

University of Dayton

Consolidated Financial Report
June 30, 2025

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Independent Auditor's Report

Board of Trustees
University of Dayton

Opinion

We have audited the consolidated financial statements of the University of Dayton (the University), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

RSM VS LLP

Dayton, Ohio
October 28, 2025

University of Dayton

Consolidated Statements of Financial Position
June 30, 2025 and 2024
(In Thousands)

	2025	2024
Assets		
Cash	\$ 79,780	\$ 73,085
Accounts receivable, net allowance of \$5,014 and 3,978 (Note 3)	70,793	68,165
Contributions receivable, net (Note 3)	22,090	18,281
Inventories, prepaid expenses and other	11,123	9,932
Notes receivable, net (Note 3)	2,544	2,984
Investments—restricted bond reserves	33,398	6
Investments and assets held by others (Note 4, 6, 12)	1,312,730	1,239,796
Right-of-use assets—finance leases (Note 7)	1,945	2,793
Right-of-use assets—operating leases (Note 7)	9,540	6,216
Land, buildings and equipment (Note 8)	763,779	761,269
Total assets	\$ 2,307,722	\$ 2,182,527
Liabilities		
Accounts payable	\$ 41,110	\$ 42,999
Accrued payroll and compensated absences	25,218	25,632
Other liabilities	25,216	24,038
Deferred revenue and student deposits	17,039	17,613
Lease liabilities—finance leases, net (Note 7)	1,081	1,935
Lease liabilities—operating leases, net (Note 7)	10,789	7,553
Split interest agreement obligations (Note 6)	9,538	8,417
Interest rate swap obligations (Note 10, 12)	-	1,094
Indebtedness (Note 9)	390,879	362,007
Accrued postretirement benefits (Note 11)	28,184	32,905
Total liabilities	549,054	524,193
Net Assets (Note 13)		
Without donor restrictions:		
Controlling interest	1,204,862	1,169,062
Noncontrolling interest	2,172	1,789
	1,207,034	1,170,851
With donor restrictions	551,634	487,483
Total net assets	1,758,668	1,658,334
Total liabilities and net assets	\$ 2,307,722	\$ 2,182,527

See notes to consolidated financial statements.

University of Dayton

Consolidated Statement of Activities Year Ended June 30, 2025 (In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Student tuition and fees, net of student aid \$257,225	\$ 166,445	\$ -	\$ 166,445
Private gifts, grants and other (Note 15)	14,053	34,914	48,967
Private research contracts	10,153	-	10,153
Government grants and contracts	268,166	1,706	269,872
Investment return designated for current operations (Note 4)	41,368	16,990	58,358
Auxiliary enterprises	111,404	-	111,404
Related entities	28,325	-	28,325
	<u>639,914</u>	<u>53,610</u>	<u>693,524</u>
Net assets released from restrictions	37,854	(37,854)	-
Total revenues, gains and other support	677,768	15,756	693,524
Expenditures:			
Salaries and benefits	373,083	-	373,083
Interest expense	12,714	-	12,714
Depreciation and amortization	37,405	-	37,405
Cost of sales	15,828	-	15,828
Contract services and maintenance	107,634	-	107,634
Supplies	21,453	-	21,453
Utilities and communications	12,311	-	12,311
Other expenditures	81,583	-	81,583
	<u>662,011</u>	<u>-</u>	<u>662,011</u>
Change in net assets from operations	15,757	15,756	31,513
Other activities:			
Investment return in excess of amounts designated for current operations (Note 4)	14,728	51,501	66,229
Actuarial change in annuities	-	(971)	(971)
Change in interest rate swap agreements	1	-	1
Gain on disposals	1,209	-	1,209
Net assets released from restriction	2,135	(2,135)	-
Change in postretirement benefit obligation (Note 11)	1,451	-	1,451
Bond issuance cost write off	901	-	901
Change in other activities	20,425	48,395	68,820
Change in net assets	36,182	64,151	100,333
Less change in net assets attributable to to the noncontrolling interest	(382)	-	(382)
Change in net assets attributable to the University of Dayton	35,800	64,151	99,951
Net assets at beginning of year	<u>1,169,062</u>	<u>487,483</u>	<u>1,656,545</u>
Net assets at end of year	<u>\$ 1,204,862</u>	<u>\$ 551,634</u>	<u>\$ 1,756,496</u>

See notes to consolidated financial statements.

University of Dayton

Consolidated Statement of Activities Year Ended June 30, 2024 (In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Student tuition and fees, net of student aid \$268,617	\$ 169,263	\$ -	\$ 169,263
Private gifts, grants and other (Note 15)	16,232	31,710	47,942
Private research contracts	10,633	-	10,633
Government grants and contracts	254,129	1,602	255,731
Investment return designated for current operations (Note 4)	48,540	15,744	64,284
Auxiliary enterprises	110,568	-	110,568
Related entities	26,953	-	26,953
	<u>636,318</u>	<u>49,056</u>	<u>685,374</u>
Net assets released from restrictions	36,770	(36,770)	-
Total revenues, gains and other support	<u>673,088</u>	<u>12,286</u>	<u>685,374</u>
Expenditures:			
Salaries and benefits	355,865	-	355,865
Interest expense	13,174	-	13,174
Depreciation and amortization	37,714	-	37,714
Cost of sales	16,418	-	16,418
Contract services and maintenance	108,538	-	108,538
Supplies	23,174	-	23,174
Utilities and communications	11,613	-	11,613
Other expenditures	91,448	-	91,448
	<u>657,944</u>	<u>-</u>	<u>657,944</u>
Change in net assets from operations	15,144	12,286	27,430
Other activities:			
Investment return in excess of amounts designated for current operations (Note 4)	48,446	7,151	55,597
Actuarial change in annuities	-	(938)	(938)
Voluntary separation incentive plan	(9,832)	-	(9,832)
Change in interest rate swap agreements	426	-	426
Loss on disposals	(377)	-	(377)
Net assets released from restriction	3,109	(3,109)	-
Change in postretirement benefit obligation (Note 11)	(4,199)	-	(4,199)
Change in other activities	<u>37,573</u>	<u>3,104</u>	<u>40,677</u>
Change in net assets	52,717	15,390	68,107
Less change in net assets attributable to to the noncontrolling interest	(410)	-	(410)
Change in net assets attributable to the University of Dayton	52,307	15,390	67,697
Net assets at beginning of year	<u>1,116,755</u>	<u>472,093</u>	<u>1,588,848</u>
Net assets at end of year	<u>\$ 1,169,062</u>	<u>\$ 487,483</u>	<u>\$ 1,656,545</u>

See notes to consolidated financial statements.

University of Dayton

Consolidated Statements of Cash Flows Years Ended June 30, 2025 and 2024 (In Thousands)

	2025	2024
Operating activities:		
Change in net assets	\$ 100,333	\$ 68,107
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	34,017	34,444
Amortization of premium on bond and debt issuance costs	(3,980)	(2,266)
Amortization of right to use asset and other	3,387	3,271
Gifts for long-term restricted purposes	(34,914)	(31,710)
Net realized and unrealized gains on investments	(103,152)	(71,973)
Income restricted for long-term investment	(2,059)	(1,938)
Change in accrued postretirement benefit obligation	(4,721)	92
Loss on interest rate swap agreements	(1,094)	(426)
Cash provided by (used in) operating assets and liabilities:		
(Increase) decrease in receivables	(6,437)	6,355
Increase in inventories and prepaid expenses and other	(1,191)	(1,982)
Increase in accounts payable, accrued liabilities and other liabilities	522	2,881
(Decrease) increase in deferred revenue and student deposits	(574)	7,242
Decrease in lease liability	(2,530)	(1,757)
Net cash (used in) provided by operating activities	(22,393)	10,340
Investing activities:		
Proceeds from the sale of investments	137,622	124,027
Purchases of investments	(140,796)	(109,312)
Payments received on notes receivable	440	611
Purchases of land, buildings and equipment, net of nominal disposals	(36,527)	(41,547)
Net cash used in investing activities	(39,261)	(26,221)
Financing activities:		
Income restricted for long-term investment	2,059	1,938
Decrease in advances from government for federal loans	(525)	(737)
Gifts for long-term restricted purposes	34,914	31,710
Payments of lease liabilities	(951)	(1,323)
Proceeds and premium on indebtedness	103,179	-
Payment of debt issuance costs	(713)	-
Payments on indebtedness	(69,614)	(15,823)
Net cash provided by financing activities	68,349	15,765
Net increase (decrease) in cash	6,695	(116)
Cash:		
Beginning	73,085	73,201
Ending	\$ 79,780	\$ 73,085

See notes to consolidated financial statements.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 1. Nature of Activities

The University of Dayton (the University) is an independent, coeducational institution founded and sponsored by the Society of Mary (the Marianists), a Roman Catholic Institute of Consecrated Life. The University is located in Dayton, Ohio, and is one of the nation's largest Catholic institutions of higher learning. Its students are actively recruited from all states, as well as from over 100 foreign nations. The student population approximates 7,740 undergraduate and 2,858 graduate students. The University awards baccalaureate, masters and select doctoral degrees in programs within the College of Arts and Sciences and four professional schools: the School of Business Administration, the School of Education and Health Sciences, the School of Engineering and the School of Law. Through these academic units, University libraries and its Research Institute, the University conducts a wide variety of academic and scientific research.

