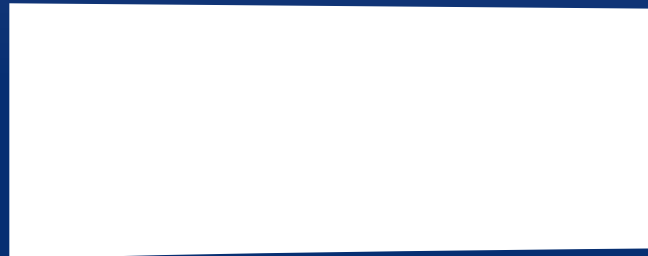


2024

FINANÇIAL

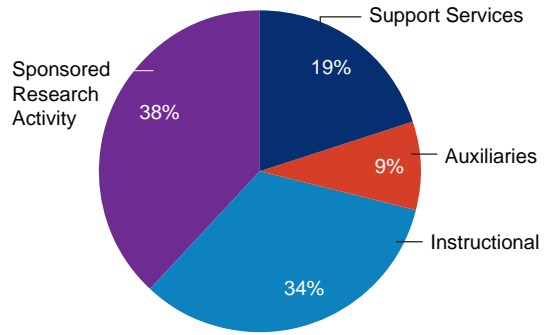


OPERATING EXPENSES

Operating expenses for the year ended 2023 were \$1,243,000, or 5% of total revenue. Operating expenses for the year ended 2022 were \$561,000, or 23.1% of total revenue.

OPERATING EXPENSES

\$1,243,000



Statements of Financial Position
\$4.487
\$3.13

ASSETS

\$2251 5% 23.1
\$3.13
70%
\$876
20%

TOTAL ASSETS

\$4.487

Funds held in trust

Operating investments

in thousands of dollars

STATEMENT OF OPERATIONS HIGHLIGHTS – Management View

	2024	2023	2022	2021
Revenue	\$ 1,502,365	\$ 1,402,631	\$ 1,277,711	\$ 1,140,767
Operating expenses	1,489,409	1,388,764	1,263,317	1,131,527
Operating income	12,956	13,867	14,394	9,240
Other income	5,015	3,103		2,428
Surplus	\$ 17,971	\$ 16,970	\$ 14,394	\$ 11,668

STATEMENT OF ACTIVITIES HIGHLIGHTS – GAAP Basis

Revenue	\$ 344,601	\$ 336,719	\$ 329,362	\$ 318,662
Operating expenses	138,930	125,722	91,484	115,658
Other income	450,910	434,168	391,690	351,668
Other expenses	94,908	90,510	79,994	73,334
Operating income	154,542	135,019	114,840	151,848
Other income	53,213	49,000	45,234	46,471
Other expenses	98,011	90,880	79,679	43,436
Operating income	1,335,115	1,262,018	1,132,283	1,101,077
Other income	427,703	395,945	363,047	330,401
Other expenses	474,726	454,942	412,901	372,899
Other income	236,232	230,765	184,041	187,800
Other expenses	104,150	104,697	88,074	76,733
Operating income	1,242,811	1,186,349	1,048,063	967,833
Net operating activity	\$ 92,304	\$ 75,669	\$ 84,220	\$ 133,244
Other income	204,025	146,560	(191,847)	575,295
Other expenses	(66,550)	(57,005)	(32,914)	(29,408)
Net non-operating activities	\$ 137,475	\$ 89,555	\$ (224,761)	\$ 545,887
Change in net assets	\$ 229,779	\$ 165,224	\$ (140,541)	\$ 679,131

FINANCIAL POSITION HIGHLIGHTS

Assets	\$ 278,654	\$ 352,722	\$ 551,939	\$ 145,314
Liabilities	603,604	574,138	260,961	287,818
Equity	304,240	273,643	247,213	269,636
Revenue	1,921,654	1,819,441	1,764,237	1,915,558
Operating expenses	328,810	303,992	297,453	349,816
Other income	145,494	149,088	146,202	148,663
Other expenses	875,799	761,747	717,407	736,443
Other income	28,656	27,045	20,619	19,739
Total assets	\$ 4,486,911	\$ 4,261,816	\$ 4,006,031	\$ 3,872,987
Total liabilities	\$ 1,203,918	\$ 1,208,602	\$ 1,118,041	\$ 844,456
Total net assets	\$ 3,282,993	\$ 3,053,214	\$ 2,887,990	\$ 3,028,531

