

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Marist University and Affiliates

June 30, 2025 and 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Marist University and Affiliates

Opinion

We have audited the consolidated financial statements of Marist University and Affiliates (the "University"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, 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 accompanying consolidated 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 its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 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 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 the University's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with US 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 US 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 the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Grant Thornton LLP

New York, New York
November 14, 2025

Marist University and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 18,072,699	\$ 29,716,536
Short-term investments	49,659,374	55,101,158
Accounts receivable, net	6,143,294	2,970,461
Contributions receivable, net	7,246,402	3,364,687
Deposits with bond trustees	7,912,672	18,710,497
Other assets	4,535,431	4,868,751
Student loans receivable	1,418,059	1,741,107
Assets held in charitable remainder trust	308,126	346,626
Long-term Investments	585,154,845	528,586,030
Right-of-use lease assets	2,342,218	3,251,408
Construction in progress	10,772,412	59,551,146
Land, buildings and equipment, net	<u>448,663,988</u>	<u>393,531,707</u>
Total assets	<u><u>\$ 1,142,229,520</u></u>	<u><u>\$ 1,101,740,114</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 25,510,219	\$ 28,090,766
Deferred income	9,776,785	10,635,159
Annuities payable	-	325,788
Finance lease liabilities	101,899	203,798
Operating lease liabilities	2,338,648	3,245,217
U.S. government advances refundable	1,425,173	1,767,534
Bonds payable, net	206,047,719	220,415,526
Accrued post-retirement benefits	<u>6,585,024</u>	<u>6,632,787</u>
Total liabilities	<u>251,785,467</u>	<u>271,316,575</u>
Net assets		
Without donor restrictions	758,499,245	707,705,097
With donor restrictions		
Restricted by time or purpose	85,099,582	76,848,973
Perpetual in nature	<u>46,845,226</u>	<u>45,869,469</u>
Total with donor restrictions	<u>131,944,808</u>	<u>122,718,442</u>
Total net assets	<u>890,444,053</u>	<u>830,423,539</u>
Total liabilities and net assets	<u><u>\$ 1,142,229,520</u></u>	<u><u>\$ 1,101,740,114</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Marist University and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Tuition, fees, room and board, net	\$ 214,746,151	\$ -	\$ 214,746,151
Government grants	3,196,062	-	3,196,062
Private grants and contracts	1,707,010	-	1,707,010
Contributions	4,104,480	6,721,365	10,825,845
Endowment resources designated for current operations	1,190,518	4,369,823	5,560,341
Interest and dividends designated for current operations	5,348,643	-	5,348,643
Other income	5,778,650	-	5,778,650
Net assets released from restrictions	8,014,084	(8,014,084)	-
Total operating revenues	244,085,598	3,077,104	247,162,702
Operating expenses			
Instructional	97,754,534	-	97,754,534
Research	352,741	-	352,741
Public service	577,071	-	577,071
Academic support	23,935,685	-	23,935,685
Student services	48,300,801	-	48,300,801
Institutional support	30,699,033	-	30,699,033
Scholarships and fellowships	653,863	-	653,863
Auxiliary enterprises	42,237,491	-	42,237,491
Total operating expenses	244,511,219	-	244,511,219
Changes in net assets from operating activities	(425,621)	3,077,104	2,651,483
Nonoperating activities			
Investment returns, net of management fees	46,545,153	10,621,697	57,166,850
Endowment resources designated for current operations	(1,190,518)	(4,369,823)	(5,560,341)
Gain on bond refinancing	5,235,217	-	5,235,217
Net profit from MC Real Property Services LLC	152,562	-	152,562
Payment to beneficiaries	-	(74,239)	(74,239)
Post-retirement related changes other than net periodic benefit costs	243,560	-	243,560
Net gain on disposal of fixed assets	205,422	-	205,422
Changes to donor's restriction/net asset class	28,373	(28,373)	-
Changes in net assets from nonoperating activities	51,219,769	6,149,262	57,369,031
CHANGE IN NET ASSETS	50,794,148	9,226,366	60,020,514
Net assets, beginning of year	707,705,097	122,718,442	830,423,539
Net assets, end of year	\$ 758,499,245	\$ 131,944,808	\$ 890,444,053

The accompanying notes are an integral part of this consolidated financial statement.

Marist University and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Tuition, fees, room and board, net	\$ 207,029,950	\$ -	\$ 207,029,950
Government grants	3,286,150	-	3,286,150
Private grants and contracts	739,973	-	739,973
Contributions	1,940,075	3,520,925	5,461,000
Endowment resources designated for current operations	819,290	4,060,714	4,880,004
Interest and dividends designated for current operations	6,205,635	-	6,205,635
Other income	5,794,204	-	5,794,204
Net assets released from restrictions	4,299,875	(4,299,875)	-
Total operating revenues	230,115,152	3,281,764	233,396,916
Operating expenses			
Instructional	87,860,442	-	87,860,442
Research	295,951	-	295,951
Public service	343,650	-	343,650
Academic support	22,237,980	-	22,237,980
Student services	46,931,856	-	46,931,856
Institutional support	25,325,979	-	25,325,979
Scholarships and fellowships	595,248	-	595,248
Auxiliary enterprises	41,831,272	-	41,831,272
Total operating expenses	225,422,378	-	225,422,378
Changes in net assets from operating activities	4,692,774	3,281,764	7,974,538
Nonoperating activities			
Investment returns, net of management fees	52,474,972	12,341,886	64,816,858
Endowment resources designated for current operations	(819,290)	(4,060,714)	(4,880,004)
Net profit from MC Real Property Services LLC	31,961	-	31,961
Payment to beneficiaries	-	(73,781)	(73,781)
Post-retirement related changes other than net periodic benefit costs	986,399	-	986,399
Net loss on disposal of fixed assets	(35,804)	-	(35,804)
Changes to donor's restriction/net asset class	(43,458)	43,458	-
Changes in net assets from nonoperating activities	52,594,780	8,250,849	60,845,629
CHANGE IN NET ASSETS	57,287,554	11,532,613	68,820,167
Net assets, beginning of year	650,417,543	111,185,829	761,603,372
Net assets, end of year	\$ 707,705,097	\$ 122,718,442	\$ 830,423,539

The accompanying notes are an integral part of this consolidated financial statement.

Marist University and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30,

	2025	2024
Cash flows from operating activities:		
Changes in net assets	\$ 60,020,514	\$ 68,820,167
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Nonoperating items:		
Contributions restricted for investment in endowment	(2,511,096)	(3,631,828)
Gifts of stock	(106,534)	(381,957)
Net realized and unrealized gain on investments	(57,075,929)	(37,334,262)
Gain on bond refinancing	(5,235,217)	-
Noncash items:		
Depreciation and amortization	19,332,064	17,591,891
Bad debt expense	516,118	373,200
(Gain)/loss on disposal of fixed assets	(205,422)	35,804
Contributions of nonfinancial assets	(116,962)	-
Changes in assets and liabilities:		
Accounts receivable	(3,172,833)	(460,346)
Contributions receivable	(4,397,833)	(90,612)
Other assets	1,242,510	(3,412,944)
Accounts payable and accrued liabilities	(8,601,642)	693,627
Deferred revenue	(858,374)	2,041,687
Net cash (used in) provided by operating activities	<u>(1,170,636)</u>	<u>44,244,427</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	245,253,555	192,645,454
Purchases of investments	(239,159,623)	(234,668,017)
(Losses) proceeds from sale of fixed assets	826,585	(121,332)
Purchase of property and equipment	(21,991,265)	(46,255,001)
Repayments on student loans	323,048	509,213
Net cash used in investing activities	<u>(14,747,700)</u>	<u>(87,889,683)</u>
Cash flows from financing activities:		
Repayments of principal on indebtedness	(6,205,000)	(3,065,000)
Proceeds from issuance of bonds	68,610,649	-
Extinguishment of bonds	(70,107,838)	-
Bond issuance cost	(887,973)	-
Repayments of principal on finance lease liabilities	(342,361)	(177,379)
Repayments of funds on U.S. government advances	(101,899)	(477,871)
Change in deposits with bond trustees	10,797,825	29,554,594
Contributions restricted for investment in endowment	2,511,096	3,631,828
Net cash provided by financing activities	<u>4,274,499</u>	<u>29,466,172</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(11,643,837)</u>	<u>(14,179,084)</u>
Cash and cash equivalents, beginning of year	<u>29,716,536</u>	<u>43,895,620</u>
Cash and cash equivalents, end of year	<u><u>\$ 18,072,699</u></u>	<u><u>\$ 29,716,536</u></u>
Supplemental cash flow information:		
Cash paid during the year for interest	<u>\$ 10,143,163</u>	<u>\$ 7,913,640</u>
Purchases of land, buildings and equipment within accounts payable and accrued liabilities	<u>\$ 4,740,974</u>	<u>\$ 363,097</u>

The accompanying notes are an integral part of these consolidated financial statements.

