Reports of Independent Auditors
and Consolidated Financial Statements
(with Supplementary Information)

George Fox University and Subsidiaries

June 30, 2024 and 2023

MOSSADAMS

Table of Contents

MOSSADAMS

Report of Independent Auditors

The Board of Trustees
George Fox University and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of George Fox 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) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the financial responsibility ratios are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial responsibility ratios are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2024 on our consideration of George Fox University and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of George Fox University and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering George Fox University and Subsidiary's internal control over financial reporting and compliance.

Moss Adams LLP

Portland, Oregon
October 24, 2024

Consolidated Financial Statements

George Fox University
Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 52,397,709	$ 47,029,429
Accounts receivable, net of allowance for credit losses of $129,765 and $100,000 in 2024 and 2023	1,854,202	2,325,854
Gifts receivable	2,200,416	1,643,090
Prepaid expenses and other assets	861,697	489,528
Investments	60,773,693	61,697,019
Operating lease right-of-use assets	218,394	195,921
Land, buildings, and equipment, net	137,316,197	129,942,572
Total assets	$ 255,622,308	$ 243,323,413
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 5,475,920	$ 5,324,552
Deposits and deferred revenues	11,897,983	10,242,203
Notes payable	-	341,047
Actuarial liability for annuities payable and charitable remainder trusts	1,376,830	1,507,451
Operating right-of-use lease liabilities	216,854	190,111
Long-term debt, net	43,168,532	44,083,615
Total liabilities	62,136,119	61,688,979
NET ASSETS		
Without donor restrictions		
Undesignated	151,685,333	143,113,882
Board-designated	4,989,429	4,465,028
Total without donor restrictions	156,674,762	147,578,910
With donor restrictions		
Purpose and time restricted	12,590,385	10,445,521
Perpetual in nature	24,221,042	23,610,003
Total with donor restrictions	36,811,427	34,055,524
Total net assets	193,486,189	181,634,434
Total liabilities and net assets	$ 255,622,308	$ 243,323,413

See accompanying notes.

George Fox University
Consolidated Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Student tuition and fees	$ 125,518,540	$ -	$ 125,518,540
Less financial aid	(48,099,467)	-	(48,099,467)
Net student tuition and fees	77,419,073	-	77,419,073
Auxiliary enterprises	17,583,377	-	17,583,377
Gifts and bequests	470,379	5,513,265	5,983,644
Federal grants and contracts	-	999,107	999,107
Endowment transfers	43,852	845,357	889,209
Investment income, net			
Interest and dividends	3,959,023	636,892	4,595,915
Realized (losses) gains, net	(117,864)	294,176	176,312
Unrealized gains, net	1,243,852	2,451,725	3,695,577
Other gains and (losses), net	2,144,806	(237,966)	1,906,840
	102,746,498	10,502,556	113,249,054
Present value adjustment to annuities payable	-	5,646	5,646
Present value adjustment to charitable remainder trusts	-	(75,359)	(75,359)
Net assets released from restrictions and other redesignations	7,676,940	(7,676,940)	-
Total revenues and support	110,423,438	2,755,903	113,179,341
EXPENSES			
Instruction	50,268,038	-	50,268,038
Academic support	3,949,097	-	3,949,097
Student services	5,302,701	-	5,302,701
Student life	9,753,402	-	9,753,402
Auxiliary enterprises	10,202,586	-	10,202,586
Management and general	20,278,819	-	20,278,819
Fundraising	1,572,943	-	1,572,943
Total expenses	101,327,586	-	101,327,586
CHANGE IN NET ASSETS	9,095,852	2,755,903	11,851,755
NET ASSETS, beginning of year	147,578,910	34,055,524	181,634,434
NET ASSETS, end of year	$ 156,674,762	$ 36,811,427	$ 193,486,189

See accompanying notes.

George Fox University
Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Student tuition and fees	$ 119,764,258	$ -	$ 119,764,258
Less financial aid	(46,248,811)	-	(46,248,811)
Net student tuition and fees	73,515,447	-	73,515,447
Auxiliary enterprises	16,804,231	-	16,804,231
Gifts and bequests	432,524	4,321,146	4,753,670
Federal grants and contracts	3,305,969	886,025	4,191,994
Endowment transfers	44,495	934,668	979,163
Investment income, net			
Interest and dividends	2,043,589	530,832	2,574,421
Realized (losses) gains, net	(350,374)	457,481	107,107
Unrealized gains, net	1,234,079	820,265	2,054,344
Other gains and (losses), net	2,910,635	(880,115)	2,030,520
	99,940,595	7,070,302	107,010,897
Present value adjustment to annuities payable	-	(3,114)	(3,114)
Present value adjustment to charitable remainder trusts	-	(84,617)	(84,617)
Net assets released from restrictions and other redesignations	6,575,719	(6,575,719)	-
Total revenues and support	106,516,314	406,852	106,923,166
EXPENSES			
Instruction	46,826,525	-	46,826,525
Academic support	3,889,979	-	3,889,979
Student services	4,749,434	-	4,749,434
Student life	9,312,827	-	9,312,827
Auxiliary enterprises	9,864,413	-	9,864,413
Management and general	19,702,893	-	19,702,893
Fundraising	1,457,631	-	1,457,631
Total expenses	95,803,702	-	95,803,702
CHANGE IN NET ASSETS	10,712,612	406,852	11,119,464
NET ASSETS, beginning of year	136,866,298	33,648,672	170,514,970
NET ASSETS, end of year	$ 147,578,910	$ 34,055,524	$ 181,634,434

See accompanying notes.

George Fox University
Consolidated Statement of Functional Expenses
Year Ended June 30, 2024

	Instruction	Academic Support	Student Services	Student Life	Auxiliary Enterprises	Management and General	Fundraising	Total Expenses
Salaries	$ 27,795,022	$ 2,091,709	$ 3,116,407	$ 5,030,743	$ 995,949	$ 8,761,657	$ 1,161,228	$ 48,952,715
Fringe benefits and payroll taxes	6,658,072	525,588	813,096	1,212,598	71,255	5,481,019	303,398	15,065,026
Personnel expenses	34,453,094	2,617,297	3,929,503	6,243,341	1,067,204	14,242,676	1,464,626	64,017,741
Professional fees and contracted services	2,321,120	48,942	264,385	622,527	4,395,782	2,606,946	1,452	10,261,154
Travel, conferences and memberships	2,797,680	221,082	279,521	1,818,710	22,858	735,266	52,196	5,927,313
Depreciation and amortization	3,345,165	-	-	-	1,480,569	-	-	4,825,734
Supplies and course materials	1,601,303	944,993	61,779	588,439	104,996	486,132	49,743	3,837,385
Utiltities	95,424	7,879	101,545	44,223	14,666	2,901,797	4,511	3,170,045
Rent and equipment	365,645	86,567	142,182	266,868	101,020	2,048,963	(96,746)	2,914,499
Printing and advertising	182,443	22,337	263,041	50,598	71	2,136,890	75,873	2,731,253
Financing costs and interest	200,913	-	260,745	-	711,003	604,263	21,288	1,798,212
Insurance	-	-	-	82,338	-	930,471	-	1,012,809
Maintenance	4,905,251	-	-	36,358	2,304,417	(6,414,585)	-	831,441
	15,814,944	1,331,800	1,373,198	3,510,061	9,135,382	6,036,143	108,317	37,309,845
Total functional expenses	$ 50,268,038	$ 3,949,097	$ 5,302,701	$ 9,753,402	$ 10,202,586	$ 20,278,819	$ 1,572,943	$ 101,327,586

See accompanying notes.

