



MARQUETTE UNIVERSITY

Consolidated Financial Statements

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

MARQUETTE UNIVERSITY

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KPMG LLP
Suite 1050
833 East Michigan Street
Milwaukee, WI 53202-5337

Independent Auditors' Report

The Board of Trustees
Marquette University:

Opinion

We have audited the consolidated financial statements of Marquette University (the University), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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, 2022 and 2021, and the results of its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

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 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, 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 that 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 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.

KPMG LLP

Milwaukee, Wisconsin
September 8, 2022

MARQUETTE UNIVERSITY

Consolidated Statements of Financial Position

June 30, 2022 and 2021

(Dollars in thousands)

Assets	2022	2021
Cash and cash equivalents	\$ 117,434	111,265
Pledges receivable, net	75,146	88,732
Student accounts and loans receivable, net	47,064	43,511
Investments	1,037,512	1,071,998
Other assets	10,565	8,591
Right of use assets – operating leases, net	16,059	16,574
Property, buildings, and equipment, net	635,440	626,527
Total assets	\$ <u>1,939,220</u>	<u>1,967,198</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 74,088	88,246
Deferred revenue and deposits	41,379	48,813
Refundable federal loan grants	28,204	32,191
Lease obligation – operating	17,640	17,994
Notes and bonds payable, net	353,468	364,338
Total liabilities	<u>514,779</u>	<u>551,582</u>
Net assets:		
Without donor restrictions	401,593	431,877
With donor restrictions	1,022,848	983,739
Total net assets	<u>1,424,441</u>	<u>1,415,616</u>
Total liabilities and net assets	\$ <u>1,939,220</u>	<u>1,967,198</u>

See accompanying notes to consolidated financial statements.

MARQUETTE UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2022

(Dollars in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating revenues:			
Student tuition and fees, net	\$ 250,872	—	250,872
Government and private grants	52,450	—	52,450
Contributions	6,051	86,569	92,620
Auxiliary enterprises	51,844	—	51,844
Sales by educational departments	10,541	—	10,541
Investment income	1,481	471	1,952
Endowment income used in operations	7,321	31,225	38,546
Other income	37,510	—	37,510
Net assets released from restrictions	36,411	(36,411)	—
	<u>454,481</u>	<u>81,854</u>	<u>536,335</u>
Operating expenses:			
Instruction	155,620	—	155,620
Academic support and libraries	52,911	—	52,911
Research and grants	48,794	—	48,794
Student services	75,254	—	75,254
Auxiliary enterprises	45,589	—	45,589
Institutional support	58,255	—	58,255
Public services	5,314	—	5,314
	<u>441,737</u>	<u>—</u>	<u>441,737</u>
Operating income	<u>12,744</u>	<u>81,854</u>	<u>94,598</u>
Nonoperating activities:			
Endowment loss in excess of amounts designated for current operations, net	(37,945)	(39,963)	(77,908)
Other, net	(5,083)	(2,782)	(7,865)
	<u>(43,028)</u>	<u>(42,745)</u>	<u>(85,773)</u>
Total nonoperating activities, net	<u>(43,028)</u>	<u>(42,745)</u>	<u>(85,773)</u>
Change in net assets	(30,284)	39,109	8,825
Net assets, beginning of year	<u>431,877</u>	<u>983,739</u>	<u>1,415,616</u>
Net assets, end of year	\$ <u>401,593</u>	<u>1,022,848</u>	<u>1,424,441</u>

See accompanying notes to consolidated financial statements.

MARQUETTE UNIVERSITY
Consolidated Statement of Activities
Year ended June 30, 2021
(Dollars in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating revenues:			
Student tuition and fees, net	\$ 272,268	—	272,268
Government and private grants	47,520	—	47,520
Contributions	6,199	104,564	110,763
Auxiliary enterprises	41,380	—	41,380
Sales by educational departments	10,286	—	10,286
Investment income	1,374	1,291	2,665
Endowment income used in operations	6,800	28,043	34,843
Other income	15,993	—	15,993
Net assets released from restrictions	31,753	(31,753)	—
Total operating revenues	<u>433,573</u>	<u>102,145</u>	<u>535,718</u>
Operating expenses:			
Instruction	151,459	—	151,459
Academic support and libraries	52,052	—	52,052
Research and grants	44,914	—	44,914
Student services	77,977	—	77,977
Auxiliary enterprises	42,968	—	42,968
Institutional support	55,019	—	55,019
Public services	5,135	—	5,135
Total operating expenses	<u>429,524</u>	<u>—</u>	<u>429,524</u>
Operating income	<u>4,049</u>	<u>102,145</u>	<u>106,194</u>
Nonoperating activities:			
Endowment gain in excess of amounts designated for current operations, net	26,842	153,495	180,337
Other, net	(6,850)	(7,515)	(14,365)
Total nonoperating activities, net	<u>19,992</u>	<u>145,980</u>	<u>165,972</u>
Change in net assets	24,041	248,125	272,166
Net assets, beginning of year	<u>407,836</u>	<u>735,614</u>	<u>1,143,450</u>
Net assets, end of year	<u>\$ 431,877</u>	<u>983,739</u>	<u>1,415,616</u>

See accompanying notes to consolidated financial statements.