OTHER FINANCIAL INFORMATION

Revenue	\$ 2,854,068	\$ 2,697,571	\$ 2,322,651	\$ 2,553,192
Operating expenses	97,185	89,215	84,094	81,428
Other income	210,841	183,826	*153,232	171,766
Other expenses	141,839	121,002	138,783	136,288

STUDENTS

Operating income	6,124	5,943	5,705	5,334
Other income	5,390	6,184	5,760	5,458

** Revenue from operations

Report of Independent Auditors

To the Board of Trustees
Case Western Reserve University

Opinion

We have audited the accompanying financial statements of Case Western Reserve University (the "University"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities for the year ended June 30, 2024 and of cash flows for the years ended June 30, 2024 and 2023, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, the changes in its net assets for the year ended June 30, 2024, and its cash flows for the years ended June 30, 2024 and 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Auditors' 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 audit. We believe that the audit evidence we have obtained is

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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

STATEMENTS OF FINANCIAL POSITION

In thousands of dollars	June 30	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 278,654	\$ 352,722
Operating investments	603,604	574,138
Accounts and loans receivable, net	103,626	104,752
Pledges receivable, net	200,614	168,891
Prepaid expenses and other assets	8,680	9,658
Right-of-use assets – operating leases	19,976	17,387
Investments, held for long-term purposes	1,921,654	1,819,441
Funds held in trust by others (“FHBO”)	328,810	303,992
Health Education Campus, net	145,494	149,088
Property, plant, equipment and books, net	875,799	761,747
TOTAL ASSETS	\$ 4,486,911	\$ 4,261,816
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 107,614	\$ 85,761
Deferred income and other liabilities	57,093	81,530
Operating lease obligations	19,976	17,387
Annuities payable	29,428	32,155
Refundable advances	20,117	14,598
Accrued pension liability	26,316	52,025
Notes and bonds payable	928,003	908,909
Refundable federal student loans	15,371	16,237
TOTAL LIABILITIES	\$ 1,203,918	\$ 1,208,602
NET ASSETS		
Without donor restrictions	\$ 479,735	\$ 437,257
With donor restrictions	2,803,258	2,615,957
TOTAL NET ASSETS	\$ 3,282,993	\$ 3,053,214
TOTAL LIABILITIES AND NET ASSETS	\$ 4,486,911	\$ 4,261,816

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

In thousands of dollars	For the year ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 229,779	\$ 165,224
Adjustments to reconcile change in net cash (used for) operating activities:		
Depreciation	76,675	75,360
Amortization of bond issuance costs	353	396
Amortization of bond premiums	(5,542)	(5,081)
Amortization of right-of-use assets - operating leases	4,117	2,296
Realized and unrealized net gains on investments	(197,888)	(155,170)
Realized and unrealized net gains on funds held in trust by others	(24,818)	(6,539)
Decrease to annuities payable resulting from actuarial adjustments	(752)	(121)
Gifts of property and equipment	(574)	(206)
Loss on disposal of plant assets	440	348
Contributions for long-term investment	(52,561)	(24,513)
Increase in accounts and loans receivable, net	(2,421)	(12,191)
Increase in pledges receivable, net	(31,723)	(15,165)
Decrease in prepaid expenses and other assets	978	321
Increase in accounts payable and accrued expenses	19,345	653
Decrease in deferred income and other liabilities	(14,437)	(200)
Decrease in operating lease obligations	(4,117)	(2,296)
Increase in refundable advances	5,519	730
Decrease in accrued pension liability	(25,709)	(9,302)
NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES	\$ (23,336)	\$ 14,544
CASH FLOWS FROM INVESTING ACTIVITIES		
Student loans		
Collected	\$ 5,934	\$ 4,578
Issued	(2,387)	(3,652)
Increase in cash for long-term investment	(910)	(1,002)
Proceeds from the sale of investments	1,107,121	1,401,080
Purchase of investments	(1,040,912)	(1,614,291)
Increase in Health Education Campus	(11,410)	(17,573)
Proceeds from the sale of plant assets	456	183
Purchases of property, plant, equipment and books	(183,536)	(102,846)
NET CASH USED FOR INVESTING ACTIVITIES	\$ (125,644)	\$ (333,523)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in federal advances for student loans	\$ (866)	\$ (1,429)
Contributions for long-term investment	40,733	15,278
Proceeds from the sale of investments received as gifts	12,737	10,237
Proceeds from short-term debt	113,000	
Repayment of short-term debt	(68,000)	
Proceeds from notes and bonds payable		115,893
Repayment of notes and bonds payable	(20,717)	(18,753)
Increase to annuities payable resulting from new gifts	141	621
Decrease to annuities payable resulting from payments	(2,116)	(2,085)
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ 74,912	\$ 119,762
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (74,068)	\$ (199,217)
Cash and cash equivalents, beginning of year	352,722	551,939
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 278,654	\$ 352,722
SUPPLEMENTAL DATA:		
Interest paid in cash	\$ 39,404	\$ 39,482
Construction-in-progress payments included in accounts payable	20,562	18,053
Noncash activity:		
Commencement of new operating lease obligation	6,705	10,194
Write-off of existing operating lease obligation		1,150

