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2025 ANNUAL REPORT

NSU Florida





Consolidated Financial Statements 2025

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Management's Discussion and Analysis

June 30, 2025 and 2024

Overview

For the fiscal year ended June 30, 2025 (fiscal 2025), Nova Southeastern University (NSU, or the university) experienced growth in its fiscal strength based on continued strong operations and improved financial market conditions, resulting in total net assets increasing 10 percent from the prior year. As demonstrated in the following chart, total net assets have grown by 93 percent over the past decade, from \$694 million as of June 30, 2015, to \$1.3 billion as of June 30, 2025.

Factors contributing to the sustained growth include the university's diverse academic program offerings, strong philanthropic support, as well as its ability to respond and adapt to the challenges and changes inherent in higher education.

Operational Highlights

Fiscal 2025 brought transformational milestones for the university. In celebrating its 60th anniversary, NSU reflected on its achievements from past to present, while charting a visionary path forward.

From modest beginnings in 1964, NSU has grown to Florida's largest private research university with more than 20,000 students and 216,000 alumni. NSU is the largest educator of physicians in Florida and 5th in the nation. With eight healthcare-related colleges offering a broad array of programs, NSU is a top producer of healthcare providers in the state and nationally, meeting critical needs in the industry.

In January 2025, the university welcomed in its seventh president, Dr. Harry K. Moon, who previously served as Executive Vice President and Chief Operating Officer. A renowned surgeon and seasoned healthcare executive, Dr. Moon's forward-thinking approach reflects his commitment to innovation and operational excellence, positioning NSU to reach new heights in a rapidly evolving academic and healthcare landscape.

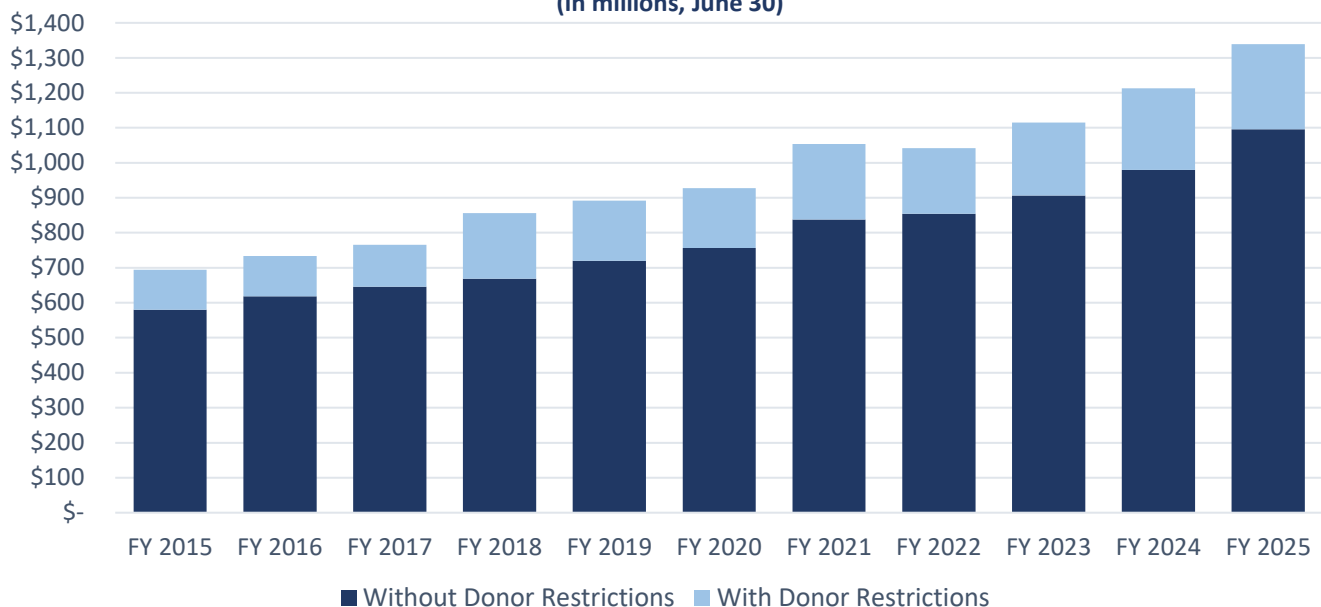
In February 2025, NSU was designated an R1 research university by the Carnegie Foundation, a level of standing that few of the thousands of higher education institutions across the United States have achieved. NSU's research initiatives span saving our seas to pioneering novel treatments for cancer, ALS, and neuroimmune diseases.