The accompanying consolidated financial statements present the accounts of the following entities, hereafter referred to as the University:

- The University of Dayton
- Eight legal limited liability companies that own interests in real estate near the University's campus, and of which the University is the sole member
- UDCI, Ltd., a limited liability company established to hold the University's interests in its operations in China, and of which the University is the sole member. This entity was liquidated during 2024.
- The River Park Community Corporation, a separate nonprofit corporation engaged in activities related to the University, and of which the University is the sole member
- 111 River Park, LLC, a wholly owned affiliate of The River Park Community Corporation
- River Park Development II, LLC, a wholly owned affiliate of The River Park Community Corporation
- 1414 South Patterson, LLC, a limited liability company established to hold the University's interests in a real estate joint venture, and of which the University is the sole member
- Dayton Hotel II, LLC and Concord Dayton Hotel II, LLC, both of which are controlled by 1414 South Patterson, LLC and established to own and operate a hotel adjacent to the University's campus, which the University is a 90% owner
- 1401 South Main, LLC, a limited liability company established to hold the University's interests in the real estate and operations of an office building adjacent to campus, and of which the University is the sole member
- Arcade Innovation Hub, LLC, a limited liability company established with Dayton/Miami Valley Entrepreneurs Center, Inc. to own a transdisciplinary space for innovation and creation, which the University is 75% owner

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 2. Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of the accompanying consolidated financial statements:

Basis of presentation: The consolidated financial statements include the accounts of all controlled affiliates that are required to be consolidated, and all intercompany transactions and balances have been eliminated. The amount of net assets allocated to the noncontrolling members are reflected as noncontrolling interests in the consolidated financial statements. Investments in joint ventures for which the University does not have control, or is not the primary beneficiary, but has the ability to exercise significant influence over the operating and financial policies, are accounted for under the equity method. Accordingly, the University's share of net earnings and losses from these ventures is included in the consolidated statements of activities.

Net assets: Net assets are classified into two categories: without donor restrictions, that are free of donor-imposed restrictions, as well as net assets designated by the governing board, and with donor restrictions, which have donor-imposed restrictions. The latter category has restrictions that will be met either by actions of the University or by the passage of time. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the University.

The expiration of a donor restriction on a contribution or endowment income is recognized in the period in which the restriction expires and, at that time, the related resources are reclassified to net assets without donor restrictions. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions of long-lived assets, such as land, buildings, or equipment without donor restrictions concerning the use are reported as revenue of the net asset class without donor restrictions. Such gifts are recorded at fair value at the date of donation. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. Donor restrictions are considered released upon the University placing the asset in service.

Net assets are released from donor restriction by incurring expenses satisfying the restricted purposes, by occurrence of events specified by the donors, or by the change of restrictions specified by the donors.

Related-party transactions: The Marianists are a separate entity from the University. Members of the Marianists may serve on the faculty and staff of the University under employment agreements; however, they are not eligible to participate in the University's retirement programs. On an annual basis, the University reimburses the Marianists an amount equivalent to the salaries and benefits of employed members. The University's intent is to compensate the Marianists at a rate comparable to the University employees in similar positions. In addition, there are various services the University and Marianists purchase from each other. The Marianists contribute funds to the University, which are recorded as gifts. A summary of these transactions for the years ended June 30, is as follows:

	2025	2024
Salary and Benefit Contribution to Marianists	\$ (1,000)	\$ (1,076)
Other contributions to Marianists	(65)	(50)
Services received from Marianists	(85)	(79)
Rent received from Marianists	10	10
Donations received from Marianists	211	208
Net revenue provided by Marianists	<u>\$ (929)</u>	<u>\$ (987)</u>

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 2. Significant Accounting Policies (Continued)

Liquidity: Assets and liabilities are listed in their estimated order of liquidity. For accounts with undeterminable liquidity, the University has made additional disclosures in the accompanying notes to the consolidated financial statements.

Revenue recognition: Revenue is recognized as performance obligations are satisfied, which are determined based on the nature of the services and goods provided.

Tuition and fees revenue is reported within the fiscal year in which educational services are provided. Tuition and fees relating to summer sessions that begin after June 30 are recorded in the consolidated statements of financial position as deferred revenue.

Scholarships and fellowships awarded to students for tuition, fees and room and board are based upon need and merit. These awards include amounts funded by the endowment, research funds and gifts, and reduce the published price of tuition for students receiving such aid. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. Institutional aid is netted against tuition and fees in the consolidated statements of activities as follows:

	2025	2024
Scholarships and fellowships:		
Institutionally funded	\$ 239,578	\$ 254,726
Endowed	12,523	11,112
Externally funded—gifts and grants	5,124	2,779
Total amount netted against tuition and fees revenue	<u>\$ 257,225</u>	<u>\$ 268,617</u>

The University receives grant and contract revenues from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return. Revenues from reciprocal transactions are recognized as the performance obligations are met, which is generally as the related costs are incurred. The funding may also represent a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large. Revenue from nonreciprocal transactions are considered contributions and are recognized when conditions have been substantially met.

Gifts of cash, property and marketable securities are recorded as revenue at fair value when received. Unconditional contributions are recognized as revenue based on the estimated present value of the future cash flows, net of allowances, when the commitment is received. Contributions made and collected in the same reporting period are recorded when received in the appropriate net asset category. In cases where conditional contributions are received with restrictions, and the conditions and restrictions are met at the same time revenue is recognized, the University has elected to reflect those as without donor restrictions. Conditional promises not reflected in the consolidated financial statements, which consist primarily of the difference between the award amount and the revenue recognized for the non-exchange transactions, were \$797,246 and \$716,304 as of June 30, 2025 and 2024, respectively.

Deferred revenue is primarily composed of amounts received for grants and contracts in advance of costs incurred as well as student tuition received but not yet been earned. If services are conducted over a fiscal year-end, deferred revenue is recorded for all revenue related to programs predominately conducted in the next fiscal year when performance obligations are met. The beginning balance of deferred revenue was \$10,371 at July 1, 2023.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 2. Significant Accounting Policies (Continued)

Auxiliary enterprises include residence halls, food services, retail stores and athletics. Fee charges are directly related to the costs of services rendered to provide student housing and dining facilities, ticket sales for athletic and community events, parking services, grants from the NCAA and other miscellaneous activities. These services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public, and fees charged are directly related to, although not necessarily equal to, the cost of the goods or services.

Performance obligations for housing and dining services are delivered over the academic terms. Consequently, revenue from housing and dining services is recognized ratably as services are rendered. Other revenues are directly related to the costs of services rendered and are recognized as revenue when the services or goods are delivered.

Cash and cash equivalents: Cash and cash equivalents include all cash and highly liquid investments that are neither internally nor externally restricted. The University considers highly liquid investments to be cash equivalents when they are both readily convertible to cash and so near to maturity (typically within 90 days) when acquired that their value is not subject to substantial risk due to changes in interest rates. In addition, the University maintains cash which may exceed federally insured amounts. The University continually monitors its balances to minimize the risk of loss.