George Fox University
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Instruction	Academic Support	Student Services	Student Life	Auxiliary Enterprises	Management and General	Fundraising	Total Expenses
Salaries	$ 25,419,162	$ 2,076,655	$ 2,944,153	$ 4,770,064	$ 924,718	$ 8,264,934	$ 919,141	$ 45,318,827
Fringe benefits and payroll taxes	5,719,992	469,423	818,140	1,126,334	66,204	4,895,344	254,168	13,349,605
Personnel expenses	31,139,154	2,546,078	3,762,293	5,896,398	990,922	13,160,278	1,173,309	58,668,432
Professional fees and contracted services	2,151,563	23,174	233,862	595,507	4,122,020	2,580,638	27,030	9,733,794
Travel, conferences and memberships	2,398,702	288,129	273,160	1,835,415	94,140	676,428	49,213	5,615,187
Depreciation and amortization	3,549,308	-	-	-	1,431,510	-	-	4,980,818
Supplies and course materials	1,647,588	867,468	50,936	499,241	125,890	480,999	37,416	3,709,538
Utiltities	123,804	8,751	82,304	38,311	18,419	2,508,222	10,649	2,790,460
Rent and equipment	411,045	134,099	142,636	308,156	99,006	2,462,451	102,509	3,659,902
Printing and advertising	137,697	22,280	204,176	41,626	1,582	1,996,673	44,995	2,449,029
Financing costs and interest	226,569	-	67	-	726,348	528,612	12,510	1,494,106
Insurance	-	-	-	66,096	-	971,301	-	1,037,397
Maintenance	5,041,095	-	-	32,077	2,254,576	(5,662,709)	-	1,665,039
	15,687,371	1,343,901	987,141	3,416,429	8,873,491	6,542,615	284,322	37,135,270
Total functional expenses	$ 46,826,525	$ 3,889,979	$ 4,749,434	$ 9,312,827	$ 9,864,413	$ 19,702,893	$ 1,457,631	$ 95,803,702

See accompanying notes.

George Fox University
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 11,851,755	$ 11,119,464
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	4,825,734	4,980,818
Loss (gain) on disposal of land, buildings, and equipment	35,088	(96,720)
Adjustment to allowance for credit losses	(29,765)	(14,000)
Present value adjustment to annuities payable	(5,646)	3,114
Present value adjustment to charitable remainder trusts	75,359	84,617
Realized gain on sale of investments	(176,312)	(107,107)
Unrealized gain on investments	(3,695,577)	(2,054,344)
Amortization of bond premium	(213,508)	(213,508)
Increase (decrease) in cash due to changes in assets and liabilities		
Accounts receivable	501,417	(715,019)
Gifts and bequests receivable	(557,326)	(973,042)
Prepaid expenses and other assets	(372,169)	(252,042)
Accounts payable and accrued liabilities	155,638	(1,664,543)
Deposits and deferred revenues	1,674,205	564,604
Gifts and bequests and endowment transfers, Federal work study, SEOG and CARES grants restricted		
Land, buildings, and equipment	(2,249,404)	(1,457,077)
Student financial aid	(2,180,928)	(2,028,970)
Net cash from operating activities	9,638,561	7,176,245
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments received on notes receivable	-	364,383
Proceeds from sale of investments	18,264,952	53,097,467
Purchase of investments	(13,469,737)	(14,745,093)
Proceeds from sale of land, buildings, and equipment	61,809	9,750
Purchase of land, buildings, and equipment	(12,296,256)	(21,387,113)
Net cash (used in) provided by investing activities	(7,439,232)	17,339,394

See accompanying notes.

George Fox University
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	$ (720,000)	$ (690,000)
Repayment of finance lease obligation	-	(648,729)
Repayment of notes payable	(341,047)	(36,417)
Payment of annuities payable	(78,445)	(88,832)
Payment of charitable remainder trusts payable	(121,889)	(135,792)
Gifts and bequests and endowment transfers, Federal work study, and SEOG grants restricted		
Land, buildings, and equipment	2,249,404	1,457,077
Student financial aid	2,180,928	2,028,970
Net cash from financing activities	3,168,951	1,886,277
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,368,280	26,401,916
CASH AND CASH EQUIVALENTS, beginning of year	47,029,429	20,627,513
CASH AND CASH EQUIVALENTS, end of year	$ 52,397,709	$ 47,029,429
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 1,313,019	$ 1,555,400
SUPPLEMENTAL SCHEDULE OF NONCASH OPERATING ACTIVITY		
Right-of-use assets with operating lease liabilities	$ 128,197	$ 195,921
Right-of-use finance lease liability for purchase	$ -	$ 14,179,559

See accompanying notes.

Note 1 – Organization

George Fox University (the University) was established in 1891. The University's educational purpose and curriculum is a Christ-centered, liberal arts and professional education dedicated to faith-based learning. The University provides educational programs for approximately 4,300 graduate and undergraduate students. Primary sources of revenues are tuition, room and board, fees from students, and contributions from donors.

On January 23, 2023, the University formed 808 Hancock, LLC (the Subsidiary), an Oregon Limited Liability Company, for the purposes of the purchase and ownership of real property that was developed as a coffee shop. The University is the single member of the Subsidiary. This property is leased to an unrelated third party who operates a business in this location.

On January 23, 2023, the University formed 814 Hancock, LLC (the Subsidiary), an Oregon Limited Liability Company, for the purposes of the purchase and ownership of real property that was developed as a drive-thru diner. The University is the single member of the Subsidiary. This property is leased to an unrelated third party who operates a business in this location.

Note 2 – Significant Accounting Policies

Principles of consolidation – The accompanying consolidated financial statements include the accounts of George Fox University and its Subsidiaries (collectively, the University). Inter-organization balances and transactions have been eliminated in consolidation.

Basis of accounting – The consolidated financial statements of the University have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation – Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions and are reported into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are reported as follows:

Without donor restrictions – Net assets not subject to donor-imposed stipulations. This also includes board-designated reserves which are net assets internally designated by the University's Board of Trustees to function as endowed funds.

With donor restrictions – Net assets subject to donor-imposed stipulations that will be met by actions of the University and/or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt including gifts and grants for building and equipment not yet placed in service: endowment, annuity, and life income gifts; pledges; and investment returns on "true" endowment funds, and endowments where the principal may be expended upon the passage of a stated period of time (term endowments). Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained in perpetuity by the University, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity (primarily gifts for endowment) and that only the income be made available for program operations. Other perpetually restricted items in this net asset category include annuity and life income gifts for which the ultimate purpose of the proceeds is perpetually restricted. 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 – Revenues are recorded as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as amounts released from restrictions between the applicable classes of net assets. Donor restricted contributions, investment gains, and investment income, whose restrictions are met in the same reporting period, however, are reported as support and revenue without donor restrictions on the statements of activities.