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Marist University (the "University") is an independent, comprehensive institution located on a 250 acre main campus in the Hudson River Valley of New York, a branch campus in Florence, Italy, and educational offerings around the world through its online and study abroad programs. Marist is dedicated to helping students develop the intellect, character and skills required for enlightened, ethical, and productive lives in the global community of the 21st century.

The consolidated financial statements of the University have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of the University's wholly owned subsidiaries, MC Real Property Holdings, LLC, Marist Real Property Services, Inc., Marist Real Property Service II, Inc., and VAYU, LLC. All significant intercompany transactions have been eliminated. Marist Real Property Services, Inc. and Marist Real Property Services II, Inc. are corporations that were formed by the University to purchase and hold real estate for the benefit and use of the University. The University is the single member of VAYU, LLC which holds real and personal property in Esopus, New York.

Basis of Presentation

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into the following categories:

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

Net assets with donor restrictions are net assets subject to donor-imposed stipulations that will be met either by actions of the University and/or the passage of time. The University reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends and/or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions also include earnings on donor-restricted endowment funds that have not yet been appropriated by the University's Board of Trustees for expenditure. Net assets with donor restrictions also include gifts from donors who stipulate that their donated resources be maintained in perpetuity by the University. Generally, the University is permitted to expend part or all of the income and gains derived from these donated assets, restricted only by donors' stipulations.

Fair Value Measurements

The University follows guidance that provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction.

The guidance also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective asset or liability as of the measurement date.

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments in Level 1 include listed equities held in the name of the University, and exclude listed equities and other securities held indirectly through commingled funds.
- Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments, partnerships and similar interests.

The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the University's perceived risk of that instrument. As permitted by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 820-10, the University has excluded investments that are measured at fair value using the net asset value ("NAV") per share practical expedient from the fair value hierarchy.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments consisting of demand deposit accounts, money market funds, and debt instruments with original maturities of three months or less at the time of purchase. Cash and cash equivalents held in the investment portfolio are excluded as a result of the University's intent to segregate these designated funds from cash available for current operations.

Accounts Receivable

Accounts receivable include student accounts receivable, grants receivable and other receivables and are reported net of allowance for credit losses. The University provides for potentially uncollectible amounts through an allowance for credit losses and an adjustment to the allowance based on its assessment of the current status of individual accounts, established payment terms, historic trends of delinquencies, write-offs and consideration of current economic conditions and reasonable and supportable forecasts. Receivables are written-off when deemed uncollectible and payments subsequently collected are recorded as revenue in the period received.

Revenue Recognition and Receivables

In accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the University recognizes revenue when control of the promised goods or services are transferred to the University's students or outside parties in an amount that reflects the consideration the University expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 also requires expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The University has identified student revenues, sales and services of educational activities and sales of other auxiliary enterprise revenue as revenue categories subject to the adoption of ASC 606. The

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

University recognizes contracts with customers, as goods or services transferred or provided in accordance with ASC 606.

Tuition revenues for the fall and spring terms are recognized in the academic semester to which they relate. Revenues and expenses relating to summer session activities are recognized as earned. The carrying value of student receivables has been reduced by an appropriate allowance for credit losses and therefore approximates net realizable value. Receivables are written-off in the period in which they are deemed uncollectible.

The University also generates other revenue through Cloud Computing and Analytics contracts, NCAA and MAAC distributions as part of the athletics program, as well as various camps and events on campus. Generally, this revenue is recognized over time with the completion of the specific performance obligations.

Contributions, Grants and Contracts

The University recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the University evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the University applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the University evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the University is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Unconditional contributions are recognized as revenues when donors' commitments are received. Contributions of assets other than cash are recorded at their estimated fair value. Conditional pledges are recognized as revenues when conditions are substantially met.

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Pledges, less an allowance for uncollectible amounts, are recorded as receivables at the net present value, determined using an appropriate rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. Restricted pledges are reported as additions to the with donor restrictions' net asset class. Contributions of cash or other assets that must be used to acquire or construct long-lived assets are reported with donor restrictions until the assets are placed in service.

Contributions with donor-imposed restrictions are reported as revenues restricted by time or purpose and are released to net assets without donor restrictions when donor-imposed restrictions are satisfied.

Contributions restricted for the acquisition of land, buildings and equipment or for the construction of assets are reported as revenues with donor restrictions. These contributions are released to net assets upon acquisition of the assets or when the assets are placed into service.

Government grants and contracts have been deemed to be conditional contributions. Accordingly, revenue is recognized when conditions have been met, that is, generally as qualifying costs are incurred under the terms of the grant or contract. Amounts expended in excess of reimbursements are reported as accounts receivable on the consolidated statements of financial position.

Conditional Contributions and Pledges

Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. At June 30, 2025 and 2024, the

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

University had outstanding conditional pledges and bequests of \$5,006,154 and \$3,898,988, respectively, which, in accordance with U.S. GAAP, have not been recorded in the accompanying consolidated financial statements. The University has recorded revenue from conditional promises of \$224,988 and \$150,000 for the years ended June 30, 2025 and 2024, respectively, as the conditions on these pledges have been met. There were new conditional pledges in the amount of \$1,332,154 for the year ended June 30, 2025.

Student Loans Receivable and U.S. Government Advances Refundable

Student loans receivable are carried at unpaid principal balances, which represent net realizable value. These loans have mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition. Amounts received from the federal government to fund a portion of the student loans are ultimately refundable to the federal government and are classified as U.S. government advances refundable in the consolidated statements of financial position.

Investments

The estimated fair value of investments is based on quoted market prices, except for certain investments, principally limited partnerships and similar interests, for which quoted market prices are not available. The estimated fair value of limited partnerships and similar investments is based on valuations provided by external investment managers as of the measurement date. Because alternative investments are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

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

Deposits with Bond Trustees

Deposits with bond trustees represent funds held by designated bond trustees for debt service payments and construction building projects. Deposits with trustees are held in cash, money market funds, and fixed income and are recorded at fair value as of June 30, 2025 and 2024.

Land, Buildings and Equipment

Land, buildings and equipment purchased in excess of \$5,000 are recorded at cost or, if donated, at fair value at the date of the donation. Depreciation is computed on a straight-line basis, using the half-year convention, over the estimated useful lives of the related assets as follows:

	<u>Years</u>
Buildings and building improvements	20 - 45
Ground improvements	15 - 20
Equipment, furniture and fixtures	3 - 15
Library books	5
Vehicles	5

Works of art, historical treasures and similar assets (collectively, "collections") have been recognized at their estimated fair value based upon appraisals or similar valuations at the date of acquisition or donation. Collections are capitalized but not depreciated.

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

The University has capitalized its collections since its inception. If purchased, items accessioned into the collection are capitalized at cost and, if donated, they are capitalized at their fair value as of the accession date. Gains or losses on the deaccession of collection items are classified on the consolidated statements of activities as with or without donor-restricted support depending on donor restrictions, if any, placed on the item at the time of accession.

