

METHODIST  
UNIVERSITY

# Investor Update

Series 2021 Bonds

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SEPTEMBER 25, 2024

# Call Participants



- Dawn Ausborn, Vice President for Business Affairs and Chief Financial Officer
- Carol Plummer, AVP of Finance and Controller

Please note: Any information pertaining to FY23-24 financial data contained on the following slides is unaudited, whether it has been noted on the slide or not.

# Methodist – By the Numbers

1194

Mean SAT of  
Incoming Freshmen

1956

Founded

142

Full-Time Faculty

25.8

Mean ACT of  
Incoming Freshmen



65%

Freshmen Retention  
Rate

60+

Undergraduate  
Programs

1822

Preliminary Fall 2024  
Total Headcount  
(Prior to Term 2 enrollment)

3.54

Mean GPA of  
Incoming Freshmen

## Board of Trustees

The University's Board of Trustees exercises the corporate powers prescribed by law. The Board of Trustees determines the general, educational, and financial policies of the University and serves within the following five committees: Executive, Financial Affairs, University Affairs, External Relations, and Governance.

## President

**Dr. Stanley T. Wearden, President** – Dr. Wearden became the University's fifth president in January 2019. He earned a bachelor's degree in English from Wheeling Jesuit University in West Virginia in 1975, and a Master of Science in Journalism from West Virginia University in 1981. Subsequently, he earned a doctorate in Mass Communication Research from the University of North Carolina at Chapel Hill in 1987. Dr. Wearden previously served as Dean of the College of Communication and Information at Kent State University in Kent, Ohio from 2009-2014, and thereafter as Senior Vice President and Provost of Columbia College Chicago from 2014-2018.

## President's Cabinet

**Dr. Suzanne Blum Malley** – *Provost*

**Ms. Dawn Ausborn** – *Vice President for Business Affairs and Chief Financial Officer*

**Ms. Sheila Carr Kinsey** – *Vice President for Planning & Administration and Chief of Staff*

**Dr. William Walker** – *Vice President for Student Affairs & Dean of Students*

**Mr. Greg Swanson** – *Vice President for University Advancement & Senior Counsel*

**Mr. Rick D. Lowe** – *Vice President for Enrollment Services*

**Mr. Dave Eavenson** – *Vice President & Director of Athletics*

**Rev. Kelli Taylor** – *Vice President for Mission Integration and Student Well Being and University Chaplain*

**Dr. Quincy Malloy, Sr.** – *Chief Diversity Officer*

**Mr. Jason Greene** – *Chief Information Officer*

**Dr. Cameron Dodworth** – *Faculty Representative*

# Strategic Initiatives

- Credo Partnership – continuing efforts with the Moving the Needle project (see next slide for details)
  - Have realized improvement in FTFT retention rate of 7 percentage points in past five years:
    - Cohort Year 2019 = 58.0%   Cohort Year 2023 = 65%
- Financial Aid Optimization – In August 2024, the University engaged Carnegie to conduct a thorough review of the University’s financial aid award strategy for opportunities for optimizing awards and creating a predictive model for strategic enrollment.
- Student Information System (SIS) - the University will be implementing a new SIS system (Colleague SAAS) over the next two years, gaining efficiencies with streamlined integration over current disparate systems.
- A to B Scholarships for transfer students – NC students who transfer with an associate degree and receive the NC Need Based scholarship and Pell Grant are eligible to receive the A to B scholarship to cover the remainder of their tuition costs. For FY 22-23, we admitted 15 students and netted \$172,000 in revenues. For FY 23-24, we admitted 36 students and netted \$455,000 in revenues. For Fall 2024, we admitted 29 students and are projecting \$800,000 in net revenues for the academic year.
- Grant Income Received:
  - \$2,000,000 from State Budget for 2<sup>nd</sup> phase of Ravine project
  - \$1,000,000 from State Budget in Resiliency funding
  - \$1,000,000 from State Budget in Disaster Relief funding
  - \$8,000,000 from Golden Leaf Foundation for School of Medicine Technology & Equipment
- Construction projects:
  - Phase 2 of Ravine project is still ongoing. \$3,000,000 of the grants from the state will pay for this.
  - Two of the original dorms (Cumberland and Sanford) were taken off-line and are being demolished. \$1,000,000 of the grants from the state will pay for this.

