

LIFE UNIVERSITY, INC.

CERTIFICATE OF COMPLIANCE REQUIRED BY
SECTION 8.11(B) OF THE LOAN AGREEMENT

Pursuant to Section 8.11(b) of the Loan Agreement dated as of July 1, 2017 between Life University, Inc. (the "University") and Regions Bank, as dissemination agent, I, William D. Jarr, hereby certify that I am duly appointed as the Executive Vice President for Finance of the University, and further certify on behalf of the University, that I am familiar with the terms of the Loan Agreement dated as of July 1, 2017 (the "Loan Agreement") between the University and the Development Authority of the City of Marietta and to the best of my knowledge after due investigation, that during the period ended or as of June 30, 2024 there did not exist any Event of Default nor did the University have knowledge of any such Event of Default.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as Executive Vice President for Finance of the University this 12th day of August, 2024.

LIFE UNIVERSITY, INC.

By: 

William D. Jarr
Executive Vice President for Finance

LIFE UNIVERSITY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED
JUNE 30, 2024

Revenues:

For the twelve months ended June 30, 2024, tuition and fees net of scholarships were slightly above budget with the \$1.6 million Undergraduate shortfall to budget offset by the similar surplus to budget for the Doctor of Chiropractic program. Tuition and fees including scholarships totaled \$70.170 million and \$1.506 million more than the preceding year. Total revenues were more than budget by \$4.247 million and \$505,362 more than the previous year which was largely attributable to net realized and unrealized gains from investments and the sale of two excess off campus rental properties.

Expenses:

Operating expenses including depreciation and interest expense were \$84.167 million and produced a budget surplus of \$1.718 million which was largely attributable to open budgeted positions for the fiscal year ended June 30, 2024.

Results of Operations:

The overall impact of the revenue and expenses resulted in a favorable budget variance of \$5.965 million and a \$624,356 increase in net assets after debt service, interest, and depreciation.

Cash and Investments:

Cash and investments (including Title IV funds availability) were approximately \$2.680 million more than the preceding year.

Summary of Ratio Analysis at June 30, 2024:

• Days Cash on Hand	120.09 vs. 80.00*
• Debt Service Coverage	1.38 vs. 1.20*
• Long-Term Indebtedness	.29 vs .15*
• Trade Payables Less than 60 Days	97.96% vs. 90.0%*

**June 30th requirement*

LIFE UNIVERSITY, INC.
STATEMENTS OF FINANCIAL POSITION
For the Period Ended June 30, 2024

	PY-T-D	Y-T-D
Assets		
Cash and cash equivalents	\$ 12,927,979	\$ 8,413,561
Investments	7,420,837	8,764,921
Deposits with trustee	10,096,667	10,363,741
Pledges receivable, net	1,128,424	657,224
Other receivables, net	2,236,755	1,638,327
Right of use assets	1,176,107	1,157,643
Other assets	2,368,252	2,917,821
Notes Receivable, net	2,949,969	5,243,328
Property and equipment, net	87,493,434	84,562,831
Investments permanently restricted for endowment	3,264,225	4,149,376
Total Assets	<u>\$ 131,062,649</u>	<u>\$ 127,868,774</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 8,677,966	\$ 7,029,265
Other liabilities	1,138,039	1,503,493
Finance lease liabilities	535,657	415,893
Operating lease liabilities	1,606,975	1,469,815
Notes payable and capital lease obligations, net	89,702,325	87,424,265
Total Liabilities	<u>\$ 101,660,963</u>	<u>\$ 97,842,731</u>
Net Assets		
Without donor restrictions:	21,621,295	20,391,491
With donor restrictions	7,780,391	9,634,552
Total net assets	<u>\$ 29,401,687</u>	<u>\$ 30,026,043</u>
Total Liabilities and net assets	<u>\$ 131,062,649</u>	<u>\$ 127,868,774</u>