Leases

The University determines if an arrangement is a lease or a service contract at inception. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. When an arrangement is a lease, the University determines if it's an operating or a finance lease.

Leases result in recognition of right-of-use ("ROU") assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. For the initial and subsequent measurement of all lease liabilities, the discount rate is based on the rate implied within the lease, or on the University's incremental borrowing rate using a period comparable with the lease term, or a risk-free rate of return for a period comparable with the lease term.

The lease term may include options to extend or terminate the lease that the University is reasonably certain to exercise. Operating lease expense is generally recognized on a straight-line basis over the lease term. A ROU asset and lease liability is not recognized for leases with an initial term of 12 months or less.

Deferred Income

Deferred income primarily consists of tuition and matriculation deposits and other payments for upcoming semesters that have been billed and/or received prior to the fiscal year end.

Conditional Asset Retirement Obligation

The University is required to recognize the costs associated with the eventual remediation and abatement of asbestos located within the construction of certain of its buildings. However, based on the results of surveys performed by independent environmental consultants, the University concludes that the cost of remediation is immaterial to the accompanying consolidated financial statements and, accordingly, has not recognized a liability for this obligation as of June 30, 2025 and 2024.

Functional Expenses

Facilities operations and maintenance expenses, depreciation and amortization of plant assets and interest on long-term debt are allocated to program and supporting activities based on the primary use of the facilities (Note 18).

Income Taxes

Tax effects from an uncertain tax position are recognized in the consolidated financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The University is exempt from income tax

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

under Internal Revenue Code (the "Code") Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code.

Advertising

Advertising costs are expensed as incurred. Advertising expense amounted to \$2,155,241 and \$1,935,652 for the years ended June 30, 2025 and 2024, respectively. Such amounts are included in student services on the accompanying consolidated statements of activities.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. In addition, estimates and assumptions are used to determine disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in the determination of depreciation, post-retirement benefits, allowance for credit losses, contributions receivable, certain accrued liabilities and certain overhead allocations, among others.

Concentrations of Credit Risk

The University maintains its cash and money market funds with high credit quality financial institutions, which at times may exceed federally insured limits. The University has not experienced, nor does it anticipate, any losses with respect to such accounts. The University has a significant investment in equities, fixed income securities, mutual and exchange-traded funds and alternative investments, both marketable and non-marketable, and is therefore subject to concentrations of credit risk.

Measure of Operations

The accompanying consolidated statements of activities present the changes in net assets distinguishing between operating and nonoperating activities. Operating activities principally include all revenues and expenses that relate to the University's educational programs, research, training and supporting activities. Operating revenues also include investment return pursuant to the University's spending rate policy earned on long-term investments held for endowment and similar purposes.

The University has defined nonoperating activities principally to include investment income earned, and gains and losses on investments held for long-term purposes, net of amounts distributed to support operations in accordance with the endowment spending policy;; activities related to MC Real Property Services, LLC; and activity related to post-retirement benefit plans. Certain other gains and losses considered to be of a more unusual or non-recurring nature, such as the gain on the bond refinance, are also included as part of nonoperating activities.

Subsequent Events

The University evaluated its June 30, 2025 consolidated financial statements for subsequent events through November 14, 2025, the date the consolidated financial statements were issued.

NOTE 2 - SHORT-TERM INVESTMENTS

Short-term investments consist of certificates of deposit with original maturities of greater than 90 days and short-term corporate and municipal bond funds maturing within a five-year period in accordance with the short-term investment policy. The fair value as of June 30, 2025 and 2024 is \$49,659,374 and \$55,101,158, including \$18,266 and \$472,210 in unrealized depreciation and appreciation, respectively.

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

NOTE 3 - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, consists of the following at June 30, 2025 and 2024:

	2025	2024
Student accounts receivable	\$ 4,060,618	\$ 1,400,748
Less: allowance for credit losses	(344,692)	(300,736)
	3,715,926	1,100,012
Grants and contracts receivable	1,161,275	471,414
Other receivables	1,266,093	1,399,035
Accounts receivable, net	<u>\$ 6,143,294</u>	<u>\$ 2,970,461</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, consists of unconditional promises to give and are summarized as follows at June 30, 2025 and 2024:

	2025	2024
Unconditional promises to give are expected to be collected in		
Less than one year	\$ 3,184,254	\$ 2,042,804
One to five years	4,634,714	2,062,916
More than five years	1,328,889	250,000
	9,147,857	4,355,720
Less		
Allowance for uncollectible amounts	(1,126,243)	(610,125)
Discount to present value (with rates ranging from 4.33% to 5.47%)	(775,212)	(380,908)
	<u>\$ 7,246,402</u>	<u>\$ 3,364,687</u>

At June 30, 2025 and 2024, approximately 69% and 57%, respectively, of gross pledges receivable were due from four donors.

NOTE 5 - STUDENT LOANS RECEIVABLE

The University makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources. At June 30, 2025 and 2024, student loans totaled \$1,418,059 and \$1,741,107, respectively, and represented 0.1% and 0.2% of total assets, respectively.

The University participates in the Federal Perkins revolving loan program ("Federal Perkins Loan Program"). The availability of funds for loans under this program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government of \$1,425,174 and \$1,767,534 at June 30, 2025 and 2024, respectively, are ultimately refundable to the government and are classified as liabilities in the accompanying consolidated statements of financial position. Outstanding loans

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

cancelled under the program result in a reduction of the funds available for future loans and a decrease in the University's liability to the government.

Amounts due under the Federal Perkins Loan Program are almost fully guaranteed by the government and, therefore, no reserves are placed on any past due balances. On September 30, 2015, the Federal Perkins Loan Program expired. It was then extended on December 18, 2015 under The Perkins Loan Extension Act of 2015 to permit institutions to issue new loans, under amended guidelines, until September 30, 2017. No new Perkins loans can be issued under this Act subsequent to September 30, 2017. In addition, as part of this Act, prior to October 1, 2017, the University is required to annually return the federal share of excess liquid capital, as defined, to the federal government. The University remitted distributions to the U.S. Department of Education totaling \$366,729 and \$378,929 during the years ended June 30, 2025 and 2024, respectively.

At June 30, 2025 and 2024, the following amounts were past due under student loan programs:

	2025	2024
1-60 days past due	\$ 1,399	\$ 2,786
60-90 days past due	181	652
90+ days past due	106,790	156,874
Total past due	<u>\$ 108,370</u>	<u>\$ 160,312</u>

NOTE 6 - INVESTMENTS

The fair value of investments at June 30, 2025 and 2024, are as follows:

	2025	2024
Endowments and other investible funds		
Cash and cash equivalents	\$ 35,842,251	\$ 24,395,454
Fixed income securities	24,439,252	27,055,537
Domestic equity securities	6,146,217	10,689,753
International equity securities	22,020,296	13,596,224
Commingled funds	276,935,618	251,615,933
Hedge funds	105,920,774	96,347,159
Private equity	113,276,167	104,254,107
Total pooled investments	<u>584,580,575</u>	<u>527,954,167</u>
Operating and other investments		
Domestic equity securities	422,279	367,428
Investment in TIAA annuities and mutual funds	151,991	264,435
Total operating and other investments	<u>574,270</u>	<u>631,863</u>
Total investments	<u>\$ 585,154,845</u>	<u>\$ 528,586,030</u>

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

NOTE 7 - CONSTRUCTION IN PROGRESS

Construction in progress consists of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Running track & turf field	\$ 10,004,267	\$ -
Dyson Center addition/upgrades	-	57,458,441
Other projects and renovations	<u>768,145</u>	<u>2,092,705</u>
Total construction in progress	<u>\$ 10,772,412</u>	<u>\$ 59,551,146</u>

In July 2022, the University commenced construction to remodel the Dyson Center, a two-year project that ultimately doubled the facility's size. As of June 30, 2024, construction costs incurred were recorded as construction in progress. The building was placed in service in August 2024, and classes began shortly thereafter. The Dyson Center now serves as the home of the School of Management and the School of Social and Behavioral Sciences, offering state-of-the-art learning and collaboration spaces.

