

Gannon University

Financial Statements

June 30, 2024 and 2023

Gannon University

Table of Contents
June 30, 2024 and 2023

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

Independent Auditors' Report

To the Board of Trustees of
Gannon University

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, and the changes in its net assets and its 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 Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Baker Tilly US, LLP

Pittsburgh, Pennsylvania
October 14, 2024

Gannon University

Statements of Financial Position

June 30, 2024 and 2023

(Amounts in Thousands)

	2024	2023
Assets		
Cash and cash equivalents	\$ 31,137	\$ 28,173
Student accounts receivable, net	1,749	1,491
Grants and other accounts receivable	3,808	9,890
Contributions receivable, net	1,936	2,234
Prepaid and other assets	1,442	1,068
Loans receivable, net	876	986
Deposits with bank trustees	1,519	1,525
Investments	94,792	87,820
Right-of-use assets	1,268	200
Land, buildings and equipment, net	186,232	183,616
Total assets	<u>\$ 324,759</u>	<u>\$ 317,003</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 2,252	\$ 1,523
Accounts payable, construction	964	1,076
Accrued liabilities	5,452	6,593
Other liabilities	11,957	10,649
Operating lease obligations	1,268	200
Long-term debt	88,226	90,628
Federal loan programs	1,507	1,596
Total liabilities	<u>111,626</u>	<u>112,265</u>
Net Assets		
Without donor restrictions	147,233	145,141
With donor restrictions	65,900	59,597
Total net assets	<u>213,133</u>	<u>204,738</u>
Total liabilities and net assets	<u>\$ 324,759</u>	<u>\$ 317,003</u>

See notes to financial statements

Gannon University
Statements of Activities

Years Ended June 30, 2024 and 2023

(Amounts in Thousands)

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total 2024	Without Donor Restrictions	With Donor Restrictions	Total 2023
Revenues, Gains and Other Support						
Tuition and fees, net	\$ 77,039	\$ -	\$ 77,039	\$ 77,100	\$ -	\$ 77,100
Contributions	1,286	884	2,170	1,540	2,808	4,348
Grants and other transactions	5,011	300	5,311	5,554	345	5,899
Endowment investment return designated for current operations	1,703	2,165	3,868	1,483	2,093	3,576
Other investment return	2,613	-	2,613	1,269	-	1,269
Other revenues	2,675	-	2,675	2,235	-	2,235
Auxiliary enterprises sales	14,648	-	14,648	14,222	-	14,222
Total revenues and gains	104,975	3,349	108,324	103,403	5,246	108,649
Net assets released from restrictions	3,102	(3,102)	-	3,065	(3,065)	-
Total revenues, gains and other support	108,077	247	108,324	106,468	2,181	108,649
Expenses						
Compensation of faculty and staff	66,642	-	66,642	67,803	-	67,803
Operating expenses	25,404	-	25,404	24,830	-	24,830
Student emergency assistance fund (HEERF)	-	-	-	26	-	26
Interest	3,560	-	3,560	3,563	-	3,563
Depreciation	7,401	-	7,401	6,791	-	6,791
Purchases for resale in auxiliary enterprises	3,691	-	3,691	2,968	-	2,968
Total expenses	106,698	-	106,698	105,981	-	105,981
Change in net assets from operating activities	1,379	247	1,626	487	2,181	2,668
Nonoperating Activities						
Contributions	-	1,301	1,301	-	1,699	1,699
Investment return on funds held with trustees for land, buildings and equipment	38	-	38	78	-	78
Endowment investment return net of amounts designated for current operations	493	4,842	5,335	193	2,614	2,807
Endowment matching program	(204)	204	-	(294)	294	-
Insurance proceeds	-	-	-	692	-	692
Contracts and other exchange transactions	1,656	-	1,656	-	-	-
Uninsured losses and nonoperating activity	(1,561)	-	(1,561)	-	-	-
Released for capital purchases	291	(291)	-	557	(557)	-
Change in net assets from nonoperating activities	713	6,056	6,769	1,226	4,050	5,276
Change in net assets	2,092	6,303	8,395	1,713	6,231	7,944
Net Assets, Beginning	145,141	59,597	204,738	143,428	53,366	196,794
Net Assets, Ending	<u>\$ 147,233</u>	<u>\$ 65,900</u>	<u>\$ 213,133</u>	<u>\$ 145,141</u>	<u>\$ 59,597</u>	<u>\$ 204,738</u>

See notes to financial statements

Gannon University

Statement of Functional Expenses

Year Ended June 30, 2024

(Amounts in Thousands)