Student tuition and fees – The University uses the output measure for revenue recognition of student tuition and fees revenue which means that revenue is recognized pro-rata over each instructional course as performance obligations associated with the delivery of educational services are met. Registration and other fees that do not relate to instruction are recognized when no longer refundable. The University's receivables represent unconditional rights to consideration from its contracts with students; accordingly, receivables are not recorded until students have begun a course and the revenue recognition has commenced.

The University maintains an institutional tuition refund policy, which provides for a full or partial refund of tuition if a student withdraws during stated refund periods. If a student withdraws at a time when only a portion, or none of the tuition is refundable, then in accordance with its revenue recognition policy, the University continues to recognize the tuition that was not refunded pro-rata over the applicable period of instruction. The University's education programs have start and end dates that differ from its fiscal year-end. Students are generally billed for courses and programs prior to the start of the course or program. Therefore, at the end of each fiscal year, a portion of revenue from these programs is not yet earned and is recorded as deferred revenue in the consolidated statements of financial position.

The majority of the University's students rely on funds received from various federal financial aid programs under Title IV of the Higher Education Act of 1965, as amended, to pay for a substantial portion of their tuition. These programs are subject to periodic review by the United States Department of Education (ED). Disbursements under each program are subject to disallowance by the ED and repayment by the University. In addition, as an educational institution, the University is subject to licensure from various accrediting and state authorities and other regulatory requirements of the ED.

Student room and board – The University uses the output measure for revenue recognition of room and board revenue which means the revenue is recognized pro-rata as performance obligations associated with the delivery of room and board services are provided. The University's receivables represent unconditional rights to consideration from its contacts with students; accordingly, receivables are not recorded until students have moved into student housing. Room and board revenue is recorded in auxiliary enterprises on the statements of activities.

As with tuition and fees revenue, the University maintains an institutional refund policy for student room and board, which provides for a full or partial refund of room and board fees if a student withdraws during stated refund period. If a student withdraws at a time when only a portion, or none of the room and board is refundable, then, in accordance with its revenue recognition policy, the University continues to recognize room and board that was not refunded pro-rata over the applicable housing period. Students are generally billed for summer semester room and board month-to-month.

Gifts and bequests – Gifts and bequests, including unconditional promises to give, are recognized as revenue in the period received. Unconditional gifts to give are recognized as revenues in the period in which the unconditional gift is received. Conditional gifts to give are not recognized until the barrier to entitlement is overcome and either a right of return of right or release has occurred. Contributions of assets other than cash are recorded at their estimated fair values. Contributions to be received after one year are discounted at an appropriate discount rate based upon management's judgment of such factors as the time-weighted value of money, prior collection history, type of contribution, and nature of fund-raising activity. Amortization of the discount is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and the nature of the fund-raising activity.

Grants and contracts – Individual governmental and private grant arrangements have been evaluated and determined to be nonreciprocal, meaning the granting entity has not received a direct benefit in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution – until the barrier to entitlement and a right of release is overcome. The barrier to entitlement and right of release are considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met.

Investment return – Investment income, net of expenses, and realized and unrealized gains and losses are recorded and reported as increases or decreases to the appropriate net asset category. Income and net gains on investments of endowment and similar funds are reported as follows:

- Increases in net assets with donor restrictions if the terms of the gift or the University's interpretation of relevant state law require they be added to the principal of an asset restricted in perpetuity.

- Increases in net assets with donor restrictions if the terms of the gift impose restrictions on the timing or the use of the income or relevant legal and accounting guidance require they be classified as purpose or time restricted until appropriated for expenditure.

- Increases in net assets without donor restrictions in all other cases.

Auxiliary enterprises – Auxiliary enterprises revenue is recognized when earned and includes income primarily from student housing, food services, and conventions and conferences. Accordingly, the auxiliary enterprise expenses include all costs incurred in providing those services.

Other – Other gains and losses include revenues from grants and contracts, athletics, theatre, music, commissions, health clinic revenues, interest, Perkins fund income and expenses, and various other miscellaneous items. Revenue is recognized at a point in time as performance obligations are met. Accordingly, other gains and losses may include costs incurred providing those services.

Cash and cash equivalents – The University considers all cash on hand without donor restrictions, cash in demand bank accounts, and investments in money market funds or short-term bank certificates with an original maturity of three months or less as cash and cash equivalents.

Accounts receivable – Accounts receivable consist primarily of student accounts receivable and are recorded at their outstanding amount. The allowance estimates are based on past collection experience, an aging analysis of the outstanding balances, and reasonable forecasts about future student payment behavior. Account balances are charged off against the allowance after all means of collection have been exhausted and potential recovery is considered remote.

Collectability of accounts receivable is reviewed both individually and in the aggregate. Allowances have been established based on experience through a charge to bad debt expense and a credit to a provision for credit losses. Balances deemed uncollectible are written off through a charge to the provision for credit losses and a credit to accounts receivable.

Gifts and bequests receivable – Gifts and bequests are unconditional and include irrevocable gifts from settled estates and are recognized in revenues in the period the pledge is received. An allowance for uncollectible gifts and bequests is not considered necessary based on past history of collecting virtually all promises to give. Discounts on gifts and bequests receivable due in greater than one year were minimal and therefore not recorded in the consolidated financial statements as of June 30, 2024 and 2023.

Investments – Investments are stated at fair value. The fair value of money market funds, certificates of deposit, and marketable securities with a readily determinable fair value are based on identical quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. Private equity investments, which are not readily marketable, are reported by investment managers using the net asset value to determine the fair value of the underlying investments. The fair value of beneficial interest in trust assets and investments held in charitable remainder trusts and annuities are based on quoted market prices of the underlying securities. The University reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. The value of real estate investments is determined from valuations prepared by independent appraisers at the time of gift and these investments are carried at cost. Management will assess these investments for impairment when circumstances indicate a decline in value is other than temporary.

Investment income includes realized and unrealized gains and losses, interest, and dividends, net of investment expenses, and is reported as an increase or decrease to the appropriate net asset category.

The University invests in a variety of investment securities which are exposed to various risks such as interest rate, credit, and overall market volatility risks. 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 such changes could materially affect the amounts reported in the consolidated financial statements.

Land, buildings, and equipment – Land, buildings, and equipment are stated at cost at the date of acquisition. Donations of land, buildings, and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions on the date received. Absent donor stipulations regarding how long those donated assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The University reclassifies between net asset classes at that time. Buildings and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Land improvements	10–15 years
Buildings and improvements	7–50 years
Equipment and library books:	
Computer and automotive equipment	5 years
Software	3 years
All other	10 years

New equipment exceeding $5,000 is capitalized; conversely, expenditures for repairs and maintenance costs are expensed when incurred.

Actuarial liability for annuities payable and charitable remainder trusts – Actuarial liabilities for annuities payable and charitable remainder trusts have been computed using historical Internal Revenue Service discount factor of 5.6% and estimated life expectancy of annuitants based on applicable mortality tables.