### ➤ **Methodist University Cape Fear Valley School of Medicine**

- The University is forming, in partnership with Cape Fear Valley Health System as a major donor, a School of Medicine on the Cape Fear Valley campus. The first class of students is slated for enrollment in summer 2026.
- DCI (data collection instrument) was submitted to LCME in late July
- Expect to receive decision on candidacy status from LCME October 17, 2024
- Groundbreaking on the new School of Medicine building on the Cape Fear Valley Health campus took place on September 10, 2024. Construction is expected to be completed in March/April 2026
- Fundraising for the School of Medicine (between September 2023 – September 2024):
  - \$10,000,000 has been raised in gifts and pledges .
  - \$8,000,000 grant from the Golden Leaf Foundation to go towards equipment.

# Moving the Needle Initiative



## Goal

63% Retention Rate by Academic  
Year 2023-24

Already exceeded goal – 65% as of Academic  
Year 2024-25

### Student Success and Advising

- Synthesizing academic advising and support into a synchronized pathway for student success.

### Residential and Campus Engagement

- Exploring ways to engage with faculty, staff, and students in a robust learning environment inside and outside of the classroom.

### Student Athlete Experience

- Strengthen and advance a culture of success for our student athletes.

### Racial Awareness and Campus Equity

- Address systematic racism on campus, enact anti-racist policies and procedures, and examining how we can meet the needs of underrepresented students.

### Student Facing Business Processes

- Improving and refining processes, systems, and practices for students to successfully meet requirements for continuous matriculation.

# Tuition, Fees, and Room and Board



## Undergraduate Tuition and Fees

	2020-21	2021-22	2022-23	2023-24	2024-25
Tuition	\$ 35,376	\$ 36,260	\$ 37,438	\$ 38,936	\$ 40,500
Room & Board	12,828	12,828	12,828	13,586	14,250
Fees	700	700	700	728	750
<b>Total</b>	<b>\$ 48,904</b>	<b>\$ 49,788</b>	<b>\$ 50,966</b>	<b>\$ 53,250</b>	<b>\$ 55,500</b>
<i>% Increase</i>	<i>3.28%</i>	<i>1.81%</i>	<i>2.37%</i>	<i>4.48%</i>	<i>4.23%</i>

- Methodist University is a competitively priced private institution.
- Many of Methodist's applicants also apply to other private and public colleges and universities in North Carolina.
- Comparable institutions are listed here (alphabetically).

	TUITION & FEES	ROOM & BOARD	2024-25 ANNUAL COST
PEER INSTITUTIONS			
Barton College	\$37,250	\$12,000	\$49,250
Campbell University	40,820	15,200	56,020
Catawba College	34,300	13,200	47,500
Davidson College	64,160	17,100	81,260
Elon University	46,958	16,284	63,242
Guilford College	41,260	13,400	54,660
High Point University	47,712	19,606	67,318
Lenoir-Rhyne University	31,900	13,400	45,300
Meredith College	45,460	13,280	58,740
Methodist University	41,250	14,250	55,500
Randolph-Macon College	49,466	14,540	64,006
Roanoke College	38,068	15,366	53,434
Shenandoah University	36,950	13,378	50,328
Queens University of Charlotte	43,200	15,800	59,000
Wingate University	41,636	10,790	52,426



# Enrollment



Fall Semester	2020	2021	2022	2023	2024
Undergraduate	1426	1410	1252	1263	1248
Professional	206	231	187	180	182
Graduate	141	143	120	118	116
MU Online	0	132	252	207	276
Total Headcount	1773	1916	1811	1768	1822
Undergraduate	1355	1365	1233	1244	1231
Professional	132	215	181	174	176
Graduate	198	134	120	118	116
MU Online	0	98	179	176	234
Total FTE	1685	1812	1713	1712	1757
Transfers (included in above numbers)	51	84	96	103	91

- *Total enrollment headcount increased by 54 Fall 2024*
- *MU Online enrollment headcount increased by 69 for Term I only Fall 2024.*

\* 2023 & 2024 enrollment does not include MU Online Term II enrollments, while the prior 2021 & 2022 enrollment data does.