Accounts receivable, net: Accounts receivable consist of amounts due to the University for tuition, grants and contracts, and other revenue generated by the University. The University has recorded an allowance for credit losses based on management's assessment of collectability, while considering historical collection results, as well as current and forward looking business and economic conditions. Amounts are recorded at estimated net realizable value. The beginning balance of accounts receivable, net was \$70,119 at July 1, 2023.

Contributions receivable, net: Contributions receivable are recorded as revenue in the year the contribution is made. Unconditional donor contributions to give cash, marketable securities and other assets are reported using a discounted cash flow approach. The discount rates used range from 0.4% to 7.0%, depending on the year the contribution was received. Conditional donor promises to give and indications of intentions to give are not recognized until the condition is satisfied. Contributions received with donor restrictions that limit the use of the donated assets are reported as with donor restrictions until the donor restriction expires. Most unconditional contributions are designated for scholarships and general operating purposes. An allowance is recorded for amounts deemed uncollectible.

Inventories: Inventories are stated at the lower of cost or net realizable value. The auxiliary operations determine cost using the first in, first out method. Facilities determines cost using an average cost method.

Notes receivable, net: Notes receivable consist of a loan associated with the construction of solar panels located at the research facility and from student loans under government loan programs. An allowance for credit losses has been recorded based on management's assessment of collectability, while considering historical collection results as well as current and forward-looking business and economic conditions. The notes are recorded at estimated net realizable value.

Investments and assets held by others: The University invests its endowed funds and other funds in a variety of marketable securities and alternative investments. Investments in marketable debt and equity securities are carried at fair market value, based on quoted market prices or the last reported sale price on the last business day of the fiscal year.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 2. Significant Accounting Policies (Continued)

Alternative investments include limited partnerships, private equity, hedge funds and real estate partnerships, do not have readily determinable fair values, and are carried at the University's proportionate share of the fund's net asset value used as a practical expedient. Such fair value estimates are based upon the funds' net asset value at its year end, adjusted for any contributions, distributions and earnings between the funds' year end and the University's year end. In management's opinion, the stated values approximate fair value. Due to the inherent uncertainty of valuation, the estimated values may differ from values that would have been used had a readily available market value for the investments existed, and such differences may be material.

The weighted average method is used for purposes of determining gains and losses on the sale of marketable securities. Interest and dividend income are recorded when earned.

The University also holds certain real estate investments that are not readily marketable. These investments are accounted for using the equity method.

In addition, the University has assets held by others, which represent the present value of the estimated income the University will receive in the future from beneficial interest in trusts for which third parties serve as the trustees.

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

Split interest agreements: The University has entered into split interest agreements, including charitable remainder trusts and gift annuities which are recorded at the date of donation and provide that the University, as trustee, make payments to designated beneficiaries in accordance with the applicable donor's trust or contractual agreement. At the date of contribution, the University records an asset at fair value and a split interest agreement obligation to life beneficiaries, based on the present value of the estimated payments to designated life beneficiaries. The split interest agreement obligation is recorded as a liability on the consolidated statements of financial position. Obligations under split interest agreements are recorded at the present value of estimated payments (based on actuarially determined life expectancy tables, trust asset growth assumptions and discount rates ranging from 0.4% to 10.0%). The University is also the beneficiary of charitable trusts held by third party trustees. Assets held under these agreements are included in investments and are recorded at fair value. The annual change in the value of the split interest agreement obligation to life beneficiaries is reflected in the consolidated statements of activities and represents the change in actuarial assumptions, as well as the revenues and expenses of the trust.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 2. Significant Accounting Policies (Continued)

Leases: The University determines whether an arrangement is or contains a lease at the inception of the arrangement based on the unique facts and circumstances present in that arrangement. This determination generally depends on whether the arrangement conveys the right to control the use of an identified asset explicitly or implicitly for a period of time, in exchange for consideration. Control of an underlying asset is conveyed if the University obtains the rights to direct the use of, and to obtain substantially all of the economic benefit from, the use of the underlying asset. Some of the University's leases include both lease and nonlease components, which are accounted for as a single lease component as allowed for under the practical expedient in Accounting Standards Codification (ASC) 842-10-15-37. Some operating lease agreements include variable lease costs, including taxes and common area maintenance or increases in rental costs related to inflation. Such variable payments, other than those dependent upon a market index or rate, are expensed when the obligation for those payments is incurred. Lease expense is recorded in operating expenses in the consolidated statements of activities. The University's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset that the University is reasonably certain to exercise are considered short-term leases and are not recorded on the consolidated statements of financial position.

Right-of-use assets and lease liabilities are recognized at each lease's commencement date based on the present value of its lease payments over its respective lease term. Right-of-use assets are depreciated over the shorter of the lease term or their respective useful lives, ranging from five to 15 years. When a borrowing rate is not explicitly available for a lease, the University's incremental borrowing rate is used based on information available at the lease's commencement date to determine the present value of its lease payments. Operating lease payments are recognized on a straight-line basis over the lease term.

The University has operating leases for vehicles, office and research equipment as well as research, housing, and retail buildings used in operations. The University also has finance leases composed primarily of furnishings and computer hardware. These leases have remaining lease terms of less than one year to greater than five years, some of which include renewal options. The University considers these renewal options in determining the lease term used to establish right-of-use assets and lease liabilities when it is determined that it is reasonably certain that the renewal option will be exercised.

Land, buildings and equipment: Property and equipment are recorded at cost at date of acquisition, or fair value at date of donation, in the case of gifts. Depreciation of buildings, land improvements and equipment is recorded using the straight-line method over the estimated useful lives of 45 years, 20 years and three to 15 years, respectively. The cost of repairs and maintenance is expensed in the year incurred.

Derivative instruments: The University has entered into interest rate swap agreements to reduce the costs of and exposure to significant, unanticipated fluctuations caused by interest-rate volatility on certain variable rate debt. The University's goal is to lower (whenever possible) the cost of its borrowed funds. In accordance with the Accounting for Derivative Instruments and Hedging Activities Topics of the ASC, the University recognizes its derivative financial instruments as either assets or liabilities at fair value in the consolidated statements of financial position. The fair values of the interest rate swaps reflect the present value of the future potential gains or losses if settlement were to take place on the consolidated statements of financial position date. The derivative instruments are not designated as hedging instruments and, therefore, gains and losses on the derivative instruments are recorded as other income (expense) in the consolidated statements of activities during the period of change. As of June 30, 2025, the University is not currently holding any interest rate swap agreements.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 2. Significant Accounting Policies (Continued)

Advances from government for federal loans: Funds provided by the United States government under the Federal Perkins Loan Program are loaned to qualified students. These funds are ultimately refundable to the government and are recorded as a liability in other liabilities in the accompanying consolidated statements of financial position. The Federal Perkins Loan Program expired September 30, 2017, and the University may not disburse Perkins loans to any student on or after October 1, 2017, except for subsequent disbursements of loans first disbursed between June 30, 2017 and September 30, 2017. The University will be liquidating its Federal Perkins Revolving Loan Fund at the direction of the Department of Education.

Other expenditures: Other expenditures on the consolidated statements of activities are expenditures for travel, licenses, taxes, insurances, leases, membership dues and other general expenditures of the University.

Income taxes: The University is recognized by the Internal Revenue Service (IRS) as an organization exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code (IRC). The University is a public charity as defined by IRC Section 170(b)(1)(A)(ii). The University is exempt from federal income taxes, except to the extent of income derived from unrelated business activities. Unrelated business income is not material to the consolidated financial statements. The entities for which the University is the sole member are disregarded for tax purposes. Any activity from these entities is included in the tax return of the University.

The River Park Community Corporation has been recognized by the IRS as a title holding corporation exempt from federal taxation under Section 501(c)(2) of the IRC. The River Park Community Corporation is exempt from federal income taxes, except to the extent of income derived from unrelated business activities.

Tax returns filed by the University and River Park Community Corporation are subject to examination by the IRS up to three years from the filing date of each return. Forms 990 and 990T filed by the entities are no longer subject to examination for the years 2021 and prior.

The University completed an analysis of its tax position, in accordance with ASC 740, Income Taxes, and determined that no amounts were required to be recognized in the consolidated financial statements as of June 30, 2025 or 2024.

Use of estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates are used to determine the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also are used to determine the reported amounts of revenue, gains and other support and expenditures during the reporting period. The actual results could differ from these estimates.