Description	Instructional	Research	Public Service	Academic Support	Student Services	Institutional Support	Fundraising	Auxiliary Enterprises	Total
Compensation and benefits of faculty and staff	\$ 35,356	\$ 742	\$ 1,289	\$ 5,961	\$ 11,475	\$ 8,388	\$ 1,116	\$ 2,315	\$ 66,642
Operating expenses:									
Supplies and equipment	1,319	99	166	417	855	1,687	51	131	4,725
Outside services	1,058	32	133	685	3,575	907	67	642	7,099
Travel and entertainment	719	55	98	254	2,305	272	110	17	3,830
Utilities	616	-	7	525	183	168	-	1,600	3,099
Other operating	983	85	110	324	1,774	2,298	12	1,065	6,651
Total operating expenses	4,695	271	514	2,205	8,692	5,332	240	3,455	25,404
Interest	1,465	-	-	1,146	498	-	-	451	3,560
Depreciation	1,080	-	-	826	932	2,846	-	1,717	7,401
Purchases for resale in auxiliary enterprises	-	-	-	-	-	-	-	3,691	3,691
Total expenses	\$ 42,596	\$ 1,013	\$ 1,803	\$ 10,138	\$ 21,597	\$ 16,566	\$ 1,356	\$ 11,629	\$ 106,698

See notes to financial statements

Gannon University

Statement of Functional Expenses

Year Ended June 30, 2023

(Amounts in Thousands)

Description	Instructional	Research	Public Service	Academic Support	Student Services	Institutional Support	Fundraising	Auxiliary Enterprises	Total
Compensation and benefits of faculty and staff	\$ 35,534	\$ 637	\$ 1,238	\$ 5,994	\$ 11,974	\$ 8,930	\$ 1,250	\$ 2,246	\$ 67,803
Operating expenses:									
Supplies and equipment	1,191	156	87	464	706	1,933	21	67	4,625
Outside services	790	66	137	796	3,109	1,315	108	681	7,002
Travel and entertainment	774	33	113	277	2,053	311	112	19	3,692
Utilities	538	-	5	454	159	146	-	1,359	2,661
Other operating	1,134	79	78	474	1,601	2,611	37	836	6,850
Total operating expenses	4,427	334	420	2,465	7,628	6,316	278	2,962	24,830
Student emergency assistance fund (HEERF)	-	-	-	-	26	-	-	-	26
Interest	1,281	-	-	1,237	508	77	-	460	3,563
Depreciation	1,058	-	-	824	857	2,354	-	1,698	6,791
Purchases for resale in auxiliary enterprises	-	-	-	-	-	-	-	2,968	2,968
Total expenses	\$ 42,300	\$ 971	\$ 1,658	\$ 10,520	\$ 20,993	\$ 17,677	\$ 1,528	\$ 10,334	\$ 105,981

See notes to financial statements

Gannon University**Statements of Cash Flows**

Years Ended June 30, 2024 and 2023

(Amounts in Thousands)

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 8,395	\$ 7,944
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,401	6,791
Amortization	(271)	(271)
Net gain on disposals of assets	(17)	(31)
Net gain on long-term investments	(7,911)	(4,693)
Contributions and contracts for land, buildings and equipment and permanent endowment	(1,301)	(1,699)
Investment return on funds held with trustees for land, buildings and equipment	(38)	(78)
Changes in assets and liabilities:		
Student accounts receivable, grants and other accounts receivable	5,824	(8,165)
Contributions receivable	298	(1,217)
Prepaid and other assets	(374)	(83)
Accounts payable, accrued liabilities, other liabilities and federal loan programs	807	(154)
Net cash provided by (used in) operating activities	<u>12,813</u>	<u>(1,656)</u>
Cash Flows From Investing Activities		
Purchases of investments and deposits with bank trustees	(8,570)	(8,077)
Proceeds from sales and maturities of investments	9,512	9,877
Loans disbursed	(71)	(89)
Loans collected	181	457
Proceeds from sales of land, building and equipment	-	149
Purchases of land, buildings and equipment	(10,112)	(15,781)
Net cash used in investing activities	<u>(9,060)</u>	<u>(13,464)</u>
Cash Flows From Financing Activities		
Principal payments on long-term debt	(2,131)	(2,159)
Investment return on funds held with trustees for land, buildings and equipment	38	78
Contributions and contracts for land, buildings, equipment and permanent endowment	1,301	1,699
Net cash used in financing activities	<u>(792)</u>	<u>(382)</u>
Change in cash and cash equivalents	2,961	(15,502)
Cash and Cash Equivalents, Beginning	<u>29,971</u>	<u>45,473</u>
Cash and Cash Equivalents, Ending	<u>\$ 32,932</u>	<u>\$ 29,971</u>
Cash and cash equivalents	\$ 31,137	\$ 28,173
Cash and cash equivalents included in deposits with trustees and investments	1,795	1,798
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 32,932</u>	<u>\$ 29,971</u>
Supplemental Disclosure of Noncash Investing and Financing Activities		
Land, buildings and equipment included in accounts payable	<u>\$ 964</u>	<u>\$ 1,076</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 3,675</u>	<u>\$ 3,628</u>
Operating right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 1,118</u>	<u>\$ -</u>

See notes to financial statements

1. Organization and Summary of Significant Accounting Policies

Gannon University (the University) is a Catholic, Diocesan, not-for-profit, co-educational institution of higher education located in Erie, Pennsylvania, with a branch campus in Ruskin, Florida. The University provides undergraduate and graduate education in a number of disciplines for approximately 4,600 full-time and part-time students.

