

**BUCKNELL UNIVERSITY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**  
**(WITH COMPARATIVE INFORMATION**  
**AS OF JUNE 30, 2022)**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Bucknell University  
Lewisburg, Pennsylvania

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Bucknell University and its subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bucknell University and its subsidiaries as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Bucknell University and its subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bucknell University and its subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bucknell University and its subsidiaries' 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.

Board of Trustees  
Bucknell University

***Report on Summarized Comparative Information***

We have previously audited Bucknell University and its subsidiaries 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
October 25, 2023

**BUCKNELL UNIVERSITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**  
(WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2022)  
(IN THOUSANDS)

	2023	2022
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 27,733	\$ 29,393
Inventories, Prepaid Expenses, and Other Assets	4,329	4,915
Accounts and Other Receivables, Net	4,967	4,967
Contributions Receivable, Net	21,558	25,844
Loans and Notes Receivable, Net	783	1,078
Investments	1,171,505	1,163,260
Funds Held in Trust by Others	9,041	15,666
Property and Equipment, Net	437,155	405,041
Total Assets	\$ 1,677,071	\$ 1,650,164
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 43,134	\$ 33,416
Deferred Revenue and Student Deposits	4,884	6,092
Funds Held for the Accounts of Others	4,792	4,330
Postretirement Health Care	63,134	58,400
Annuities Payable	11,974	12,529
Advances from Federal Government	906	1,056
Long-Term Debt	161,202	165,879
Total Liabilities	290,026	281,702
<b>NET ASSETS</b>		
Without Donor Restriction	593,040	589,644
With Donor Restriction	794,005	778,818
Total Net Assets	1,387,045	1,368,462
Total Liabilities and Net Assets	\$ 1,677,071	\$ 1,650,164

See accompanying Notes to Consolidated Financial Statements.

**BUCKNELL UNIVERSITY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**  
(WITH COMPARATIVE INFORMATION FOR YEAR ENDED JUNE 30, 2022)  
(IN THOUSANDS)

	2023			2022
	Without Donor Restriction	With Donor Restriction	Total	
<b>OPERATING REVENUE</b>				
Net Tuition	\$ 146,769	\$ -	\$ 146,769	\$ 143,949
Sales and Services of Auxiliary Enterprises	45,202	-	45,202	43,293
Grants and Contracts	5,921	-	5,921	6,240
COVID-19 Presidentially Declared Disaster Grants	3,535	-	3,535	-
Higher Education Emergency Relief Funds	-	-	-	244
Gifts and Contributions	4,449	9,929	14,378	13,452
Interest Income	5,340	-	5,340	125
Net Investment Income	21,296	28,956	50,252	47,194
Other	6,417	-	6,417	6,357
Net Assets Released from Restrictions	37,883	(37,883)	-	-
Total Operating Revenue	<u>276,812</u>	<u>1,002</u>	<u>277,814</u>	<u>260,854</u>
<b>OPERATING EXPENSES</b>				
Compensation and Benefits	159,555	-	159,555	153,742
Purchased Services and Supplies	76,173	-	76,173	65,792
Depreciation	26,883	-	26,883	26,864
Interest Expense	5,853	-	5,853	6,109
Total Operating Expenses	<u>268,464</u>	<u>-</u>	<u>268,464</u>	<u>252,507</u>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	8,348	1,002	9,350	8,347
<b>NONOPERATING ACTIVITIES</b>				
Investment Return, Net of Amount Designated for Current Operations	(60)	2,112	2,052	(90,243)
Gifts and Grants for Capital or Endowment	115	12,975	13,090	39,712
Change in Present Value of Split Interest Obligations	(204)	(493)	(697)	629
Net Actuarial Gain on Postretiree Health Care Obligations	2,351	-	2,351	19,790
Net Periodic Benefit Costs Other than Service Costs	(7,561)	-	(7,561)	(1,904)
Other Losses	(2)	-	(2)	(218)
Net Assets Released from Restriction or whose Restrictions have Changed	409	(409)	-	-
Change in Net Assets, Nonoperating Activities	<u>(4,952)</u>	<u>14,185</u>	<u>9,233</u>	<u>(32,234)</u>
<b>CHANGE IN NET ASSETS</b>	3,396	15,187	18,583	(23,887)
Net Assets - Beginning of Year	<u>589,644</u>	<u>778,818</u>	<u>1,368,462</u>	<u>1,392,349</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 593,040</u>	<u>\$ 794,005</u>	<u>\$ 1,387,045</u>	<u>\$ 1,368,462</u>

See accompanying Notes to Consolidated Financial Statements.

**BUCKNELL UNIVERSITY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2023**  
(WITH COMPARATIVE INFORMATION FOR YEAR ENDED JUNE 30, 2022)  
(IN THOUSANDS)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 18,583	\$ (23,887)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Postretiree Gains Other than Net Periodic Expense	(2,351)	(19,790)
Amortization of Net Bond Premium	(221)	(270)
Depreciation	26,883	26,864
Loss on Disposal of Fixed Assets	75	18
Contributions Restricted for Long-Term Investment	(12,975)	(24,607)
Net Investment (Appreciation) Depreciation	(45,128)	33,565
Changes in Assets and Liabilities:		
Inventories, Prepaid Expenses, and Other Assets	586	(946)
Accounts and Other Receivables	122	(614)
Accounts Payable and Other Liabilities	1,093	(4,418)
Postretirement Health Care	7,085	3,110
Net Cash Used by Operating Activities	(6,248)	(10,975)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of Investments	422,814	147,745
Purchases of Investments	(379,636)	(199,952)
Loans and Notes Collected	173	243
Purchase of Property and Equipment	(51,343)	(27,479)
Net Cash Used by Investing Activities	(7,992)	(79,443)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of Long-Term Debt Obligations	(4,456)	(3,540)
Receipts Under Annuity Liability Arrangements	51	451
Payments to Annuitants	(1,396)	(1,494)
Gifts and Grants Received for Capital or Endowment	13,884	32,333
Net Cash Provided by Financing Activities	8,083	27,750
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(6,157)	(62,668)
Cash and Cash Equivalents - Beginning of Year	33,890	96,558
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 27,733	\$ 33,890
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Noncash Securities Donated	\$ 3,377	\$ 6,587
Interest Paid	\$ 6,119	\$ 6,414
Cash and Cash Equivalents from Balance Sheet	\$ 27,733	\$ 29,393
Cash and Cash Equivalents Reserved for Long-Term Investments	-	4,497
Total	\$ 27,733	\$ 33,890

See accompanying Notes to Consolidated Financial Statements.