Assets held in charitable remainder trusts and annuities – The University classifies the assets held in charitable remainder trusts and annuities as investments, which are recorded at their fair value. The related liability is recorded at the estimated discounted value of the amounts due to the income beneficiaries.

Advertising costs – Advertising costs are charged to operations when incurred.

Deposits and deferred revenues – Deferred revenues represent school tuition and enrollment deposits received in fiscal years 2024 and 2023, but related to fiscal years 2025 and 2024, respectively, and unearned revenue related to an agreement with the University's dining service provider contingent on continued service through March 2030.

Asset retirement obligations – The University has recorded asset retirement obligations related to certain property and equipment, primarily for disposal of regulated materials upon eventual retirement of the assets. The liability of $833,713 and $873,191 as of June 30, 2024 and 2023, respectively, is included in deposits and deferred revenues in the consolidated statements of financial position.

Functional allocation of expenses – The costs of the University's various activities and programs have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs, supporting services and auxiliary enterprises benefited based on various methods, including categories based on time expended, usage and other methods.

Income tax status – The University is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the University's tax-exempt purpose is subject to taxation as unrelated business income. Unrelated business income tax, if any, is insignificant and, therefore, no tax provision has been made in the accompanying consolidated financial statements. In addition, the University qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 170(b)(1)(A)(ii).

The University recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The University had no unrecognized tax benefits at June 30, 2024 and 2023. The University recognizes interest accrued and penalties related to unrecognized tax benefits, if any, as an administrative expense. During the years ended June 30, 2024 and 2023, the University recognized no interest and penalties.

The University files an exempt organization income tax return in the U.S. federal jurisdiction. 808 Hancock LLC, and 814 Hancock, LLC are disregarded entities for income tax purposes; therefore no additional tax returns are required.

Fair value measurements – Accounting literature defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The valuation techniques used are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the University's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 – Inputs are unadjusted, and represent quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; other than quoted prices that are observable for the asset or liability; and inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and/or the risk inherent in the inputs to the model. Securities classified within level 3 investments are based on valuations provided by the external investment managers. The valuations consider variables such as financial performance of investments, recent sales prices of investments, and other pertinent information. The Investment Committee, in conjunction with the Chief Financial Officer and external investment advisors, reviews the valuation of the investments on a quarterly basis. The Investment Committee reports to the Board of Trustees.

There were no changes in fair value methods or assumptions during the years ended June 30, 2024 and 2023.

Related party transactions – Members of the University's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the University. For senior management, the University requires annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with the University. These annual disclosures cover both senior management and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the University.

The University has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees can participate in any decision in which he or she (or an immediate family member) has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the University, and in accordance with applicable conflict of interest laws. No such associations are considered to be significant.

Subsequent events – Subsequent events are events or transactions that occur after the date of the consolidated statement of financial position but before consolidated financial statements are available to be issued. The University recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The University's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statements of financial position but arose after the date of the consolidated statements of financial position and before consolidated financial statements are available to be issued. The University has evaluated subsequent events through October 24, 2024, which is the date the consolidated financial statements were issued.

Use of estimates – The preparation of the consolidated financial statements, in conformity with generally accepted accounting principles in the United States, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Debt issuance costs – Debt issuance costs include amounts paid by the University in connection with the bond issuances and acquisition of loans payable. Amortization is calculated using the straight-line method, which approximates the effective interest method, over the term of the bond or note payable. The University applies Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2015-03, *Interest – Imputation of Interest (Subtopic 835-30) – Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs related to a recognized debt liability to be presented in the consolidated statements of financial position as a direct reduction from the carrying amount of that debt liability.

Debt issuance costs associated with the bonds and note payable had an unamortized balance of $505,121 and $523,545 at June 30, 2024 and 2023, respectively. The costs will be amortized over the life of the associated debt, and is included in financing costs and interest on the accompanying consolidated statements of functional expenses. Amortization expense was $18,424 for the years ended June 30, 2024 and 2023, respectively. Amortization expense is expected to be approximately $18,424 annually for the next five years and $413,001 total thereafter.

Recently adopted standards – In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* and in May 2019 issued ASU 2019-05, *Credit Losses (Topic 326): Targeted Transition Relief* (collectively referred to as "Topic 326"). Topic 326 requires the measurement of all expected credit losses for financial assets held at the reporting date based on all relevant information, such as historical experience, current conditions, and reasonable and supportable forecasts that could impact the collectability of the amounts.

The University adopted Topic 326 effective July 1, 2023, using the modified retrospective approach. No cumulative effect adjustment was required to opening retained earnings. Financial assets, which potentially subject the Company to credit losses, consist of tuition receivables. The company measures expected credit losses of financial assets based on historical collection data, current economic conditions, and reasonable forecasts about future student behavior. These expected credit losses are recorded to an allowance for credit losses account that is deducted from tuition receivables. The effect of Topic 326 did not have a material impact on the University.

Going concern – The University applies ASU No. 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires management of all entities to evaluate whether there are conditions and events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the consolidated financial statements are issued or available to be issued. Substantial doubt about an entity's ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the consolidated financial statements are issued or available to be issued. Management has determined that events and circumstances do not give rise to substantial doubt about the University's ability to continue as a going concern as of the date these consolidated financial statements were issued.

Reclassifications – Certain prior year amounts have been reclassified to conform with the 2024 presentation. Such reclassifications had no impact on the University's total financial position or change in net assets.

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following at June 30:

	2024	2023
Financial assets		
Cash and cash equivalents	$ 52,397,709	$ 47,029,429
Accounts receivable, net	1,854,202	2,325,854
Gifts and bequests receivable due in one year	1,147,415	1,398,024
Investments	23,962,266	27,641,495
Total financial assets available within one year	$ 79,361,592	$ 78,394,802

The University's cash flows do have seasonal variations during the year with the majority of undergraduate tuition revenue being received just prior to the commencement of the fall and spring semesters. The University's goal is to maintain cash on hand equal to three months of operating expenses.

Note 4 – Gifts and Bequests Receivable

Annual payments for gifts and bequests receivable are scheduled to be received as follows at June 30:

	2024	2023
Less than one year	$ 1,147,415	$ 1,398,024
One to five years	1,053,001	245,066
Total gifts and bequests receivable	$ 2,200,416	$ 1,643,090

Note 5 – Investments

Investments received by gift are recorded at fair value at the date of contribution. Unrealized gains and losses are included in the change in net assets in the statements of activities. Investments presented by type at fair value, except for other investments which are at cost, were as follows at June 30:

	2024	2023
Investments		
Marketable domestic equity securities	$ 31,061,976	$ 34,364,349
Marketable international equity securities	5,922,090	6,068,242
Marketable domestic debt securities	13,868,064	8,848,188
Marketable international debt securities	29,056	26,835
Marketable commodity securities	519,780	430,566
Real estate and infrastructure - domestic equities	1,156,202	1,105,718
Money market funds	4,953	2,500
Certificates of deposit	1,216,241	4,638,822
Private equity	3,438,612	2,699,531
Total investments	57,216,974	58,184,751
Investments held in charitable remainder trusts and annuities		
Marketable domestic equity securities	1,626,857	1,522,365
Marketable international equity securities	501,610	562,850
Marketable domestic debt securities	134,001	42,086
Marketable international debt securities	388,971	532,496
Total investments held in charitable remainder trusts and annuities	2,651,439	2,659,797
Beneficial interest in trust assets	905,280	844,971
Total investments at fair value	60,773,693	61,689,519
Other investments, at cost		
Real estate	-	7,500
Total investments at cost	-	7,500
Total investments	$ 60,773,693	$ 61,697,019

Note 6 – Fair Value of Assets and Liabilities

The University used the following methods and significant assumptions to estimate fair value for its assets and liabilities measured and carried at fair value in the consolidated financial statements:

Investments – Investments are comprised of marketable securities, marketable real estate and infrastructure funds, money market funds, certificates of deposit, and a private equity fund. Marketable securities, money market funds, certificates of deposit, and real estate and infrastructure funds fair values are based on quoted market prices for identical securities. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. Private equity investments are valued using net asset value (NAV).