Basis of Presentation

The financial statements of the University have been prepared in conformity with accounting principles generally accepted in the United States of America including accounting regulations as they relate to financial statements of not-for-profit organizations. The Financial Accounting Standards Board (FASB) guidance requires the reporting of total assets, liabilities and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; providing expense detail by natural and functional classifications and reporting the sources and uses of cash and cash equivalents in a statement of cash flows.

Net assets and revenues, gains, expenses and losses are classified as without donor restrictions or with donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations are reported as net assets without donor restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Net Assets With Donor Restrictions - Net assets whose use by the University is subject to donor-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Additionally, funds received as gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity are reported as net assets with donor restrictions. 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.

Revenue Recognition

Student tuition revenue is recognized in the fiscal year in which the academic programs are delivered, i.e. when the performance obligation is satisfied. Room and board and other ancillary services revenues are recognized when the related service is performed. In addition, withdrawals that occur during the first two weeks of the academic term may receive a full or partial refund in accordance with the University's refund policy. Historically, refunds have been approximately 0.5% of the total amount billed. Payments for tuition are due approximately one week prior to the start of the academic term. Generally, the University's performance obligations are satisfied equally over the academic term. Performance obligations for certain ancillary services are satisfied when the service is performed. The University determines the transaction price based on standard charges for goods and services provided reduced by discounts provided relating to institutional scholarships in accordance with the University's policies.

Gannon University

Notes to Financial Statements

June 30, 2024 and 2023

Tuition and fees are presented net of grant-in-aid and scholarships in the accompanying statements of activities. The following table summarizes tuition, fees, scholarships and other student aid for the years ended June 30, 2024 and 2023, respectively (amounts in thousands).

	<u>2024</u>	<u>2023</u>
Gross tuition:		
Undergraduate tuition	\$ 82,859	\$ 85,039
Graduate tuition	43,687	41,836
	<u>126,546</u>	<u>126,875</u>
Total gross tuition		
	126,546	126,875
Fees	5,588	4,842
Less scholarships and other student aid	<u>(55,095)</u>	<u>(54,617)</u>
Total tuition and fees, net of scholarships and other student aid	<u>\$ 77,039</u>	<u>\$ 77,100</u>

Deferred revenue represents payments received for tuition or room and board prior to the start of the fall academic term and prior to the completion of the summer academic term and is included in other liabilities on the statements of financial position. The following table details the activities for deferred revenue related to tuition (amounts in thousands).

Balance, June 30, 2022	\$ 4,487
Revenue recognized included in June 30, 2023 balance	(4,487)
Cash received in advance of performance	<u>5,168</u>
Balance, June 30, 2023	5,168
Revenue recognized included in June 30, 2024 balance	(5,168)
Cash received in advance of performance	<u>5,288</u>
Balance, June 30, 2024	<u>\$ 5,288</u>

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions. Conditional promises to give are not recognized until the conditions are met.

Contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings and equipment with such donor stipulations are reported as revenues with donor restrictions. Absent explicit donor stipulations about how those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Contributions other than cash are recorded at their estimated fair value at the time of the contribution.

Contributions to be received after one year are discounted at a risk adjusted discount rate which approximates current market rates. Amortization of the discount is recorded annually as additional contribution revenue.

Changes in the allowance for uncollectible contributions, which is an estimate based on management's assessment of the risk of collectability, are recorded in the statements of activities as an adjustment to contributions revenue.

Grants and Other Transactions

Grants and other transactions are generally deemed to be nonexchange (nonreciprocal) transactions and fall under the contribution accounting guidance. Under this guidance, revenue related to conditional grants and contracts is recorded when the conditions are met. Most grants and contracts are on a cost reimbursement basis and require the University to incur eligible expenses prior to the release of funds. The University reports these grants and contracts as changes in net assets without donor restrictions when restrictions are met in the same period.

Endowment Investment Return

Total endowment investment return is composed of investment income less investment expenses, net realized gains and losses on endowment investments and net unrealized gains and losses on endowment investments reported at fair value.

Collections

The University follows a policy of not recording or capitalizing its collections of works of art, historical treasures and similar assets.

Cash Equivalents

Cash equivalents are recorded at fair value and consist of money market funds that are invested in domestic money market instruments, commercial paper of the highest rating, bank certificates of deposit, fully collateralized repurchase agreements and bankers' acceptances with original maturities of 90 days or less.

Student Accounts and Loans Receivable

Accounts and loans receivable are not collateralized. Reserves have been provided for based on management's estimate of credit losses. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The reserve for credit losses on accounts receivable was approximately \$632,000 and \$730,000 at June 30, 2024 and 2023, respectively.

Loans receivable represent loans to students funded by advances to the University by the federal government under the Federal Perkins and Nursing Student Loan Programs (the Programs). Such funds may be re-loaned by the University after collection, but in the event that the University no longer participates in the Programs, the amounts are refundable to the federal government. The federal government's portion of these funds at June 30, 2024 and 2023 was approximately \$1,507,000 and \$1,596,000, respectively, which is recorded as Federal loan programs liability on the statements of financial position. In the event the University no longer participates in the Programs or the Programs are ended by the Federal Government, this liability would not be repaid immediately but over the years that loan repayments are received from student borrowers. The University matches and contributes funds to the Programs based upon the Federal Government requirements at the time the contribution is made.