**BUCKNELL UNIVERSITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE INFORMATION FOR YEAR ENDED JUNE 30, 2022)**  
**(IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Bucknell University is a private, nonprofit institution of higher education in Lewisburg, Pennsylvania. Bucknell University provides education services at the graduate and undergraduate levels within its three Colleges: the College of Arts and Sciences, the College of Engineering, and the Freeman College of Management. These consolidated financial statements include Bucknell University, Bison Ventures, Inc., a wholly owned subsidiary formed in May 2009, and Bucknell Real Estate, Inc., a tax-exempt title holding company formed in October 2010 (collectively, the University). All significant intercompany balances have been eliminated in preparing these consolidated financial statements.

The significant accounting policies followed by the University are described below to enhance the usefulness of the consolidated financial statements to the reader.

**Basis of Presentation**

The consolidated financial statements of the University have been prepared on the accrual basis of accounting. The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make certain estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

Financial reporting standards require that net assets, revenue, gains, and losses be classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University and changes therein are classified and reported as follows:

*With Donor Restriction* – Net assets with donor restriction are subject to donor-imposed stipulations that they are either maintained in perpetuity or that they will be met either by actions of the University and/or the passage of time.

*Without Donor Restriction* – Net assets that are not subject to donor-imposed stipulations. A portion of these net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Revenue from sources other than contributions and investment returns on donor restricted endowments is reported as increases in net assets without donor restriction. Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restriction to net assets without donor restriction.

**BUCKNELL UNIVERSITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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Nonoperating activities include the following:

- Endowment investment income earned in excess of the University's spending policy,
- Gifts and grants restricted or designated for capital expenditures or long-term investment (e.g., endowment gifts),
- Split-interest agreements' net investment earnings and other gains or losses primarily related to annuity liabilities determined at net present value,
- Other gains or losses such as sale, exchange, disposal, or retirement of long lived assets (e.g., property and equipment) or long term liabilities (e.g., notes payable), and
- Actuarial gains or losses and net periodic benefit costs other than service costs of the postretirement health care plan.

**Fair Value**

The University accounts for its investments and funds held in trust by others at fair value; however, as permitted by GAAP, the University has not elected fair value accounting for any assets (accounts, loans, notes, and contributions receivable) or liabilities (long-term debt, postretirement health care obligations, and annuities payable) that are not otherwise required to be measured at fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy for fair value measurements is based on the transparency of inputs to the valuation of an asset or liability.

Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the University. Unobservable inputs reflect the University's view of assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. That information includes, but is not limited to, the recent audited financial statements of the respective alternative investment funds, financial information of underlying securities of the respective funds provided by the fund manager, and review of the performance data of similar funds or investments.

Each investment and fund held in trust by others are assigned a level based upon the observability of the inputs, which are significant to the overall valuation. The three-level hierarchy of inputs is summarized below:

*Level 1* – Quoted or published prices in active markets for identical financial instruments.

*Level 2* – Other significant observable inputs, including quoted prices for similar financial instruments, interest rates, credit spreads, etc.

*Level 3* – Significant unobservable inputs. This category includes financial instruments whose fair value requires significant management judgment or estimation.

The University's policy is to recognize the transfers in or transfers out of Level 3 (or any other Level) on the date circumstances have changed or the defined event has occurred.

**BUCKNELL UNIVERSITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE INFORMATION FOR YEAR ENDED JUNE 30, 2022)**  
**(IN THOUSANDS)**

In certain cases, the inputs to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which fair value level is based on the lowest level of input that is significant to the fair value measurement of the specific alternative investment fund or fund held in trust by others.

The classification of investments in the fair value levels described above is not necessarily an indication of the degree of risks, liquidity, or price volatility.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on deposit with financial institutions and other highly liquid investments with original maturities of three months or less except those held for long-term investment purposes.

**Investments**

Investments are recorded at estimated fair value as described in Notes 1 and 3. Because certain investments are not readily marketable, their net asset value per share or equivalent has been used as a practical expedient to fair value and is subject to additional uncertainty. Therefore, values realized upon disposition may vary significantly from currently reported values.

The University's investments are exposed to various risks such as interest rate, market, and credit risks. Such risks, and the resulting investment fair values, may be influenced by changes in economic conditions and market perceptions and expectations. Accordingly, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amount reported in the consolidated statement of financial position.

With respect to investments that do not have a readily determinable fair value and for which it is industry practice for the investee to calculate and regularly report in its consolidated financial statements a net asset value per share (or its equivalent), the University, as a practical expedient, estimates fair value using the net asset value per share as reported by the investee. The University considers whether adjustment to the most recent net asset value per share is necessary if the net asset value per share obtained from the investee is not as of the University's consolidated financial statements date, if the University has plans to sell the investment in the short term, or if the investee's investment assets are not valued at fair value on a recurring basis.

**Funds Held in Trust by Others**

Funds held in trust by others are for the benefit of the University based on the terms of the irrevocable trusts. These funds are neither in the possession, nor under the control, of the University. Such terms provide that the University (a) is to receive annually the investment income earned by the funds that are held in trust, or (b) is to receive a remainder interest in the trust. The present values of the estimated future cash flows from the trust are recognized as assets and contribution income at the dates the trust is established. Investment income distributions from the trust are recorded as investment income and the carrying value of the assets is adjusted for the changes in the estimates of future receipts. Funds held in trust by others are carried at fair value as described in Notes 1 and 3.

**BUCKNELL UNIVERSITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE INFORMATION FOR YEAR ENDED JUNE 30, 2022)**  
**(IN THOUSANDS)**

**Property and Equipment**

Property and equipment are stated at cost or at estimated fair value if acquired by gift, less accumulated depreciation. Depreciation of the University's property and equipment is computed using a straight-line method over 15 to 50 years for buildings and improvements and 3 to 10 years for equipment, furniture, fixtures, and library books. As permitted by generally accepted accounting principles, the University does not capitalize works of art, historical artifacts, and collectibles, which are principally acquired by donation.