NOTE 8 - LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings and equipment consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Buildings and building improvements	\$ 661,505,368	\$ 593,648,370
Equipment, furniture and fixtures	89,160,436	83,902,534
Equipment acquired under finance leases	<u>3,941,348</u>	<u>3,941,348</u>
	754,607,152	681,492,252
Less: accumulated depreciation	<u>(331,499,731)</u>	<u>(313,423,631)</u>
	423,107,421	368,068,621
Land	17,565,461	17,565,461
Artwork and collectibles	<u>7,991,106</u>	<u>7,897,625</u>
Land, buildings and equipment, net	<u>\$ 448,663,988</u>	<u>\$ 393,531,707</u>

The net ROU asset relating to equipment acquired under finance leases is \$152,848 and \$254,747 at June 30, 2025 and 2024, respectively, and is included in land, buildings and equipment in the above chart.

Depreciation expense for the years ended June 30, 2025 and 2024 totaled \$19,874,491 and \$18,430,605, respectively, and is allocated to functional expense categories on the accompanying consolidated statements of activities (Note 18).

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

NOTE 9 - BENEFIT PLANS

Defined Contribution Plans

The University has a defined contribution benefit plan for all eligible employees as defined in the "Retirement Resolution." Benefit obligations under the plan are funded each pay period by the University as they become due. Contributions are applied to plan accounts for each participant by Teachers Insurance and Annuity Association of America ("TIAA") as record keeper for the plan. University contributions are dependent upon employee contributions in accordance with a schedule of percentages in the plan agreement. Employee contributions are normally made on a pre-tax basis unless an after tax agreement is so authorized by the employee. The University's contributions to the plan for the years ended June 30, 2025 and 2024 totaled \$7,221,888 and \$6,408,310, respectively.

The University funds a pension plan for all eligible employees in the SEIU Local 200 Union by participating in the pension plan provided by the 1199 Health Care Employees Pension Fund. The University's contribution is a fixed percentage of monthly gross wages for all employees covered under the agreement. The University's contributions for the years ended June 30, 2025 and 2024 totaled \$670,214 and \$665,184, respectively.

Deferred Compensation Plans

The University has a deferred compensation 457f plan based on years of service, which provide for cash payments at the end of the employment contract which is not guaranteed. The cost of the plan is being accrued over the period of active employment from the contract date. The liability under the agreement is determined based on the contributions required by the plan. The plan requires an annual contribution of \$150,000 net of employer contributions to the 403b plan, ranging from one to six years and coincide with the end of the employee's contract. The obligation related to and fair value of the assets of this plan at June 30, 2025 and 2024 was \$151,991 and \$264,435, respectively, and is included in the accompanying consolidated statements of financial position as part of accounts payable and accrued liabilities. Total contributions to this plan for the years ended June 30, 2025 and 2024 totaled \$150,000 and \$75,140, respectively.

The University has a 457b deferred compensation plan for several employees which provide for cash payments at the end of the employment contract which are not guaranteed.

NOTE 10 - CHARITABLE REMAINDER TRUST

A donor has established and funded a trust under which the University serves as the custodian and trustee. Assets held in this trust are stated separately in the consolidated statements of financial position. The fair value of the assets at June 30, 2025 and 2024 totaled \$308,126 and \$346,626, respectively. Specified distributions are to be made to a designated beneficiary over the trust's term. Upon termination of the trust, the University receives the assets remaining in the trust.

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

NOTE 11 - BONDS PAYABLE, NET

Bonds payable, net consists of the following at June 30, 2025 and 2024:

<u>Bond</u>	<u>Original Maturity Date</u>	<u>2025</u>	<u>2024</u>	
Dutchess County Industrial Development Agency Series 2008-A Variable Rate Demand Bonds	July 1, 2038	\$ 11,945,000	\$ 12,595,000	A
Dutchess County Local Development Corp. Series 2015-A Revenue Bonds	July 1, 2045	-	71,465,000	B
Series 2018 Revenue Bonds	July 1, 2048	33,765,000	34,475,000	C
Series 2022 Revenue Bonds	July 1, 2052	58,190,000	58,190,000	D
Series 2023 Revenue Bonds	July 1, 2043	28,515,000	31,505,000	E
Series 2025 Revenue Bonds	July 1, 2045	64,420,000	-	F
Total principal		196,835,000	208,230,000	
Unamortized bond premium		11,987,622	14,807,057	
Unamortized bond issuance costs		(2,774,903)	(2,621,531)	
Total bonds payable, net		<u>\$ 206,047,719</u>	<u>\$ 220,415,526</u>	

A. Series 2008-A

On January 1, 2008, the University entered into an agreement with the Dutchess County IDA to issue variable rate demand bonds in the amount of \$20,000,000. Proceeds were used to finance construction of additional student townhouses, parking lots and roadways on Fulton Street in Poughkeepsie, New York. Interest is reset weekly by a remarketing agent and payable monthly. Principal payments will be made annually through July 1, 2038 based upon a predetermined schedule. The initial principal payment was \$380,000 and gradually increases to \$1,065,000 in the final year. The Series 2008-A bonds are secured by a letter of credit issued by TD Bank, N.A. that expires in January 2028. The University's obligation to the letter of credit provider is an unsecured general obligation of the University with a springing mortgage on certain University property upon a default under the bank agreement. The Letter of Credit contains certain financial covenants including an annual liquidity covenant defined as unrestricted cash and investments to long-term debt of not less than 0.75:1.00.

B. Series 2015-A

On June 25, 2015, the University entered into an agreement with the Dutchess County Local Development Corporation to issue fixed rate serial and term bonds in the par amount of \$80,885,000. The University also recorded a premium amount on the bond of \$9,672,609. Proceeds were used to finance construction of the Science and Allied Health Building and Phase I of the North Campus student housing facility in Poughkeepsie, New York. Interest is payable semi-annually based on a coupon rate of 5.0%. Principal payments will be made annually through July 1, 2045 based upon a predetermined schedule ranging from \$1,385,000 to \$5,170,000. The Bonds are unsecured general obligations of the University. Series 2015-A bonds were defeased with the refinancing of 2025 Series bonds.

C. Series 2018

On October 4, 2018, the University entered into an agreement with the Dutchess County Local Development Corporation to issue fixed rate serial and term bonds in the par amount of \$35,790,000. The University also recorded a premium amount on the bond of \$4,747,062. Proceeds were used to finance construction on the Steel Plant Studios and McCann Fitness Center Building, both located in Poughkeepsie,

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

New York. Interest is payable semi-annually based on a coupon rate of 5.0%. Principal payments began on July 1, 2022, and will be made annually through July 1, 2048 based on a predetermined schedule ranging from \$640,000 to \$2,355,000. The Bonds are unsecured general obligations of the University.

D. Series 2022

On May 10, 2022, the University entered into an agreement with the Dutchess County Local Development Corporation to issue fixed rate serial and term bonds in the par amount of \$58,190,000. The University also recorded a premium amount on the bond of \$1,601,579. Proceeds were used to finance construction on the Dyson Center building, located in Poughkeepsie, New York. Interest is payable semi-annually based on a coupon rate of 4.0%, through 2044 and 5.0%, starting in 2050. Principal payments, starting on July 1, 2044, will be made annually through July 1, 2052, based on a predetermined schedule ranging from \$430,000 to \$10,430,000. The Bonds are unsecured general obligations of the University.