In March 2025, NSU celebrated the opening of the NSU Health Cathy J. Husman ALS Center, providing specialty care for patients diagnosed with ALS, located within NSU's Center for Collaborative Research.

In April 2025, NSU earned a Carnegie Classification as an Opportunity College and University, a first-time designation that recognizes institutions that foster student success by examining whether they enroll students who reflect their communities and whether graduates go on to earn competitive wages compared to peers in their area. Only 16 percent of U.S. colleges and universities received this designation.

These national distinctions reflect NSU's mission to foster academic excellence with real-world relevance and make a meaningful impact.

NET ASSETS (in millions, June 30)



Management's Discussion and Analysis

June 30, 2025 and 2024

Financial Performance

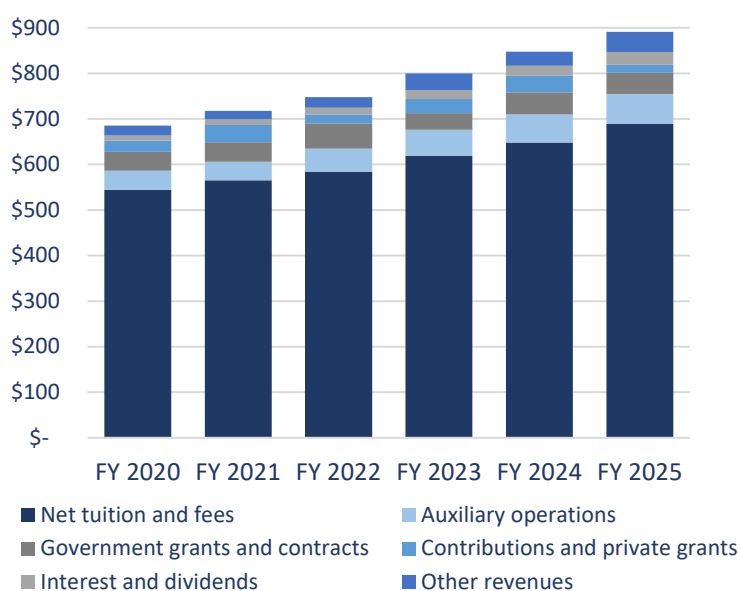
Total revenues were \$955.0 million in fiscal 2025, up 6.8 percent from \$894.5 million in fiscal 2024. Total expenses increased by 4.0 percent to \$829.0 million in fiscal 2025 from \$796.8 million in fiscal 2024. The resulting increase in total net assets was \$126.0 million or 10.4 percent.

Revenues

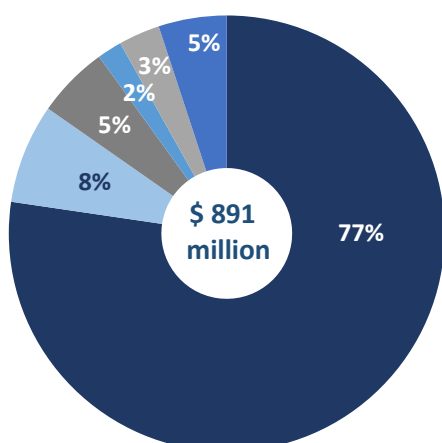
As depicted in the following chart, when excluding net investment gains, total revenues were \$890.9 million in fiscal 2025, increasing \$43.3 million or 5.1 percent from \$847.6 million in fiscal 2024, and up \$205.6 million or 30.0 percent over the last five years.

REVENUES EXCLUDING NET INVESTMENT GAINS/LOSSES

(in millions)



FY 2025 COMPOSITION



Net Tuition and Fees

Fiscal 2025 total tuition and fees (reported net of scholarships and discounts) approximated \$688.9 million, increasing \$40.5 million or 6.2 percent from fiscal 2024.

NSU's offers a diverse array of academic programs; accordingly, there are several components of enrollment and resulting tuition revenue.