Property and equipment, at cost, includes capitalized interest, when applicable. Interest is capitalized during the period required to ready the asset for its intended use, expenditures for the asset are being paid, and interest costs are incurred.

**Split-Interest Agreements and Annuities Payable**

The University's split-interest agreements with donors consist primarily of charitable gift annuities, life income funds, and charitable trusts for which the University serves as trustee. Principally all assets held in these trusts are included in investments. Contribution revenue is recognized at the date the trusts are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, changes in the estimated present value of future cash outflows, and other changes in the estimates of future benefits. The annuities payable represent the net present value of future cash outflows over the annuitant's life expectancy as required by the annuity agreements.

The University uses the applicable federal rate at the time of the gift as the basis for determining discount rates in recording annuity obligations at net present value for charitable gift annuities, life income funds, and charitable trusts for which the University serves as trustee. Discount rates for determining the net present value of annuities payable as of June 30, 2023 and 2022, ranged from 0.6% to 7.0%.

**Advances from Federal Government for Student Loans**

Funds provided by the U.S. government under the Federal Perkins Loan Program (Perkins) are loaned to qualified students and may be reloaned after collections. These funds, excluding University required matching funds to Perkins, are ultimately refundable to the U.S. government and are reported as a liability.

**Debt – Original Issue Premium or Discount**

A premium or discount (including the costs of issuance such as underwriting, bond rating, and legal) resulting from the issuance of long-term debt (typically the difference between the par amount of University Revenue Bonds and similar instruments versus the proceeds received) is amortized to interest expense over the life of the debt instrument using the interest rate method.

**Revenue Recognition**

**Tuition and Fees**

Student tuition and fees are recognized as revenue during the year the related academic services are rendered. Discounts in the form of scholarships and financial aid grants, including those funded by the endowment and gifts, are reported as a reduction of tuition and fee revenue.

Student tuition and fees received in advance of services to be rendered are categorized as deferred revenue. Deferred revenue amounts for tuition prepayment plans, student deposits, and summer terms are shown in Note 12.

**BUCKNELL UNIVERSITY**  
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**(IN THOUSANDS)**

Auxiliary Enterprises

Auxiliary services furnish goods and services to students, faculty, staff, and in some cases, the general public. Fee charges are directly related to the cost of goods provided or services rendered and are recognized accordingly. Revenues and expenses from auxiliary enterprises are reported as changes in net assets without donor restrictions.

Auxiliary enterprise revenues include activities for residence halls, dining services, athletics and the University bookstore. Over 95% of undergraduate students reside on campus and participate in a University provided dining plan. Student housing and dining charges are recognized as revenue during the academic year the services are rendered.

Contributions

A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists.

The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement.

Unconditional contributions of cash and other assets, including contributions receivable (unconditional promises to give) are recorded as revenue based upon any donor-imposed restrictions, on the date of the donor's commitment or gift. Noncash contributions are recorded at the estimated fair value at the date of the gift. Contributions receivable are recorded at the estimated present value, net of an allowance for uncollectible amounts. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and reported in accordance with donor-imposed restrictions, if any. Allowance is made for uncollectible contributions based upon management's judgement and analysis of the creditworthiness of the donor(s), past collection experience, and other relevant factors.

Unconditional contributions restricted to the acquisition or construction of long-lived assets or subject to other time or purposed restrictions are reported as revenue with donor restriction. The donor-restricted net assets resulting from these contributions are released to net assets without donor restriction when the donor-imposed restrictions are met or the assets are placed in service. Contributions received for endowment investment are held in perpetuity and recorded as revenue with donor restrictions.

Grant Revenue

Grants and contracts awarded by federal and other sponsors are generally considered nonreciprocal transactions restricted by sponsors for certain purposes. Grant revenue is recognized when the conditions upon which it depends are substantially met, which primarily is when qualifying expenses or activities occur. As of June 30, 2023, approximately \$7.5 of conditional grant revenue will be recognized in future periods as the University incurs qualifying expenses.

Self-Insurance

The University is primarily self-insured for health care fringe benefits of active employees and under age 65 retirees. Certain claims in excess of maximum amounts on a per claim and aggregate claim basis are insured under stop loss policies. The University includes a liability in accounts payable and accrued expenses for unpaid claims and an estimate for claims incurred but not reported.

**BUCKNELL UNIVERSITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
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**(IN THOUSANDS)**

**Tax Status**

Bucknell University, recognized by the Internal Revenue Service as a nonprofit educational institution, qualifies under Section 501(c)(3) of the Internal Revenue Code and thus is exempt from federal income tax on activities related to its exempt purpose. Bison Ventures, Inc., a wholly owned for-profit, taxable subsidiary, operates a bookstore in Lewisburg, Pennsylvania. Bucknell Real Estate, Inc., a title holding company formed for the benefit of Bucknell University, qualifies under Section 501(c)(2) of the Internal Revenue Code and thus is exempt from federal income tax on activities related to its exempt purpose.

The University records income tax liabilities and assets using a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The University does not believe that there are any unrecognized tax benefits or costs that should be recorded in the consolidated financial statements. The University is subject to routine audits by taxing jurisdictions and provision for audit adjustments, if any, is included in the consolidated financial statements when estimable.

**Prior Year Comparative Information**

The consolidated financial statements include certain prior year comparative information summarized in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the University's audited consolidated financial statements for the year ended June 30, 2022, from which the summarized information was derived.

**Subsequent Events**

Management has evaluated subsequent events through October 25, 2023, the date the consolidated financial statements were issued and identified no matters requiring disclosure.