## Admissions: Top demand academic and athletic pipelines as measured by applications

Academic Programs	Athletic Programs
Pre-Nursing	Football
Biology	Men's Soccer
Business Administration	Baseball
Kinesiology	Men's Basketball
Engineering	Men's Track
Business Management	Volleyball
Sport Management	Cheerleading
Psychology	Men's Lacross
PGA Golf Management	Women's Basketball
Computer Science	Women's Track

# Financial Statement Trends

Statement of Financial Position	6/30/2020	6/30/2021	6/30/2022	6/30/2023	Unaudited 6/30/2024
<b>Assets</b>					
Cash, Receivables & Prepaid Expenses	17,247,806	18,603,435	15,053,730	11,841,704	17,790,886
Investments	21,985,454	25,473,940	37,398,214	44,984,642	48,600,326
Loans Receivable & Other Assets	378,732	574,055	300,411	557,566	780,462
Property, Plant & Equipment, net	78,587,171	79,645,064	79,515,883	78,066,270	76,905,047
<b>Total Assets</b>	<b>118,199,163</b>	<b>124,296,494</b>	<b>132,268,238</b>	<b>135,450,182</b>	<b>144,076,721</b>
<b>Liabilities and Net Assets</b>					
Liabilities	7,654,470	6,465,924	5,834,691	5,783,936	6,995,647
Debt, net	35,279,069	27,950,730	27,337,394	25,182,956	23,971,245
Interest rate swap agreement	741,456	508,874	-	-	-
<b>Total Liabilities</b>	<b>43,674,995</b>	<b>34,925,528</b>	<b>33,172,085</b>	<b>30,966,892</b>	<b>29,292,212</b>
Net assets without donor restrictions	55,187,549	67,257,279	72,212,198	70,709,669	71,042,405
Net assets with donor restrictions	19,336,619	22,113,687	26,883,955	33,773,621	43,742,104
<b>Total Net Assets</b>	<b>74,524,168</b>	<b>89,370,966</b>	<b>99,096,153</b>	<b>104,483,290</b>	<b>114,784,509</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 118,199,163</b>	<b>\$ 124,296,494</b>	<b>\$ 132,268,238</b>	<b>\$ 135,450,182</b>	<b>\$ 144,076,721</b>

Statement of Activities	6/30/2020	6/30/2021	6/30/2022	6/30/2023	Unaudited 6/30/2024
<b>Revenues:</b>					
Tuition and Fees, net	\$ 32,787,647	\$ 33,259,083	\$ 33,711,029	\$ 31,709,694	\$ 32,908,409
Government Contracts and Grants	3,586,918	4,140,667	6,292,553	1,714,873	2,981,946
Contributions and Private Grants	2,384,250	2,320,637	12,542,512	6,715,675	7,258,080
Investment return	592,830	5,287,624	(3,999,855)	3,397,158	5,407,964
PPP Loan forgiveness	-	5,192,100	-	-	-
Other Income	489,881	792,651	535,001	695,058	679,558
Unrealized Gain on Swap Agreement	(133,519)	232,582	131,627	-	-
Auxiliary Income	8,801,171	9,074,332	10,107,806	9,784,751	10,757,900
<b>Total Revenues, Gains and Other Support</b>	<b>48,509,178</b>	<b>60,299,676</b>	<b>59,320,673</b>	<b>54,017,209</b>	<b>59,993,857</b>
<b>Total Expenses</b>	<b>49,013,183</b>	<b>45,452,878</b>	<b>49,595,486</b>	<b>48,630,072</b>	<b>49,692,638</b>
<b>Change in net assets</b>	<b>(504,005)</b>	<b>14,846,798</b>	<b>9,725,187</b>	<b>5,387,137</b>	<b>10,301,219</b>
<b>Net Assets:</b>					
Beginning	75,028,173	74,524,168	89,370,966	99,096,153	104,483,290
Ending	\$ 74,524,168	\$ 89,370,966	\$ 99,096,153	\$ 104,483,290	\$ 114,784,509