E. Series 2023

On May 11, 2023, the University entered into an agreement with the Dutchess County Local Development Corporation to issue fixed rate serial and term bonds in the par amount of \$31,505,000. The University also recorded a premium amount on the bond of \$3,484,694. Proceeds were used to refinance the Series 2013-A, 2013-B and 2016 bonds. Interest is payable semi-annually based on a coupon rate of 5.0%. Principal payments, starting on July 1, 2024, will be made annually through July 1, 2043, based on a predetermined schedule beginning with a payment of \$2,990,000 and ending with a final payment of \$585,000.

F. Series 2025

On June 3, 2025, the University entered into an agreement with the Dutchess County Local Development Corporation to issue fixed rate serial and term bonds in the par amount of \$64,420,000. The University also recorded a premium amount on the bond of \$4,190,649. Proceeds were used to refinance the Series 2015-A bonds. Interest is payable semi-annually based on a coupon rate of 5.0%. Principal payments, starting on July 1, 2026, will be made annually through July 1, 2045, based on a predetermined schedule beginning with a payment of \$1,945,000 and ending with a final payment of \$4,925,000. For the year ended June 30, 2025, the University recognized a gain on refinancing of \$5,235,217.

For the years ended June 30, 2025 and 2024, interest expense related to long-term debt totaled \$8,455,555 and \$8,289,684, respectively.

The University is in compliance with all required financial loan covenants at June 30, 2025 and 2024.

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

At June 30, 2025, aggregate principal maturities of long-term debt for each of the next five years and in total thereafter are as follows:

<u>Fiscal Years Ending,</u>	
2026	\$ 4,510,000
2027	6,630,000
2028	6,905,000
2029	7,185,000
2030	5,965,000
Thereafter	<u>165,640,000</u>
	196,835,000
Plus: unamortized bond premium	11,987,622
Less: unamortized bond issuance costs	<u>(2,774,903)</u>
Total	<u><u>\$ 206,047,719</u></u>

Bond issuance costs consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Bond issuance costs	\$ 3,747,907	\$ 3,744,842
Less: accumulated amortization	<u>(973,004)</u>	<u>(1,123,311)</u>
Bond issuance costs, net	<u><u>\$ 2,774,903</u></u>	<u><u>\$ 2,621,531</u></u>

Amortization expense for the years ended June 30, 2025 and 2024 amounted to \$142,997 and \$128,095, respectively.

At June 30, 2025 and 2024, the University had deposits with bond trustees totaling \$7,912,672 and \$18,710,497, respectively. As of June 30, 2025 and 2024, all deposits were classified as Level I within the fair value hierarchy.

NOTE 12 - POST-RETIREMENT HEALTH CARE BENEFITS

The University sponsors post-retirement medical benefits for full-time employees and their spouses who satisfy pre-defined prior coverage, age, and years of service conditions. The benefit is offered in the form of annual payments from the University to a health reimbursement account ("HRA") set up in the retiree or spouse's name, which can be used to purchase insurance coverage through a private insurance exchange that the University has engaged to coordinate retirees' access to private insurance plans. The amount of the annual HRA contribution is graduated based on the retirees' prior years of active service with the University.

The University offers post-retirement dental benefits to a small group of retirees electing dental but not medical coverage.

The University also offers life insurance benefits for a group of retirees, whereby retirees were eligible for a \$5,000 life insurance benefit from the University if their date of retirement was before January 1, 2019 and they did not previously decline life insurance coverage. Active employees retiring on or after January 1, 2019 are not eligible for post-employment life insurance benefits.

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

The following table provides a reconciliation of the changes in the plan's benefit obligations and fair value of assets for the years ended June 30, 2025 and 2024:

	2025	2024
Reconciliation of benefit obligation		
Obligation at beginning of year	\$ 6,632,787	\$ 7,421,283
Service cost, including expenses	147,537	159,431
Interest cost	337,035	325,698
Plan participants' contributions	1,800	1,804
Actuarial gain	(49,172)	(797,858)
Benefits payments and expected expenses	<u>(484,963)</u>	<u>(477,571)</u>
Obligation at end of year	<u>6,585,024</u>	<u>6,632,787</u>
Reconciliation of fair value of plan assets		
Fair value of plan assets at beginning of year	-	-
Employer contributions	483,163	475,767
Plan participants' contributions	1,800	1,804
Benefit payments and actual expenses	<u>(484,963)</u>	<u>(477,571)</u>
Fair value of plan assets at end of year	<u>-</u>	<u>-</u>
Funded status at end of year	<u>\$ (6,585,024)</u>	<u>\$ (6,632,787)</u>

The amounts recognized in net assets without donor restrictions on the consolidated statements of financial position at June 30, 2025 and 2024, consisted of:

	2025	2024
Unamortized prior service credit	\$ (517,731)	\$ (528,237)
Unamortized actuarial net gain	<u>(4,677,353)</u>	<u>(4,906,450)</u>
Total	<u>\$ (5,195,084)</u>	<u>\$ (5,434,687)</u>

Components of net periodic cost on the consolidated statements of activities for the years ended June 30, 2025 and 2024 consist of the following:

	2025	2024
Net periodic benefit cost		
Service cost	\$ 147,537	\$ 159,431
Interest cost	337,035	325,698
Amortization of prior service credit	(10,506)	(10,506)
Amortization of net gain	<u>(278,269)</u>	<u>(276,720)</u>
Net periodic postretirement benefit cost	<u>\$ 195,797</u>	<u>\$ 197,903</u>

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Amounts recognized in net assets without donor restrictions as of June 30, 2025 and 2024 are as follows:

	2025	2024
Actuarial gain	\$ (49,172)	\$ (797,858)
Amortization of prior service credit	10,506	10,506
Amortization of net gain	278,269	276,720
	<hr/>	<hr/>
Total other amounts recognized in net assets without donor restrictions	\$ 239,603	\$ (510,632)
	<hr/>	<hr/>

Weighted average assumptions as of June 30 (measurement date):

	2025	2024
Year-end benefit obligation		
Discount rate	5.34%	5.28%
Net periodic benefit cost		
Discount rate	5.28%	4.88%
Expected return on plan assets	N/A	N/A

As of June 30, 2025, the discount rate was updated from 5.28% to 5.34% based on an analysis of the Financial Times Stock Exchange Pension Discount Curve and the Plan's expected future cash flows. The increase in the discount rate is consistent with bond yields experienced throughout the market over the 12-month period ending June 30, 2025.

Due to a plan amendment in fiscal year 2016, valuation eliminates all future medical and prescription drug trend increases as capped annual employer contributions are now provided to plan participants. Therefore, there are no assumed future medical and prescription drug trend rates to disclose.

The University's post-retirement benefit plan prescription drug coverage is at least actuarially equivalent to the new Medicare coverage. The disclosure reflects the subsidy payments from Medicare that commenced in 2007. The value of the subsidy is reflected as an actuarial gain and reduces the plan's accumulated post-retirement benefit obligation, service cost and the net periodic post-retirement benefit cost.