Assets held in charitable remainder trusts and annuities – Assets held in charitable remainder trusts and annuities are primarily comprised of marketable debt and equity securities. Marketable security fair values are based on quoted market prices for identical securities and discounted, when appropriate. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Beneficial interest in trust assets – The University's beneficial interest in trust assets is valued at fair market value using the quoted market prices of the underlying securities. If a quoted market price is not available, fair value is determined using the net present value of future cash flows.

The following is a summary categorization as of June 30, 2024 and 2023, of the University's assets and liabilities based on the level of inputs utilized in determining the value of such instruments:

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Investments				
Marketable domestic equity securities	$ 31,061,976	$ -	$ -	$ 31,061,976
Marketable international equity securities	5,922,090	-	-	5,922,090
Marketable domestic debt securities	-	13,868,064	-	13,868,064
Marketable non-domestic debt securities	-	29,056	-	29,056
Marketable commodity securities	-	519,780	-	519,780
Real estate and infrastructure – domestic equities	1,156,202	-	-	1,156,202
Money market funds	4,953	-	-	4,953
Certificates of deposit	-	1,216,241	-	1,216,241
Investments held in charitable remainder trusts				
Marketable domestic equity securities	1,626,857	-	-	1,626,857
Marketable international equity securities	501,610	-	-	501,610
Marketable domestic debt securities	-	134,001	-	134,001
Marketable international debt securities	-	388,971	-	388,971
Beneficial interest in trust assets	-	-	905,280	905,280
Total investments in fair value hierarchy	$ 40,273,688	$ 16,156,113	$ 905,280	57,335,081
Investments measured at NAV				3,438,612
Total assets measured at fair value				$ 60,773,693

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments				
Marketable domestic equity securities	$ 34,364,349	$ -	$ -	$ 34,364,349
Marketable international equity securities	6,068,242	-	-	6,068,242
Marketable domestic debt securities	-	8,848,188	-	8,848,188
Marketable non-domestic debt securities	-	26,835	-	26,835
Marketable commodity securities	-	430,566	-	430,566
Real estate and infrastructure – domestic equities	1,105,718	-	-	1,105,718
Money market funds	2,500	-	-	2,500
Certificates of deposit	-	4,638,822	-	4,638,822
Investments held in charitable remainder trusts				
Marketable domestic equity securities	1,522,365	-	-	1,522,365
Marketable international equity securities	562,850	-	-	562,850
Marketable domestic debt securities	-	42,086	-	42,086
Marketable international debt securities	-	532,496	-	532,496
Beneficial interest in trust assets	-	-	844,971	844,971
Total investments in fair value hierarchy	$ 43,626,024	$ 14,518,993	$ 844,971	58,989,988
Investments measured at NAV				2,699,531
Total assets measured at fair value				$ 61,689,519

The following table provides a reconciliation of assets measured at fair value using significant unobservable inputs (Level 3) on a recurring basis during the years ended June 30, 2024 and 2023:

	2024	2023
BALANCE, beginning of year	$ 844,971	$ 826,029
Unrealized gain	60,309	18,942
BALANCE, end of year	$ 905,280	$ 844,971

The University uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement principles or have the attributes of an investment company. The following table lists investments in other investment companies by major category:

	Fair Value June 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Other Restrictions
Private equity					
Limited partner interests	$ 3,438,612	$ 2,026,053	N/A	N/A	No right to withdraw; no right to transfer interest; four year capital call period; ten year commitment period

(a) Limited partner interest strategies include management buy-in, buy-out, and leveraged buy-out transactions.

Note 7 – Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at June 30:

	2024	2023
Land	$ 13,845,208	$ 13,845,208
Land improvements	11,944,258	11,445,258
Buildings and improvements	164,651,097	151,877,394
Equipment and library books	31,276,220	30,506,750
Total land, buildings, and equipment	221,716,783	207,674,610
Less accumulated depreciation	(86,243,213)	(81,535,926)
	135,473,570	126,138,684
Construction in progress	1,842,627	3,803,888
Land, buildings, and equipment, net	$ 137,316,197	$ 129,942,572

Depreciation expense was $4,825,734 and $4,381,647 for the years ended June 30, 2024 and 2023, respectively. Construction in progress at June 30, 2024 and 2023 consisted primarily of costs related to the construction projects of academic buildings. Some projects were deemed completed in the June 30, 2024 and 2023 fiscal years and related assets were transferred into depreciable asset classifications.

Note 8 – Notes Payable

As of June 30, 2024 and 2023, two secured, non-interest bearing term notes payable totaled $0 and $17,052, respectively, in monthly principal payments of $3,174, paid off in February 2024. The additional balance included in notes payable of $0 and $323,995 for the years ended June 30, 2024 and 2023, is ultimately refundable to the government and is related to the University's Perkins loan fund and was closed out as of June 30, 2024.

Note 9 – Charitable Remainder Trusts

The University is trustee for 13 charitable remainder trusts which were established to provide a life income for the trustors with the principal available for use by the University after the death of each trustor. The fair value of net assets of the trusts at June 30, 2024 and 2023 totaled $1,075,615 and $968,512, respectively, all of which were classified as net assets with donor restrictions.

Note 10 – Trusts Managed by Others

The University is an income beneficiary under two trusts, the Rice Trust managed by U.S. Bank and the Earhart Trust managed by Union Bank of California. The net assets of the trusts, totaling $905,280 and $844,971 at June 30, 2024 and 2023, respectively, are included in net assets with donor restrictions of the endowment fund at their estimated fair value. Income received from the trusts and used for scholarships as designated was $38,081 and $47,263 in 2024 and 2023, respectively.