MARQUETTE UNIVERSITY

Consolidated Statements of Cash Flows

Years ended June 30, 2022 and 2021

(Dollars in thousands)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 8,825	272,166
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,142	39,468
Discount amortization	(1,554)	(1,556)
Net realized and unrealized loss (gain) on investments	39,314	(216,027)
Bad debt expense	2,002	3,945
Contributions for major capital projects including gifts in kind	(43,196)	(26,644)
Contributions restricted for long-term endowments	(34,953)	(28,748)
Endowment income used in operations from net assets to be maintained permanently	(173)	(269)
Loss on sale of property, buildings, and equipment	61	3,543
Reduction in carrying amount of right to use assets	161	1,420
Changes in assets and liabilities:		
Student accounts and loans receivable	(7,445)	(2,728)
Pledges receivable	1,269	(28,406)
Other assets, net	(1,974)	(198)
Accounts payables and other liabilities	(13,891)	22,023
Deferred revenue and deposits	(7,434)	2,156
Net cash (used in) provided by operating activities	<u>(19,846)</u>	<u>40,145</u>
Cash flows from investing activities:		
Purchases of property, buildings, and equipment	(56,209)	(27,936)
Proceeds from sale of property, buildings, and equipment	7,826	5
Student loans repayments	5,028	6,326
Student loans issued	(1,611)	(3,449)
Purchase of investments	(240,292)	(357,676)
Proceeds from the sale of investments	235,464	204,016
Net cash used in investing activities	<u>(49,794)</u>	<u>(178,714)</u>
Cash flows from financing activities:		
Contributions received for major capital projects	43,196	26,620
Proceeds from contributions restricted for long-term endowments	45,743	24,218
Endowment income used in operations from net assets to be maintained permanently	173	269
Decrease in refundable federal loan grants	(3,987)	(3,551)
Repayment of notes and bonds payable	(9,316)	(8,946)
Net cash provided by financing activities	<u>75,809</u>	<u>38,610</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	6,169	(99,959)
Cash, cash equivalents and restricted cash, beginning of year	<u>111,265</u>	<u>211,224</u>
Cash, cash equivalents and restricted cash, end of year	\$ <u>117,434</u>	<u>111,265</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 14,381	13,943
Change in construction payables	(1)	708
Capital gifts in kind	—	24

See accompanying notes to consolidated financial statements.

MARQUETTE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(Dollars in thousands)

(1) Summary of Significant Accounting Policies

(a) Organization

Marquette University (the university) is an independent, coeducational, not-for-profit institution of higher learning and research located in Milwaukee, Wisconsin, formally opened in 1881 and conducted under the auspices of the Society of Jesus. The university provides education and training services, primarily for students enrolled in undergraduate, graduate, and professional degree programs and performs research, training and other services under grants, contracts and other agreements with sponsoring organizations, including both government agencies and private enterprises.

The consolidated financial statements include Flora Real Properties LLC (Flora). Flora is fully controlled by the university through 100% ownership. Flora operates commercial real estate activities in the university campus area.

(b) Basis of Presentation

The consolidated financial statements of the university have been prepared in conformity with U.S. generally accepted accounting principles (GAAP).

The accompanying consolidated financial statements present information regarding the university's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

(i) Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions.

(ii) With Donor Restrictions

Net assets that are subject to donor restrictions that will be met either by actions of the university or the passage of time. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the university, wherein the donor stipulates that the corpus of the gift be held in perpetuity and the income from those assets be made available for scholarships or program operations.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents with original maturities of three months or less are classified as cash and cash equivalents, except those amounts held by investment managers, which are classified as investments. The fair value of cash equivalents is estimated to be the same as book value due to the short maturity of these instruments.

MARQUETTE UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2022 and 2021
(Dollars in thousands)

(e) Pledges Receivable, Net

Unconditional promises to give are recognized initially at fair value as contribution revenue in the period a donor makes the promise. The fair value of the pledge is estimated based on anticipated future cash payments discounted using a risk-adjusted rate commensurate with the duration of the planned payments. In subsequent periods, the discount rate is unchanged. Pledges receivable are net of an allowance for uncollectible amounts. Allowance for uncollectible pledges is calculated based upon the university's past collection experience. The allowance is reassessed and adjusted as necessary.

(f) Student Accounts and Loans Receivable, Net

At June 30, student accounts and loans receivable consisted of the following:

	<u>2022</u>	<u>2021</u>
Federal government loan programs	\$ 22,855	26,198
Institutional loan programs	1,701	1,668
Student receivables	7,823	7,500
Grants receivables	15,386	7,869
Other receivables	<u>2,556</u>	<u>3,649</u>
Subtotal	50,321	46,884
Less allowances for doubt accounts	<u>(3,257)</u>	<u>(3,373)</u>
Student accounts and loans receivable, net	<u>\$ 47,064</u>	<u>43,511</u>

The university records an allowance for uncollectible accounts when, in management's judgment, it is probable a portion of the receivable or loan will not be collected. Allowances for doubtful accounts are established based on prior collections. Balances are written off when they are deemed permanently uncollectible.