The accompanying notes are an integral part of the financial statements.

Basis of Presentation

Case Western Reserve University ("the University") is an Ohio not-for-profit corporation that operates a private research university in Cleveland, Ohio. The financial statements of the University as of June 30, 2024 and 2023, and for the years then ended, have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, the accompanying financial statements have been prepared on the accrual basis of accounting.

Net Asset Categories

Standards for external financial reporting by not-for-profit organizations require that resources be classified for reporting purposes into two net asset categories according to donor-imposed restrictions (Note 17):

Without Donor Restrictions are those net assets not subject to donor-imposed restrictions. All revenues, gains and losses that are not restricted by donors are included in this classification. All operating expenses are reported as decreases in net assets without donor restrictions.

Contributions not subject to donor-imposed restrictions and donor-restricted contributions that are received and either spent, or deemed spent, for the restricted purpose within the same year are reported as increases to net assets without donor restrictions.

Net assets without donor restrictions include certain funds that are Board-designated as functioning as endowment and a liquidity reserve.

With Donor Restrictions are those net assets subject to donor-imposed time or purpose restrictions that are expected to be met and those subject to donor-imposed perpetual restrictions. These net assets include donor-restricted endowment, unconditional pledges, certain funds restricted for capital p estri ed endowmenen-US-

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Investment Returns on Operating Investments

The University has invested excess operating funds and certain Board-designated funds with the University's investment pool. The operating funds are invested alongside other funds and receive a pro-rata portion of income, expenses, gains, and losses of the pool.

Cash and Cash Equivalents

The University considers all highly liquid investments with an original maturity of 90 days or less when purchased as cash and cash equivalents, except those amounts managed by investment managers as part of the investment pool that do not belong to operations, or unspent bond proceeds, which are classified as investments. The University maintains operating cash and reserves for replacement balances in financial institutions which, from time to time, may exceed federally insured limits. The University periodically assesses the financial condition of these institutions and believes that the risk of loss is minimal.

Operating Investments

Operating investments are stated at fair value and include all other current investments with original maturities greater than 90 days that are used to support operations. These investments may include obligations of triple A-rated banks, various United States Government agencies, other investments, and internal operating funds invested in the University's investment pool. Although the pool primarily invests in mid- to long-term investments, the pool maintains a sufficient investment mix that allows operating assets to be liquidated upon demand.

Leases

The University determines if an arrangement is a lease at inception. The University has both leases under which it is obligated as a lessee and leases for which it is a lessor. Operating leases as a lessee are included in Right-of-use assets – operating leases and Operating lease obligations in the statements of financial position. Right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease.

Operating lease right-o

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The University manages its financial assets and liquidity resources in order to provide cash for payment of general expenditures, such as operating expenses, construction costs, and obligations related to debt. Financial assets classified below as available for general expenditure within one year are those that are considered both convertible

Accounts and loans receivable of the University at June 30, 2024 and 2023 were as follows:

	2024	2023
ACCOUNTS RECEIVABLE, NET		
Grants, contracts and others	\$ 67,453	\$ 64,370
Students	2,825	3,190
STUDENT LOANS, NET	33,348	37,192
ACCOUNTS AND LOANS RECEIVABLE, NET	\$ 103,626	\$ 104,752

Allowance for doubtful accounts:

Accounts receivable	\$ 5,617	\$ 8,813
Loans receivable	\$ 1,256	\$ 1,240

The student loans receivable is subject to significant restrictions and, accordingly, is not practicable to determine the fair value of such amounts.