Note 11 – Long-Term Debt, net

Long-term debt, net is as follows at June 30:

	2024	2023
2021 Series A Bonds payable in annual principal installments of between $750,000 and $2,205,000, and lump-sum payments between $6,820,000 and $10,170,000 payable on December 2041, 2045 and 2051, interest payable monthly at a flat rate 4.00%, due December 2051.	$ 37,820,000	$ 38,540,000
Total long-term debt	37,820,000	38,540,000
Unamortized bond premium, net of debt issuance costs	5,348,532	5,543,615
Total long-term debt, net	$ 43,168,532	$ 44,083,615

The following is a summary of scheduled principal maturities of total long-term debt:

Years ending June 30,	2025	$ 750,000
	2026	780,000
	2027	810,000
	2028	840,000
	2029	875,000
	Thereafter	33,765,000
		$ 37,820,000

2021 Series bonds – In December 2021, the University entered into a loan agreement and trust indenture with Yamhill County, Oregon for the issuance of a $39,230,000 Revenue Refunding bond (herein referred to as Series 2021 bond). Annual principal payments are due December 1st each year through 2051. The bond was issued to refund all the 2012 Series bonds and the 2018 Series. Additionally, proceeds were used for the Project Fund and other issuance costs. The bonds were issued at a premium of $6,405,213 to be amortized over the life of the bonds.

Under the terms of the trust indenture, the 2021 Series bond is subject to a mandatory redemption schedule at a price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption.

Interest expense for all long-term debt was $1,313,019 and $1,360,881 for the years ended June 30, 2024 and 2023, respectively.

Note 12 – Retirement Plan

Defined contribution plan – Retirement benefits are provided for the academic and nonacademic staff through Nationwide and Teachers Insurance and Annuity Association (TIAA), a national organization used to fund pension benefits for educational institutions. Under this arrangement, the University and the plan participants make annual contributions to purchase individual annuities in a defined contribution plan. The University's share of the cost of these benefits was $2,127,640 and $1,816,449 for the years ended June 30, 2024 and 2023, respectively.

457(b) and 457(f) deferred compensation plan – Effective January 1, 2008, the University began sponsoring a 457(b) deferred compensation plan for one selected employee. Effective during the year ended June 30, 2023, the University began sponsoring a 457(f) deferred compensation plan for the one selected employee. Investments are owned by the University and managed individually by the participant within established guideline investment funds by the University. Contributions fully vest upon the first of the following events to occur: retirement, involuntary termination without reasonable cause, disability or death. Until such time, plan assets are subject to the claim of the University's creditors.

The employer's contribution is intended to provide additional matching contributions that cannot be made to the participant under the employer's qualified plan because of the application of Code section 401(a)(17).

The University made discretionary contributions of $201 to the 457(b) plan and $145,000 to the 457(f) plan during the year ended June 30, 2024. At June 30, 2024, the University recorded an asset of $619,429 in investments, and a liability of $169,258 in accrued liabilities on the consolidated statement of financial position. At June 30, 2023, the University recorded an asset of $436,590 in investments, and a liability of $160,539 in accrued liabilities on the consolidated statement of financial position.

Note 13 – Contingencies

The University receives and expends monies under federal grant programs and is subject to audits by governmental agencies. Management believes that any liabilities resulting from such audits will not have a material impact on the University.

The University is involved in legal proceedings, claims, and litigation arising in the ordinary course of operations. In the opinion of management, these matters will not materially affect the University's financial position.

Note 14 – Accounts Receivable

As of June 30, 2024, and 2023, the University has recorded tuition receivables amounting to $846,532 and $922,834 respectively. Tuition receivables represent amounts owed to the University from students for tuition related fees, the remaining balance of accounts receivable consist of other miscellaneous receivables.

Allowance for Credit Losses – In accordance with ASC 326, the University has established an allowance for credit losses to estimate potential uncollectible amounts from tuition receivables. The allowance is based on historical collection data, current economic conditions, and reasonable forecasts about future student payment behavior.

As of June 30, 2024, the allowance for credit losses related to tuition receivables is $129,765 which represents 15% of total tuition receivables. The calculation of the allowance considers:

- Historical Loss Experience: The University reviews historical trends in collections over the past ten years to estimate future credit losses.
- Current Conditions: The University assesses current economic conditions that may impact students' ability to pay, including employment rates and changes in enrollment patterns.
- Future Economic Forecasts: The University incorporates forecasts regarding future economic conditions and their potential impact on student payments.

The following table summarizes the activity in the allowance for credit losses for the year ended June 30:

	2024	2023
Beginning balance	$ 100,000	$ 114,000
Provision for credit losses	100,000	23,288
Write-offs	(70,235)	(37,288)
Ending balance	$ 129,765	$ 100,000

Credit Quality Indicators – The University monitors the credit quality of its tuition receivables based on the aging of receivables and other qualitative factors. As of June 30, 2024, and 2023, the aging of tuition receivables is as follows:

	2024	2023
Aging categories		
Current	$ 272,662	$ 215,614
1-30 days past due	164,134	173,734
31-60 days past due	93,162	133,827
61-90 days past due	48,873	88,425
Over 90 days past due	267,701	311,234
Total tuition receivables	$ 846,532	$ 922,834

The University continuously evaluates its collection practices and adjusts the allowance for credit losses as necessary to reflect changes in the credit quality of its tuition receivables.

Note 15 – Concentration of Credit Risk

Financial instruments that potentially subject the University to concentrations of credit risk consist principally of cash and cash equivalents, investments, and accounts receivable. The University places substantially all of its cash and liquid investments with financial institutions; however, cash balances may periodically exceed the federally insured limits. Investments are generally placed in a variety of managed funds administered by an investment manager. Student loans and receivables are due from a variety of sources. As of June 30, 2024 and 2023, management considers the University to have no significant concentration of credit risk.

Note 16 – Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or the passage of time, as follows at June 30:

	2024	2023
Restricted purposes accomplished		
Nonscholarship expenditures	$ 3,246,608	$ 3,089,672
Student aid – general	2,180,928	2,028,970
Property and equipment purchased – capital campaign	2,249,404	1,457,077
Net assets released from restrictions	$ 7,676,940	$ 6,575,719

Note 17 – Net Assets

Purpose and time restrictions – Net assets with donor restrictions contain donor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the University. These net assets are available for the following specific purposes, or time restrictions have been placed on the use of the funds as noted in the following schedule at June 30:

	June 30, 2024	June 30, 2023
The portion of perpetual endowment funds that is subject to a time or purpose restrictions either by explicit donor stipulation or by UPMIFA	$ 5,699,617	$ 3,349,503
Gifts and bequests restricted for scholarships	1,431,724	822,336
Gifts and bequests restricted for educational programs	4,129,151	4,461,854
Perkins loan funds	-	(341,037)
Gifts and bequests restricted for investment in land, buildings, and equipment	569,235	1,437,417
Investments restricted for payments to annuity and life income beneficiaries	760,658	715,448
Total net assets with donor restrictions – purpose and time restricted	$ 12,590,385	$ 10,445,521

Perpetual in nature – Net assets are subject to donor-imposed restrictions that the principal be invested in perpetuity, and consist of the following at June 30:

	June 30, 2024	June 30, 2023
Endowment	$ 23,622,513	$ 23,089,082
Annuity and life income	598,529	520,921
Net assets with donor restrictions – perpetual in nature	$ 24,221,042	$ 23,610,003

Note 18 – Endowments

The University's endowment consists of 221 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), 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.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) requires the University to retain as a fund of perpetual duration. At June 30, 2024 and 2023, 11 and 21 funds with gift values of $368,867 and $1,493,298, fair values of $327,571 and $1,361,765, and deficiencies of $41,296 and $131,533, respectively, were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Trustees.