(g) Investments

Investments are reported at fair value based on market quotes with unrealized gains and losses thereon included in the consolidated statements of activities. When a ready market for the investments does not exist, the net asset value is used as a practical expedient in estimating fair value, based on information provided by fund managers or general partners. The estimated values are reviewed and evaluated by the university. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

MARQUETTE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(Dollars in thousands)

(h) Property, Buildings, and Equipment, Net

Property, buildings, and equipment are recorded at cost at the date of acquisition or fair value at the date of donation including, where appropriate, capitalized interest. Property and equipment under capital leases are initially valued and recorded on the present value of minimum lease payments. The university depreciates buildings, building improvements, land improvements, equipment, library contents, and eBooks over the estimated useful lives of the assets (25 to 50, 10 to 20, 10 to 20, 5 to 7, 20 and 20 years, respectively) using the straight-line method. Leasehold improvements are amortized over the shorter of the expected useful life of the asset or term of the related lease.

Property, buildings, and equipment include the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 51,423	58,378
Buildings and improvements	853,897	833,676
Construction in progress	52,994	34,827
Furniture, fixtures, and equipment	174,730	170,280
Library contents	124,735	124,561
eBooks and other intangibles	31,541	27,127
Less accumulated depreciation	<u>(653,880)</u>	<u>(622,322)</u>
Property, buildings, and equipment, net	\$ <u>635,440</u>	<u>626,527</u>

Construction in progress includes the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
College of Business Administration new building	\$ 37,716	7,608
New home for the College of Nursing	3,279	565
Wellness and Recreation	1,445	535
Dental clinic remodel	1,352	—
Smart classrooms	83	1,521
Animal research center renovations	—	11,185
313 N. 13th renovations	—	1,688
Lalumiere renovation	—	1,557
Other renovation and construction projects	<u>9,119</u>	<u>10,168</u>
Total construction in progress	\$ <u>52,994</u>	<u>34,827</u>

Long-lived assets such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

On June 17, 2022, Marquette University granted the buyer of real estate an option to put certain parcels back to the university for up to twelve months after the closing date.

MARQUETTE UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2022 and 2021
(Dollars in thousands)

Capital gifts to acquire or construct long-lived assets are recorded as a gift with donor restrictions until the related asset is placed in service, at which time the capital gift is released from net assets with donor restrictions to net assets without donor restrictions as other non-operating activity and subsequently amortized into operations over the estimated useful life of the acquired or constructed asset. This amortization, which amounted to \$6,668 in fiscal year 2022 and \$6,950 in fiscal year 2021, is recorded as a reclassification between non-operating and operating sections of the changes in net assets without donor restrictions in the consolidated statement of activities.

(i) Refundable Federal Loan Grants

The university participates in the Perkins, Health Professionals Student, Nursing Student, Nurse Faculty, ARRA-Nurse Faculty, and Loans for Disadvantaged Student federal revolving loan programs. The university holds certain amounts advanced from the federal government to facilitate these loan programs. In the event the university no longer participates, the amounts related to the program are generally refundable to the government.

(j) Student Tuition and Fees

Student tuition revenue is recognized in the fiscal year in which the academic programs are delivered. Scholarships reduce the amount of revenue recognized. The university provided student tuition discounts of \$197,062 and \$189,670 in 2022 and 2021, respectively. Students who withdraw may receive a full or partial refund in accordance with the university's refund policy.

Deferred tuition revenue and deposits represents payments for summer term courses conducted in July and August along with deposits for the fall academic term.

The following tables depict activities for student – related deferred revenue.

	<u>Balance at June 30, 2021</u>	<u>Revenue Recognized</u>	<u>Cash Received in Advance of Performance</u>	<u>Accounts Receivable for Summer Courses</u>	<u>Balance at June 30, 2022</u>
\$	9,271	9,271	9,259	487	9,746
	<u>Balance at June 30, 2020</u>	<u>Revenue Recognized</u>	<u>Cash Received in Advance of Performance</u>	<u>Accounts Receivable for Summer Courses</u>	<u>Balance at June 30, 2021</u>
\$	9,737	9,737	8,807	464	9,271

The balance of deferred tuition revenue at June 30, 2022, will be recognized as revenue in the year ending June 30, 2023, as services are rendered.

MARQUETTE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(Dollars in thousands)

The university applies the practical expedient in Accounting Standards Codification (ASC) 606-10-50-14 and therefore does not disclose information about performance obligations that have an origination and expected duration within the fiscal year.

(k) Auxiliary Enterprises

Auxiliary enterprises include revenues and expenses of the university for room and board, parking services, commercial property rentals and gift shops.

(l) Contributions

Contributions, including unconditional promises to give (pledges), are recorded as operating revenue. Gifts, excluding artwork, are recognized in the appropriate category of net assets in the period received. Contributions are recorded at their estimated fair value at the date the gift is received. Contributions receivable due beyond one year are stated at estimated net present value, net of an allowance, and recorded as net assets with donor restrictions until cash payments are received and donor restrictions are fulfilled. Allowances and revisions to previous year contributions based on donor amendments or clarifications of intent are reflected within the consolidated statements of activities as a nonoperating item. Contributions with donor-imposed conditions are not recognized unless it is reasonably expected that the conditions can be met.

(m) Operating Income

Operating results in the consolidated statement of activities reflect all transactions that change net assets without donor restrictions, except for activity associated with endowment investments and certain other nonrecurring transactions, including adjustments to allowance for uncollectible contributions, changes due to adopting new accounting guidance, and other gains and losses. In accordance with the university's endowment distribution policy as described in note 4, only the portion of total investment return distributed under this policy to meet operating needs is included in operating revenue. Operating investment income consists of dividends, interest, and realized gains and losses on unrestricted non-endowed investments.