**BUCKNELL UNIVERSITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
(WITH COMPARATIVE INFORMATION FOR YEAR ENDED JUNE 30, 2022)  
(IN THOUSANDS)

**NOTE 2 RECEIVABLES**

**Accounts, Loans, and Notes Receivable**

Accounts, loans, and notes receivable as of June 30 consist of the following:

	2023	2022
Accounts and Other Receivables:		
Students	\$ 1,457	\$ 1,511
Other	477	472
Less: Allowance for Doubtful Accounts	(602)	(472)
Subtotal	1,332	1,511
Accrued Grants and Contracts Revenue	3,635	3,456
Total	\$ 4,967	\$ 4,967
Loans and Notes Receivable:		
Student Loans	\$ 734	\$ 1,106
Employee Loans	281	202
Less: Allowance for Doubtful Accounts	(232)	(230)
Total	\$ 783	\$ 1,078

At June 30, 2023 and 2022, respectively, the balance of the contract assets included in accounts and other receivables for students on the consolidated statements of financial position was \$1,457 and \$1,511. At the beginning of 2022, the balance of contract assets was \$1,535.

**Contributions Receivable**

The net present value of contributions receivable as of June 30 is as follows:

	2023	2022
Unconditional Promises Expected to be Collected:		
One Year or Less	\$ 6,402	\$ 10,138
Over One Year to Five Years	9,120	10,760
Over Five Years	8,061	6,673
Subtotal	23,583	27,571
Less: Allowance for Uncollectible Contributions	(2,025)	(1,727)
Total Contributions Receivable	\$ 21,558	\$ 25,844

Contributions receivable are recorded at estimated fair value on the date the donor's unconditional promise to contribute is made using the present value of future cash flows. Contributions receivable are not measured at fair value subsequent to the initial measurement because the discount rate selected for each contribution receivable remains constant over time.

Discount rates used to determine net present values of contributions receivable as of June 30, 2023 and 2022, ranged from 1.4% to 8.1%. The discount to present value amounted to approximately \$7,530 and \$5,851 at June 30, 2023 and 2022, respectively.

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**NOTE 3 INVESTMENTS AND FUNDS HELD IN TRUST BY OTHERS**

**Investment Fair Value Accounting and Reporting**

The following tables present fair value information at June 30 of the University's investments and funds held in trust by others:

	2023				
	Level 1	Level 2	Level 3	NAV	Total
Short-Term Investments	\$ 14,315	\$ -	\$ -	\$ -	\$ 14,315
Fixed Income	93,238	246	-	-	93,484
Public Equity	88,126	-	-	-	88,126
Commingled Bond Fund	-	-	-	56,554	56,554
Commingled Equity	-	-	-	300,011	300,011
Alternative Strategies	-	-	-	105,752	105,752
Real Estate	-	-	-	100,910	100,910
Private Credit	-	-	-	86,600	86,600
Private Equity	-	-	2,752	322,577	325,329
Other	-	-	424	-	424
Total Investments	<u>\$ 195,679</u>	<u>\$ 246</u>	<u>\$ 3,176</u>	<u>\$ 972,404</u>	<u>\$ 1,171,505</u>
Funds Held in Trust by Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,041</u>	<u>\$ -</u>	<u>\$ 9,041</u>

  

	2022				
	Level 1	Level 2	Level 3	NAV	Total
Short-Term Investments	\$ 25,700	\$ -	\$ -	\$ -	\$ 25,700
Fixed Income	111,791	255	-	-	112,046
Public Equity	96,617	-	-	-	96,617
Commingled Bond Fund	-	-	-	71,339	71,339
Commingled Equity	-	-	-	294,628	294,628
Alternative Strategies	-	-	-	95,705	95,705
Real Estate	-	-	-	72,599	72,599
Private Credit	-	-	-	73,209	73,209
Private Equity	-	-	5,397	315,647	321,044
Other	-	-	373	-	373
Total Investments	<u>\$ 234,108</u>	<u>\$ 255</u>	<u>\$ 5,770</u>	<u>\$ 923,127</u>	<u>\$ 1,163,260</u>
Funds Held in Trust by Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,666</u>	<u>\$ -</u>	<u>\$ 15,666</u>

Investments reported at net asset value (NAV), as described in Note 1, are excluded from the three-level hierarchy. The University has used an estimate of fair value of commingled equity funds and alternative investments based on the net asset value per share of the respective investment fund. These investments are redeemable, generally at each month-end, calendar quarter-end or anniversary date, at net asset value, under the terms of the underlying investment agreements or subscription documents. However, it is possible that these redemption rights may be restricted in the future. At June 30, 2023 and 2022, \$53,751 and \$48,621, respectively, of certain redeemable alternative funds were restricted from redemption due to limitation placed by the investment fund managers such as stated lock-up periods or due to investment funds that segregate certain underlying assets as currently nonredeemable (e.g., side pocket investments).



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Private equity, real estate, and private credit investments generally are not redeemable at net asset value until the underlying partnership or limited liability corporation dissolves or the underlying investments of the vehicle are sold. The expected remaining lives for these private investments range from one to fifteen years. Most of the underlying investments in these private investments are ownership interests in closely held companies or assets and are not readily marketable. Although a secondary market may exist from time to time for private funds, individual transactions are typically not observable. When such secondary market transactions do occur, they may occur at amounts that differ from the reported net asset value. It is therefore, reasonably possible that if the University were to sell these investments in the secondary market, buyers may require a discount to the reported fair value and the discount could be significant.

The University has commitments to various limited partnerships. Outstanding commitments at June 30 are displayed as follows:

	<u>2023</u>	<u>2022</u>
Real Estate	\$ 100,910	\$ 53,329
Private Credit	86,600	46,799
Private Equity	<u>325,329</u>	<u>161,034</u>
Total	<u>\$ 512,839</u>	<u>\$ 261,162</u>

The following tables present a reconciliation of investments in which significant unobservable inputs (Level 3) were used to determine fair value:

	<u>2023</u>				
	<u>Balance - Beginning of Year</u>	<u>Acquisitions or Purchases</u>	<u>Sales, Redemptions, or Distributions</u>	<u>Net Appreciation (Depreciation)</u>	<u>Balance - End of Year</u>
Investments:					
Private Equity	\$ 5,397	\$ -	\$ (444)	\$ (2,201)	\$ 2,752
Other Investments	373	-	-	51	424
Funds Held in Trust by Others	15,666	-	(7,733)	1,108	9,041
	<u>2022</u>				
	<u>Balance - Beginning of Year</u>	<u>Acquisitions or Purchases</u>	<u>Sales, Redemptions, or Distributions</u>	<u>Net Depreciation</u>	<u>Balance - End of Year</u>
Investments:					
Private Equity	\$ 9,018	\$ -	\$ (1,879)	\$ (1,742)	\$ 5,397
Other Investments	390	-	(17)	-	373
Funds Held in Trust by Others	16,922	385	-	(1,641)	15,666