The Extension Act amended Section 461 of the Higher Education Act to end the University's authority to make new Perkins Loans after June 30, 2018. The University is not required to assign the outstanding Perkins Loans to the U.S. Department of Education (ED) if the loan is in good standing or liquidate their Perkins Loan revolving funds due to the wind-down of the Perkins Loan Program, however, the University may choose to liquidate at any time in the future. As of June 30, 2024, the University continues to service the Perkins Loan Program.

The prescribed practices for the Programs do not provide for accrual of interest on student loans receivable. Accordingly, interest on loans is recorded as received and is reinvested to support additional loans; uncollectible loans are not recognized until the loans are canceled or written-off in conformity with the Programs' requirements. The impact of recording interest income on a cash basis is not considered material. In addition, the credit quality of the student is not evaluated after the initial approval and disbursement of the loans. Delinquent loans and the allowance for losses on loans receivable are reviewed by management but are not material.

Board-Designated Endowments

Board-designated endowments (quasi-endowments) are balances functioning as an endowment that are established by the University from either donor or institutional monies and are usually to be retained and invested rather than expended. Since quasi-endowments are established by the University rather than by an external source, the principal may be extended, as directed by the Board of Trustees.

Land, Buildings and Equipment

Land, buildings and equipment are stated at an estimate of original cost, based on independent appraisals, or at cost. Maintenance and repairs are charged to expense as incurred; replacements and betterments are capitalized. Gifts of land, buildings and equipment are recorded at the estimated fair value at the date of gift.

Land, buildings and equipment consisted of the following at June 30, 2024 and 2023 (amounts in thousands):

	2024		
	Cost	Accumulated Depreciation	Net
Land and land improvements	\$ 17,636	\$ 1,636	\$ 16,000
Buildings and building improvements	241,552	93,012	148,540
Equipment	44,995	31,385	13,610
Construction in progress	8,082	-	8,082
Total	<u>\$ 312,265</u>	<u>\$ 126,033</u>	<u>\$ 186,232</u>
2023			
	Cost	Accumulated Depreciation	Net
Land and land improvements	\$ 17,428	\$ 2,193	\$ 15,235
Buildings and building improvements	236,360	86,961	149,399
Equipment	43,005	29,831	13,174
Construction in progress	5,808	-	5,808
Total	<u>\$ 302,601</u>	<u>\$ 118,985</u>	<u>\$ 183,616</u>

Capitalized interest was approximately \$0 and \$124,000 for the years ended June 30, 2024 and 2023, respectively. Construction in progress at June 30, 2024 and 2023 related to construction of Ruskin campus facilities, South Hall renovation, I-HACK and various other projects. Depreciation is calculated using the straight-line method over the estimated useful life of the respective assets and totaled approximately \$7,401,000 and \$6,791,000 for the years ended June 30, 2024 and 2023, respectively. The ranges of lives used were:

	<u>Years</u>
Buildings and building improvements	20 - 50
Land improvements	10 - 20
Equipment	3 - 20

Accrued Liabilities

The University is self-insured for employee dental and health insurance programs. Claims expense accrued for the self-insured health insurance program is based on third-party administrators' estimates of the loss experience and the outstanding liability. The self-insurance accrual is subject to periodic adjustment by the University based on actual loss experience factors. The dental insurance program is 100% funded by employee-paid premiums.

Deposits and Agency Funds

Deposits and agency funds are funds held by the University for nonuniversity functions and organizations. Liabilities related to these transactions are included in other liabilities.

Contributed Services

The University receives contributed services from volunteers who assist in fundraising and other activities. These services have not been recognized in the financial statements as they do not meet the recognition criteria established in authoritative guidance.

Allocation of Functional Expenses

The statements of activities present expenses by natural classification. The University allocates certain expenses to program and supporting activities as follows: depreciation of property and equipment, plant operations and maintenance costs are allocated based on square footage and usage of facilities; interest costs are allocated based on use of funds borrowed.

Investments and Deposits With Bank Trustees

Equity securities with readily determinable fair values and debt securities are valued at fair value based on quoted market prices. Adjustments to reflect increases or decreases in market value, referred to as unrealized gains and losses, are reported in the statements of activities. The cost of investments sold is determined by use of the specific identification method.

Realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations.

Nonoperating Activities

For the purpose of the statements of activities, the University considers its changes in net assets without donor restrictions to be operational changes, except for realized and unrealized gains and losses on endowment investments in excess of the University's spending rate. In addition, contributions, contracts and investment return received or earned of a capital nature, that is, to be used for facilities and equipment or to be invested by the University to generate a return that will support operations, are included in nonoperating activities and classified as net assets with or without donor restrictions. Gains and losses related to the sale or disposal of facilities and equipment are also recorded in this category.

Advertising Costs

Advertising costs are expensed as incurred and amounted to approximately \$751,000 in 2024 and \$830,000 in 2023.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the current year presentation.

Subsequent Events

The University evaluated subsequent events for recognition or disclosure through October 14, 2024, the date the financial statements were available to be issued. See also Note 15.