LIFE UNIVERSITY, INC.
STATEMENT OF ACTIVITIES
For the Period Ended June 30, 2024

	PY-T-D	Y-T-D	Without Donor Restrictions	With Donor Restrictions	Y-T-D BUDGET	VARIANCE + (-)
Revenues, Gains and Other Support						
Student tuition and fees:						
College of Chiropractic	62,619,403	63,861,111	63,861,111		62,193,574	1,667,537
Non-chiropractic graduate	1,690,124	1,892,239	1,892,239		1,710,668	181,571
Undergraduate	12,039,490	12,520,002	12,520,002		14,177,751	(1,657,749)
Institutional scholarships and tuition discounts	(7,684,421)	(8,103,255)	(8,103,255)		(8,000,000)	(103,255)
Net student tuitions and fees	68,664,596	70,170,096	70,170,096	-	70,081,993	88,103
Private contributions	2,570,868	1,529,247	430,478	1,098,770	1,200,000	329,247
Interest and dividend income	545,980	697,571	597,309	100,262	250,000	447,571
Net realized and unrealized gains (losses)						
from investments	1,250,350	1,955,807	1,163,098	792,709	-	1,955,807
Clinic receipts	139,556	437,507	437,507		585,604	(148,096)
Sales and services of auxiliary enterprises	8,766,881	10,001,420	10,001,420	-	8,427,000	1,574,420
Net Assets Release from Restrictions	-	-	137,580	(137,580)		
Total revenues, gains and other support	84,286,287	84,791,649	82,937,488	1,854,161	80,544,597	4,247,052
Operating Expenses						
Educational and general:						
Instructional and Research	27,225,551	25,891,647	25,891,647		29,279,681	3,388,034
Public Service	1,037,795	830,270	830,270		1,136,798	306,529
Academic support	2,893,839	3,332,337	3,332,337		3,804,698	472,361
Student services	13,059,629	13,739,416	13,739,416		13,559,099	(180,317)
Institutional support	18,570,682	20,147,199	20,147,199		17,356,657	(2,790,543)
Fundraising	1,031,801	971,916	971,916		1,189,845	217,929
Operations and maintenance of plant	6,647,370	6,038,927	6,038,927		6,461,783	422,856
Interest Expense	4,583,869	4,462,378	4,462,378		4,402,905	(59,473)
Total Education and General	75,050,536	75,414,089	75,414,089	-	77,191,466	1,777,377
Auxiliary enterprises expenses	9,919,362	8,753,204	8,753,204		8,693,732	(59,472)
Total Expenses	84,969,898	84,167,293	84,167,293	-	85,885,198	1,717,905
Change in Net Assets	(683,611)	624,356	(1,229,805)	1,854,161	(5,340,601)	5,964,957
Net Assets, beginning of year	30,085,297	29,401,686	21,621,295	7,780,391		
Net Assets, end of year	29,401,686	30,026,042	20,391,490	9,634,552		

LIFE UNIVERSITY, INC.
STATEMENTS OF FINANCIAL POSITION
For the Period Ended June 30, 2024

	6/30/24	6/30/23
Cash Flows From Operating Activities		
Change in net assets	\$ 624,356	\$ (683,610)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	6,171,853	7,683,768
Amortization of right of use assets	18,463	557,335
Amortization of debt issuance cost and discount	1,940	5,859
Net realized and unrealized gain on investments	(1,955,807)	(1,250,349)
(Recovery of) uncollectible notes receivable		(115,023)
Gifts restricted for long-term investments	885,151	553,104
(Increase) decrease in operating assets:		
Pledges receivable	471,200	10,171
Other receivables	598,427	2,199,495
Other assets	(549,569)	115,347
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(1,648,700)	1,708,061
Operating lease liabilities	(137,160)	(662,901)
Other liabilities	365,454	(1,467,161)
Net cash provided by operating activities	4,845,607	8,654,096
Cash Flows From Investing Activities		
Purchase of property and equipment	(3,241,250)	(9,233,482)
Purchase of investments	(4,178,674)	(1,903,962)
Proceeds from sale of investments	3,905,247	752,970
Increase (decrease) in:		
Deposits with trustee	(267,074)	(949,707)
Notes receivable, net	(2,293,359)	101,872
Net cash used in investing activities	(6,075,110)	(11,232,309)
Cash Flows From Financing Activities		
Gifts restricted for long-term investments	(885,151)	(553,104)
Payments on notes payable	(2,280,000)	(2,075,000)
Payments on finance lease obligations	(119,764)	(114,503)
Net cash used in financing activities	(3,284,915)	(2,742,607)
Net Increase (Decrease) in Cash and Cash Equivalents	(4,514,418)	(5,320,820)
Cash and Cash Equivalents, beginning of year	12,927,979	18,248,799
Cash and Cash Equivalents, end of year	\$ 8,413,561	\$ 12,927,979
Supplemental Cash Flow Disclosures		
Cash paid for interest	\$ 4,462,378	\$ 4,520,477

Ratio Analysis:

"Days" Cash on Hand

	Jun-24	Jun-23
Cash and Investments	8,413,561	12,927,979
Title IV Funds Available	4,754,432	
Investments	12,914,297	10,685,062
	26,082,291	23,613,041
Restricted Cash	(420,835)	(631,958)
	25,661,456	22,981,083
Operating Expenses	84,167,293	62,091,156
Principal	-	-
Depreciation and Amortization	(6,171,853)	(7,644,024)
Interest from Cap I Fund		
Change in PV of Deferred Comp		
Provision for Doubtful Accounts		
	77,995,440	54,447,132
	365	365
	213,686	149,170
Days Cash on Hand	120.09	154.06
Requirement	80.00	80.00
	40.09 Pass	74.06 Pass

This and the following tabs support calculations related to bond covenant compliance.