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**Purposes and Designations**

The following is a summary of the purpose or designation of investments and funds held in trust by others at June 30:

	<u>2023</u>			<u>2022</u>
	<u>Investments</u>	<u>Funds Held in Trust by Others</u>	<u>Total</u>	
Endowment	\$ 1,081,853	\$ 6,414	\$ 1,088,267	\$ 1,070,376
Split Interest	19,482	2,627	22,109	29,341
Held for Capital Projects	30,000	-	30,000	9,977
Operations	40,170	-	40,170	69,232
Total	<u>\$ 1,171,505</u>	<u>\$ 9,041</u>	<u>\$ 1,180,546</u>	<u>\$ 1,178,926</u>

**Additional Investment and Investment Income Information**

Unless precluded by donor restriction, endowment funds are pooled and collectively managed on a unitized basis. Each individual endowment fund subscribes to or disposes of units in the pool using the estimated fair value at the end of the preceding quarter such subscription or disposition occurs.

Net appreciation includes unrealized and realized gains and losses on specific investment securities owned by the University as well as the University's share of net investment return on mutual funds, private funds, redeemable alternative funds, and net appreciation or depreciation of funds held in trust by others.

Investment expenses include those investment custody fees, internal and external investment advisory costs, and investment management fees incurred for services rendered for the sole benefit of the University. Investment expenses incurred directly by mutual funds and alternative investment funds that are contracted by the respective fund managers are included in the University's share of the respective fund's net investment return and are not reported separately as investment expenses by the University.

Investment income is presented in the consolidated statement of activities as follows:

	<u>2023</u>	<u>2022</u>
Endowment Return Available for Operations	\$ 50,252	\$ 47,194
Endowment Investment Income and Net Appreciation (Depreciation)	50,275	(39,871)
Endowment Income Withdrawn for Operations	(50,252)	(47,194)
Net Endowment Income Provided	<u>23</u>	<u>(87,065)</u>
Other Gains (Losses) - Principally Related to Split-Interest Agreements	2,029	(3,178)
Net Investment Income (Expense) - Nonoperating	<u>2,052</u>	<u>(90,243)</u>
Total Investment Return	<u>\$ 52,304</u>	<u>\$ (43,049)</u>

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**Endowment Accounting and Reporting**

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

**Interpretation of Relevant Law Regarding Donor Endowments and Spending Policy**

The Board of Trustees has interpreted Commonwealth of Pennsylvania law as requiring donor-restricted endowments, absent explicit donor stipulations to the contrary, to be managed with the long-term objective of at least maintaining the real value (after inflation) of the funds. Unless otherwise stated in the gift instruments, the assets in an endowment fund are donor-restricted until appropriated for expenditure in a manner consistent with the standard of prudence described in relevant law.

Commonwealth of Pennsylvania law permits the University to allocate to income each year a portion of endowment net realized gains based on a minimum of 2% and a maximum of 7% of a three-year or more moving average of the market value of the endowed assets. Unless the terms of a gift instrument state otherwise, accumulated endowment net realized gains may, therefore, eventually be spent over time by the University. As a result, net appreciation of donor endowments is recorded in the financial statements as net assets with donor restriction.

The University's endowment spending policy allows for the spending of pooled endowment earnings determined at 4.5% of a 12-quarter moving average of the fair value of pooled assets. Should the determined spendable amount not provide for a 2.0% increment over the previous fiscal year spendable amount, the determined amount may be further adjusted to the 2.0% incremental level, but not exceeding 5.0% of the 12-quarter moving average of the fair value of pooled assets. In accordance with this policy, the rate for each of the years ended June 30, 2023 and 2022, was 5.0% and 5.25%, respectively, of the applicable 12-quarter moving average of the fair value of pooled endowment assets.

**Summary of Endowment Balances and Activity by Net Asset Classification**

Endowment net assets consisted of the following at June 30:

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowments	\$ -	\$ 719,875	\$ 719,875
Board-Designated Endowments	368,392	-	368,392
Total Endowment Net Assets	<u>\$ 368,392</u>	<u>\$ 719,875</u>	<u>\$ 1,088,267</u>
	2022		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowments	\$ -	\$ 702,019	\$ 702,019
Board-Designated Endowments	368,356	-	368,356
Total Endowment Net Assets	<u>\$ 368,356</u>	<u>\$ 702,019</u>	<u>\$ 1,070,375</u>

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	<u>2023</u>	<u>2021</u>
Net Endowment Assets with Donor Restriction:		
Endowments Restricted by Donor in Perpetuity	\$ 410,762	\$ 392,854
Endowments Restricted by Donor that Permit, with Restrictions, Future Expenditure	7,984	7,988
Accumulated Investment Gains on Donor-Restricted Endowments	<u>301,129</u>	<u>301,177</u>
Total	<u>\$ 719,875</u>	<u>\$ 702,019</u>

Changes in endowment net assets for the years ended June 30 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment Net Assets -			
June 30, 2021	\$ 383,697	\$ 721,919	\$ 1,105,616
Contributions Received	15,089	35,911	51,000
Proceeds from Expired Split-Interest Agreements	-	719	719
Transfers	40	65	105
Subtotal	<u>15,129</u>	<u>36,695</u>	<u>51,824</u>
Investment Return	(9,320)	(30,551)	(39,871)
Endowment Spending Distributions	<u>(21,150)</u>	<u>(26,044)</u>	<u>(47,194)</u>
Endowment Net Assets -			
June 30, 2022	368,356	702,019	1,070,375
Contributions Received	89	17,653	17,742
Proceeds from Expired Split-Interest Agreements	4	77	81
Transfers	46	-	46
Subtotal	<u>139</u>	<u>17,730</u>	<u>17,869</u>
Investment Return	21,193	29,082	50,275
Endowment Spending Distributions	<u>(21,296)</u>	<u>(28,956)</u>	<u>(50,252)</u>
Endowment Net Assets -			
June 30, 2023	<u>\$ 368,392</u>	<u>\$ 719,875</u>	<u>\$ 1,088,267</u>

**Donor Endowment Funds with Fair Values Less than Contributed Value**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level of the original value of gifts donated. Deficiencies of this nature that are reported in net assets with donor restriction were \$557 and \$667 as of June 30, 2023 and 2022, respectively. Subsequent gains that restore the fair value of the assets of the endowment fund to the original value will be classified as an increase in net assets with donor restriction.