Management regularly assesses the adequacy of the allowance for doubtful accounts by performing ongoing evaluations of the various components of the accounts receivable and student loan portfolios, including such

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Multi-year pledges are recorded after discounting based on the market rate to the present value of expected future cash flows. The discount rate utilized for fiscal 2024 and 2023 was 5%.

Unconditional promises to give at June 30, 2024 and 2023 are expected to be realized in the following periods:

	2024	2023
Less than one year	\$ 75,617	\$ 58,604
Between one year and five years	149,774	117,546
More than five years	30,981	29,941
	256,372	206,091
Less: Discount	(17,667)	(13,326)
Less: Allowance	(38,091)	(23,874)
TOTAL PLEDGES RECEIVABLE, NET	\$ 200,614	\$ 168,891

Management follows a similar approach as described in Note 3 for accounts and loans receivable in evaluating the adequacy of the allowance for doubtful accounts for

factors as the differing economic risks associated with each category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, and the past history of the various borrowers and the University.

Factors also considered by management when performing its assessment, in addition to general economic conditions and the other factors described above, included, but were not limited to, a detailed review of the aging of the various receivables and loans, and a review of the default rate by loan category in comparison to prior years. The level of the allowance is adjusted based on the results of management's analysis.

Management considers the allowance for doubtful accounts to be prudent and reasonable. Furthermore, the University's allowance is general in nature and is available to absorb losses from any loan category.

Management believes that the allowance for doubtful accounts at June 30, 2024 is adequate to absorb credit losses inherent in the portfolio as of that date.

pledges receivable. Management considers the allowance for doubtful accounts to be prudent and reasonable. Management believes that the allowance for doubtful accounts at June 30, 2024 is adequate to absorb any uncollectible pledges as of that date.

Pledges receivable at June 30, 2024 and 2023 had the following restrictions:

The University is committed to minimum annual rent payments under several operating leases for educational and commercial space through fiscal year 2038. The components of lease expense are as follows:

LEASE COST	2024	2023
Operating lease expense	\$ 4,886	\$ 4,065
Short-term lease expense	1,023	1,361
TOTAL LEASE EXPENSE	\$ 5,909	\$ 5,426

OTHER INFORMATION:

Weighted-average remaining lease term in years – operating leases 7.7 years 8.8 years

Weighted-average discount rate 4.4%

7. ENDOWMENT AND SIMILAR FUNDS

Endowment Funds

The purpose of endowment funds is to generate in perpetuity revenue to support specific activities or for general institutional use. Endowments represent only those net assets that are under the control of the University. Gift annuities, interests in funds held in trust by others, and pledges designated for the endowment but not yet received are not considered components of the endowment.

The state of Ohio has enacted legislation that incorporates the provisions outlined in the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). UPMIFA stipulates that unless directed otherwise in the gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for expenditure by the institution. Accordingly, the following items are recorded as net assets with donor restrictions:

- z The original value of initial gifts donated to the permanent endowment
- z The original value of subsequent gifts to the permanent endowment

- z For those endowment funds with donor-specific reinvestment provisions, accumulations to the permanent endowment made in accordance with the gift instrument at the time the accumulation is added to the fund

Similar Funds

The Board has designated certain funds to function as endowments and has co-invested as such. Donor purpose-restricted funds were not given to the University with the understanding that the gift amount would be maintained in perpetuity; these funds are classified as net assets with donor restrictions. Even though the Board has elected to treat these funds in the same fashion as an endowment fund, at its option, the Board may elect to change that treatment and spend these funds in accordance with the intentions of the donor, if any, without the constraints of the University endowment spending formula. All other Board-designated funds are classified as net assets without donor restrictions and include quasi-endowments and a liquidity reserve (Note 17).

The breakdown of these classifications are:

June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Endowments		\$ 1,554,130	\$ 1,554,130
Purpose-restricted funds functioning as endowments		377,972	377,972
Board-designated funds	\$ 135,746		135,746
TOTAL ENDOWMENT AND SIMILAR FUNDS	\$ 135,746	\$ 1,932,102	\$ 2,067,848

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowments		\$ 1,486,584	\$ 1,486,584
Purpose-restricted funds functioning as endowments		347,866	347,866
Board-designated funds	\$ 122,163		122,163
TOTAL ENDOWMENT AND SIMILAR FUNDS	\$ 122,163	\$ 1,834,450	\$ 1,956,613

Investment Pool

The Board's interpretation of its fiduciary responsibilities for endowment and similar funds is to preserve inter-generational equity to the extent possible. This principle holds that future beneficiaries should receive at least the same level of economic support that the current generation enjoys. To that end, investment goals are formulated to earn returns over the long term that equal or exceed the Board-approved distribution rates plus the impacts of inflation.