(n) Income Taxes

The university is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 71.26(1)(a) of the Wisconsin statutes and is generally not subject to federal and state income taxes. However, the university is subject to income taxes on any income that is derived from a trade or business regularly carried on, and not in furtherance of the purposes for which it was granted exemption.

There was no provision for income taxes due on unrelated business income and there are no uncertain tax positions considered to be material.

As of June 30, 2022, the university has a federal tax credit carryforward of \$2,193, which expires between fiscal years 2036 and 2041.

MARQUETTE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(Dollars in thousands)

(o) Post-retirement Benefits

The university provides retired employees access to certain healthcare and life insurance benefits. University employees become eligible to access these benefits when their years of service plus age equal 70 with a minimum age of 55. Qualified retired employees under the age of 65 are eligible to participate in the university's healthcare plan. Retirees are expected to pay the full cost of their premiums, based on the claims experience associated with that defined group of retired employees. The university also pays group life insurance premiums for active or future retired employees hired prior to February 1, 1982, that provide for limited death benefits. The premiums paid are based on the group community rate associated with death claims filed for the entire population of employees and retirees participating in the program. As of June 30, 2022 and 2021, the university had post-retirement benefits payable of \$4,906 and \$4,869, respectively.

(p) Art Collection

The university has various collections of fine arts and rare books in museums, libraries, and on loan. The university does not assign or record a value to art works and other collections received as gifts or purchased with contributions restricted for that purpose. Valuations for some collections are updated periodically, and as such, the total of all fine arts may vary with appraisals and / or auction prices. Accordingly, the values of fine art and other collections have been excluded from the consolidated statements of financial position. Proceeds, if any, deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. The art and other collections are subject to a requirement that proceeds from their sales be used to acquire other items for the collections. Fine arts are included in insurance coverage for the university property and a separate policy is also secured for fine art of high value and where appraised values are listed. As of June 30, 2022, the specific policy covering highly valued works provides for insured coverage of \$100,000 aggregate limit (subject to policy sublimit including \$3,000 for the Joan of Arc Chapel) for any one loss or any one occurrence and includes some appraised items from the library collections.

(q) COVID – 19

The COVID – 19 pandemic resulted in prior year revenue declines due to lower student enrollment, de-densification of residence halls, and a reduction in athletic revenues, as well as higher costs to take appropriate health and safety measures. These economic challenges were partially mitigated by temporary suspensions of merit increases and 403(b) employer matching contributions, decreases in leadership and basketball coach salaries, reduction of discretionary expenses, and state and federal emergency relief aid. The COVID – 19 pandemic resulted in current year revenue declines due to lower student enrollment and retention levels. These economic challenges were partially mitigated by temporary suspensions of merit increases, other expense reduction actions, and state and federal emergency relief aid.

(t) Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation. 2021 functional expense amounts were revised to reflect updated, commonly applied cost classifications utilized in 2022.

MARQUETTE UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2022 and 2021
(Dollars in thousands)

(2) Availability of Financial Assets for General Expenditures

Resources available to the university to fund general expenditures, such as operating expenses, scheduled principal payments on debt, and internally funded capital costs have seasonal variations related to the timing of tuition payments, receipts of gifts and pledge payments, and transfers from the endowment. The university actively manages its resources, utilizing a combination of short-term and long-term operating investment strategies to align cash inflows with anticipated outflows. At June 30, 2022, existing financial assets and liquidity resources available within one year were as follows:

Financial assets:	
Cash and cash equivalents	\$ 117,434
Accounts receivable	22,614
Pledges payments available for operations	7,427
Working capital investments	146,819
Endowment spending payout	<u>38,372</u>
Total financial assets available within one year	332,666
Liquidity resources:	
Bank line of credit	<u>50,000</u>
Total financial assets and liquid resources available within one year	\$ <u><u>382,666</u></u>

Additionally, the university has \$117,537 in board designated funds functioning as endowment of which \$84,504 could be liquidated within one year with Board approval, however no liquidation is anticipated as of June 30, 2022. The university's investment policy follows Wisconsin's Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which requires institutions to maintain intergenerational equity, meaning the university must make efforts to preserve purchasing power of the endowment for both current and future generations served by the university.

(3) Investments

A summary of the university's investment return net of expenses is presented below for the years ended June 30, 2022 and 2021:

	2022	2021
Interest and dividends	\$ 6,891	6,323
(Loss) gain on investments, net	<u>(44,300)</u>	<u>211,522</u>
Return on investments	\$ <u><u>(37,409)</u></u>	<u><u>217,845</u></u>

MARQUETTE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(Dollars in thousands)

The fair value of the university's financial instruments is determined using the valuation methods and assumptions as set forth below. While the university believes that its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value at the reporting date.

Fair values of cash and cash equivalents are based on observable market quotation prices provided by investment managers and the custodian bank at the reporting date.

Investments include money funds, federal, state, local agency, nongovernment, asset and mortgage-backed and foreign fixed income securities, stocks, mutual funds, commingled funds, real estate, multi-strategy hedge funds and private equity partnership and membership interests. Investments are based on valuations provided by external investment managers and the custodian banks. Valuations provided by external investment managers and the custodian bank include observable market quotation prices, observable inputs other than quoted prices such as price services or indexes, estimates, appraisals, assumptions and other methods that are reviewed by management. Real estate, multi-strategy hedge funds, commingled funds and private equity partnerships are valued using net asset value; however, it is possible that the redemption rights of certain investments may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the net asset value of the funds and consequently the fair value of the university's interests in the funds.