The University invests its endowment investment portfolio and allocates the related earnings for expenditure in accordance with the total return concept. A distribution of endowment return that is independent of the cash yield and appreciation of investments earned during the year is provided for program support. The University has an endowment spending policy designed specifically to stabilize annual spending levels and to preserve the real value of the endowment portfolio over time. The spending policy attempts to achieve these two objectives by using a long-term targeted spending rate combined with a smoothing rule, which adjusts spending gradually to changes in the endowment market value. The University used spending rates of 3.5% and 3.8% of the three-year rolling average endowment market value for 2024 and 2023 respectively, for endowments that were not deficient. Deficient endowment spending rate was 1.00% of the three-year rolling average endowment market value for 2024. Actual spending rate in 2024 was 3.3% of the three-year rolling average endowment balance.

The University follows the Act, which are the provisions that apply to endowment funds. The Board of Trustees of the University has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies net assets with donor restrictions as (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	$ 4,465,028	$ 26,438,585	$ 30,903,613
Investment return			
Investment income	117,778	595,159	712,937
Net appreciation (realized and unrealized)	521,553	2,528,964	3,050,517
Total investment return	639,331	3,124,123	3,763,454
Gifts and bequests	-	485,820	485,820
Matured trusts and other transfers	-	47,610	47,610
Appropriation of endowment assets for expenditure	(114,930)	(774,009)	(888,939)
Endowment net assets, end of year June 30, 2024	$ 4,989,429	$ 29,322,129	$ 34,311,558

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	$ 4,284,460	$ 24,868,201	$ 29,152,661
Investment return			
Investment income	92,302	505,237	597,539
Net appreciation (realized and unrealized)	246,324	1,242,914	1,489,238
Total investment return	338,626	1,748,151	2,086,777
Gifts and bequests	-	467,604	467,604
Matured trusts and other transfers	-	174,012	174,012
Appropriation of endowment assets for expenditure	(158,058)	(819,383)	(977,441)
Endowment net assets, end of year June 30, 2023	$ 4,465,028	$ 26,438,585	$ 30,903,613

Note 19 – Consolidated Entities Net Assets and Actuarial Liabilities

The table below breaks out the consolidated entities net assets and actuarial liabilities as of June 30:

	2024	2023
CONSOLIDATED NET ASSETS		
George Fox University		
Without donor restrictions	$ 156,964,586	$ 147,599,271
With donor restrictions	36,811,427	34,055,524
Total net assets	193,776,013	181,654,795
Consolidated entities		
Without donor restrictions	(289,824)	(20,361)
Total consolidated net assets	193,486,189	181,634,434
ACTUARIAL LIABILITIES		
For annuities payable	$ 488,761	$ 572,854
For charitable remainder trusts	888,069	934,597
Combined actuarial liability	$ 1,376,830	$ 1,507,451

Supplementary Information

Section 498(c)(1) of the Higher Education Act authorizes the secretary of the U.S. Department of Education ("ED") to establish ratios and other criteria for determining whether an institution has sufficient financial responsibility. Section 668.172 established a methodology based on three ratios – primary reserve, equity, and net income – that measure financial responsibility. Several mathematical steps are required to combine an institution's ratio results into a composite score:

- Determine the value of each ratio;
- Calculate a strength factor for each ratio using the appropriate algorithm;
- Calculate a weighted score for each ratio by multiplying the strength factor score by its corresponding weighted percentage; and
- Add the weighted scores to arrive at the composite score.

Institutions receiving a composite score of 1.5 or greater are considered financially responsible. An institution that fails the financial responsibility standards may continue to participate in Title IV programs under provisional certifications for three years. To continue to participate in Title IV programs under provisional certification, an institution will be required to provide surety to the ED of 10 percent or more of its previous years' Title IV funding, as determined by the ED.

George Fox University
Financial Responsibility Ratios

Primary Reserve Ratio Calculation	Reference		As of and for the Year Ended June 30, 2024	
Net assets with donor restrictions	SOFP	+	$ 36,811,427	
Net assets without donor restrictions	SOFP	+	156,674,762	
Total net assets	SOFP		193,486,189	
Less:				
Net assets with purpose or time restrictions - perpetual endowment funds	Note 17	-	(5,699,617)	
Net assets with purpose or time restrictions - annuities & life income funds	Note 17	-	(760,658)	
Net assets held in perpetuity	SOFP	-	(24,221,042)	
Property, plant, and equipment - pre-implementation	NFRR	-	(76,188,386)	
Property, plant, and equipment - post-implementation with outstanding debt for original purchase	NFRR	-	(14,865,052)	
Property, plant, and equipment - post-implementation without outstanding debt for original purchase	NFRR	-	(44,420,132)	
Construction in process	Note 7	-	(1,842,627)	
Lease right-of-use asset, net	SOFP	-	(218,394)	
Unsecured other related-party assets	N/A	-	-	
Secured and unsecured related party receivables	N/A	-	-	
Unsecured related-party receivables	N/A	-	-	
Add:				
Lease right-of-use asset pre-implementation	N/A	+	-	
Lease right-of-use asset post-implementation	SOFP	+	218,394	
Intangible assets	N/A	+	-	
Long-term debt - for long term purposes pre-implementation	SOFP	+	-	
Long-term debt - for long term purposes post-implementation	Note 11	+	43,168,532	
Line of credit for Construction in process	N/A	+	-	
Lease right-of-use asset liability	N/A	+	-	
Pre-implementation right-of-use lease liabilities	N/A	+	-	
Post-implementation right-of-use lease liabilities	SOFP	+	216,854	
Post-employment and defined pension liabilities	N/A	+	-	
Total expendable net assets				$ 68,874,061
Total operating expenses	SOA		101,327,586	
Add:				
Unrealized and realized losses on split-interest agreements	Note 6	+	(60,309)	
Unrealized and realized losses on interest rate swaps liability	N/A	+	-	
Non-operating and net investment (loss)	N/A	+	-	
Other components of net periodic pension costs	N/A	+	-	
Net investment losses	N/A	+	-	
Pension-related changes other than net periodic costs	N/A	+	-	
Losses on sale of property, plant and equipment	N/A	+	-	
Total expenses without donor restrictions and losses without donor restrictions				$ 101,267,277
Primary reserve ratio				**0.680**

See notes to financial responsibility ratios.

George Fox University
Financial Responsibility Ratios

Equity Ratio Calculation	Reference		June 30, 2024	
Net assets with donor restrictions	SOFP	+	$ 36,811,427	
Net assets without donor restrictions	SOFP	+	$ 156,674,762	
Total net assets	SOFP		193,486,189	
Less:				
Lease right-of-use asset pre-implementation	N/A	-	-	
Intangible assets	N/A	-	-	
Unsecured related-party receivables	N/A	-	-	
Unsecured related party other assets	N/A	-	-	
Modified net assets				$ 193,486,189
Total assets	SOFP	+	$ 255,622,308	
Less:				
Intangible assets	N/A	-	-	
Unsecured related-party receivables	N/A	-	-	
Unsecured related party other assets	N/A	-	-	
Modified assets				$ 255,622,308
Equity ratio				**0.757**

Net Income Ratio Calculation	Reference		For the Year Ended June 30, 2024	
Change in net assets without donor restrictions	SOA			$ 9,095,852
Total operating revenues, gains, and other support without donor restrictions	SOA		$ 110,423,438	-
Add:				
Building gifts released from restrictions	N/A	+	-	-
Non-operating gifts	N/A	+	-	-
Gain on disposal of property, plant and equipment	SCF	+	35,088	-
Less:				
Other gains and losses, net	N/A	-	-	-
Endowment returns, net of appropriations for operations	N/A	-	-	-
Total non-operating revenues, gains, and other support without donor restrictions				$ 110,458,526
Net income ratio				**0.082**

See notes to financial responsibility ratios.

