \$8.371 million and \$7.068 million for the years ended June 30, 2024 and 2023, respectively.

# DENISON UNIVERSITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### Note 12. Pensions and Other Post-Retirement Obligations

The University has noncontributory defined contribution pension plans for academic, professional and supportive operating employees. The plans have no unfunded vested benefits or past service costs. Pension costs totaled \$7.001 million and \$6.609 million for the years ended June 30, 2024 and 2023, respectively. The University pays pension costs concurrently with the salaries to which they apply.

In addition to providing pension benefits, the University has a defined benefit post-retirement plan which provides certain health care benefits for employees who began employment with the University prior to July 1, 1993. The health care plan is contributory, with retiree contributions being adjusted annually. The University makes contributions to this plan equal to benefits paid.

Components of net periodic post-retirement benefit cost for the years ended June 30, 2024 and 2023 as calculated by Aon, the University's actuary, are as follows:

	<u>June 30, (in Thousands)</u>	
	<u>2024</u>	<u>2023</u>
<b>Net Periodic Post-Retirement Benefit Cost</b>		
Service cost	\$ 27	\$ 23
Interest cost	484	513
Amortization of gain	<u>(1,450)</u>	<u>(1,504)</u>
Total net periodic post-retirement benefit cost	<u>\$ (939)</u>	<u>\$ (968)</u>

The University recognizes in its consolidated statements of financial position the overfunded or underfunded status of defined benefit plans, measured as the difference between the fair value of plan assets and the projected benefit obligation. Employers must recognize the change in the funded status of the plan in the year in which the change occurs through unrestricted net assets.

Included in unrestricted net assets at June 30, 2024 and 2023 are the following amounts that have not yet been recognized in net periodic benefit cost: unrecognized actuarial gain of \$2.443 million and unrecognized actuarial gain of \$3.463 million, respectively. There is no unrecognized net prior service cost. The actuarial gain expected to be recognized during the year ended June 30, 2025 is \$.991 million.

The following sets forth the change in the benefit obligation of the University's defined benefit post-retirement plan as of June 30, 2024 and 2023:

	<u>June 30, (in Thousands)</u>	
	<u>2024</u>	<u>2023</u>
<b>Change in Benefit Obligation</b>		
Benefit obligation at beginning of year	\$ 9,826	\$11,303
Service cost	27	23
Interest cost	484	513
Actuarial gain	(431)	(783)
Benefits paid	<u>(733)</u>	<u>(1,230)</u>
Benefit obligation at end of year	9,173	9,826
Plan assets	<u>-</u>	<u>-</u>
Funded status/net recorded liability	<u>\$ 9,173</u>	<u>\$ 9,826</u>



# DENISON UNIVERSITY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### Note 12. Pensions and Other Post-Retirement Obligations (Continued)

The above net recorded liability is included in the accompanying consolidated statements of financial position as a liability for post-employment healthcare benefits.

The weighted-average assumptions used to determine net periodic pension costs and benefit obligation for the years ended June 30, 2024 and 2023 are as follows:

	June 30,	
	<u>2024</u>	<u>2023</u>
Weighted average discount rate:		
Expense	5.12%	4.72%
Benefit obligation (at year end)	5.40%	5.12%
Medical trend:		
For next year - pre 65 and post 65	7.69%/6.00%	6.94%/9.25%
Ultimate trend rate	4.50%/4.50%	4.50%/4.50%
Year reached	2032/2032	2031/2032

Estimated future benefit payments as of June 30, 2024 are as follows:

2025	\$	763
2026		788
2027		779
2028		750
2029		751
2030-2034		3,665

### Note 13. Contingencies

The University is involved in litigation and is subject to certain claims that arise in the normal course of operations. In the opinion of management, the ultimate disposition of the litigation and claims will not have a material adverse effect on the University's operations or financial position.

### Note 14. COVID-19 Global Pandemic/CARES Act

On January 30, 2020, the World Health Organization declared the outbreak of the coronavirus disease 2019 (COVID-19) a global health emergency and subsequently declared the COVID-19 outbreak a global pandemic in March 2020. The pandemic has adversely affected domestic and global economic activity and the full impact continues to evolve as of the date of this report.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CARES Act, among other things, created the Higher Education Emergency Relief Fund (HEERF). In July 2020, the University applied for HEERF funds to cover expenses related to the disruption of campus operations due to COVID-19. The University received HEERF awards totaling \$8.881 million and spent the remaining \$2.077 million in the year ended June 30, 2023.