Functional expenses: Expenses have been classified as instruction, organized research, academic support, student services, institutional support, auxiliary enterprises and related entities (see Note 16). These are classified based on direct expenditure, where possible. Natural expenses attributable to more than one functional expense category are allocated proportionally by assigned square footage.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 2. Significant Accounting Policies (Continued)

Fair value measurements: The University follows the provisions of Financial Accounting Standards Board (ASC 820, Fair Value Measurements and Disclosures, which 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, and establishes a framework for measuring fair value. ASC 820 defines a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements and, as noted above, ASC 820 defines a three-level fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participants. The fair value hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Inputs utilize quoted market prices in active markets for identical assets or liabilities

Level 2: Inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset and liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals

Level 3: Inputs are unobservable for the asset or liability, which is typically based on an entity's own assumptions, as there is little, if any, related market activity

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The University's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the asset or liability.

Operating and other activities: The University's measure of operating activities presented in the consolidated statements of activities includes all transactions that are incurred in the course of the normal business operations of the University. Other activities presented in the consolidated statements of activities include transactions that result from something other than the ongoing day-to-day activity of the University.

Reclassification: Certain reclassifications have been made to the 2024 consolidated financial statement presentation to conform to the 2025 presentation.

Subsequent events: The University has evaluated subsequent events through October 28, 2025, the date on which the consolidated financial statements were issued.

University of Dayton

Notes to Consolidated Financial Statements
(In Thousands)

Note 3. Receivables

Accounts receivable, net: Accounts receivable consist of the following as of June 30:

	2025	2024
Amounts due from students for tuition and other costs	\$ 9,508	\$ 8,660
Grants and contracts	54,333	49,789
Related entities activity	5,087	5,437
Direct student loan proceeds and other	6,879	8,257
	<u>75,807</u>	<u>72,143</u>
Less allowance for credit losses		
Beginning of year	(3,978)	(3,551)
Change in provision	(1,036)	(427)
End of year	<u>(5,014)</u>	<u>(3,978)</u>
Total accounts receivable, net	<u>\$ 70,793</u>	<u>\$ 68,165</u>

Contributions receivable, net: Outstanding contributions receivable as of June 30:

	2025	2024
Less than one year	\$ 11,620	\$ 9,723
One to five years	6,852	9,726
More than five years	7,725	528
	<u>26,197</u>	<u>19,977</u>
Less discount on contributions receivable	(2,944)	(734)
Less allowance for uncollectible contributions receivable	(1,163)	(962)
Total pledges receivable, net	<u>\$ 22,090</u>	<u>\$ 18,281</u>

Notes receivable, net: Notes receivable consist of the following as of June 30:

	2025	2024
Student loans under government loan programs	\$ 1,066	\$ 1,555
Other notes	1,705	1,748
	<u>2,771</u>	<u>3,303</u>
Less allowance for credit losses on student loans	(227)	(319)
Total notes receivable, net	<u>\$ 2,544</u>	<u>\$ 2,984</u>

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 4. Investments

The carrying value of investments at June 30, is reflected in the following table:

	2025	2024
Short-term money market funds	\$ 49,406	\$ 22,934
Fixed maturity:		
U.S. Treasuries	-	12
Mutual funds and pooled accounts:		
Domestic	4,614	3,984
Individual securities:		
Domestic	182,828	182,568
Total fixed maturity	187,442	186,564
Equities:		
Mutual funds and pooled accounts:		
Domestic	112,110	94,259
International	124,655	115,547
Individual securities:		
Domestic	290,852	287,007
Total equities	527,617	496,813
Exchange traded commodities and real assets	-	338
Hedge funds	228,973	196,827
Private equity funds	312,309	294,473
Real estate and real estate funds	37,570	39,072
Assets held by others	1,310	1,230
Other	1,501	1,551
Total	\$ 1,346,128	\$ 1,239,802

Approximately \$1,269,690 and \$1,200,784 of the carrying value of investments as of June 30, 2025 and 2024, respectively, are invested in the University's long-term investment pool (the pool). The pool includes \$937,402 and \$865,508 of the University's endowment funds as of June 30, 2025 and 2024, respectively.

Some of the investments, including the real estate and real estate funds, limited partnerships, hedge funds and private equity investments, have time restrictions on redemption. These restrictions vary from six months to the stated term of the limited partnership, trust, or fund, which may be longer than one year. During this period, the University may not be able to readily sell or convert certain holdings in the pool to cash. Funds that have restrictions on liquidity in excess of one year are approximately \$328,850 and \$315,806 as of June 30, 2025 and 2024, respectively, and range from two to seven years in duration.

University of Dayton

Notes to Consolidated Financial Statements
(In Thousands)

Note 4. Investments (Continued)

The following tables summarize the gross return on investments and its classification in the consolidated statements of activities as of June 30:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest earnings	\$ 17,755	\$ 3,680	\$ 21,435
Net realized and unrealized gains	38,341	64,811	103,152
Net return on investments	56,096	68,491	124,587
Investment return designated for current operations	(41,368)	(16,990)	(58,358)
Investment return in excess of amounts designated for current operations	\$ 14,728	\$ 51,501	\$ 66,229

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest earnings	\$ 41,704	\$ 6,204	\$ 47,908
Net realized and unrealized gains	55,282	16,691	71,973
Net return on investments	96,986	22,895	119,881
Investment return designated for current operations	(48,540)	(15,744)	(64,284)
Investment return in excess of amounts designated for current operations	\$ 48,446	\$ 7,151	\$ 55,597

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 5. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2025 and 2024, comprise the following:

	2025	2024
Financial assets at year-end:		
Cash	\$ 79,780	\$ 73,085
Accounts receivable—net	70,793	68,165
Contributions receivable—net	22,090	18,281
Notes receivable—net	2,544	2,984
Investments—restricted bond reserves	33,398	6
Investments and assets held by others	1,312,730	1,239,796
Total financial assets	1,521,335	1,402,317
Less amounts not available to meet cash needs for general expenditures within one year:		
Accounts receivables greater than a year	(1,388)	(1,642)
Contributions receivable greater than a year or with donor restrictions	(12,569)	(10,802)
Notes receivables greater than a year	(2,444)	(2,884)
Investments not available due to contractual restrictions—bond reserves	(33,398)	(6)
Amounts not available due to donor restrictions or board designations	(904,849)	(882,257)
Financial assets available to meet cash needs for general expenditures within one year	\$ 566,687	\$ 504,726

The cash flows of the University vary throughout the fiscal year due to tuition billings as well as contributions that increase during calendar year and fiscal year ends. Our practice is to regularly monitor our liquidity needs to meet our operating and other contractual commitments, while optimizing any short-term excess cash investing opportunities. To further manage liquidity, the University also maintains bank lines of credit.

University of Dayton**Notes to Consolidated Financial Statements**
(In Thousands)**Note 6. Split Interest Agreements**

A summary of assets held and related obligations related to split interest agreements as of June 30, are as follows:

	2025	2024
Assets:		
Investments:		
Charitable remainder trusts	\$ 12,793	\$ 10,779
Charitable gift annuities	5,001	4,745
Total	<u>\$ 17,794</u>	<u>\$ 15,524</u>
Liabilities:		
Split interest agreement obligations:		
Charitable remainder trusts	\$ 7,553	\$ 6,246
Charitable gift annuities	1,985	2,171
Total	<u>\$ 9,538</u>	<u>\$ 8,417</u>
Net:		
Charitable remainder trusts	\$ 5,240	\$ 4,533
Charitable gift annuities	3,016	2,574
Total	<u>\$ 8,256</u>	<u>\$ 7,107</u>

Note 7. Right-of-Use Assets and Lease Liabilities

The following are the components of the lease expense at June 30:

	2025	2024
Finance lease expense:		
Amortization of right-of-use assets	\$ 892	\$ 1,067
Interest on lease liabilities	60	68
Operating lease expense	2,916	2,463
Variable lease expense	453	425
Short-term lease expense	716	512
Total lease expense	<u>\$ 5,037</u>	<u>\$ 4,535</u>
Other Information:		
Weighted-average remaining lease term—finance leases	1.97 years	2.66 years
Weighted-average remaining lease term—operating leases	4.11 years	3.55 years
Weighted-average discount rate—finance leases	4.07%	3.79%
Weighted-average discount rate—operating leases	4.12%	2.37%

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 7. Right-of-Use Assets and Lease Liabilities (Continued)

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	\$ 5,078	\$ 4,568
Operating cash outflows—payments on finance leases	\$ 6	\$ 9
Financing cash outflows—payments on finance leases	\$ 951	\$ 1,323

Non-cash right-of-use assets obtained in exchange for new lease obligations during fiscal year 2025 were \$6,029 and \$43 for operating and finance leases, respectively. Non-cash right-of-use assets obtained in exchange for new lease obligations during fiscal year 2024 were \$1,699 and \$1,118 for operating and finance leases, respectively.