# Financial Covenant: Days Cash on Hand



## Days Cash on Hand FYE 6/30

	2020	2021	2022	2023	Unaudited 2024
Cash and Cash Equivalents	\$ 4,713,071	\$ 13,142,583	\$ 7,640,790	\$ 4,078,564	\$ 6,175,227
Plus: Investments	21,985,454	25,473,940	37,398,213	44,984,642	48,600,326
Less: Permanently Restricted Net Asset	(14,162,180)	(14,922,324)	(23,519,963)	(28,645,282)	(29,031,863)
<b>TOTAL</b>	<b>\$ 12,536,345</b>	<b>\$ 23,694,199</b>	<b>\$ 21,519,040</b>	<b>\$ 20,417,924</b>	<b>\$ 25,743,690</b>
 Operating Expense	 44,329,438	 40,756,278	 43,074,521	 44,721,475	 44,765,230
 Daily Operating Expense (Total Operating Expense/365)	 121,451	 111,661	 118,012	 122,525	 122,644
 Days Cash on Hand	 103	 212	 182	 167	 210

### Liquidity Covenant:

- Days Cash on Hand – Minimum 50 days; tested annually

# Financial Covenant: Debt Service Coverage Ratio



## Debt Service Coverage FYE 6/30

	2020	2021	2022	2023	Unaudited 2024
Change in Unrestricted Net Assets	\$ (879,023)	\$ 12,069,730	\$ 4,954,919	\$ (1,502,530)	\$ 336,598
Plus: Depreciation and Amortization	3,760,445	3,694,958	3,912,425	3,875,489	3,963,096
Plus: Interest Expense	1,120,180	1,092,688	763,300	814,167	897,555
Plus: Unusual, non-recurring costs					
Less: Net Realized Gains	126,329	(36,387)	(5,600)	4,126	(3,743)
Less: Net Unrealized Gains	62,155	(1,438,301)	1,140,981	(435,387)	(579,261)
Net Income Available for Debt Service	\$ 4,190,086	\$ 15,382,688	\$ 10,766,025	\$ 2,755,865	\$ 4,614,245
Total Historical Debt Service	3,447,429	3,408,977	3,209,615	2,837,564	3,030,295
Debt Service Coverage Ratio (DSCR)	1.22 x	4.51 x	3.04 x	0.97 x	1.52 x
DSCR Requirement					1.20 x

### Debt Service Covenant:

Debt Service Coverage Ratio - 1.20x; tested annually

Additional Debt is permitted under the MTI

# Debt Service Coverage Ratio



The University failed to meet the DSCR requirement of 1.20 on June 30, 2023. With the engagement of an independent consultant and because the University had sufficient other resources available from its cash reserves to service the annual debt payments, there was no event of default for the year ended June 30, 2023.

To ensure the University met the DSCR of 1.20 as of June 30, 2024, the Administration implemented reductions of \$1.75 million to the FY23-24 budget, most of which would be realized during the spring semester.

Difficult decisions were implemented to realign University resources to meet its current and future strategic goals. In addition to general operating expense reductions, adjustments included a reduction in force of approximately 30 positions (17 staff, 8 faculty, and 5 vacant or retiring positions not to be replaced) and the discontinuance of certain academic programs with historical trends of low enrollment and student market demand.

Based on preliminary, unaudited, FY23-24 financial statements, the University was successful with meeting the DSCR with a ratio score of **1.52**.