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices in active markets that the university has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices in active markets such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs where there is little or no market data and requires the reporting entity to develop its own assumptions and includes funds held in trust by others.

The university's policy is to reflect transfers between levels at the end of the year in which a change in circumstances results in the transfer.

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The following table presents the university's financial instruments at fair value as of June 30, 2022. The categorization of financial instruments within the hierarchy is based on price transparency and does not necessarily correspond to the perceived risk of the instruments.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2022:				
Assets:				
Recurring:				
Cash and cash equivalents	\$ 117,434	117,434	—	—
Investments:				
Money funds and other	32,200	32,200	—	—
Federal, state, and local agency securities	585	—	585	—
Nongovernment bonds and notes	256	—	256	—
Asset and mortgage-backed securities	684	—	684	—
Foreign bonds and notes	125	—	125	—
Common and preferred stocks	46,284	46,284	—	—
Mutual funds – bonds	230,636	230,636	—	—
Mutual funds – equity	105,853	105,853	—	—
Investments measured at net asset value	<u>620,889</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total investments	<u>1,037,512</u>	<u>414,973</u>	<u>1,650</u>	<u>—</u>
Total assets measured at fair value on recurring basis	<u>\$ 1,154,946</u>	<u>532,407</u>	<u>1,650</u>	<u>—</u>

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Certain investment companies and partnerships in which the university has invested have imposed restriction as to the frequency at which the university might redeem, in part or whole, its investment. Redemption frequencies can vary based on several criteria, including the liquidity of an investment company's underlying investments or initial investment lockup periods. Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2022, are as follows:

<u>Fiscal year ended June 30, 2022</u>	<u>Net assets value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Commingled funds	\$ 101,135	—	Weekly, Monthly, Annually	10–30 days
Multi-strategy hedge funds	277,565	—	Quarterly, Semi-annually Annually, 2 years, 3 years, Liquidating	45–90 days
Private equity partnerships	221,939	67,478	Illiquid	
Real estate limited partnership and membership interests	<u>20,250</u>	<u>11,439</u>	Illiquid	
	<u>\$ 620,889</u>	<u>78,917</u>		

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The following table presents the university's financial instruments at fair value as of June 30, 2021. The categorization of financial instruments within the hierarchy is based on price transparency and does not necessarily correspond to the perceived risk of the instruments.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2021:				
Assets:				
Recurring:				
Cash and cash equivalents	\$ 111,265	111,265	—	—
Investments:				
Money funds and other	33,974	33,974	—	—
Federal, state, and local				
agency securities	679	—	679	—
Nongovernment bonds and notes	301	—	301	—
Asset and mortgage-backed				
securities	454	—	454	—
Foreign bonds and notes	125	—	125	—
Common and preferred stocks	61,914	61,914	—	—
Mutual funds – bonds	238,582	238,582	—	—
Mutual funds – equity	126,506	126,506	—	—
Investments measured at				
net asset value	609,463	—	—	—
Total investments	<u>1,071,998</u>	<u>460,976</u>	<u>1,559</u>	<u>—</u>
Total assets				
measured at fair value				
on recurring basis	<u>\$ 1,183,263</u>	<u>572,241</u>	<u>1,559</u>	<u>—</u>

MARQUETTE UNIVERSITY

Notes to Consolidated Financial Statements

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Certain investment companies and partnerships in which the university has invested have imposed restriction as to the frequency at which the university might redeem, in part or whole, its investment. Redemption frequencies can vary based on several criteria, including the liquidity of an investment company's underlying investments or initial investment lockup periods. Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2021, are as follows:

<u>Fiscal year ended June 30, 2021</u>	<u>Net assets value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Commingled funds	\$ 125,035	—	Weekly, Monthly, Annually	10–30 days
Multi-strategy hedge funds	294,929	—	Quarterly, Semi-annually Annually, 2 years, 3 years, Liquidating	45–90 days
Private equity partnerships	167,363	66,724	Illiquid	
Real estate limited partnership and membership interests	<u>22,136</u>	<u>15,954</u>	Illiquid	
	\$ <u><u>609,463</u></u>	<u><u>82,678</u></u>		

(4) Endowment

(a) Interpretation of Relevant Law Governing Endowments

The State of Wisconsin enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on July 20, 2009. This law provides, among other things, expanded spending flexibility by allowing, subject to a standard of prudence, the university to spend from an endowment fund without regard to the book value of the corpus. The university classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on endowment funds which are available for expenditure in a manner consistent with the standard of prudence established by UPMIFA.

(b) Underwater Endowment Funds

From time to time, the value of assets associated with a permanently restricted fund may fall below the historical cost. Deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market conditions that occurred after the investment of endowed contributions and from appropriations to certain programs. As of June 30, 2022 and 2021, funds with fair market value of \$33,873 and \$8,389, an original gift value of \$36,466 and \$8,682, were underwater by \$2,593 and \$293, respectively.

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(c) Endowment Spending Policy

The primary objective of the spending policy is to provide a steady cash flow stream while at the same time protecting the purchasing power of the endowment fund's principal. Adopting the target rate approach provides the university with a level-spending plan. Spending allotments will begin with the flat amount allocated to each individual endowment fund balance as of June 30, 2004, that may grow each year by an inflationary amount not to exceed 3%. Spending allotments will be increased by new gift additions to the individual endowment funds receiving spending authority equal to 5% of the new gift amount.