Payments due include options to extend leases that are reasonably certain through fiscal year 2028, and are summarized below as of June 30, 2025:

	Finance	Operating
Fiscal year:		
2026	\$ 795	\$ 3,166
2027	282	2,433
2028	27	2,306
2029	10	1,952
2030	6	1,161
Thereafter	-	578
	1,120	11,596
Less amounts representing interest	(39)	(807)
Total lease liabilities	\$ 1,081	\$ 10,789

Note 8. Land, Buildings and Equipment

The following is a summary of land, buildings and equipment at June 30:

	2025	2024
Buildings	\$ 955,127	\$ 939,425
Equipment	195,106	195,591
Land and land improvements	116,746	116,061
Library books	94,904	92,408
Construction in progress	22,974	13,008
	1,384,857	1,356,493
Accumulated depreciation	(621,078)	(595,224)
	\$ 763,779	\$ 761,269

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 8. Land, Buildings and Equipment (Continued)

Construction commitments: During 2024, the University committed to constructing a facility for student development known as The Health and Wellbeing Center. The budgeted costs for this new facility are estimated to total \$30,384. As of June 30, 2025 and 2024, the University was contractually committed for construction and architectural services totaling \$18,299 and \$135, respectively. The University had incurred \$8,485 and \$1,607 of costs through June 30, 2025 and 2024, respectively.

During 2024, the University committed to renovating a residence hall known as Virginia W. Kettering Hall to replace critical infrastructure and improve the living space. The budgeted costs for this new facility are estimated to total \$19,000. As of June 30, 2025 and 2024, the University was contractually committed for construction and architectural services totaling \$2,304 and \$9,610, respectively. The University had incurred \$16,572 and \$7,379 of costs through June 30, 2025 and 2024, respectively.

Note 9. Indebtedness

The University finances the construction, renovation and acquisition of certain facilities through the issuance of debt obligations which may include bonds, bank loans and other borrowings. Total indebtedness for the years ended June 30, was as follows:

	2025	2024
Notes and term loan:		
Term loan—1401 S Main	\$ 1,980	\$ 1,980
Senior secured note	8,552	10,804
Other various notes	310	436
Revenue bonds:		
2015A, due serially until maturity in 2046, interest from 3.0%-5.0%	14,715	49,775
2015B, due serially until maturity in 2036, interest from 0.9%-4.335%	12,500	14,110
2016A, paid off during 2025, interest at variable rates based on term SOFR plus ten basis points, plus a stated spread.	-	22,625
2016B, due serially until maturity in 2031, interest rate 2.21%	18,135	20,870
2018A, due serially until maturity in 2049, interest from 3.0%-5.0%	60,820	62,190
2018B, due serially until maturity in 2036, interest from 4.0%-5.0%	38,585	40,610
2020, due serially until maturity in 2042, interest from 3.0%-5.0%	37,040	37,040
2022A, due serially until maturity in 2052, interest rate from 4.0%-5.0%	46,080	46,080
2022B, due serially until maturity in 2044, interest rate 5.0%	35,525	37,335
2025, due serially until maturity in 2045, interest rate from 4.0%-5.0%	93,025	-
	367,267	343,855
Net unamortized premium	26,388	20,390
Net unamortized issuance cost	(2,776)	(2,238)
	<u>\$ 390,879</u>	<u>\$ 362,007</u>

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 9. Indebtedness (Continued)

Under the terms of a New Market Tax Credit financing arrangement in 2018, the University borrowed \$1,980 under a term loan agreement with a regional new market fund. This term loan is unsecured and bears interest at a fixed rate of 2.92% and matures on November 1, 2025. The loan requires monthly payments of only interest through October 31, 2025. On November 1, 2025, the University is required to make a lump sum principal payment of \$1,980.

The senior secured note is an amortizing loan at a fixed interest rate of 3.98%, with a final maturity of December 17, 2026. The proceeds were used to finance the purchase and planned renovation of a hotel adjacent to the University's campus; the note is secured by a mortgage on this real estate. Monthly principal payments range from \$62 to \$202 through November 2026, with a balance of \$5,203 due at maturity.

The University uses the proceeds from Revenue Bonds to finance the construction and renovation of facilities related to the University's academic purpose. Revenue Bonds are structured as long-term leases with the State of Ohio Higher Education Facility Commission. Under the terms of these indentures, the buildings and facilities (historical cost totaling over \$550,969) are pledged as security, in addition to University revenue and the full faith and credit of the University. Upon repayment of the Revenue Bonds and termination of the leases, ownership of the respective facilities is transferred to the University.

The outstanding bonds do not require mandatory reserves for future payments of principal and interest.

Bond obligations are generally callable by the University and mature at various dates through 2046. Maturities on debt obligations for the next five years and thereafter are:

2026	\$	17,864
2027		18,081
2028		13,956
2029		14,615
2030		15,250
Thereafter		287,501
Total	\$	<u>367,267</u>

Interest expense was \$12,714 and \$13,174 for 2025 and 2024, respectively. Interest capitalized was \$447 and \$422 for 2025 and 2024, respectively. Cash paid for interest was \$13,707 and \$15,140 for 2025 and 2024, respectively.

As discussed more fully in Note 10, the University previously entered into interest rate swap agreements that fixed the interest rates on some of its variable rate debt.

The University maintains unsecured revolving credit agreements with two banks, totaling \$40,000. The agreements, which are \$20,000 each, are due to expire on February 27, 2026 and January 31, 2027. As of June 30, 2025 and 2024, the University had no outstanding balances on these lines of credit.

As of June 30, 2025, the University had met all of the covenants required under its bond indentures and bank loans.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 10. Interest Rate Swap Obligations

The University uses interest rate swap agreements to manage interest rate risk associated with its variable rate debt. Under these agreements, the University and its counterparty agree to exchange the difference between the fixed and variable rate interest amounts calculated by reference to specified notional principal amounts during the agreement period. The difference between the fixed and variable interest amounts under the swap agreements is recorded as interest expense. The change in fair value of the interest rate swap agreements is recorded as a change in net unrealized gain (loss) on interest rate swap agreements.

In April 2007, the University entered into an interest rate swap agreement with a notional amount of \$28,000, with an adjustment to the notional amount at various amounts based on maturity terms within the agreement. The notional amount at June 30, 2025 and 2024, is \$0 and \$22,625, respectively. This agreement effectively fixed the interest rate on the \$28,000 State of Ohio Higher Education Facility Commission 2002 Variable Rate Revenue Bonds at 3.999%, through December 1, 2032. In 2009, the 2002 bonds were retired and replaced with the 2011B Revenue Bonds, which were subsequently retired and replaced with the 2016A Revenue Bonds. In March 2016, the University amended this interest rate swap agreement. Under the revised agreement, the University received 67% of the one-month LIBOR rate. The University has adopted the ISDA Fallback Protocol for U.S. dollar LIBOR for this swap. The fair value of this agreement as of June 30, 2024, was recorded as a liability of \$1,094 in the accompanying consolidated statements of financial position. The University retired this swap in February 2025, when it redeemed the 2016A revenue bonds.

Note 11. Retirement Plans

The University sponsors a defined contribution retirement plan that includes substantially all of its full-time employees. The University purchases individual retirement annuities through Teachers Insurance and Annuity Association (TIAA) to fund retirement benefits. The University contributes between 2.5% and 9% of an eligible employee's salary into such annuities, depending upon the employee's contribution levels and years of service. University contributions into participant accounts vest ratably over the participant's first four years of service. The University has no unfunded pension obligation because its required plan contributions are funded on a current basis. The cost to fund these benefits was \$15,710 and \$15,653 in 2025 and 2024, respectively.