The University's endowment and similar funds are invested in a broadly diversified portfolio designed to produce long-term rates of return that sustain or increase the real spending contribution from endowed and similar assets and to mitigate downturns in a single sector.

Unless otherwise directed in the gift instrument, both endowment and similar funds are pooled for efficient investment purposes.

The pool is accounted for on a dollarized method of accounting similar to a money market fund and accounted for on an account basis. The total investment return for the pooled investments, net of external manager fees, approximated 8.08% (2024) and 6.98% (2023).

Spending Policy

The Board has approved an endowment spending policy for pooled investments based on a rolling ten-year and twelve-quarter average methodology. This approach takes into consideration the long-term effect of total return, spending, university support and inflation. The objective of this approach is to provide support for operations, preserve intergenerational equity, and insulate programming supported by endowment and similar funds from short-term fluctuations in the investment markets.

Specific appropriation for expenditure of funds under the policy occurs each spring when the Board approves both a dollar allocation and spending rate, based on beginning market value, for the following year's operating budget. The fiscal year 2024 and 2023 pooled endowment and similar funds spending allocation and rate approved by the Investment Committee of the Board were \$76,500 at a rate of 4.80% and \$73,700 at a rate of 4.80%, respectively. As new funds, which have met the criteria of the endowment spending policy, are continuously added to the pooled endowment and similar funds throughout the fiscal year, the actual dollar amount allocated to spend will most likely increase from the approved dollar allocation. The fiscal year 2024 and 2023 actual amount allocated was \$76,304 and \$77,226, respectively.

While the policy provides guidance for the level of spending permitted (allocation), the actual spending will vary from the spending allocation based on the timing of actual expenditures. Funds are transferred from the investment pool to the University's operating account after they have been spent in accordance with the endowment and similar funds requirements. The actual movement of cash and investments between the investment pool and operating accounts occurs on a periodic basis as determined by the University and its processes to maintain the proper balance between liquidity and the remaining invested.

For years where actual investment return exceeds actual approved spending, the difference remains in net assets with donor restrictions; years in which the actual endowment and similar funds return is less than distributions under the policy, the shortfall is covered by realized returns from prior years. Both fiscal years 2024 and 2023 pooled endowment and similar funds distribution were funded from a combination of current year investment income and prior year accumulated realized gains.

In addition to the general distribution described above, the Board has authorized a supplemental distribution of previously reinvested income and realized appreciation to support certain administrative-related activities. This distribution totaled \$12,126 in 2024 and \$12,535 in 2023.

Changes in endowment and similar funds net assets for fiscal year 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT AND SIMILAR FUNDS NET ASSETS, JUNE 30, 2022	\$ 116,119	\$ 1,774,589	\$ 1,890,708
Investment income	5,062	61,766	66,828
Realized and unrealized gains	2,784	40,748	43,532
TOTAL INVESTMENT RETURN	7,846	102,514	110,360

Co

Occasionally, the fair market value of assets associated with individual donor-restricted endowment funds falls below the value of the original gift amounts. These deficits resulted from unfavorable market fluctuations that occurred after the investment of recently established endowments and additions, and authorized appropriation that was deemed prudent. The aggregate deficiencies in fair value relative to

historical cost for underwater endowments as of June 30 were as follows:

In fiscal year 2014, the University and CCF began a joint effort to raise funds for the construction of the HEC project estimated to be approximately \$509,000 as of June 30, 2024. The University and CCF have entered into an agreement with a perpetual term to provide for the operation and joint use of the HEC, which includes an academic building and a separate dental clinic. The HEC provides a unified educational space for programs of the School of Medicine, including the Cleveland Clinic Lerner College of Medicine (“CCLCM”), the

School of Dental Medicine and the Frances Payne Bolton School of Nursing. Occupancy occurred in spring 2019. CCF provided interim funding of the construction costs, while the University and CCF collaborate on fundraising to cover the capital costs of the HEC. As the total costs of the HEC, were not raised by 2020, the University has agreed to provide up to \$50,000 over the five-year period beginning in 2021, of which \$40,000 was paid as of June 30, 2024. Components of the HEC are as follows:

Property, plant, equipment and books are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of 10 to 30 years for land improvements, 10 to 50 years for building

and building improvements, 5 to 15 years for equipment, and 10 years for books. Components of property, plant, equipment and books are as follows:

The above assets include \$552,401 leased from the

11. NOTES AND BONDS PAYABLE

Notes and bonds payable are as follows:		Interest Rate(s)	Maturity	2024	2023
OHEFC revenue notes and bonds					
Fixed-rate bonds:	Series 2006	5.25%	2024 2027	\$ 6,840	\$ 6,840
	Series 2012A	5.00%	2024		3,450
	Series 2013A	5.00%	2024		12,935
	Series 2015A	5.00%	2024 2030	13,580	15,730
	Series 2016	3.00 5.00%	2024 2041	114,680	114,680
	Series 2018	5.00%	2024 2031	81,755	83,380
	Series 2019B	5.00%	2032 2041	30,550	30,550
	Series 2019C	1.63%	2027 2035	35,815	35,815
	Series 2021A	4.00%	2026 2045	28,455	28,455
Variable-rate bonds:	Series 2021B	4.11 4.24%	2027	35,000	35,000
Taxable Notes Payable	Series 2022A	2.58%	2037	56,040	56,040
	Series 2022B	3.30%	2053	115,915	115,915
Taxable Bonds Payable:	Series 2022C	5.41%	2122	350,000	350,000
Compass Group USA, Inc.		-n/a-	2024 2030	4,461	5,019
TOTAL LIABILITY				\$ 873,091	\$ 893,809
Line of credit				45,000	
Unamortized bond premium				15,427	20,968
Unamortized bond issuance cost				(5,515)	(5,868)
TOTAL NOTES AND BONDS PAYABLE				\$ 928,003	\$ 908,909

¹Terms of the respective bonds are disclosed in the year of issuance.

²The OHEFC Series 2021B beginning and ending rate – the weighted average is 3.78%.

³Taxable Notes Payable includes bonds from New York Life and the Century Bonds.

The University has committed revolving lines of credit with two financial institutions in the amount of \$150,000 to finance working capital. The \$25,000 line was renewed in January 2024 and is subject to review and renewal in January 2025. The \$75,000 line was renewed in March 2024 and is subject to review and renewal in March 2025. The remaining \$50,000 was renewed in September 2024 and is subject to review and renewal in September 2025. The amount outstanding was \$45,000 (2024) and \$0 (2023).

The University has one uncommitted line of credit with a financial institution in the amount of \$75,000 to provide short-term liquidity to the investment pool. The line was renewed in January 2024 and is subject to review and renewal in January 2026 and was not utilized during the fiscal year.

Principal payment requirements for bonds and notes for the next five fiscal years and thereafter are as follows:

Year	Total Scheduled Principal Payments
2025	\$ 63,673
2026	18,503
2027	18,418
2028	18,288
2029	18,983
Thereafter	780,226
TOTAL	\$ 918,091

The University has both defined benefit and defined

The amounts recognized in the University's statements of financial position and in net assets without donor restrictions related to the defined benefit plan are as follows:

	2024	2023
Benefit obligation at June 30	\$ 272,047	\$ 267,734
Fair value of plan assets at June 30	245,731	215,709
NET LIABILITY	\$ (26,316)	\$ (52,025)
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Accumulated actuarial losses	34,250	49,421
AMOUNT RECOGNIZED AS REDUCTION OF NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 34,250	\$ 49,421

Components of the net periodic benefit cost and other changes in plan assets that are recognized in the statement of activities are as follows:

	2024	2023
Change in actuarial gain	\$ (15,171)	\$ (15,973)
TOTAL GAIN RECOGNIZED, NET ASSETS WITHOUT DONOR RESTRICTIONS	(15,171)	(15,973)
Service cost	6,387	6,771
Interest cost	14,503	13,590
Expected return on assets	(16,767)	(16,434)
Net loss amortization	1,725	2,744
Net periodic benefit cost	5,848	6,671
TOTAL GAIN RECOGNIZED, STATEMENT OF ACTIVITIES	\$ (9,323)	\$ (9,302)

Benefit plan costs for the defined contribution plan are \$29,133 (2024) and \$25,954 (2023).

13. COMMITMENTS AND CONTINGENCIES

In its normal operations, the University is subject to various claims and lawsuits. In management's opinion, the resolution of these contingencies will not have a significant adverse effect on the University's financial position, operations, or cash flows.