New Accounting Pronouncement Adopted in Current Year

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current accounting principles generally accepted in the United States of America, which generally require that a loss be incurred before it is recognized. On July 1, 2023, the University adopted the ASU using the modified retrospective approach. There was no adjustment to change in net assets upon adoption.

2. Contributions Receivable

Contributions receivable consisted of the following at June 30, 2024 and 2023 (amounts in thousands):

	<u>2024</u>	<u>2023</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 872	\$ 892
One to five years	1,492	1,916
Over five years	<u>4</u>	<u>9</u>
Total	2,368	2,817
Less discount and allowance for uncollectible contributions	<u>432</u>	<u>583</u>
Total	<u>\$ 1,936</u>	<u>\$ 2,234</u>

Contributions receivable were discounted using an interest rate of 5.00% at June 30, 2024 and 2023. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event, are recognized when the conditions are substantially met. At June 30, 2024 and 2023, the University had conditional promises to give totaling approximately \$30,997,000 and \$30,793,000, respectively. Approximately \$17,499,000 of these amounts represent gifts which, when received, will be restricted for specific purposes stipulated by the donors, principally for endowed scholarship net assets. The University has also been named as beneficiary of life insurance policies given by donors having an aggregate face amount of approximately \$750,000 and \$726,000 at June 30, 2024 and 2023, respectively.

3. Fair Value Measurements, Investments and Other Financial Instruments

The University measures its deposits with bank trustees and investments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. 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. The framework that the authoritative guidance established for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the University for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets and other observable inputs.

Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

Gannon University

Notes to Financial Statements

June 30, 2024 and 2023

The following tables present the financial instruments measured at fair value as of June 30, 2024 and 2023 by caption on the statements of financial position by the valuation hierarchy defined above (amounts in thousands):

2024				
	Level 1	Level 2	Level 3	Total
Deposits with bank trustees	\$ 1,519	\$ -	\$ -	\$ 1,519
Investments:				
Domestic equity, large capitalization	\$ 16,817	\$ -	\$ -	\$ 16,817
Domestic equity, small capitalization	10,891	-	-	10,891
Alternative funds	10,704	-	1,520	12,224
International equity funds	16,472	-	-	16,472
Fixed income funds	18,056	-	-	18,056
Fixed income	-	14,427	-	14,427
Cash and cash equivalents	276	-	-	276
Total investments within the fair value hierarchy	\$ 73,216	\$ 14,427	\$ 1,520	\$ 89,163
Alternative Investments Reported at Net Asset Value				5,629
Total investments				\$ 94,792
2023				
	Level 1	Level 2	Level 3	Total
Deposits with bank trustees	\$ 1,525	\$ -	\$ -	\$ 1,525
Investments:				
Domestic equity, large capitalization	\$ 19,405	\$ -	\$ -	\$ 19,405
Domestic equity, small capitalization	6,355	-	-	6,355
Alternative funds	10,605	-	1,459	12,064
International equity funds	16,684	-	-	16,684
Fixed income funds	15,663	-	-	15,663
Fixed income	-	13,627	-	13,627
Cash and cash equivalents	273	-	-	273
Total investments within the fair value hierarchy	\$ 68,985	\$ 13,627	\$ 1,459	\$ 84,071
Alternative Investments Reported at Net Asset Value				3,749
Total investments				\$ 87,820

Valuation Methodologies

Fair values of financial instruments were determined as follows:

Deposits with bank trustees, equity securities and mutual funds in the investment portfolio are measured at fair value using quoted market prices for identical assets, which are considered Level 1 inputs. The carrying amounts of cash and cash equivalents approximate fair value because of the short-term maturity of those investments. Debt securities in the investment portfolio are measured at fair value using pricing for similar assets with similar terms in actively traded markets, which are considered Level 2 inputs. Investments in alternative real estate funds are measured at fair value using quoted prices for similar assets in active markets, or other observable and unobservable market data, which are considered Level 1 and Level 3 inputs. The University also invests in private equity funds whose objective is to realize long-term total return by investing in a diversified group of pooled investment vehicles. Per the terms of the agreements, the University cannot withdraw funds or sell funds until the limited partnership liquidates. Liquidation is expected to occur within ten years of initial investment.

The University measures the fair value for private equity alternative investments based upon net asset value (NAV) as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a significantly different value. If not determined as of the Corporation's measurement date, NAV is adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in NAV, including, but not limited to, the investor's ability to redeem the investment at measurement date and unfunded purchase commitments. If the University sold all or a portion of its alternative investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions, and the overall economic environment. The University has commitments for purchase ownership in alternative real estate funds of approximately \$1,893,000 at June 30, 2024.

Endowment net assets are pooled on a market value basis. Each individual fund subscribes to or disposes of units of the pooled endowment net assets at the end of the calendar quarter in which the transaction took place. Transactions are recorded at the market value of units at the beginning of the quarter.

The income distributed to the University from endowment investments for the years ended June 30, 2024 and 2023 was 5.25% and 5.0%, respectively, of the previous 12-quarter moving average market value. The aggregate investment return, including market appreciation of all endowment funds, was 12.2% and 9.6% for the years ended June 30, 2024 and 2023, respectively.