The following schedule summarizes the benefits to be paid by the plan in each of the next five years, along with the aggregate to be paid for the five years thereafter:

<u>Fiscal Years Ending June 30,</u>	<u>Net Benefits</u>
2026	\$ 484,802
2027	485,964
2028	486,541
2029	486,560
2030	485,664
2031 through 2035	<hr/> 2,440,801
	<hr/>
Total	\$ 4,870,332
	<hr/>

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

NOTE 13 - FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value on a recurring basis at June 30, 2025 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total Fair Value</u>
Assets			
Short-term investments			
Cash and cash equivalents	\$ 462,187	\$ -	\$ 462,187
Fixed income securities	<u>49,197,187</u>	<u>-</u>	<u>49,197,187</u>
Total short-term investments	49,659,374	-	49,659,374
Long-term investments			
Assets held in charitable remainder trusts			
Cash equivalents, fixed income securities and equities	-	308,126	308,126
Pooled endowment investments at fair value			
Cash and cash equivalents	35,842,251	-	35,842,251
Fixed income securities	24,439,252	-	24,439,252
Domestic equity securities	6,146,217	-	6,146,217
International equity securities	<u>22,020,296</u>	<u>-</u>	<u>22,020,296</u>
Total pooled investments at fair value	88,448,016	-	88,448,016
Total investments at NAV			<u>496,132,559</u>
Total pooled endowment investments			<u>584,580,575</u>
Other investments			
Domestic equity securities	422,279	-	422,279
Investment in TIAA annuities and mutual funds	<u>-</u>	<u>151,991</u>	<u>151,991</u>
Total long-term investments	<u>88,870,295</u>	<u>151,991</u>	<u>585,154,845</u>
Total assets	<u>\$ 138,529,669</u>	<u>\$ 460,117</u>	<u>\$ 635,122,345</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Assets and liabilities measured at fair value on a recurring basis at June 30, 2024 are as follows:

	Level 1	Level 2	Total Fair Value
Assets			
Short-term investments			
Cash and cash equivalents	\$ 422,889	\$ -	\$ 422,889
Fixed income securities	54,678,269	-	54,678,269
Total short-term investments	55,101,158	-	55,101,158
Long-term investments			
Assets held in charitable remainder trusts			
Cash equivalents, fixed income securities and equities	-	346,626	346,626
Pooled endowment investments at fair value			
Cash and cash equivalents	24,395,454	-	24,395,454
Fixed income securities	27,055,537	-	27,055,537
Domestic equity securities	10,689,753	-	10,689,753
International equity securities	13,596,224	-	13,596,224
Total pooled investments at fair value	75,736,968	-	75,736,968
Total investments at NAV			452,217,199
Total pooled endowment investments			527,954,167
Other investments			
Domestic equity securities	367,428	-	367,428
Investment in TIAA annuities and mutual funds	-	264,435	264,435
Total long-term investments	76,104,396	264,435	528,586,030
Total assets	\$ 131,205,554	\$ 611,061	\$ 584,033,814

The University uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables list investments by major category as of June 30, 2025 and 2024:

2025							
Fund Strategy	Number of Funds	NAV	Remaining Life	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Notice Required	Lock-up and Redemption Terms
Commingled funds	26	\$ 276,935,618	N/A	None	N/A	1 - 60 days	Redemptions range from daily to annually
Multi-Strategy Hedge funds	20	105,920,774	N/A	None	N/A	2 - 126 days	Redemptions range from daily to triennially
Private equity	58	113,276,167	3 – 15 years	\$ 72,234,086	N/A	N/A	N/A
Total	104	\$ 496,132,559		\$ 72,234,086			

Marist University and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Fund Strategy	Number of Funds	NAV	2024				
			Remaining Life	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Notice Required	Lock-up and Redemption Terms
Commingled funds	26	\$ 251,615,933	N/A	None	N/A	1 - 60 days	Redemptions range from daily to annually
Multi-Strategy Hedge funds	22	96,347,159	N/A	None	N/A	2 - 126 days	Redemptions range from daily to triennially
Private equity	54	104,254,107	3 – 15 years	\$ 79,920,801	N/A	N/A	N/A
Total	102	\$ 452,217,199		\$ 79,920,801			

NOTE 14 - NET ASSETS

Net assets consist of the following at June 30, 2025 and 2024:

	2025	2024
Without donor restrictions		
For general operations	\$ 351,585,315	\$ 341,464,644
Designated for quasi-endowment	406,913,930	366,240,453
Total net assets without donor restrictions	758,499,245	707,705,097
With donor restrictions		
Instruction, research and divisional support	8,585,661	5,958,215
Building and construction activities	12,420,058	14,715,837
Scholarship and endowment	64,093,863	56,174,921
Endowment funds held in perpetuity	46,845,226	45,869,469
Total net assets with donor restrictions	131,944,808	122,718,442
Total net assets	\$ 890,444,053	\$ 830,423,539

NOTE 15 - ENDOWMENT

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

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). All not-for-profit organizations formed in New York must apply this law. The University classifies donor-restricted endowment funds as net assets with donor restrictions, unless otherwise stipulated by the donor as follows: (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

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permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. Under NYPMIFA, the University may spend below the historical dollar value of its endowment funds, if determined to be prudent, unless specific donors have stipulated to the contrary. The University has received instructions from donors, who have contributed \$415,358 and \$411,158 in donor-restricted contributions (with a fair value of \$794,883 and \$743,680 as of June 30, 2025 and 2024, respectively), for which the University must maintain the historical dollar value of these funds. There were no underwater funds as of June 30, 2025 and 2024, respectively.

The investment objectives for the University's endowment are to preserve the principal value of those funds, in both absolute as well as real terms, and to maximize, over the long term, the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, the Board of Trustees has adopted a spending policy. The amount available for spending is determined annually by applying a rate of 5% to the average fair value of the endowment for the preceding three fiscal years.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions held in perpetuity are classified as net assets with donor restrictions until such amounts are appropriated for expenditure by the University's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment fund;
- (2) The purposes of the University and its donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the University;
- (7) The investment policies of the University; and
- (8) Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects on the University.

The table which follows presents information with respect to the University's endowment, inclusive of pledges of \$2,187,662, as of June 30, 2025:

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction			Total Funds as of June 30, 2025
		Original Gift	Accumulated Gains (Losses)	Total	
Board-designated endowment funds	\$ 406,913,930	\$ -	\$ -	\$ -	\$ 406,913,930
Donor-restricted endowment funds	-	46,845,226	64,093,863	110,939,089	110,939,089
Total endowment funds	<u>\$ 406,913,930</u>	<u>\$ 46,845,226</u>	<u>\$ 64,093,863</u>	<u>\$ 110,939,089</u>	<u>\$ 517,853,019</u>

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June 30, 2025 and 2024

The table which follows presents information with respect to the University's endowment, inclusive of pledges of \$468,520, as of June 30, 2024:

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction			Total Funds as of June 30, 2024
		Original Gift	Accumulated Gains (Losses)	Total	
Board-designated endowment funds	\$ 366,240,453	\$ -	\$ -	\$ -	\$ 366,240,453
Donor-restricted endowment funds	-	45,869,469	56,174,921	102,044,390	102,044,390
Total endowment funds	\$ 366,240,453	\$ 45,869,469	\$ 56,174,921	\$ 102,044,390	\$ 468,284,843

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction			Total Endowment Funds
		Original Gift	Accumulated Gains	Total	
Endowment net assets, beginning of year	\$ 366,240,453	\$ 45,869,469	\$ 56,174,921	\$ 102,044,390	\$ 468,284,843
Transfer to board-designated endowment	100,000	-	-	-	100,000
Net investment return	39,832,811	(18,247)	10,639,944	10,621,697	50,454,508
Payment to beneficiaries	-	(606)	(73,633)	(74,239)	(74,239)
Contributions	1,794,964	1,003,983	-	1,003,983	2,798,947
Change in donor designation/transfers	-	(9,373)	2,908	(6,465)	(6,465)
Awards made	(1,054,298)	-	(2,650,277)	(2,650,277)	(3,704,575)
Endowment net assets, end of year	\$ 406,913,930	\$ 46,845,226	\$ 64,093,863	\$ 110,939,089	\$ 517,853,019

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

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction			Total Endowment Funds
		Original Gift	Accumulated Gains	Total	
Endowment net assets, beginning of year	\$ 322,283,734	\$ 43,660,705	\$ 46,188,672	\$ 89,849,377	\$ 412,133,111
Transfer to board-designated endowment	100,000	-	-	-	100,000
Net investment return	44,418,549	2,457	12,339,429	12,341,886	56,760,435
Payment to beneficiaries	-	(113)	(73,668)	(73,781)	(73,781)
Contributions	92,793	1,389,681	22,082	1,411,763	1,504,556
Change in donor designation/transfers	-	816,739	-	816,739	816,739
Awards made	(654,623)	-	(2,301,594)	(2,301,594)	(2,956,217)
Endowment net assets, end of year	\$ 366,240,453	\$ 45,869,469	\$ 56,174,921	\$ 102,044,390	\$ 468,284,843

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NOTE 16 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions due to the passage of time and/or satisfying the restricted purposes specified by the donors are as follows:

	2025	2024
Capital projects	\$ 3,524,979	\$ 375,000
Scholarships	1,960,327	1,838,182
Instruction, research and divisional support	2,528,778	2,086,693
Total	<u>\$ 8,014,084</u>	<u>\$ 4,299,875</u>

NOTE 17 - TUITION, FEES, ROOM AND BOARD, NET

The University has various revenue streams that revolve primarily around student enrollment and instruction. Revenue is generated mainly through tuition, housing, meals and various fees associated with enrollment in the University. Generally, enrollment and instructional services are billed prior to when a course or term begins and due within 30 days of the bill date. Other fee revenue is recognized when the fee is charged to the student which coincides with the completion of the specific performance obligation to the student.