Debt Service Coverage Ratio

Defined as "the ratio of (i) Revenues Available for Debt Service to (ii) the Debt Service Requirement

Revenues Available for Debt Service

	Jun-24	Jun-23
Operating Revenues	82,937,488	84,039,240
Operating Expenses:		
Total operating expenses	84,167,293	84,969,898
Less:		
Interest on Long-Term Indebtedness	4,462,378	4,520,477
Amortization of financing charges		
Depreciation	6,171,853	7,747,160
	10,634,231	12,267,637
	73,533,062	72,702,261
Revenues Available for Debt Service	9,404,426	11,336,979

Debt Service Requirement

Payments of principal and interest on bonds	6,680,250	6,586,719
Payments on other long-term indebtedness	119,764	114,504
	6,800,014	6,701,223
Current Ratio	1.38	1.69
Requirement	1.20	1.20
	0.18 Pass	0.49 Pass

Long-term Indebtedness Coverage Ratio June 30, 2024

	Jun-24	Jun-23
Unrestricted Cash and Investments		
Cash	8,413,561	12,927,979
Title IV Funds Available	4,754,432	-
Investments	12,914,297	10,685,062
Restricted Cash	(420,835)	(631,958)
	<u>25,661,456</u>	<u>22,981,083</u>
Long-term Indebtedness	89,501,597	91,437,043
	0.29	0.25
	<u>0.15</u> Required	<u>0.15</u> Required
	0.14 Pass	0.10 Pass

The Bond Agreement requires that 90% of trade payables be less than 60 days and that this must be tested annually by the auditors

	<u>Jun-24</u>	<u>Jun-23</u>
A/P greater than 60 days per aging	8,308	9,760
Total A/P (after adjustment) per detail	<u>406,392</u>	<u>1,570,088</u>
% less than 60 days	97.96%	99.38%
Minimum Requirement	<u>90.00%</u>	<u>90.00%</u>
Difference	7.96% Pass	9.38% Pass

Life University

Enrollment Report Summer 2024

Total Degree Seeking Enrollment						
	18-19	19-20	20-21	21-22	22-23	23-24
New Students						
Fall	529	531	533	539	529	560
Winter	210	174	212	195	196	159
Spring	103	148	144	133	138	88
Summer	201	193	212	170	199	214
Total Annual	1043	1046	1101	1037	1062	1021
Headcount:						
Fall	2736	2722	2796	2773	2749	2711
Winter	2684	2666	2686	2677	2606	2609
Spring	2542	2500	2604	2571	2446	2457
Summer	2215	2227	2220	2187	2162	2211
Total Annual	10177	10115	10306	10208	9963	9988
FTE Students						
Fall	2598	2588	2631	2609	2602	2577
Winter	2540	2534	2531	2520	2451	2482
Spring	2404	2380	2439	2416	2305	2328
Summer	2051	2076	2051	2012	1978	2056
Total Annual	9593	9578	9652	9557	9336	9443

College of Chiropractic						
	18-19	19-20	20-21	21-22	22-23	23-24
New Students						
Fall	187	200	177	222	195	212
Winter	123	79	96	118	112	89
Spring	55	77	65	51	48	38
Summer	99	84	111	95	100	95
Total Annual	464	440	449	486	455	434
Headcount:						
Fall	1645	1653	1670	1666	1605	1617
Winter	1664	1647	1618	1645	1585	1613
Spring	1598	1587	1569	1565	1484	1515
Summer	1556	1564	1549	1520	1478	1510
Total Annual	6463	6451	6406	6396	6152	6255
FTE Students						
Fall	1614	1625	1636	1626	1578	1589
Winter	1631	1615	1586	1601	1546	1579
Spring	1570	1561	1541	1532	1455	1476
Summer	1520	1537	1519	1488	1445	1465
Total Annual	6335	6338	6282	6247	6024	6109

Undergraduate						
	18-19	19-20	20-21	21-22	22-23	23-24
New Students						
Fall	302	256	294	241	251	275
Winter	70	85	104	70	75	59
Spring	36	47	50	43	44	29
Summer	81	100	93	67	90	119
Total Annual	489	488	541	421	460	482
Headcount:						
Fall	888	874	939	907	910	871
Winter	827	843	916	871	839	807
Spring	770	731	864	813	750	744
Summer	508	536	541	537	521	556
Total Annual	2993	2984	3260	3128	3020	2978
FTE Students						
Fall	833	816	855	850	862	822
Winter	776	792	839	816	782	767
Spring	715	681	774	758	701	705
Summer	446	463	458	455	449	501
Total Annual	2770	2752	2926	2879	2794	2795
Non Degree Seeking Students						
Non-Matriculating	6		Degree Seeking		2211	
Dietetic Internship	0		Non Degree		6	
Total	6		Total Enrolled		2217	

Graduate						
	17-18	18-19	19-20	20-21	22-23	23-24
New Students						
Fall	40	75	62	76	83	73
Winter	17	10	12	7	9	11
Spring	12	24	29	39	46	21
Summer	21	9	8	8	9	0
Total Annual	90	118	111	130	147	105
Headcount:						
Fall	203	195	187	200	234	223
Winter	193	176	152	161	182	189
Spring	174	182	171	193	212	198
Summer	151	127	130	130	163	145
Total Annual	721	680	640	684	791	755
FTE Students						
Fall	151	147	140	133	162	166
Winter	133	127	106	103	123	136
Spring	119	138	124	126	149	147
Summer	85	76	74	69	84	90
Total Annual	488	488	444	431	518	539
Distant Education Enrollment						
Undergraduate	112		Undergraduate		444	
Graduate	98		Graduate		47	
Total Distant Education	210		Total		491	