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**Endowment Investment Return Objectives and Risk Parameters**

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organizations must hold in perpetuity or for a donor-specified period, as well as board-designated funds. The long-term return objective, as approved by the Board of Trustees, is to produce an inflation-adjusted rate of return measured over rolling 10-year periods that exceeds the endowment spending policy. The University maintains a diversified asset allocation that places emphasis on generating an acceptable level of return given a prudent level of risk.

Risk may take the form of investment concentration, volatility, illiquidity, or other dimensions, and is monitored to ensure the incremental risks are appropriate for the given level of incremental returns.

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 is divided into four asset groups: growth, hybrid, real estate, and low-volatility assets. Growth assets (principally publicly traded equity securities and mutual funds and certain private alternative investment funds) are intended to produce equity-like returns, while hybrid assets (principally redeemable alternative investment funds) are meant to produce returns that are less correlated with growth assets. Real estate assets (principally private real estate funds) are expected to provide both current income and capital appreciation. Lastly, low-volatility assets (principally fixed-income investments) should produce modest returns in most environments and provide stability for the endowment.

The ranges for these asset classes, as approved by the Board of Trustees in October 2019, are as follows:

	<u>Range</u>
Growth Assets	60% to 68%
Hybrid Assets	14% to 22%
Real Estate Assets	6% to 14%
Low-Volatility Assets	4% to 12%

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**NOTE 4 PROPERTY AND EQUIPMENT, NET**

Property and equipment as of June 30 are summarized as follows:

	2023	2022
Land	\$ 5,583	\$ 5,583
Buildings and Improvements	641,208	611,954
Equipment, Furniture, and Fixtures	147,311	146,381
Library Books and Materials	51,032	51,013
Construction in Progress	44,475	18,957
Total	<u>889,609</u>	<u>833,888</u>
Less Accumulated Depreciation:		
Buildings and Improvements	269,629	249,223
Equipment, Furniture, and Fixtures	132,682	129,771
Library Books and Materials	50,143	49,853
Property and Equipment, Net	<u>\$ 437,155</u>	<u>\$ 405,041</u>

**NOTE 5 LONG-TERM DEBT**

The table below summarizes long-term debt obligations as of June 30:

	2023	2022
Note Payable, 2.7%, Final Maturity 2033	\$ 476	\$ 517
Note Payable, 3.12%, Final Maturity 2050	37,455	38,325
Total Notes Payable	<u>37,931</u>	<u>38,842</u>
Union County Higher Education Facilities Financing Authority:		
Tax-Exempt Revenue Bonds:		
Series 2015A, 2.55%, Final Maturity February 1, 2045	24,220	25,000
Series 2015B, 3.0% to 5.0%, Final Maturity April 1, 2033	20,345	21,960
Series 2020, 2.465%, Final Maturity April 1, 2042	28,250	29,400
Taxable Revenue Bonds:		
Series 2015C, 4.9% to 5.0%, Final Maturity April 1, 2045	<u>50,000</u>	<u>50,000</u>
Total University Revenue Bonds Outstanding - Principal	<u>122,815</u>	<u>126,360</u>
Total Bonds and Notes Payable	<u>160,746</u>	<u>165,202</u>
Unamortized Bond Premium and Issue Costs, Net	456	677
Total Long-Term Debt, Net	<u>\$ 161,202</u>	<u>\$ 165,879</u>

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The original premium (discount), which includes debt issuance costs, is amortized to interest expense over the term of the bonds using the interest rate method.

**Bonds Payable**

The University Revenue Bonds unless otherwise noted as taxable, are subject to Internal Revenue Code requirements to ensure interest paid to bondholders by the University qualifies as interest exempt from federal income tax.

In 2015, the University entered into various agreements with the Authority that provided issuance of the following University Revenue Bonds: Series 2015A, Series 2015B, and Series 2015C (taxable). The Series 2015 A, B, and C bonds were issued to finance the cost of student housing, academic, and other building construction and renovations.

The Series 2015A bond, issued in January 2015, was purchased by a financial institution and is callable at the purchaser's option, at par, on February 1, 2035. In January 2020, the interest rate was modified from 2.9% to 2.55%. The original principal amount of \$25,000, as well as all other terms and conditions of the original agreement, remain unchanged.

In June 2020, the University entered into various agreements with the Authority that provided for the issuance of \$29,400 University Revenue Bonds, Series 2020 (taxable). The proceeds of the bonds were used to advance refund the Series 2012A Bonds and pay bond issue costs. The Series 2020 taxable Bonds contain a provision allowing the conversion to tax-exempt bonds at an equivalent rate of 2.465% which was elected on January 15, 2022.

**Note Payable**

In December 2009, the University entered into a loan agreement with the Borough of Lewisburg, Pennsylvania. The loan bears interest at 2.7%, requires annual debt service payments of \$55, and matures in 2033.

In June 2020, the University entered into a loan agreement with a financial institution. The loan bears interest at 3.12% and matures in 2050. The proceeds are to be used to finance capital projects and for general corporate purposes.

**Future Principal Maturities**

Principal maturities of bonds and notes payable, exclusive of net premium, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 4,612
2025	4,783
2026	4,955
2027	5,131
2028	5,322
Thereafter	135,943
Total	<u>\$ 160,746</u>

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**Line of Credit**

The University has a line-of-credit arrangement with a local bank in the amount of \$30,000. This short-term borrowing facility is renewable annually and carries an interest rate on outstanding borrowings of the one-month Secured Overnight Financing Rate or SOFR (approximately 5.09% and 1.5% at June 30, 2023 and 2022, respectively). No amounts were borrowed under either facility during the years ended June 30, 2023 and 2022.