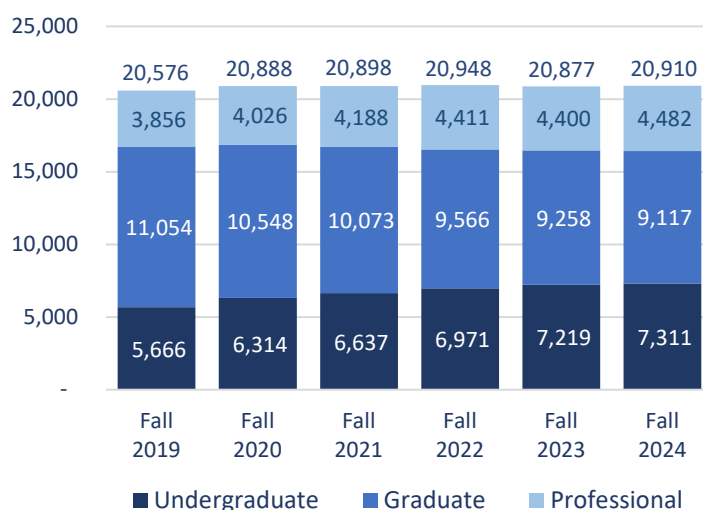
- 15 different colleges and schools (*fiscal 2025*)
- over 130 academic degree programs with varying tuition rates
- 65 percent graduate and professional students; 35 percent undergraduate students
- Courses are offered in multiple locations and modalities

Enrollment

Students may attend entirely face-to-face classes that meet on campus (ground), attend face-to-face and online classes (blended), or attend fully online. Classes are primarily taught at the main Fort Lauderdale/Davie Campus and at 9 regional campuses across Florida, in Puerto Rico, and in Colorado.

As shown in the following chart, fiscal 2025 (fall 2024) overall university enrollment remained largely consistent. Similar to prior trends, the graduate level decreased while the undergraduate and professional increased.

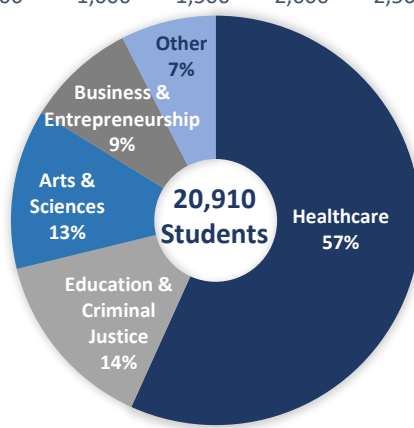
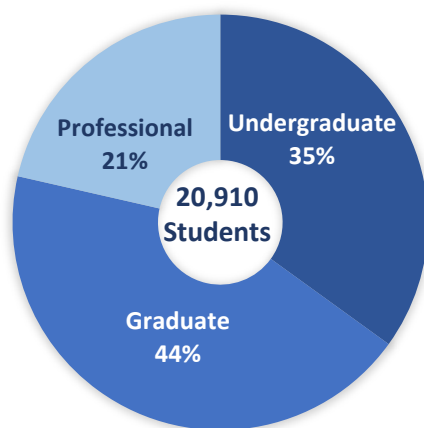
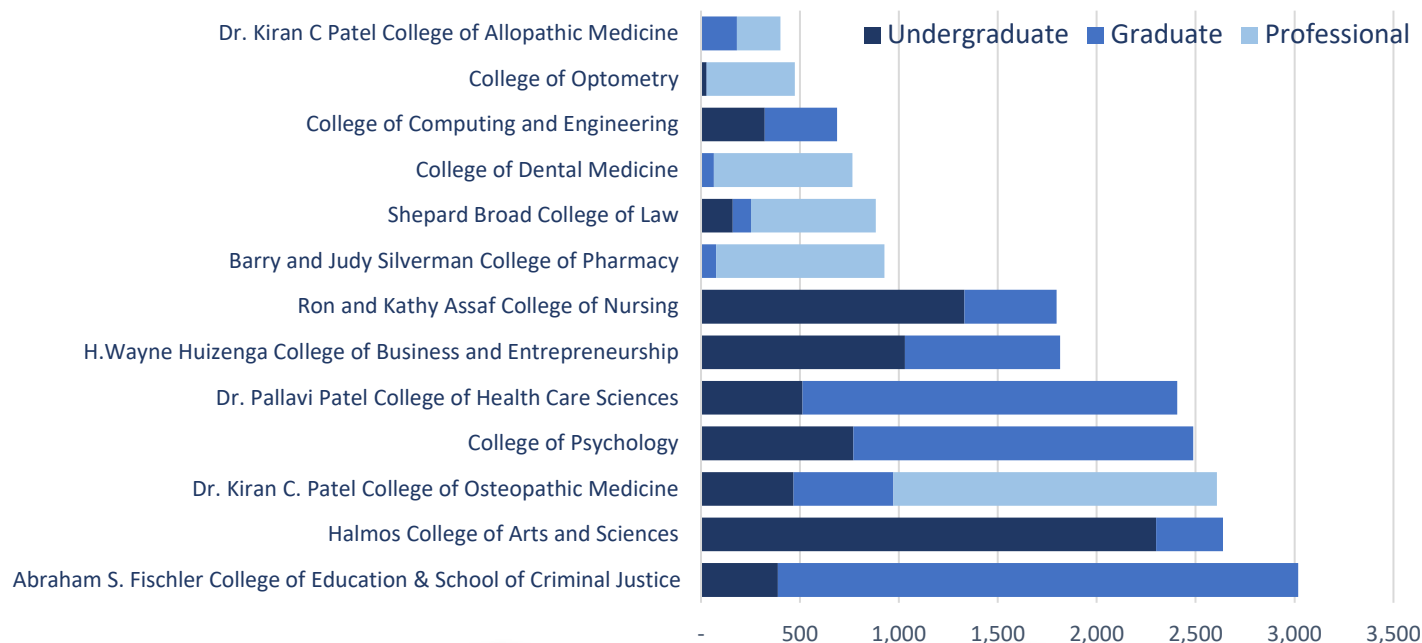
FALL ENROLLMENT TRENDS