In the following table, revenue is disaggregated by type of service provided:

For the Year Ended June 30, 2025	Tuition and Fees	Room	Board	Total
Revenues	\$269,002,096	\$ 49,604,150	\$ 14,362,991	\$332,969,237
Less: student aid	(116,410,987)	(1,390,670)	(421,429)	(118,223,086)
Net	<u>\$152,591,109</u>	<u>\$ 48,213,480</u>	<u>\$ 13,941,562</u>	<u>\$214,746,151</u>
For the Year Ended June 30, 2024	Tuition and Fees	Room	Board	Total
Revenues	\$252,695,237	\$ 46,990,040	\$ 14,020,116	\$313,705,393
Less: student aid	(104,897,172)	(1,218,978)	(559,293)	(106,675,443)
Net	<u>\$147,798,065</u>	<u>\$ 45,771,062</u>	<u>\$ 13,460,823</u>	<u>\$207,029,950</u>

The University has taken a portfolio approach in determining whether student aid should apply across tuition, fees, room, and board. In general, the University awards student aid factoring in the total cost of attendance, including tuition, fees, room and board and the students' expected ability to contribute towards such charges. Unless specifically earmarked, the University first applies student aid to tuition and fees charges. Any remaining student aid is applied to room and board. Accordingly, student aid has been applied against all student revenues.

For the years ended June 30, 2025 and 2024, the University recognized revenue of \$9,009,989 and \$8,579,959, respectively, from amounts that were included in deferred revenue at the beginning of the fiscal year. At June 30, 2025, deferred revenue totaled \$9,776,785. Performance obligations related to \$8,207,770 of this balance are expected to be met in one year.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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NOTE 18 - FUNCTIONAL TO NATURAL EXPENSES

	2025								
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Scholarships and Fellowships	Auxiliary	Total
Salaries and wages	\$ 45,828,975	\$ 144,257	\$ 63,508	\$ 11,596,318	\$ 19,630,713	\$ 14,678,847	\$ -	\$ 7,664,040	\$ 99,606,658
Employee benefits	16,803,134	28,990	709	4,841,964	7,199,635	5,370,647	-	4,064,453	38,309,532
Scholarships and fellowships	-	-	-	-	-	-	653,863	-	653,863
Travel	1,160,577	13,360	-	268,997	4,044,566	169,118	-	2,547	5,659,165
Supplies	4,065,601	5,498	107	2,803,460	3,438,196	1,645,614	-	1,323,150	13,281,626
Utilities	1,140,610	-	-	316,542	569,174	199,924	-	2,619,956	4,846,206
Other contractual services	4,895,377	71,846	512,747	860,151	7,542,406	6,174,833	-	13,243,894	33,301,254
Depreciation and amortization	5,819,565	22,181	-	2,425,086	2,726,919	1,011,748	-	7,965,146	19,970,645
Interest	4,196,924	-	-	128,090	986,342	18,858	-	3,125,341	8,455,555
Other	13,843,771	66,609	-	695,077	2,162,850	1,429,444	-	2,228,964	20,426,715
Total expenses	\$ 97,754,534	\$ 352,741	\$ 577,071	\$ 23,935,685	\$ 48,300,801	\$ 30,699,033	\$ 653,863	\$ 42,237,491	\$ 244,511,219

	2024								
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Scholarships and Fellowships	Auxiliary	Total
Salaries and wages	\$ 42,210,993	\$ 121,845	\$ 60,528	\$ 10,977,886	\$ 18,877,028	\$ 12,794,667	\$ -	\$ 7,749,340	\$ 92,792,287
Employee benefits	14,942,833	24,407	773	4,217,446	7,046,164	4,270,101	-	4,134,769	34,636,493
Scholarships and fellowships	-	-	-	-	-	-	595,248	-	595,248
Travel	885,130	30,773	-	226,533	3,769,947	182,152	-	9,717	5,104,252
Supplies	3,850,110	32,201	2,206	2,598,597	3,533,899	1,483,722	-	1,369,750	12,870,485
Utilities	863,588	-	-	245,853	481,718	76,445	-	2,181,560	3,849,164
Other contractual services	4,635,058	36,396	280,143	1,156,203	7,234,792	4,721,501	-	13,128,971	31,193,064
Depreciation and amortization	5,056,174	22,533	-	1,991,922	2,899,083	674,959	-	7,890,607	18,535,278
Interest	3,940,418	-	-	142,267	1,013,709	19,735	-	3,173,555	8,289,684
Other	11,476,138	27,796	-	681,273	2,075,516	1,102,697	-	2,193,003	17,556,423
Total expenses	\$ 87,860,442	\$ 295,951	\$ 343,650	\$ 22,237,980	\$ 46,931,856	\$ 25,325,979	\$ 595,248	\$ 41,831,272	\$ 225,422,378

Allocations

In the above analysis, the costs of operation and maintenance of plant, information technology, depreciation, interest expense, post-retirement costs, medical plan costs and insurance have been allocated across all functional expense categories to reflect the full cost of those activities. Costs are allocated using the following methods:

- Expenses for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant are allocated based on square footage.
- Depreciation expenses for buildings are allocated based on the square footage used to support each function. Depreciation on equipment is allocated to other functions based on the original purchase and usage of the equipment. These allocations are based on information obtained through a periodic inventory of space and usage.
- Interest expense on capital debt is allocated based on usage of debt-financed space.
- Post-retirement periodic pension costs are allocated based on participants enrolled in the medical plan within each function.
- Information technology costs which support the institution, including enterprise computing, systems and technology, telecom and network cybersecurity, digital publication center and postal services are allocated to other functions based on total labor costs by function.

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- The University has a self-insured hospitalization and medical coverage program for its employees. An estimation of annual plan costs is calculated each year and are expensed throughout the year through the payroll labor distribution system. At year end, a medical liability analysis is performed, and additional or reduction of expense is allocated across functions based on medical participants currently in each function.
- The University's insurance costs, including general liability, property, professional liability, automobile and crime policies are allocated across functions based on square footage. Workers' compensation insurance costs are allocated based on total labor distribution per function.

NOTE 19 - DEVELOPMENT EXPENSES

The University incurred expenses amounting to \$2,753,034 and \$1,857,484 related to development and fundraising for the years ended June 30, 2025 and 2024, respectively. Such amounts are included in institutional support on the accompanying consolidated statements of activities.

NOTE 20 - SELF-INSURED MEDICAL BENEFITS

The University has a self-insured hospitalization and medical coverage program for its employees. The University is limiting its losses through the use of stop-loss policies through reinsurers. Specific individual family losses for claims are limited to \$200,000 per plan year, respectively. Healthcare costs of \$14,772,280 and \$13,679,802 are included in the accompanying consolidated statements of activities for the years ended June 30, 2025 and 2024, respectively. The amount reserved for claims incurred at June 30, 2025 and 2024 totals \$1,244,910 and \$2,092,695, respectively, and is included in accounts payable and accrued liabilities in the accompanying consolidated statements of financial position. Management believes they have adequately provided for all claims incurred in the accompanying consolidated financial statements, however, since the accrued liability is based on estimates, the University's ultimate liability may exceed or be less than the amounts accrued. The methods of making such estimates and establishing the accrual are reviewed continually and any resulting adjustments are reflected in change in net assets for the current year.