Through salary reduction agreements, employees may contribute additional amounts on a tax-deferred basis with a preferred investment provider, in accordance with limitations under the IRC of 1986, as amended.

The University also provides health care benefits to retired faculty and staff hired before January 1, 2014; this benefit is not available to employees hired after that date. Faculty and staff are eligible for this benefit if they have either worked 20 years and attained age 55, or worked 10 years and attained age 60, while in service with the University. The plan is contributory and contains other cost-sharing features, such as deductibles and co-insurance; contributions by plan participants were \$1,724 and \$1,658 in 2025 and 2024, respectively. The University makes amounts available to retirees to purchase health care insurance under this plan and the accrued liabilities associated with this plan have been recorded on the University's consolidated financial statements, in accordance with generally accepted accounting principles. During 2019, the plan was amended replacing the Medicare Supplement plan with a Medicare Advantage plan.

University of Dayton

Notes to Consolidated Financial Statements
(In Thousands)

Note 11. Retirement Plans (Continued)

Postretirement benefit expense related to the Plan includes the following components as of June 30:

	2025	2024
Service cost of benefits earned	\$ 488	\$ 498
Interest cost on liability	1,635	1,524
Amortization of net loss	(3,083)	(3,292)
Net periodic postretirement benefit cost	<u>\$ (960)</u>	<u>\$ (1,270)</u>

A summary of the components of the changes in the projected benefit obligations and funded status of the Plan as of June 30, is as follows:

	2025	2024
Change in projected benefit obligations:		
Projected benefit obligation, beginning of year	\$ 32,904	\$ 32,813
Service cost	488	498
Interest cost	1,635	1,524
Actuarial (gain) loss	(4,534)	907
Benefits paid	(2,309)	(2,837)
Projected benefit obligation, end of year	<u>28,184</u>	<u>32,905</u>
Change in fair value of plan assets:		
Fair value of plan assets, beginning of year	-	-
Employer contributions	2,309	2,837
Benefits paid	(2,309)	(2,837)
Fair value of plan assets, end of year	<u>-</u>	<u>-</u>
Net liability on the consolidated statements of financial position	<u>\$ 28,184</u>	<u>\$ 32,905</u>

A summary of the components recognized in net assets without donor restrictions for the years ended June 30, is as follows:

	2025	2024
Actuarial (gain) loss	\$ (4,534)	\$ 907
Prior service cost	(1,706)	(1,706)
Amortization of net loss	(1,377)	(1,585)
	<u>\$ (7,617)</u>	<u>\$ (2,384)</u>

There are unrecognized actuarial gains of \$28,090 and \$26,638 included in net assets without donor restrictions at June 30, 2025 and 2024, respectively, which have not yet been recognized in the net periodic benefit cost.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 11. Retirement Plans (Continued)

The following weighted-average assumptions were used to determine the postretirement benefit obligation and the postretirement benefit cost as of June 30:

	2025	2024
Weighted-average discount rate used to determine the projected benefit obligation	5.16%	5.22%
Weighted-average discount rate assumption used to determine the net periodic benefit cost	5.22%	4.85%

The University used the Pri.H-2012 Total Dataset Mortality Table fully generational using scale MP-2021 in determining its obligation.

The health care cost trend rate assumption significantly affects the projected benefit obligation and the change in the postretirement benefit obligation reported in the consolidated financial statements. The model is based on long-term projections of Gross Domestic Product per capita and National Health Expenditures per capita. These inputs are based on assumptions from the University's actuaries. The model does not specifically include an administrative cost trend. Rather, administrative costs are incorporated with the medical assumptions.

The following health care cost trend rates were assumed in the determination of the postretirement benefit obligation and net periodic benefit cost as of June 30:

	2025	2024
Initial year trend:		
Combined trend pre-Medicare	8.00%	7.50%
Combined trend post-Medicare	6.50%	6.50%
Combined ultimate trend for pre-1994 and grandfathered retirees:		
Pre-Medicare	4.50%	4.50%
Post-Medicare	4.50%	4.50%
Combined ultimate trend for non-grandfathered participants and post-1994 retirees:		
Pre-Medicare	4.50%	4.50%
Post-Medicare	No Trend	No Trend
Year that rates reach the ultimate trend rate	2040	2032

The following benefit payments, which reflect expected future service and the effect of the Medicare subsidy, as appropriate, are expected to be paid over the next 10 years:

Years ending:	
2026	\$ 2,764
2027	2,693
2028	2,657
2029	2,541
2030	2,317
2031–2034	11,123

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 12. Fair Value Measurements

The University records investments in cash and cash equivalents, equity securities and equity and bond mutual funds at their current fair values based on quoted market prices in active markets for identical assets, which is consistent with Level 1 in the fair value hierarchy.

The University records its investments in U.S. government treasuries, exchange traded commodities and real estate at their current fair values based on quoted market prices in markets that are not active for all significant inputs, which is consistent with Level 2 in the fair value hierarchy. Following is the summary of the inputs and valuation techniques used as of June 30, 2025 and 2024, for valuing Level 2 investments:

Investments	Input	Valuation Technique
Short term money market funds	Broker/Dealer	Market
U.S. Treasuries	Broker/Dealer	Market
Exchange traded commodities and real assets	Broker/Dealer	Market

The University also holds investments in private equity funds, real estate and real estate funds, hedge funds and other investments that are not publicly traded but are valued at a net asset value per unit, or its equivalent. The University records its portion of these funds at the reported net asset value of its ownership interest in partner capital, as reported by the general partner or fund manager and, as such, these investments have been excluded from the fair value hierarchy. Due to the inherent uncertainty of valuation, the estimated fair values may differ from values that would have been used had a readily available market value for the investments existed, and such differences could be material.

The University also holds certain real estate investments that it accounts for using the equity method. As such, these investments are also excluded from the fair value hierarchy.

The University has an interest rate swap and fair value is provided by valuation experts using externally developed models that consider observable and unobservable market parameters due to limited market activity of the instruments.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 12. Fair Value Measurements (Continued)

The following table summarizes the recorded amount of assets and liabilities by class of asset/liability recorded at fair value on a recurring basis:

	2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Short term money market funds	\$ 35,621	\$ 13,785	\$ -	\$ 49,406
U.S. Treasuries	-	-	-	-
Fixed maturity:				
Mutual funds:				
Domestic	4,614	-	-	4,614
Individual securities:				
Domestic	-	182,828	-	182,828
Equities:				
Mutual funds:				
Domestic	112,110	-	-	112,110
International	124,655	-	-	124,655
Individual securities:				
Domestic	290,852	-	-	290,852
Assets held by others (b)	-	-	1,310	1,310
	567,852	196,613	1,310	765,775
Investments reported at fair value based on net asset value and equity method:				
Private equity funds (a)	-	-	-	312,309
Real estate and real estate funds (a)	-	-	-	22,233
Hedge funds (a)	-	-	-	228,973
Real estate—equity method	-	-	-	15,337
Guaranteed investment contract	-	-	-	1,501
Total investments	\$ 567,852	\$ 196,613	\$ 1,310	\$ 1,346,128

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 12. Fair Value Measurements (Continued)

	2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Short term money market funds	\$ 2,200	\$ 20,734	\$ -	\$ 22,934
U.S. Treasuries	12	-	-	12
Fixed maturity:				
Mutual funds:				
Domestic	3,984	-	-	3,984
Individual securities:				
Domestic	-	182,568	-	182,568
Equities:				
Mutual funds:				
Domestic	94,259	-	-	94,259
International	115,547	-	-	115,547
Individual securities:				
Domestic	287,007	-	-	287,007
Assets held by others (b)	-	-	1,230	1,230
	503,009	203,302	1,230	707,541
Investments reported at fair value based on net asset value and equity method:				
Private equity funds (a)	-	-	-	294,473
Real estate and real estate funds (a)	-	-	-	25,725
Real assets (a)	-	-	-	338
Hedge funds (a)	-	-	-	196,827
Real estate—equity method	-	-	-	13,347
Guaranteed investment contract	-	-	-	1,551
Total investments	\$ 503,009	\$ 203,302	\$ 1,230	\$ 1,239,802
Liabilities:				
Interest rate swap obligation	\$ -	\$ 1,094	\$ -	\$ 1,094

- (a) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value (or its equivalent) as a practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.
- (b) The fair value of beneficial interests in trusts held by others (perpetual trusts) is based on quoted prices of the underlying assets held by trustees. Due to restrictions on these assets that do not allow the University redemption rights, fair value is deemed to be based on Level 3 inputs.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 12. Fair Value Measurements (Continued)

The table below represents quantitative information about significant unobservable inputs related to investments reported at fair value using the practical expedient.