**NOTE 6 COMPOSITION OF NET ASSETS**

	2023				2022
	Without Donor Restriction	With Donor Restriction		Total	
		Appreciation or Time	Perpetual		
Endowment Funds:					
Scholarships and Financial Aid	\$ 18,066	\$ 129,831	\$ 235,594	\$ 383,491	\$ 374,183
Instruction and Academic Programs	10,301	73,917	116,967	201,185	194,657
Library and Related Services	8	65,709	7,780	73,497	73,536
Facilities and Capital Improvements	12,318	14,525	7,351	34,194	33,964
Athletics	543	4,048	21,213	25,804	25,165
Other University Activities	327,156	21,083	21,857	370,096	368,870
Total Endowment Funds	368,392	309,113	410,762	1,088,267	1,070,375
Contributions Receivable Restricted for:					
Donor Endowments	-	-	14,597	14,597	15,044
Other University Purposes	-	6,961	-	6,961	10,800
Total	-	6,961	14,597	21,558	25,844
Split-Interest Agreements	1,045	9,741	6,057	16,843	15,786
Other Net Assets	223,603	35,959	815	260,377	256,457
Total Net Assets	<u>\$ 593,040</u>	<u>\$ 361,774</u>	<u>\$ 432,231</u>	<u>\$ 1,387,045</u>	<u>\$ 1,368,462</u>

**NOTE 7 DEFINED CONTRIBUTION RETIREMENT PLAN**

Retirement benefits for faculty and staff provided under the University's defined contribution retirement program are administered by TIAA. The University's policy is to pay its share of contributions (which is 10% of eligible salaries and wages) to the plan each month; there are no unfunded benefits. University contributions to the plan were \$9,486 and \$9,197, for the years ended June 30, 2023 and 2022, respectively.

**NOTE 8 POSTRETIREMENT HEALTH CARE BENEFITS**

Certain current and former employees are covered by a postretirement health care plan. The University accrues the cost of these postretirement benefits over the employee's service period. Participants must have 15 years of continuous service after the later of: (a) age 47, or (b) date of hire to be eligible for postretirement health care benefits. Those benefits are limited per participant to a multiple of calendar year 2006 health care premiums. Furthermore, most participants retiring after September 1, 2006, are required to contribute up to 20% of retiree health care premiums. The percent of retiree co-payment is based on the participant's annual salary at the time of retirement.



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The following table sets forth the plan's funded status and amounts recognized in the University's consolidated statement of financial position at June 30:

	<u>2023</u>	<u>2022</u>
Change in Benefit Obligation During the Year:		
Benefit Obligation - Beginning of Year	\$ 58,400	\$ 75,080
Service Cost	2,713	3,904
Interest Cost	2,496	1,904
Plan Amendment	5,065	-
Benefit Payments	(3,189)	(2,698)
Actuarial Gain	(2,351)	(19,790)
Benefit Obligation - End of Year	<u>\$ 63,134</u>	<u>\$ 58,400</u>
Change in Plan Assets During the Year:		
Fair Value of Plan Assets - Beginning of Year	\$ -	\$ -
Employer Contributions	3,189	2,698
Benefit Payments	(3,189)	(2,698)
Fair Value of Plan Assets - End of Year	<u>\$ -</u>	<u>\$ -</u>
Net Periodic Benefit Cost Recognized for the Year:		
Operating Expense:		
Service Cost	\$ 2,713	\$ 3,904
Nonoperating Expense:		
Interest Cost	2,496	1,904
Amortization of Net Gain	(2,336)	-
Total Periodic Benefit Costs	<u>\$ 2,873</u>	<u>\$ 5,808</u>

The following table sets forth the assumptions used in determining the plan's funded status and the amounts recognized in the University's consolidated financial statements at June 30:

	<u>2023</u>	<u>2022</u>
Weighted Average Assumptions for the Year:		
Discount Rate	4.38%	2.59%
Initial Health Care Cost Trend Rate	6.00%	6.00%
Ultimate Health Care Cost Trend Rate	5.00%	5.00%
Years Remaining to Attain Ultimate Health Care Trend Rate	3	3
Weighted Average Assumptions at Year-End:		
Discount Rate	4.87%	4.38%
Initial Health Care Cost Trend Rate	6.00%	6.00%
Ultimate Health Care Cost Trend Rate	5.00%	5.00%
Years Remaining to Attain Ultimate Healthcare Trend Rate	3	3
Measurement Date	June 30	June 30
Mortality Table	PRI-2012 White Collar Scale MP-2021	PRI-2012 White Collar Scale MP-2021

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The expected cash outflow information for fiscal years ending after June 30, 2023, is as follows:

Year Ending June 30,	Amount
2024	\$ 2,957
2025	3,186
2026	3,352
2027	3,552
2028	3,690
2029 to 2032	22,445
Total	\$ 39,182

Additionally, the following items recognized during the years ended June 30 are presented in the consolidated statement of activities as nonoperating activities:

	2023	2022
Nonoperating Activities:		
Net Actuarial Gain during the Year	\$ 2,351	\$ 19,790
Prior Period Service Cost	(5,065)	-
Amortization of Actuarial Gain	(2,336)	-
Total Nonoperating (Loss) Gain Activities Related to Retiree Health Care	\$ (5,050)	\$ 19,790

Amounts recognized in net assets without donor restriction in the consolidated statement of financial position include the following as of June 30:

	2023	2022
Prior Period Service Cost	\$ (5,065)	\$ -
Unrecognized Actuarial Gain	26,879	26,864
Total	\$ 21,814	\$ 26,864

**NOTE 9 COMMITMENT AND CONTINGENCIES**

The University has a contingent liability as guarantor of a portion of certain faculty and administrative employees' mortgages and loans. The portion of these outstanding mortgages and loans that is being guaranteed by the University amounts to \$739 and \$966 at June 30, 2023 and 2022, respectively. No guaranteed mortgages were in default as of June 30, 2023 and 2022.

Amounts received and expended by the University under various federal and state programs are subject to audit by governmental entities. In the opinion of management, audit adjustments, if any, will not have a significant effect on the consolidated financial position of the University.

The University is obligated for certain future payments under construction and similar agreements of approximately \$38,604 at June 30, 2023.

The University is party to various litigation and other claims in the ordinary course of business. It is the opinion of management, as advised by legal counsel, that these matters will not have a material effect on the financial statements of the University.