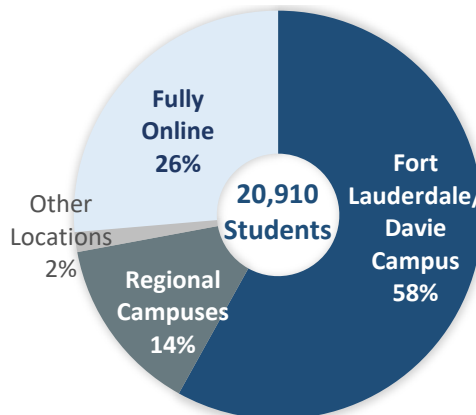
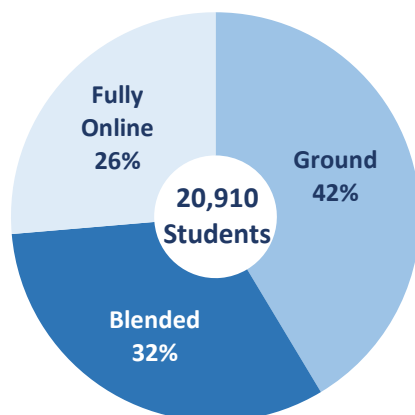
The following section includes graphs depicting fall enrollment composition. NSU's preschool through grade 12 programs include approximately 2,100 students who are not included in reported university enrollment data.

FALL 2024 ENROLLMENT COMPOSITION

BY COLLEGE AND DEGREE LEVEL



BY MODALITY AND LOCATION¹



¹ Ground and blended are shown by location

Management's Discussion and Analysis

June 30, 2025 and 2024

In fall 2024, NSU welcomed its largest undergraduate class with 2,030 first-time-in-college freshmen. In line with NSU's strategic expansion of undergraduates, overall undergraduate enrollment has steadily increased, growing 29 percent over the last five years to 7,311 in fall 2024.

As part of the university's strategic initiatives, it has continued to invest in high-demand and industry-relevant programs with growth potential, such as expansion within healthcare programs. Eight of NSU's 13 colleges (as shown in the prior chart) award degrees in healthcare fields. These colleges comprised approximately 61 percent of the university's total net tuition and fee revenue and 57 percent of its total fall enrollment in fiscal 2025 (fall 2024). Over the last five years, collective enrollment in these eight colleges grew by 11% to 11,868 in fall 2024.

Expansion of NSU's medical professional programs, the D.O. and M.D., drove the overall 16 percent increase in NSU's professional-level enrollment over the past five years. NSU is one of only three universities in the United States to offer both a D.O. and M.D. program. NSU graduated 445 physicians (D.O. and M.D. graduates combined) in fiscal 2025, meeting a critical need in the healthcare industry.

The increase in the undergraduate population coupled with increasing professional-level enrollments have helped to offset graduate enrollment declines in certain programs which are reflective of changes in the economy and educational demands in particular areas. In these areas, the university has implemented specific strategies to right-size resources and program offerings. Strategic action steps have also been taken in recruitment, admission, retention, and marketing efforts through enhanced communication plans, increased personal outreach to students, and increased faculty engagement in recruitment efforts.