# Operating Revenues over Expenses



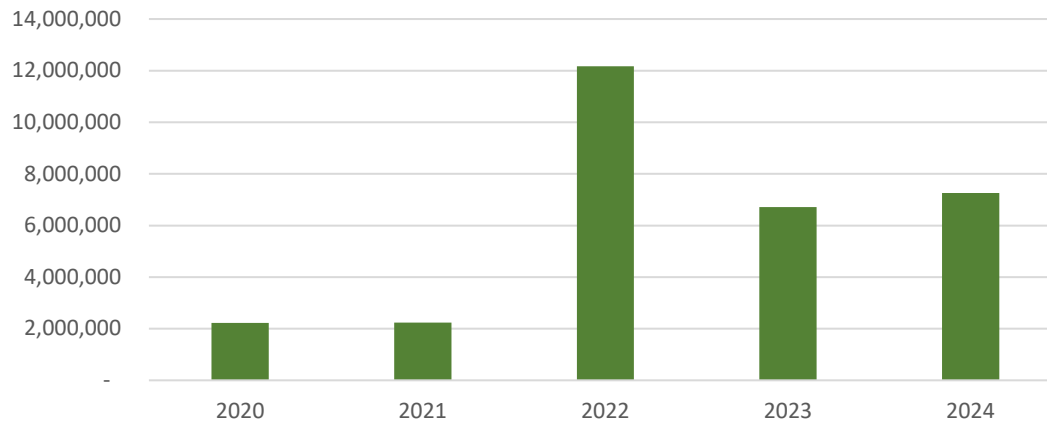
	2023	2024
<b>Revenues:</b>		
Tuition & fees, net	\$ 31,709,692	\$ 32,908,410
Auxiliary enterprises	9,706,865	10,668,330
Other	4,603,631	3,542,112
<b>Total Revenues</b>	46,020,188	47,118,852
<b>Expenses:</b>		
Salaries and benefits	30,354,091	31,030,422
Operating expenses	12,772,988	12,700,770
Capital outlay	826,921	507,323
Debt service	2,914,418	2,876,472
<b>Total expenses</b>	46,868,418	47,114,987
<b>Net Income (Loss)</b>	\$ (848,230)	\$ 3,865

# Fundraising Update



- Methodist has consistently generated a minimum of \$2 - \$3 million per year of gifts. The past three years have seen significant increases due to a major endowment gift, campaign gifts, and most recently gifts towards the creation of the School of Medicine (SOM gifts received beginning in FY24-25).
- In fiscal year 2021-22, Methodist received the largest single gift in the University's history - \$14 million. \$9.7 million of this amount was recorded in FY2022, and \$4.5 million during FY2023.
- Methodist began to receive Capital Campaign gifts in FY2024.