A summary of investment activity follows (amounts in thousands):

	2024	
	Without Donor Restrictions	With Donor Restrictions
Investment income, net of expenses	\$ 2,331	\$ 1,612
Net realized and unrealized gains	2,516	5,395
Return on investments	4,847	7,007
Less investment return designated for current operations and land, buildings and equipment	4,354	2,165
Investment return net of amounts	\$ 493	\$ 4,842

Gannon University

Notes to Financial Statements
June 30, 2024 and 2023

	2023	
	Without Donor Restrictions	With Donor Restrictions
Investment income, net of expenses	\$ 2,014	\$ 1,023
Net realized and unrealized gains	1,009	3,684
Return on investments	3,023	4,707
Less investment return designated for current operations and land, buildings and equipment	2,830	2,093
Investment return net of amounts	<u>\$ 193</u>	<u>\$ 2,614</u>

The University had net realized gains on investments of approximately \$5,149,000 and \$2,175,000 during the years ended June 30, 2024 and 2023, respectively. The University had net unrealized gains of approximately \$2,763,000 and \$2,518,000 during the years ended June 30, 2024 and 2023, respectively.

4. Long-Term Debt

Long-term debt of the University consisted of the following at June 30, 2024 and 2023 (amounts in thousands):

	Final Maturity Date	Average Interest Rate (%)	2024	2023
City of Erie Higher Education Building Authority:				
Series 2021 Bonds	5/1/2047	4.56 %	\$ 20,175	\$ 20,465
Series 2017 Bonds	5/1/2047	5.00	21,000	21,000
Series 2016 Bonds	5/1/2046	4.43	28,660	29,560
Series 2013 Bonds	5/1/2038	4.55	10,450	10,990
Series 2010B Note	5/1/2040	1.25	3,517	3,908
Auto Loan 2023	6/30/2028	3.90	48	57
Total			83,850	85,980
Unamortized bond premium			5,435	5,764
Unamortized bond issue costs			(1,059)	(1,116)
Long-term debt			<u>\$ 88,226</u>	<u>\$ 90,628</u>

Principal repayments of long-term debt (excluding net premiums and discounts) for the years ending after June 30, 2024, are as follows (amounts in thousands):

Years ending June 30:	
2025	\$ 2,206
2026	2,291
2027	2,366
2028	2,461
2029	2,556
Thereafter	71,970
Total	<u>\$ 83,850</u>

Revenues of the University are pledged as security for several of the debt issues.

In April 2021, the University issued \$21,000,000 City of Erie Higher Education Building Authority revenue bonds Series 2021 to refund the Series 2010A revenue bonds, renovate South Hall, and fund other capital projects.

In November 2017, the University issued \$21,000,000 Public Finance Authority of the State of Wisconsin Higher Educational Facilities revenue bonds Series 2017 for expansion of the Ruskin, Florida campus facilities.

In November 2016, the University issued \$29,560,000 City of Erie Higher Education Building Authority revenue bonds Series 2016 for renovation of Nash Library and to refund previously held bonds.

In April 2013, the University issued \$15,040,000 City of Erie Higher Education Building Authority revenue bonds Series 2013 for renovation of the recreation center, construction of a field house, and to pay the costs of issuance of the bonds.

In August 2010, the University issued \$20,000,000 City of Erie Higher Education Building Authority revenue bonds Series 2010A (\$11,500,000) and Series 2010B (\$8,500,000) for construction of a student residence hall. Series 2010A was issued as a fixed rate public offering and Series 2010B was issued as a variable rate qualified tax-exempt bank note. The Series 2010A was refunded in April 2021.

On July 8, 2021, the University entered into an agreement with a local bank for a \$10,000,000 line of credit. The interest rate on the line is the bank's variable prime rate and is 4.49% as of June 30, 2024. There have been no draws on the line.

5. Net Assets Released From Restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose, by the occurrence of events specified by the donors or by the passage of time. Net assets released from restrictions consisted of the following for the years ended June 30, 2024 and 2023 (amounts in thousands):

	2024	2023
Release of donor restriction	\$ 15	\$ 8
Awards of private student financial aid	2,089	2,160
Land, buildings and equipment placed in service	238	557
Instruction and institutional support	1,051	897
Total	<u>\$ 3,393</u>	<u>\$ 3,622</u>

6. Restrictions and Limitations on Net Asset Balances

Net assets with donor restrictions are available for the following purposes as of June 30, 2024 and 2023 (amounts in thousands):

	2024	2023
Student financial aid	\$ 13,007	\$ 8,480
Land, buildings and equipment	2,471	2,122
Instruction and institutional support	5,119	5,682
Academic support and student services	1,837	1,619
Public service	2,126	2,319
Endowment (original gift)	41,340	39,375
	<hr/>	<hr/>
Total	\$ 65,900	\$ 59,597
	<hr/>	<hr/>

7. Endowment Funds

The University's endowment consists of approximately 360 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by authoritative guidance, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the University has developed a policy 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 restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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 University must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the yield results of the applicable indices by asset class while assuming a moderate level of investment risk.