Compliant with UPMIFA, the university will be allowed to prudently withdraw spendable funds even if an endowment's market value is less than its historical book value. Any "return" that is not required to meet spending shall be retained in the endowment funds and invested in accordance with the investment policy statement.

A risk control mechanism will be employed that keeps spending within a range of 4 – 6% of market value in order for the asset allocation policy to work with a minimum target rate of return of 8% (5% average spending and 3% inflation).

(d) Endowment Investment Policy

The endowment fund's investment objective is to preserve its purchasing power while providing a continuing and stable funding source to support the overall mission of the university. To accomplish this objective, the endowment fund seeks to generate a total return that will exceed its annual spendable amount, all expenses associated with managing the endowment fund, and the eroding effects of inflation. It is the intention that any excess return (interest income, dividends, realized gains, and unrealized gains), above and beyond the amount approved for expenditure or distribution, will be reinvested in the endowment fund. The endowment fund will be managed on a total return basis, consistent with the applicable standard of conduct set forth in UPMIFA.

The endowment fund has a long-term investment horizon with relatively low liquidity needs. For this reason, the endowment fund can tolerate short- and intermediate-term volatility provided that long-term returns meet or exceed its investment objective. Consequently, the endowment fund may take advantage of less liquid investments, such as private equity, hedge funds, and other partnership vehicles, which typically offer higher risk-adjusted return potential as compensation for forfeiture of liquidity. To ensure adequate liquidity for distributions and to facilitate rebalancing, the university will conduct ongoing reviews of total fund liquidity.

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Endowment net assets without donor restriction are “Investments functioning as endowment” that are not permanently restricted by donors but are designated by the university for endowment purposes. The following represents the composition and changes in endowment net assets for the year ended June 30, 2022:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 151,782	777,217	928,999
Investment return:			
Investment loss	—	(29)	(29)
Endowment income used for spending policy	7,321	31,225	38,546
Net realized and unrealized losses	<u>(34,325)</u>	<u>(35,725)</u>	<u>(70,050)</u>
Total investment return	(27,004)	(4,529)	(31,533)
Appropriation of endowment assets for expenditure	(7,321)	(31,052)	(38,373)
Contributions	<u>80</u>	<u>34,953</u>	<u>35,033</u>
Endowment net assets, end of year	<u>\$ 117,537</u>	<u>776,589</u>	<u>894,126</u>

The following represents the composition and changes in endowment net assets for the year ended June 30, 2021:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 118,538	597,267	715,805
Investment return:			
Investment gain	—	84	84
Endowment income used for spending policy	6,800	28,043	34,843
Net realized and unrealized gains	<u>27,472</u>	<u>150,848</u>	<u>178,320</u>
Total investment return	34,272	178,975	213,247
Appropriation of endowment assets for expenditure	(6,800)	(27,773)	(34,573)
Contributions	<u>5,772</u>	<u>28,748</u>	<u>34,520</u>
Endowment net assets, end of year	<u>\$ 151,782</u>	<u>777,217</u>	<u>928,999</u>

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(5) Irrevocable Split-Interest Agreements and Funds Held in Trust by Others

The university's split-interest agreements with donors consist primarily of charitable gift annuities, pooled income funds, and charitable remainder trusts for which the university serves as trustee. Assets held in these trusts are included in investments. Contribution revenues are 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 or other beneficiaries. Annuity and other split-interest liabilities are recorded at their present value, using a risk-adjusted discount rate and, if applicable, the estimated life expectancy of the donor or other beneficiaries.

The university is the beneficiary of trusts that, in accordance with the decedent's instructions, are managed and maintained by separate trustees not affiliated with the university. The university receives distributions from the trusts. The fair value of the trusts was \$31,223 and \$27,203 at June 30, 2022 and 2021, respectively, and are included in investments on the consolidated statement of financial position.

For those agreements where the university does not serve as trustee but is designated as an irrevocable beneficiary of the trust, restricted funds held in trust and revenue are recognized for the present value of the estimated future benefits due to the university over the life of the trust and when the trust is distributed. The present value calculation of the trust considers both the discount rate and, if applicable, the estimated life expectancy of the trust originator.

(6) Pledges Receivable, Net

Pledges receivable expected to be collected within one year are recorded at net realizable value. Pledges receivable expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using an appropriate risk-free rate of return on the date the promise to give is received. Amortization of the discount is included in contribution revenues.

As of June 30, 2022, and 2021, the contributions receivable is due as follows:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 35,499	54,332
Two to five years	42,822	40,717
Over five years	<u>5,973</u>	<u>4,583</u>
Subtotal	84,294	99,632
Less unamortized discount	(2,166)	(2,782)
Allowance for uncollectible accounts	<u>(6,982)</u>	<u>(8,118)</u>
Pledges receivable, net	<u>\$ 75,146</u>	<u>88,732</u>

In addition, the university has received certain conditional promises to give that are in the form of revocable trusts, bequests and pledges. As of June 30, 2022 and 2021, the fair value of these conditional promises is approximately \$165,363 and \$152,742, respectively. These amounts can be recognized as revenue in the periods in which the conditions are fulfilled.