NOTE 21 - RELATED PARTY TRANSACTIONS

The University has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each trustee is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the University does business with an entity in which the trustee has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring such transactions to be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and in the best interest of the University, and in accordance with relevant conflict of interest laws.

Unconditional promises to give include approximately \$5.9 million and \$0.9 million due from Board members and entities related to Board members for the years ended June 30, 2025 and 2024, respectively. Additionally, the University had approximately \$0.6 million and \$0.7 million, due from employees as of June 30, 2025 and 2024, respectively. The University had no other material related party transactions during the years ended June 30, 2025 and 2024.

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June 30, 2025 and 2024

NOTE 22 - COMMITMENTS, CONTINGENCIES AND LEASES

The University is subject to various litigation incidental to its business activities. Management and its counsel believe that existing insurance policies are sufficient and that pending litigation will not have a material adverse effect on the University's financial position, operations and cash flows.

The University is a member of the New York College & University Risk Management Group Trust. The Trust was created for the purpose of providing and securing workers compensation insurance for its members. There is a statutory requirement that each member be jointly and severally liable with all other members for the compensation and medical liability accruing during its participation in the Group Trust. Such liability shall survive the member's termination from the Group or active participation in the program. As of June 30, 2025 and 2024, the University believes there is no exposure for future liabilities.

In addition to the benefits described in Note 9 above, the University has employment agreements in place that extend through fiscal 2030.

The future commitments for employment agreements are as follows:

Fiscal Years Ending

2026	\$ 4,527,888
2027	2,883,838
2028	2,721,644
2029	2,072,100
2030	915,000
	<hr/>
Total commitments	\$ 13,120,470

The University has multiple leases for residential and classroom space in Florence, Italy for its international program as well as NYC lease for classroom space with terms expiring through August 2026.

Additionally, the University leases automobiles, copier equipment, and other equipment under finance and operating leases with terms ranging from three to five years.

The University has several non-cancelable operating leases for building space used in the delivery of University programs, for which a ROU asset and a lease liability are recorded in the accompanying 2025 consolidated statement of financial position. The University measures its lease assets and liabilities using a risk-free rate of return selected based on the term lease. The University considered the likelihood of exercising renewal or termination terms in measuring its ROU assets and lease liabilities. The University's lease payments include both fixed and variable payments. Variable payments are based on indices specified in the leases. The leases contain no termination options or residual value guarantees.

The University has elected the practical expedient to forgo applying the recognition requirements in ASC 842 to short-term leases. The University has short-term leases for vehicles and copiers, which are expensed as paid. The University has finance leases for computer equipment.

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June 30, 2025 and 2024

Supplemental quantitative information related to leases for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease obligations		
Operating cash flows from finance lease	\$ -	\$ 739
Financing cash flows from finance lease	101,899	117,320
Operating cash flows from operating leases	1,636,360	1,778,060
ROU assets obtained in exchange for new operating lease obligations	729,791	2,789,828
Weighted-average remaining lease term (in years) - operating leases	2.7	3.4
Weighted-average discount rate - operating leases	3.75%	4.23%
Weighted-average remaining lease term (in years) - finance lease	1.1	2.1
Weighted-average discount rate - finance lease	4.36%	4.36%

The components of lease cost for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 1,806,882	\$ 1,818,691
Finance lease cost		
Interest on lease liabilities	-	739
Amortization of ROU asset	2,621	40,631
Total lease cost	<u>\$ 1,809,503</u>	<u>\$ 1,860,061</u>

The maturity of the lease liability as of June 30, 2025 is as follows:

<u>Fiscal Year Ending</u>	<u>Finance Leases</u>	<u>Operating Leases</u>
2026	\$ 101,899	\$ 1,349,483
2027	-	715,688
2028	-	319,460
2029	-	252,513
2030	-	117,451
2031 and thereafter	-	114,836
Total lease liability, gross	101,899	2,869,431
Less: amounts representing interest rates from 0.16% to 5.05%	-	530,783
Total lease liability	<u>\$ 101,899</u>	<u>\$ 2,338,648</u>

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June 30, 2025 and 2024

NOTE 23 - LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2025 and 2024, the following financial assets could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

	2025	2024
Cash and cash equivalents	\$ 18,072,699	\$ 29,716,536
Less: cash with donor restrictions	(6,185,173)	(7,969,468)
Less: Perkins loan cash	(378,565)	(551,915)
Short-term investments	49,659,374	55,101,158
Accounts receivable due in one year or less	6,143,294	2,970,461
Contributions (without donor restrictions) due in one year or less	1,957,713	1,252,906
Investments not subject to donor or board restrictions	68,772,912	59,736,155
Available payout on donor-restricted endowments	4,612,054	4,369,823
Available payout on board-designated endowments	16,535,637	15,706,634
	<u>\$ 159,189,945</u>	<u>\$ 160,332,290</u>

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the University considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Student loans receivable are not considered to be available to meet general expenditures because principal and interest on these loans are not available for operating activities of the University.

In addition to financial assets available to meet general expenditures over the next 12 months, the University operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the consolidated statements of cash flows, which identifies the sources and uses of the University's cash and shows positive cash generated by operations for fiscal years 2025 and 2024.

The University's governing board has designated a portion of its resources without donor restrictions for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. At June 30, 2025, board-designated funds totaled \$406,913,930. This may contain investments with lock-up provisions that reduce the total investments that could be made available.

NOTE 24 - MC REAL PROPERTY HOLDINGS, LLC

On December 12, 2023, the University entered into an Operating Agreement with MC Real Property Holdings, LLC (the "LLC"), a Delaware limited liability company, formed on September 26, 2023. The LLC is wholly owned by the University and is treated as a disregarded entity for federal income tax purposes. The LLC purchased the property of 260-264 North Road, Poughkeepsie on February 29, 2024, and assumed the leases of the seven tenants from the previous owner. Effective April 1, 2024, the LLC engaged an external property management firm to oversee the property's daily operations. This arrangement was terminated on April 30, 2025, and the LLC subsequently assumed responsibility for managing daily operations internally.

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June 30, 2025 and 2024

Minimum future lease payments due to the LLC from the tenants under these leases as of June 30, 2025, are as follows:

<u>Fiscal Year Ending</u>	
2026	\$ 272,986
2027	276,850
2028	208,601
2029	151,580
2030	123,814
2031 and thereafter	<u>1,237,079</u>
Total minimum lease and payments	2,270,910
Discount to present value (with rates ranging from 3.68% to 4.79%)	<u>(543,791)</u>
Present value of future minimum lease payments	<u>\$ 1,727,119</u>

The accompanying condensed balance sheet reflects the financial position of the LLC, consolidated with the University, as of June 30, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Current assets	\$ 100,122	\$ 120,810
Fixed assets	<u>2,819,948</u>	<u>2,583,165</u>
Total assets	<u>\$ 2,920,070</u>	<u>\$ 2,703,975</u>
Liabilities	\$ 2,735,547	\$ 2,672,014
Net assets	<u>184,523</u>	<u>31,961</u>
Total liabilities and net assets	<u>\$ 2,920,070</u>	<u>\$ 2,703,975</u>

For the years ended June 30, 2025 and 2024, the University recognized net nonoperating gains of \$152,562 and \$31,961, respectively, attributable to the LLC. These amounts are reported in the accompanying consolidated statements of activities. The condensed activity presented herein reflects the LLC's operations, which have been recorded as net nonoperating gains of the University.

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Revenue	\$ 349,095	\$ 109,836
Operating expenses	(149,691)	(54,454)
Depreciation	<u>(46,842)</u>	<u>(23,421)</u>
Change in net assets	<u>\$ 152,562</u>	<u>\$ 31,961</u>