The University expects its endowment funds, over time, to provide an average rate of return of the Consumer Price Index (CPI) + 4%.

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.

The University has a policy of appropriating for distribution an average of 5% of a moving 12-quarter market value average, spending in any one fiscal year a minimum of 2% and a maximum of 7% of the most recent 12-quarter average market value through the March 31 quarter preceding the fiscal year in which the distribution is planned. In establishing this policy, the University considered the long-term expected return on its endowment.

Gannon University

Notes to Financial Statements

June 30, 2024 and 2023

During the fiscal years ended June 30, 2024 and 2023, respectively, endowment funds without donor restrictions totaling \$204,000 and \$294,000 were reclassified to endowment funds with donor restrictions in conjunction with endowment matching gift programs.

- In conjunction with the Next Century Scholarship Challenge, the University has committed up to \$1,000,000 to match gifts to new or existing endowment scholarship funds. As of June 30, 2024, total matches by the donor and the University amounted to \$498,000.

Changes in endowment net assets for the year ended June 30, 2024 are as follows (amounts in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2023	\$ 21,849	\$ 53,258	\$ 75,107
Investment return:			
Investment income	1,234	1,792	3,026
Net realized and unrealized investment gains	1,564	5,743	7,307
Total investment return	2,798	7,535	10,333
Contributions	-	1,270	1,270
Other changes:			
Endowment matching program	(204)	204	-
Endowment spending	(1,703)	(2,165)	(3,868)
Total other changes	(1,907)	(1,961)	(3,868)
Endowment net assets, June 30, 2024	\$ 22,740	\$ 60,102	\$ 82,842

Gannon University

Notes to Financial Statements

June 30, 2024 and 2023

Changes in endowment net assets for the year ended June 30, 2023 are as follows (amounts in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2022	\$ 21,919	\$ 49,130	\$ 71,049
Investment return:			
Investment income	460	1,115	1,575
Net realized and unrealized investment gains	1,223	3,684	4,907
Total investment return	1,683	4,799	6,482
Contributions	24	1,128	1,152
Other changes:			
Endowment matching program	(294)	294	-
Endowment spending	(1,483)	(2,093)	(3,576)
Total other changes	(1,777)	(1,799)	(3,576)
Endowment net assets, June 30, 2023	\$ 21,849	\$ 53,258	\$ 75,107

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law. Management has interpreted state law to permit prudent spending from underwater endowments.

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 (amounts in thousands):

	Without Donor Restrictions	With Donor Restrictions		Total Funds June 30, 2024
		Original Gift	Accumulated Gain (Losses)	
Board-designated funds	\$ 22,740	\$ -	\$ -	\$ 22,740
Donor-restricted funds:				
Underwater funds	-	486	(16)	470
Other funds	-	40,854	18,778	59,632
Total	\$ 22,740	\$ 41,340	\$ 18,762	\$ 82,842
	Without Donor Restrictions	With Donor Restrictions		Total Funds June 30, 2023
		Original Gift	Accumulated Gain	
Board-designated funds	\$ 21,849	\$ -	\$ -	\$ 21,849
Donor-restricted funds:				
Underwater funds	-	1,757	(112)	1,645
Other funds	-	37,618	13,995	51,613
Total	\$ 21,849	\$ 39,375	\$ 13,883	\$ 75,107

8. Retirement Benefits

Most employees of the University are covered by a defined contribution retirement plan. The plan requires eligible employees to enroll and make a contribution. The University makes a contribution to each eligible participant's account. Employee contributions were approximately \$3,772,000 and \$3,544,000 for the years ended June 30, 2024 and 2023, respectively, and University matching contributions were approximately \$2,717,000 and \$2,860,000 for the same time periods.

In addition, the University makes contributions for active priests to the Diocese of Erie Priest Retirement Fund, a defined contribution plan. Contributions to this plan amounted to approximately \$14,000 and \$19,000 for the years ended June 30, 2024 and 2023, respectively.

9. Income Taxes

The University is a not-for-profit corporation described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes under Section 501(a) of the IRC.

The University accounts for uncertainties in income taxes in accordance with authoritative guidance, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined there were no tax uncertainties that met the recognition threshold at June 30, 2024 and 2023.

At June 30, 2024, the University had net operating loss carryforwards resulting from its unrelated business activities which may be applied against future years' taxable income. A valuation allowance has been recorded to offset the resulting deferred tax asset due to the uncertainty of the future use of these net operating losses.

The University's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses.

10. Commitments and Contingencies

The nature of the educational industry is such that, from time to time, claims will be presented against the University on account of alleged negligence, acts of discrimination, breach of contract, or disagreements arising from the interpretation of laws and regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services. Management of the University believes that these claims and their resolution will not have a significant impact on the University's financial position.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The University's management believes disallowances, if any, will not have a significant impact on the University's financial position.

As of June 30, 2024 and 2023, the University had outstanding construction commitments of approximately \$6,377,000 and \$1,831,000, respectively, primarily for various renovation projects.