Annual Gifts Received - FY2020 through FY2024

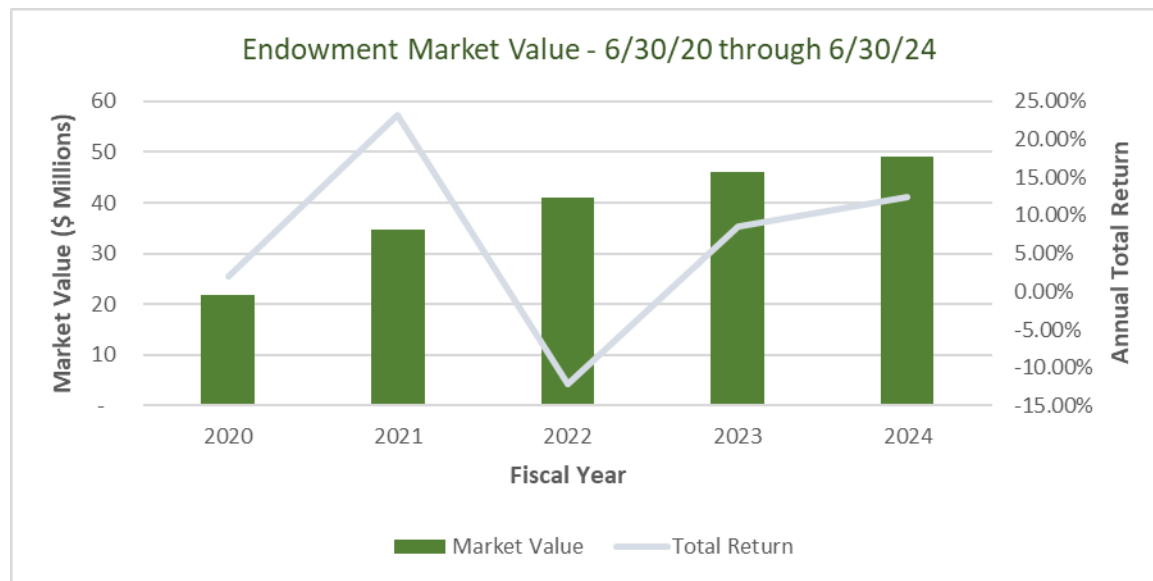


FYE 6/30	2020	2021	2022	2023	2024
Gifts Received	2,220,744	2,242,562	12,166,719	6,715,675	7,258,081
Alumni Participation Rate	8.01%	10.38%	9.69%	9.69%	7.83%



# Endowment

- Methodist's Endowment is invested in a diversified portfolio of equities (60% target weighting; 63% actual weighting as of 6/30/24), fixed income (25%, 27%), and alternative investments (15%, 9%). Methodist currently holds about 1% of its endowment in cash and US Treasuries.
- As of June 30, 2024, the market value of the University's endowment had grown to more than \$49.3 million (a growth of 125% since 2020).

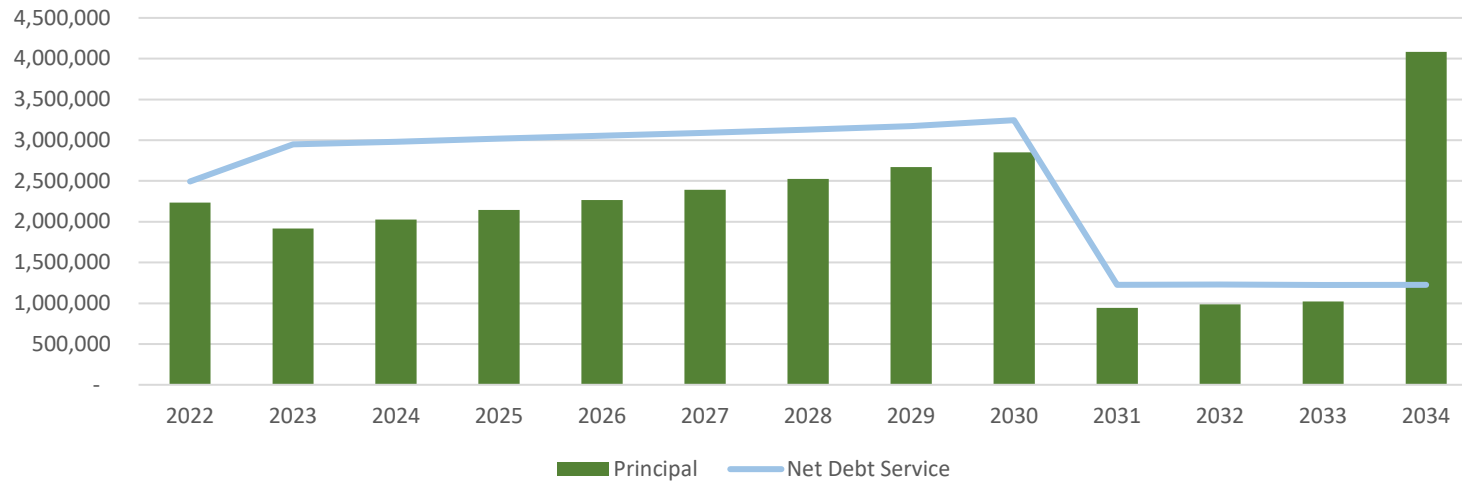


FYE 6/30	2020	2021	2022	2023	2024
Market Value	21,884,004	34,664,556	40,892,571	46,476,355	49,347,864
Total Return	1.99%	23.17%	-12.10%	8.49%	12.49%
Cash Reserves Included in Endowment	2,447,649	10,257,791	10,940,503	9,278,581	8,191,171

# Debt Service Profile



## The Methodist University Net Debt Service



\* In 2034 the Debt Service Reserve Fund will release and help fund the annual debt service payment.

## Outstanding Bond Debt