In May 2002, the University entered into an agreement with CCF to form a new medical education and research program, CCLCM. Beginning in 2004, research grants from the National Institutes of Health to support work by CCF-based investigators were awarded to and administered through the University by CCLCM, which operates as an academic unit of the School of Medicine. Expenditures for research conducted under this joint agreement totaled \$147,835 (2024) and \$143,325 (2023).

In April 2006, the Boards of University Hospitals Health System and the University approved an affiliation agreement

between the School of Medicine and University Hospitals of Cleveland ("UHC"). This agreement created the Case Medical Center, a virtual entity that encompasses certain teaching, research, and clinical activities of the School of Medicine and UHC. In September 2016, the affiliation agreement was renewed with the exception of the Case Medical Center designation. Even though the virtual entity was dissolved, there will be continued collaboration in education and research.

The University is self-insured for workers compensation and employee and student medical coverage. Property is commercially insured with an aggregate deductible of \$700. The University also carries general liability insurance with a deductible of \$500 per occurrence. The University believes its reserves for self-insured risks and the deductible portion of insured risks are sufficient.

In 1998, the University entered into a thirty-year agreement with the Medical Center Company (a cooperative utility company formed by and serving institutions in the University Circle area) to purchase steam, chilled water, and other utilities for several University buildings. The amounts purchased were \$18,534 (2024) and \$18,416 (2023). No obligation associated with this agreement is recorded in the accompanying financial statements.

In February 2022, the Medical Center Company approved an additional energy efficiency grant in the amount of \$723 of which \$723 was used. The payback terms related to this project are 36 months beginning February 2023. The obligation related to this project recorded in Deferred income and other liabilities is \$442 (2024) and \$643 (2023).

The University uses floating-to-fixed interest rate swap agreements of various durations to manage both its funding cost and the interest rate risk associated with variable rate debt. Under these swap agreements, the University pays a fixed rate and receives from its counterparty a variable rate payment, each calculated by reference to specified notional principal amounts during the agreement period. Operations are charged the variable rate interest on the corresponding bonds; the difference between the fixed and variable interest amounts under the swap agreements is recorded in non-operating revenues and expenses as Investment income.

close of business, to value the agreements. The valuations provided are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions and the University's credit worthiness. The University's interest rate swap arrangements have inputs that can generally be corroborated by market data and are classified as Level 2 in the fair value hierarchy. Under one agreement in effect at June 30, 2024, the counterparty pays a variable interest rate equal to a percentage of the one-month SOFR.

The University follows accounting guidance that defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements about fair value measurements, including derivatives. The University's interest rate swaps are valued by an independent swap consultant that uses the mid-market levels, as of the

The following table provides detailed information on the interest rate swap at June 30, 2024, with comparative fair values for June 30, 2023. Information related to the interest rate swap agreements and the liability recognized in the statements of financial position in Deferred income and other liabilities are as follows:

Changes in the fair value of derivative instruments are recorded in non-operating revenues and expenses as Investment income. 18 >>Bech (es ab-on)16.1menrt income.t income. >>BDC T* [(v)5 (al)16.1me0hanment income.

Expenses are reported in the statement of activities by functional categories and include allocations of depreciation expense, interest on indebtedness and plant operation and maintenance costs.

Operating expenses by nature and function are summarized as follows for the years ended June 30, 2024 and 2023:

17. NET ASSETS

The University's net assets as of June 30 were as follows:

	2024	2023
Without donor restrictions:		
Board-designated:		
Quasi-endowments	\$ 135,746	\$ 122,163
Liquidity reserve	87,324	87,851
TOTAL BOARD DESIGNATED	223,070	210,014
Unrestricted	256,665	227,243
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 479,735	\$ 437,257
With donor restrictions:		
Endowments	\$ 1,554,130	\$ 1,486,584
Split-interest agreements	25,619	20,526
Other for purpose or time:		
Purpose-restricted funds functioning as endowments	377,972	347,866
Pledges receivable	190,366	159,575
Funds held in trust by others	334,281	309,391
Student loan funds	40,805	40,465
Purpose-restricted funds	280,085	251,550
	1,223,509	1,108,847
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 2,803,258	\$ 2,615,957

18. SUBSEQUENT EVENTS

The University has performed an evaluation of subsequent events through October 25, 2024, the date on which the financial statements were issued.