The University owns certain buildings constructed prior to the passage of the Clean Air Act that contain encapsulated asbestos material. Current law requires that this asbestos be removed in an environmentally safe manner prior to demolition or renovation of the buildings. The University has not recognized the asset retirement obligation for asbestos removal for certain buildings in its financial statements because it currently has no plans to demolish or renovate these buildings and, as such, cannot reasonably estimate the fair value of the obligation. If plans change with respect to the use of the buildings and sufficient information becomes available to estimate the liability, it will be recognized at that time.

11. Student Financial Assistance

Certain students of the University were recipients of various federal and state grants. The grants are similar to agency funds because the University acted only as custodian and disbursing agent for these funds. Had these amounts been included, revenues and expenses would have increased by approximately \$8,150,000 and \$8,127,000 in 2024 and 2023, respectively.

12. Concentration of Credit Risk

Title IV Requirements

The University participates in Government Student Financial Assistance Programs (Title IV) administered by the ED for the payment of student tuition. A substantial number of University students are dependent upon the University's continued participation in the Title IV programs for assistance in tuition payment.

Institutions participating in Title IV programs are also required by ED to demonstrate financial responsibility. ED determines an institution's financial responsibility through the calculation of a composite score based upon certain financial ratios as defined in regulations. Institutions receiving a composite score of 1.5 or greater are considered fully financially responsible. Institutions receiving a composite score between 1.0 and 1.5 are subject to additional monitoring and other participation requirements and institutions receiving a score below 1.0 are required to submit financial guarantees in order to continue participation in the Title IV programs. As of June 30, 2023, and for the year then ended, the University's composite score exceeded 1.5.

Other

A significant portion of the University's business activity is with students in surrounding geographic areas.

The University has a potential exposure to credit risk due to uncertainty associated with collection of revenues such as student tuition and fees.

The University maintains its cash accounts with several institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000.

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

13. Liquidity and Availability of Resources

The following reflects the University's financial assets as of the statement of financial position dates, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position dates. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure within one year of the statement of financial position dates have not been subtracted as unavailable (amounts in thousands).

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 31,137	\$ 28,173
Student, grants, contributions and other receivables	7,493	13,615
Investments	94,792	87,820
Financial assets at year end	133,422	129,608
Less those unavailable for general expenditures within one year due to:		
Contribution receivable collectible beyond one year	(1,365)	(1,681)
Restricted by donor-imposed stipulations	(60,102)	(53,258)
Board-designated endowment	(22,740)	(21,849)
Add back appropriations approved for next year from:		
Endowment income in support of operations	5,339	5,174
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 54,554</u>	<u>\$ 57,994</u>

The University's practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity need, the University also could draw upon its quasi-endowment fund. Additionally, the University has an available line of credit in the amount of \$10,000,000, at June 30, 2024 and 2023, which it could draw upon (Note 4).

14. U.S. Department of Education Financial Responsibility

The ED revised the regulations for financial responsibility effective for reports issued subsequent to June 30, 2020. The regulations require the University to provide additional to assist the ED in measuring financial responsibility through the composite score of financial ratios. The additional disclosures must be referenced within a financial statement line or note.

Gannon University

Notes to Financial Statements
June 30, 2024 and 2023

Note 1 provides information on the University's land, buildings and equipment, but does not provide a breakout by the implementation date of July 1, 2018. The following table (in thousands) provides a breakdown of land, buildings and equipment at June 30, 2024 based on the July 1, 2018 implementation date.

Pre-implementation:	
Land, buildings and equipment	\$ 100,730
Post-implementation:	
Right-of-use assets	1,268
Land, buildings and equipment with outstanding debt for original purchase	<u>29,226</u>
Total property, plant and equipment and right-of-use assets with outstanding debt for original purchase	<u>131,224</u>
Land, buildings and equipment without outstanding debt for original purchase	48,194
Construction in progress	<u>8,082</u>
Total property, plant and equipment without outstanding debt for original purchase	<u>56,276</u>
Total	<u>\$ 187,500</u>

Note 4 provides information on the University's long-term debt but does not provide a breakout by the implementation date of July 1, 2018. Pre-implementation long-term debt for long term purposes totaled approximately \$65,420,000 as of June 30, 2024. Post-implementation long-term debt for long term purposes, including lease obligations, totaled approximately \$24,074,000 as of June 30, 2024.

The University provides a postretirement benefit plan (the Plan) for early retirees until age 65. Retirees are eligible for benefits upon retirement at age 55 or older and having attained at least 20 years of service. Benefits include paying 50% of the cost of healthcare insurance for the level of coverage existing at retirement and payment of existing life insurance premiums. During the year ended June 30, 2018, the Plan was amended to limit participation of active participants to those who had attained the age of 55 by July 1, 2017. The postretirement benefit obligations at June 30, 2024 was approximately \$222,000, and is included in other liabilities on the statement of financial position.

Unsecured related-party contribution receivables as of June 30, 2024 are as follows (amounts in thousands):

Board members	\$ 103
Management	26
Other related organizations	<u>940</u>
Total	<u>\$ 1,069</u>

15. Letter of Intent to Acquire Ursuline College

In September 2024, the University executed a non-binding letter of intent to acquire Ursuline College. Final consolidation is expected to take several years and is contingent upon successful completion of due diligence and final board and regulatory approvals.