2025				
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)*	Redemption Notice Period
Private equity funds (a)	\$ 312,309	\$ 115,202	n/a	n/a
Real estate and real estate funds (b)	22,233	5,670	n/a	n/a
Hedge funds—Equity long/short (d)	77,076	-	monthly, quarterly	30-60 days
Hedge funds—Event driven (e)	17,145	-	quarterly	45-90 days
Hedge funds—Global opportunities (f)	16,102	-	monthly, quarterly	3-45 days
Hedge funds—Relative value (g)	66,250	-	quarterly, annually	60-90 days
Hedge funds—Multi-strategy (h)	52,400	-	quarterly, annually	65-90 days
Total	<u>\$ 563,515</u>	<u>\$ 120,872</u>		
2024				
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)*	Redemption Notice Period
Private equity funds (a)	\$ 294,473	\$ 125,245	n/a	n/a
Real estate and real estate funds (b)	25,725	8,814	n/a	n/a
Real assets (c)	338	-	n/a	n/a
Hedge funds—Equity long/short (d)	55,329	-	monthly, quarterly	30-60 days
Hedge funds—Event driven (e)	19,180	-	quarterly	45-90 days
Hedge funds—Global opportunities (f)	15,547	-	monthly, quarterly	3-45 days
Hedge funds—Relative value (g)	61,668	-	quarterly, annually	60-90 days
Hedge funds—Multi-strategy (h)	45,103	-	quarterly, annually	65-90 days
Total	<u>\$ 517,363</u>	<u>\$ 134,059</u>		

* Redemptions may be subject to an initial and/or rolling one to three year lock up or investor/fund level gate.

(a) This class includes several private equity funds engaging venture capital, buyout and turnaround investments in U.S. and European companies. These funds may hold publicly traded securities, as well as other securities that do not have a readily determinable market value. Investments in publicly traded securities are generally valued at quoted market prices in active markets. Investments without readily determinable quoted market prices in active markets are valued by the fund managers or valuation committees; such valuation estimates consider cost data, restrictions affecting marketability, operating results, the financial condition of the underlying portfolio company and prices determined by using recent observable transaction information for similar investments or transactions. The nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. It is anticipated that the underlying assets of the fund would be liquidated over the next seven to 10 years.

Note 12. Fair Value Measurements (Continued)

- (b) Real estate funds class includes several funds that invest primarily in U.S. commercial real estate properties. The holdings in these funds are valued by the fund managers or valuation committees; such valuation estimates consider cost data, restrictions affecting marketability, operating results, the financial condition of the underlying property and prices determined by using recent observable transaction information for similar purchase, sale or financing transactions. The nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund.
- (c) Real assets are held in a private real estate investment trust that invests in commercial timberland properties. The trust's holdings are valued by fund manager or valuation committees by using recent observable transaction information for similar holdings or transactions. The nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund.
- (d) Long-short strategies seek to profit by taking positions in equities and generally involve fundamental analysis in the investment decision process. Managers in these strategies tend to be stock pickers and typically manage market exposure by shifting allocations between long and short investments depending on market conditions and outlook. Long-short strategies may comprise investments in one or multiple countries, including emerging markets and one or multiple sectors.
- (e) Event driven strategies involve investing in opportunities created by significant transaction events, such as spin-offs, mergers and acquisitions, and reorganizations. These strategies include risk arbitrage, distressed situations investing, special situations, opportunistic investing, and activism.
- (f) Global opportunities strategies seek to exploit opportunities in various global markets. Portfolio managers employing these strategies have a broad mandate to invest in those markets and instruments which they believe provide the best opportunity. A portfolio manager employing a global macro strategy may take positions in currencies, sovereign bonds, global equities, and equity indices or commodities.
- (g) Relative value strategies seek to profit by exploiting pricing inefficiencies between related instruments while remaining long-term neutral to directional price movements in any one market. These strategies include, but are not limited to: Convertible Bond Arbitrage, Fixed Income Arbitrage, Options Arbitrage, Pairs Trading and multiple Market Neutral strategies.
- (h) Multi-strategy funds dynamically allocate their assets among a variety of investment strategies to capture systematic inefficiencies and idiosyncratic opportunities across asset classes and market cycles. The various investment strategies employed include those detailed above. These investments include a commitment-based investment in a renewable energy fund focused on the development, operation, and management of various solar projects.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 13. Nature and Amount of Net Assets

Net assets without donor restrictions at June 30, are designated for the following:

	2025	2024
Without donor restrictions:		
Board-designated endowment	\$ 513,548	\$ 472,049
Net investment in plant	267,293	284,305
Undesignated	424,021	412,708
Noncontrolling interest	2,172	1,789
Total net assets without donor restrictions	<u>\$ 1,207,034</u>	<u>\$ 1,170,851</u>

Net assets with donor restrictions at June 30, are restricted for the following purposes or periods:

	2025	2024
Net assets restricted for specified purpose or passage of time:		
Instruction	\$ 86,988	\$ 71,641
Administrative and general	42,607	38,624
Organized research	2,230	986
Libraries	11,655	9,527
Student aid	154,043	127,252
Auxiliary enterprises	21,043	18,935
Contributions receivable including capital gifts for construction	1,414	1,745
Capital gifts for construction	1,026	999
Total specified purpose or time restrictions	<u>321,006</u>	<u>269,709</u>
Net assets restricted perpetually:		
Instruction	69,364	66,720
Administrative and general	13,067	12,541
Organized research	2,259	2,229
Libraries	4,097	4,008
Student aid	128,549	123,308
Auxiliary enterprises	805	792
Contributions receivable	12,487	8,176
Total restricted perpetually	<u>230,628</u>	<u>217,774</u>
Total net assets with donor restrictions	<u>\$ 551,634</u>	<u>\$ 487,483</u>

Note 14. Endowment Funds

The University's endowment consists of donor restricted endowment funds and unrestricted board-designated or quasi endowment funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 14. Endowment Funds (Continued)

The University has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to require the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanent endowments: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent 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 that is not classified in permanent endowments is classified as unrestricted or donor restricted in accordance with UPMIFA and donor stipulations. Also, in accordance with the University's interpretation of UPMIFA and absent specific donor restrictions on an endowed fund, the Board may appropriate the realized and unrealized net appreciation in the fair value of the assets of that fund for uses and purposes of the fund.

From time to time, the fair value of assets associated with the individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. In accordance with accounting standards, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2025 and 2024, funds with an original gift value of \$87 and \$3,127 were underwater by \$8 and \$109, respectively.

The long-term objective of the University's investment portfolio is to generate a return which is sufficient to provide funding for programs supported by its endowment. To accomplish this objective, the University seeks to earn the greatest total return possible consistent with its general risk tolerance and a diversified asset allocation strategy. To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that includes investments in a variety of asset classes, including fixed income, public and private equities, real assets and alternative investments to achieve its long-term objectives within prudent risk and liquidity constraints.

The University has adopted a policy for the annual spending rate (the appropriation) from the investment pool that holds the endowment funds. The calculation is based on the average of the prior 12 quarters ending market value computed at December 31 each year for the fiscal year beginning the following July 1. The amount appropriated is bound by a floor of 3.75% and a ceiling of 5.75% of the December 31 fair values for the endowment funds.

In accordance with UPMIFA, the University has appropriated funds where the purpose restriction has not yet been met. These net assets are classified as with donor restrictions and will be released upon satisfaction of the donor restriction. The amount of appropriated but unspent funds included in net assets with donor restrictions totaled \$23,395 and \$24,867 at June 30, 2025 and 2024, respectively.