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(7) Leases

The university has operating leases, primarily for athletic facility use, clinic space, office space and vehicles, which expire over the next twelve years. Some leases contain renewal options. For instances where it is probable that the university will renew, the renewal period is included in the lease period and calculations. Certain leases include payment escalators based on stated rates. Variable lease payments based on stated rates such as mileage or sales volume are not included in the calculation of lease liabilities and ROU assets but, rather, are recognized during the year incurred. The present value of the lease obligation is determined using a discount rate equal to the interest rate implicit in the lease or, if unavailable, the university's incremental borrowing rate is used. Included in ROU calculations are adjustments to lease payments made as a result of COVID-19 economic impact.

The components of operating lease costs for the fiscal year ended June 30, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Operating lease costs	\$ 1,903	1,821
Variable lease costs	449	47
Total lease costs	<u>\$ 2,352</u>	<u>1,868</u>

Amounts reported in the consolidated statements of financial position as of June 30, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Operating lease ROU assets net of amortization	\$ 16,059	16,574
Operating lease liabilities	17,640	17,994

Other information related to operating leases as of June 30, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Weighted-average remaining lease term in years	10.6	11.6
Weighted average discount rate	2.27 %	3.07 %

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Maturities of the operating leases as of June 30, 2022, are as follows:

2023	\$	1,798
2024		1,797
2025		1,765
2026		1,814
2027		1,701
Thereafter		<u>11,408</u>
Operating lease liabilities – undiscounted		20,283
Impact of present value discount		<u>2,643</u>
Operating lease liabilities	\$	<u><u>17,640</u></u>

(8) Notes and Bonds Payable, Net

As of June 30, 2022, and 2021, notes and bonds payable consisted of the following:

	<u>2022</u>	<u>2021</u>
Revenue Bonds, Series 2012, payable with fixed interest rates ranging from 2.00% to 5.00%, maturing through 2032	\$ 67,665	72,190
Revenue Bonds, Series 2016, payable with fixed interest rates ranging from 4.00% to 5.00%, maturing through 2047	74,985	76,840
Revenue Bonds, Series 2019, payable with fixed interest rates ranging from 4.00% to 5.00%, maturing through 2033	38,295	41,040
Revenue Bonds, Series 2020, payable with fixed interest rates ranging from 1.00% to 4.00%, maturing through 2050	150,000	150,000
Other long-term payables with variable interest rates, maturing through 2024	<u>565</u>	<u>755</u>
Subtotal	331,510	340,825
Unamortized premiums, discount and issuance costs	<u>21,958</u>	<u>23,513</u>
Notes and bonds payable, net	\$ <u><u>353,468</u></u>	<u><u>364,338</u></u>

Notes are issued under the Master Indenture and are equally and ratably secured by any lien created under the Master Indenture.

The notes and bonds payable are subject to various covenants. Management confirms the university is in compliance with all covenants as of and for the years ended June 30, 2022 and 2021.

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Maturities of notes and bonds payable based on scheduled repayments at June 30, 2022, are as follows:

Fiscal Year 2023	\$	9,876
Fiscal Year 2024		13,819
Fiscal Year 2025		14,040
Fiscal Year 2026		14,665
Fiscal Year 2027		15,315
Thereafter		263,795
Total	\$	331,510

As of June 30, 2022, the university has two secured letters of credit with banks under which it may borrow up to \$3,101. There were no borrowings outstanding under these letters of credit as of June 30, 2022 and 2021.

As of June 30, 2022, the university has a \$50,000 line of credit with a bank. There were no borrowings outstanding under this line of credit as of June 30, 2022 and 2021.

(9) Restricted Cash and Investments

The composition of assets restricted to investment in land, buildings and equipment as of June 30, 2022 and 2021 is shown below.

		2022	2021
Restricted cash	\$	31,182	13,329
Contributions receivable		39,694	53,605
Investments		16,760	17,855
Total assets restricted for investment in land, building and equipment	\$	87,636	84,789

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statement of financial position that sum to the total of same amounts shown in the consolidated statement of cash flows.

		2022	2021
Cash and cash equivalents	\$	86,252	97,936
Restricted cash included in assets restricted to investment in land, buildings and equipment		31,182	13,329
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$	117,434	111,265

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Assets restricted to investment in land, buildings and equipment include restricted cash equivalents received with a donor-imposed restriction that limits the use of that cash to long-term purposes.

(10) Retirement Plan

All eligible full-time and part-time personnel who meet the waiting period criteria, may elect to participate in a defined contribution individual retirement plan. Under the provisions of the plan in order to receive the university's matching contribution, participants are required to contribute 5% of their annual wages to the plan. The university has neither administrative responsibilities nor any financial liabilities under this plan except to make contributions, currently limited to 8% of the annual wages of participants, up to defined limits. In addition, voluntary contributions by participants may be made subject to Internal Revenue Service limitations. As part of the COVID-19 financial risk mitigation plan, the university matching contribution to Marquette's 403(b) retirement plan was suspended from July 1, 2020 through April 30, 2021. Payments for contributions to this plan totaled \$11,354 and \$3,547 in fiscal years 2022 and 2021, respectively.

(11) Self-Funded Health, Dental and Vision Benefit Plans

The university has self-funded benefit plans covering all active and certain retired employees' health, dental and vision costs. The university's plans are protected against catastrophic losses through excess stop loss insurance. Excess stop loss provides reimbursement to the university when combined eligible claims for members above \$375 exceed \$300. Claims paid under the plans for fiscal years 2022 and 2021 totaled \$27,222 and \$25,235, respectively. The university has also contracted with third party administrators to provide administrative services for the plans. Accrued liabilities include an estimate of the university's liability for claims incurred but not paid through June 30, 2022 and 2021.