Step 1: Calculate the strength factor score for each ratio by using the following algorithms:

Primary Reserve strength factor score = 10 x the primary reserve ratio result
Equity strength factor score = 6 x the equity ratio result

Negative net income ratio result:	Net Income strength factor = 1 + (25 x net income ratio result)
Positive net income ratio result:	Net income strength factor = 1 + (50 x net income ratio result)
Zero result for net income ratio:	Net income strength factor = 1

If the strength factor score for any ratio is greater than or equal to 3, the strength factor score for the ratio is 3.

If the strength factor score for any ratio is less than or equal to -1, the strength factor score for the ratio is -1.

Step 2: Calculate the weighted score for each ratio and calculate the composite score by adding the three weighted scores

Primary Reserve weighted score = 40% x the primary reserve strength factor score
Equity weighted score = 40% x the equity strength factor score
Net Income weighted score = 20% x the net income strength factor score
Composite Score = the sum of all weighted scores
Round the composite score to one digit after the decimal point to determine the final score

	As of and for the Year Ended June 30, 2024			
RATIO	**Ratio**	**Strength Factor**	**Weight**	**Composite Scores**
Primary Reserve Ratio	0.68	3.00	40%	1.20
Equity Ratio	0.76	3.00	40%	1.20
Net Income Ratio	0.08	3.00	20%	0.60
Composite Score				3.00

See notes to financial responsibility ratios.

Note 1 – Financial Responsibility

The Financial Responsibility Schedule shows the calculation of the composite score for the University, including a reference for each financial element to either the statement of financial position (SOFP), statement of activities (SOA), notes to the financial statements (Note x), or notes to financial responsibility supplemental schedule as applicable.

Note 2 – Property, Plant, and Equipment, Net, Allocated for Financial Responsibility Supplemental Schedule

	Property, Plant, and Equipment	Accumulated Depreciation	Net
Pre-implementation	$ 158,345,138	(82,156,752)	$ 76,188,386
Post-implementation with outstanding debt for original acquisition	15,168,420	(303,368)	14,865,052
Post-implementation without outstanding debt for original acquisition	48,203,225	(3,783,093)	44,420,132
Construction in progress			1,842,627
	$ 221,716,783	$ (86,243,213)	$ 137,316,197

Note 3 – Long-Term Debt, Allocated for Financial Responsibility Supplemental Schedule

	Bonds Payable	Net Total
Post-implementation:		
2021 Series A, net	$ 43,168,532	$ 43,168,532

MOSSADAMS

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
George Fox University and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the George Fox University and Subsidiaries (the "University"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated October 24, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Portland, Oregon
October 24, 2024

MOSSADAMS

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Trustees
George Fox University and Subsidiaries

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited George Fox University and Subsidiaries' compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on George Fox University and Subsidiaries' major federal program for the year ended June 30, 2024. George Fox University and Subsidiaries' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion George Fox University and Subsidiaries complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent George Fox University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of George Fox University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to George Fox University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on George Fox University and Subsidiaries' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about George Fox University and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 George Fox University 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of George Fox University and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of George Fox University and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams LLP

Portland, Oregon
October 24, 2024

Section I – Summary of Auditor's Results

Consolidated Financial statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes ✓ no
- Significant deficiency(ies) identified? _____ yes ✓ none reported

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes ✓ no
- Significant deficiency(ies) identified? _____ yes ✓ none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes ✓ no

Section I – Summary of Auditor's Results (continued)

Identification of major federal programs:

Federal Assistance *Listing Number*	*Name of Federal Program or Cluster*
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work Study Program
84.038	Federal Perkins Loan Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)

Dollar threshold used to distinguish between type A and type B programs? $750,000

Auditee qualified as low-risk auditee? ✓ yes ______ no

Section II – Consolidated Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

George Fox University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster:			
Department of Education Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007		303,491
Federal Work Study Program	84.033		695,616
Federal Perkins Loan Program (Note 4)	84.038		-
Federal Pell Grant Program	84.063		3,991,584
Federal Direct Student Loans	84.268		42,942,630
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		185,742
Total Student Financial Assistance Cluster			48,119,063
Total U.S. Department of Education			48,119,063
U.S. Department of Health and Human Services			
Department of Health and Human Services Direct Programs:			
Graduate Psychology Education	93.191		261,453
Total Expenditures of Federal Awards			$ 48,380,516

See accompanying notes to the schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of George Fox University (the University) under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if applicable, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. There were no pass-through funds or amounts passed to subrecipients for the year ended June 30, 2024.

Note 3 – Indirect Cost Rate

The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 – Federal Student Loan Program

The federal student loan program listed below is administered directly by the University and balances and transactions relating to this program are included in the University's consolidated financial statements. Loans outstanding at the beginning of the year are included in the federal expenditures presented in the Schedule. On October 1, 2017, the Federal Perkins Extension Act of 2015 expired and no longer permits disbursements to students of any kind after June 30, 2018. The University has been returning the Federal share of the Perkins Revolving Funds as computed and requested by the government since this timeframe.

During the year ended June 30, 2024, the University finalized its liquidation of the Perkins loan program and assigned and transferred Perkins notes receivables to the Federal government. The University has completed the following procedures during its final close out steps and elimination of the liability for Federal Perkins loans.

- Reviewed, evaluated, and documented that the institution notified the US Department of Education on its intent to liquidate its Perkins loan portfolio and fund.

- Confirmed the acceptance and transfer of its outstanding portfolio of loans with outstanding balances through the assignment process to the US Department of Education or purchased any loans with outstanding balances that were not assigned. The table below shows the total loans and balances accepted and transferred to the US Department of Education.

	Number of Borrowers	Amount Loaned
Initial funds advanced to students	6,327	$ 11,378,192
Borrowers whose loans are fully retired	5,895	10,602,339
Outstanding loans to be transferred and accepted by US Department of Education	432	775,853
Less		
Amount of loans purchased by the University		1,500
Principal payments received on outstanding loans		161,742
Total principal assigned and officially accepted by US Department of Education	432	$ 612,611

- Remitted the federal share owed to the US Department of Education. The table below shows the calculation performed over the cash on hand balance and amount remitted to the US Department of Education.

Funds owed to US Department of Education Recon	
Cash on hand at time of remittance	$ 243,421
Federal share perecentage of total net capital contributions	81.54
Institutional share percentage of total net capital contributions	18.46
Federal share paid to the US Department of Education	$ 198,485

MOSSADAMS