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**NOTE 10 RELATED PARTY TRANSACTIONS**

The President of the University and another member of the University's Board of Trustees serve on the board of directors, with the President serving as chair of that board, of a health care system providing certain health insurance services and other health care services to the University. Amounts paid to the health care organization and its affiliates for these services totaled \$3,605 and \$3,471 for the years ended June 30, 2023 and 2022, respectively.

In addition, the University and the health care system engage in certain programs whereby the University's faculty, staff and students, with the health care system's physicians and researchers, participate in academic and research endeavors consistent with the University's mission.

**NOTE 11 OPERATING EXPENSES**

The composition of operating expenses by natural and functional classification for the years ended June 30 is as follows:

	2023						
	Programs				Institutional Support		
	Academic and Educational	Student Services	Research and Public Service	Auxiliary	Administration	Fundraising	Total
Compensation and Benefits	\$ 94,165	\$ 26,947	\$ 2,540	\$ 7,360	\$ 19,620	\$ 8,923	\$ 159,555
Purchases Services and Supplies	25,357	18,441	2,628	18,007	8,763	2,977	76,173
Depreciation	10,509	5,247	-	10,071	658	398	26,883
Interest on Indebtedness	809	257	-	2,902	1,885	-	5,853
Total	<u>\$ 130,840</u>	<u>\$ 50,892</u>	<u>\$ 5,168</u>	<u>\$ 38,340</u>	<u>\$ 30,926</u>	<u>\$ 12,298</u>	<u>\$ 268,464</u>
Net Periodic Benefit Costs Reported in Nonoperating Activities	<u>\$ 4,582</u>	<u>\$ 1,277</u>	<u>\$ -</u>	<u>\$ 349</u>	<u>\$ 930</u>	<u>\$ 423</u>	<u>\$ 7,561</u>
	2022						
	Programs				Institutional Support		
	Academic and Educational	Student Services	Research and Public Service	Auxiliary	Administration	Fundraising	Total
Compensation and Benefits	\$ 87,898	\$ 24,519	\$ 2,337	\$ 6,782	\$ 24,786	\$ 7,420	\$ 153,742
Purchases Services and Supplies	18,289	16,731	2,520	16,682	9,034	2,536	65,792
Depreciation	10,501	5,243	-	10,063	658	399	26,864
Interest on Indebtedness	982	265	-	2,950	1,912	-	6,109
Total	<u>\$ 117,670</u>	<u>\$ 46,758</u>	<u>\$ 4,857</u>	<u>\$ 36,477</u>	<u>\$ 36,390</u>	<u>\$ 10,355</u>	<u>\$ 252,507</u>
Net Periodic Benefit Costs Reported in Nonoperating Activities	<u>\$ 1,117</u>	<u>\$ 304</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ 307</u>	<u>\$ 92</u>	<u>\$ 1,904</u>

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**NOTE 12 REVENUE FROM CONTRACTS WITH STUDENTS**

**Net Tuition Revenue**

Revenue from contracts with customers comprises revenue from students for tuition, fees, housing, and meal plans. For purposes of reporting on revenue from contracts with customers under U.S. GAAP, the University refers to customers as students. Transaction prices are based on a standard University fee schedule. In some cases transaction price for tuition is reduced by tuition discounts in the form of institutional financial aid awards that vary by student based on merit, need, or other qualifications. Revenue is recognized and presented in the consolidated financial statements net of any such tuition discounts.

The composition of net tuition revenue for June 30 is as follows:

	2023	2022
Tuition and Fees	\$ 227,639	\$ 217,528
Less: Scholarship Discounts	(80,870)	(73,579)
Net Tuition and Fees	<u>\$ 146,769</u>	<u>\$ 143,949</u>
Auxiliary Revenues:		
Campus Housing	\$ 30,892	\$ 29,896
Student Meal Plans	11,238	10,810
Total Auxiliary Revenue from Students	<u>\$ 42,130</u>	<u>\$ 40,706</u>

**Deferred Revenue and Student Deposits**

Contract liabilities arise when payment is received in advance of the satisfaction of performance obligations. The University had contract liabilities to students, reported as deferred revenue, comprising of deposits and prepayments for future academic terms and services for which performance obligations have not yet been satisfied.

The activity and balances of contract liabilities are shown in the following table.

	Tuition, Fees, Housing, and Meals	Grants and Contracts	Other	Total
Balance at June 30, 2021	\$ 4,371	\$ 1,691	\$ 2,778	\$ 8,840
Revenue Recognized	(4,371)	(467)	(2,778)	(7,616)
Amounts Received for Future Performance Obligations	2,915	-	1,953	4,868
Balance at June 30, 2022	2,915	1,224	1,953	6,092
Revenue Recognized	(2,915)	(17)	(1,953)	(4,885)
Amounts Received for Future Performance Obligations	2,283	-	1,394	3,677
Balance at June 30, 2023	<u>\$ 2,283</u>	<u>\$ 1,207</u>	<u>\$ 1,394</u>	<u>\$ 4,884</u>

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**NOTE 13 LIQUIDITY AND AVAILABLE RESOURCES**

The University's cash flows have seasonal variations related to the timing of tuition billings, receipt of gifts and pledge payments, and transfers from the endowment. The University actively manages its resources to be available to fund general expenditures, such as operating expenses, interest and principal payments on debt, and internally funded capital construction as they become due. Cash and investments in excess of immediate requirements are invested in short-term investments such as interest-bearing accounts, fixed income mutual funds, and U.S. Government Treasury and Agency bills and bonds. As further described in Note 5, the University has a line of credit in place of \$30,000 (no amounts borrowed at June 30, 2023) to further supplement cash flows, if necessary. As of June 30, 2023, existing financial assets and liquidity resources available within one year were as follows:

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 27,733	\$ 29,393
Accounts and Other Receivables, Net	4,967	4,967
Investments	<u>70,170</u>	<u>79,209</u>
Total Financial Assets Available within One Year	102,870	113,569
Liquidity Resources:		
Endowment Payout for Use over the Next 12 Months	50,396	50,019
Unsecured Line of Credit	<u>30,000</u>	<u>30,000</u>
Total Financial Assets and Liquidity Resources Available within One Year	<u>\$ 183,266</u>	<u>\$ 193,588</u>