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(12) Net Assets

Net assets consist of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Without donor restrictions:		
Board designated endowments	\$ 117,537	151,782
Other net assets without donor restrictions	<u>284,056</u>	<u>280,095</u>
Total without donor restrictions	<u>401,593</u>	<u>431,877</u>
With donor restrictions:		
Amounts with time and purpose restrictions:		
Academic support, instruction and student services	235,104	221,591
Pledges receivable, net	49,945	61,438
Scholarships	112,140	147,155
Life income and annuity funds	6,337	6,957
Physical assets	<u>55,998</u>	<u>16,978</u>
Total net assets with time and purpose restrictions	<u>459,524</u>	<u>454,119</u>
Amount with perpetual restrictions:		
Academic support, instruction and student services	213,610	197,864
Pledges receivable, net	19,088	23,726
Scholarships	330,241	306,760
Life income and annuity funds	<u>385</u>	<u>1,270</u>
Total net assets with permanent restrictions	<u>563,324</u>	<u>529,620</u>
Total with donor restrictions	<u>1,022,848</u>	<u>983,739</u>
Total net assets	<u>\$ 1,424,441</u>	<u>1,415,616</u>

(13) Commitments and Contingencies

The university is involved in various litigation arising in the normal course of operations. On the basis of information presently available and the advice of legal counsel, management is of the opinion that any liability, to the extent not provided for through reserves or otherwise, for pending litigation is not expected to be material in relation to the university's financial position or activities.

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As of June 30, 2022, the university has outstanding commitments for the following construction projects:

College of Business Administration new building	\$	12,630
Dental clinic remodeling and equipment		3,530
New home for College of Nursing		<u>4,149</u>
Total	\$	<u><u>20,309</u></u>

(14) Expenses

The university's primary programs are instruction, research, and public service. Academic support and libraries, student services, and auxiliary enterprises are considered integral to the delivery of these programs. Athletics expenses are included in student services. Costs related to the operation and maintenance of physical plant, including depreciation of plant assets, are allocated to operating programs and supporting activities based upon square footage. Interest expense on external debt is allocated to the activities that have most directly benefited from the debt proceeds. Natural expenses allocated by function for the years ended June 30, 2022 and 2021 are as follows:

	2022					Total
	Compensation	Supplies, repairs, utilities and other	Interest	Depreciation	Operations and maintenance	
Instruction	\$ 111,956	16,322	2,569	13,462	11,311	155,620
Academic support and libraries	28,076	11,029	514	6,110	7,182	52,911
Research	29,017	17,857	—	1,778	142	48,794
Student services	34,583	26,990	385	4,894	8,402	75,254
Auxiliary enterprises	6,357	22,506	4,448	6,931	5,347	45,589
Institutional support	39,918	10,116	3,587	2,744	1,890	58,255
Public services	4,458	743	3	—	110	5,314
Operations and maintenance	<u>9,494</u>	<u>21,219</u>	<u>448</u>	<u>3,223</u>	<u>(34,384)</u>	<u>—</u>
Total operating expenses	<u>\$ 263,859</u>	<u>126,782</u>	<u>11,954</u>	<u>39,142</u>	<u>—</u>	<u>441,737</u>

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	2021					Total
	Supplies, repairs, utilities		Interest	Depreciation	Operations and maintenance	
	Compensation	and other				
Instruction	\$ 113,071	13,177	2,728	12,389	10,094	151,459
Academic support and libraries	29,107	9,981	536	6,092	6,336	52,052
Research	26,524	16,208	—	2,056	126	44,914
Student services	42,149	23,027	412	5,129	7,260	77,977
Auxiliary enterprises	6,456	17,659	4,618	7,407	6,828	42,968
Institutional support	36,431	11,140	3,770	1,994	1,684	55,019
Public services	4,461	574	3	—	97	5,135
Operations and maintenance	9,797	18,015	212	4,401	(32,425)	—
Total operating expenses	\$ 267,996	109,781	12,279	39,468	—	429,524

(15) Research and Grant Costs

The university receives grant and contract revenue from various government agencies and private sources for the support of research, training, and other sponsored programs. Revenues associated with the direct costs of these programs are recognized as the related costs are incurred. Indirect cost reimbursements from federal agencies are based on negotiated predetermined rates. Research and grant costs reported for fiscal years 2022 and 2021 are comprised of the following:

	2022	2021
Sponsored research	\$ 35,824	31,270
Teaching and training	6,108	5,828
Development and others	6,862	7,816
Total research and grants	\$ 48,794	44,914

(16) Subsequent Events

On July 12, 2022, the university issued \$56,590 of tax-exempt bonds. The Revenue Bonds Series 2022 debt was used to refund and redeem a portion of the Revenue Bonds Series 2012 debt. By refinancing capital expenses at lower interest rates, this tax-exempt financing enables the university to advance its educational mission and commitment to access and affordability through more efficient financial operations.

Subsequent events have been evaluated through September 8, 2022, which is the date the consolidated financial statements were available to be issued. No other subsequent events were identified requiring recording or disclosure in the consolidated financial statements or related notes to the consolidated financial statements.