University of Dayton

Notes to Consolidated Financial Statements
(In Thousands)

Note 14. Endowment Funds (Continued)

The University has the following endowment-related activities:

	Changes in Endowment Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at July 1, 2024	\$ 472,049	\$ 393,459	\$ 865,508
Investment return:			
Investment income	3,825	3,164	6,989
Net appreciation (realized and unrealized)	43,440	35,718	79,158
Contributions	1	8,291	8,292
Other (additions and deletions to endowment)	14,484	212	14,696
Appropriation of endowment assets for expenditure	(20,251)	(16,990)	(37,241)
Endowment net assets at June 30, 2025	<u>\$ 513,548</u>	<u>\$ 423,854</u>	<u>\$ 937,402</u>

	Changes in Endowment Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at July 1, 2023	\$ 442,210	\$ 362,951	\$ 805,161
Investment return:			
Investment income	3,864	3,156	7,020
Net appreciation (realized and unrealized)	56,072	28,474	84,546
Contributions	2	11,386	11,388
Other (additions and deletions to endowment)	(11,212)	3,236	(7,976)
Appropriation of endowment assets for expenditure	(18,887)	(15,744)	(34,631)
Endowment net assets at June 30, 2024	<u>\$ 472,049</u>	<u>\$ 393,459</u>	<u>\$ 865,508</u>

The composition of net assets, by type, of endowment funds at June 30, is as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 423,854	\$ 423,854
Board-designated endowment funds	513,548	-	513,548
	<u>\$ 513,548</u>	<u>\$ 423,854</u>	<u>\$ 937,402</u>

University of Dayton

Notes to Consolidated Financial Statements
(In Thousands)

Note 14. Endowment Funds (Continued)

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 393,459	\$ 393,459
Board-designated endowment funds	472,049	-	472,049
	<u>\$ 472,049</u>	<u>\$ 393,459</u>	<u>\$ 865,508</u>

Note 15. Private Gifts, Grants and Other

Private gifts, grants and other include the following:

	Year Ended June 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Gifts and grants	\$ 1,836	\$ 34,830	\$ 36,666
Miscellaneous income	12,217	84	12,301
	<u>\$ 14,053</u>	<u>\$ 34,914</u>	<u>\$ 48,967</u>

	Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Gifts and grants	\$ 1,729	\$ 31,518	\$ 33,247
Miscellaneous income	14,503	192	14,695
	<u>\$ 16,232</u>	<u>\$ 31,710</u>	<u>\$ 47,942</u>

Note 16. Functional Expense Summary

The University's expenses classified by functional and natural classification, for the years ended June 30, 2025 and 2024, are summarized as follows:

	2025							
	Instruction	Organized Research	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	Related Entities	Total
Salaries and benefits	\$ 103,913	\$ 138,834	\$ 26,972	\$ 23,743	\$ 32,627	\$ 40,764	\$ 6,230	\$ 373,083
Interest expense	3,688	419	571	787	287	6,411	551	12,714
Depreciation	7,566	8,317	3,655	1,888	2,441	10,325	3,213	37,405
Cost of sales	-	-	-	2	-	14,039	1,787	15,828
Contract services and maintenance	4,144	67,136	3,335	2,287	9,799	18,167	2,766	107,634
Supplies	2,202	11,167	1,259	651	1,244	4,067	863	21,453
Utilities and communications	1,585	1,087	1,578	231	1,253	5,822	755	12,311
Other expenditures	11,017	30,980	5,892	6,873	1,370	19,534	5,917	81,583
Total expenditures	\$ 134,115	\$ 257,940	\$ 43,262	\$ 36,462	\$ 49,021	\$ 119,129	\$ 22,082	\$ 662,011

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 16. Functional Expense Summary (Continued)

	2024							
	Instruction	Organized Research	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	Related Entities	Total
Salaries and benefits	\$ 113,547	\$ 127,470	\$ 27,788	\$ 23,477	\$ 15,798	\$ 41,602	\$ 6,183	\$ 355,865
Interest expense	3,914	624	502	71	500	6,960	603	13,174
Depreciation	7,618	8,916	3,618	1,881	2,212	10,206	3,263	37,714
Cost of sales	1	-	-	4	3	14,803	1,607	16,418
Contract services and maintenance	5,946	62,695	3,455	3,350	10,922	19,892	2,278	108,538
Supplies	2,733	10,068	950	547	3,134	4,737	1,005	23,174
Utilities and communications	1,503	1,035	1,507	215	1,400	5,219	734	11,613
Other expenditures	13,325	32,617	5,679	9,209	3,462	22,427	4,729	91,448
Total expenditures	\$ 148,587	\$ 243,425	\$ 43,499	\$ 38,754	\$ 37,431	\$ 125,846	\$ 20,402	\$ 657,944

Expenses included in other activities on the consolidated statements of activities include \$0 for voluntary separation incentive plan that are considered institutional support for the year ended June 30, 2025. Expenses included in other activities include \$9,832 for voluntary separation incentive plan that are considered institutional support for the year ended June 30, 2024.

Note 17. Noncontrolling Interests

The consolidated financial statements include the accounts of entities in which the University has a controlling interest. Below is activity related to activities of noncontrolling interests:

Hotel operations: The University is a member of a joint venture to own a local hotel adjacent to its campus. The University is a 90% partner in this venture.

The University recorded the following assets, liabilities, and equity on its books at June 30:

	2025	2024
Assets:		
Cash and other assets	\$ 8,791	\$ 5,832
Land, buildings and equipment	27,144	27,510
Elimination of University investment	(6,511)	(6,511)
	<u>\$ 29,424</u>	<u>\$ 26,831</u>
Liabilities and net assets:		
Senior secured note	\$ 8,552	\$ 10,804
Other liabilities	1,771	1,740
Controlling interest	17,176	12,845
Noncontrolling interest	1,925	1,442
	<u>\$ 29,424</u>	<u>\$ 26,831</u>

Innovation Hub: The University is a member of a joint venture to own a transdisciplinary space for innovation and creation near campus. The University is a 75% partner in this venture.

University of Dayton

Notes to Consolidated Financial Statements (In Thousands)

Note 17. Noncontrolling Interests (Continued)

The University recorded the following assets, liabilities and equity on its books at June 30:

	2025	2024
Assets:		
Cash and other assets	\$ 2,256	\$ 2,787
Land, buildings and equipment	1,349	1,672
	<u>\$ 3,605</u>	<u>\$ 4,459</u>
Liabilities and net assets:		
Other liabilities	\$ 2,616	\$ 3,072
Controlling interest	742	1,040
Noncontrolling interest	247	347
	<u>\$ 3,605</u>	<u>\$ 4,459</u>

Note 18. Financial Responsibility

In 2019 the Department of Education revised certain provisions of the 34 Code of Federal Regulations Section 668.172 which applies to the University. As a result of the revision the University is disclosing certain information to facilitate compliance with the provisions of Section 668.172 provided as follows:

Property, plant and equipment, net: The Department of Education has defined preimplementation property, plant and equipment as assets acquired as of June 30, 2019, less any assets resulting from capital leases entered into between December 15, 2018 and June 30, 2019. All subsequently acquired assets are deemed post implementation property, plant and equipment. As of June 30, 2025 and 2024, the University has \$216,125 and \$116,985, respectively, of postimplementation property, plant and equipment with outstanding debt and \$183,745 and \$164,436, respectively, of postimplementation property, plant and equipment without outstanding debt. As of June 30, 2025 and 2024, total property, plant and equipment pre-implementation was \$340,935 and \$466,840, respectively.

Debt: The Department of Education has defined pre-implementation debt as debt acquired as of June 30, 2019, and any debt acquired subsequent to June 30, 2019, is defined as postimplementation debt. As of June 30, 2025 and 2024, the University has \$174,754 and \$245,022 pre-implementation debt and \$216,125 and \$116,985 postimplementation debt, respectively. As of June 30, 2025 and 2024, total debt for long term purposes was \$390,879 and \$362,007, respectively.

Note 19. Federal Funding

The change in federal administration that occurred in January 2025 has resulted in statutory and policy changes that may impact federal funding received by nonfederal entities. In addition, certain federal agencies are evaluating their current allowable indirect cost rates. These actions have introduced uncertainty related to the continuation of federal funding for certain federal programs. The University participates in various federal programs, primarily related to Federal Student Financial Aid and Research and Development. A future interruption in funding received by the University could have a negative impact on the University's financial condition and operations. Management is actively monitoring these actions and evaluating the impact on the University's operations and federally funded programs.