NSU has leveraged and supported its strengths in graduate and professional education while growing its undergraduate population. For example, the university's distinctive *Dual Admission Program* provides highly motivated undergraduate students with the opportunity to reserve a seat in selective graduate/professional programs while earning their bachelor's degree. This unique program has continued to attract academically highly qualified students, supporting strategic goals for enhanced student quality, experience, and outcomes. Other examples include innovative accelerated tracks that provide a faster path to earning both a bachelor's and advanced degree.

NSU's brand campaign, the NSU Edge, highlights the university's strengths, and shows how these strengths provide its students with a competitive advantage in their career, life,

and community. This promise is demonstrated in numerous ways across the university, from immersive learning experiences to faculty mentoring to community outreach.

Contributions and Private Grants

Contributions and private grants revenue approximated \$16.3 million and \$36.4 million in fiscal 2025 and 2024, respectively, thanks to the generous support from NSU's donor community, including a significant gift commitment in fiscal 2024.

Government Grants and Contracts

Government grants and contracts revenue was \$47.5 million and \$49.0 million in fiscal 2025 and 2024, respectively, attributable to an array of sponsored research activity, as well as other awards, such as for expanding access to healthcare services for veterans and their families.

Auxiliary Operations

Auxiliary operations revenue was \$65.8 million in fiscal 2025, increasing \$4.6 million or 7.5 percent from fiscal 2024 driven by growth in campus housing, meals, and clinical revenues.

Other Revenues

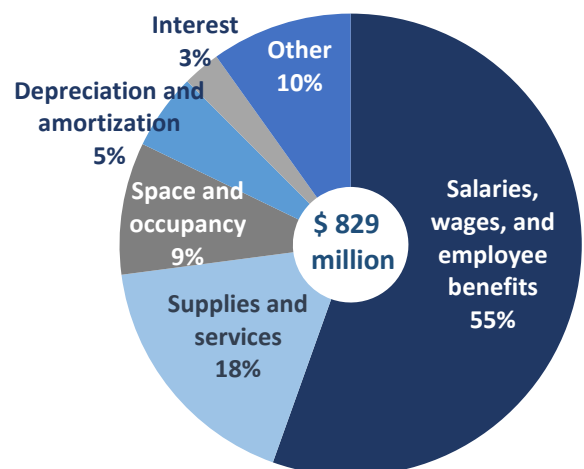
Other revenues were \$45.0 million in fiscal 2025, up from \$30.9 million in fiscal 2024. The increase was largely attributable to the sale of two properties during fiscal 2025 resulting in a gain of approximately \$13.1 million.

Expenses

Expenses totaled \$829.0 million in fiscal 2025 compared to \$796.8 million in fiscal 2024, representing an overall increase of \$32.2 million, or 4.0 percent.

Salaries and wages, along with employee benefits, increased a collective \$16.6 million, primarily from merit salary adjustments coupled with higher medical insurance rates. Other expenses increased \$19.5 million partly due to increased insurance-related expenses, including premium costs and higher actuarial determined self-insurance liabilities. Space and occupancy decreased \$3.7 million from prior year as a result of lower repair and maintenance costs.

FY 2025 COMPOSITION OF EXPENSES



Management's Discussion and Analysis

June 30, 2025 and 2024

Financial Position

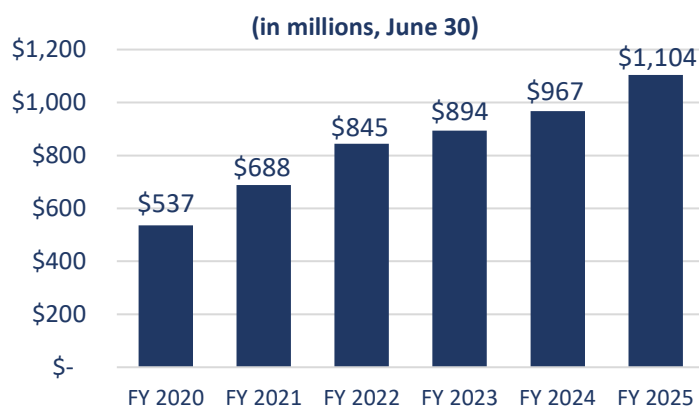
The university has total assets of \$2.2 billion, total liabilities of \$852.5 million and resulting net assets of \$1.3 billion as of June 30, 2025.

Total assets increased \$100.7 million or 4.8 percent from the prior year, with the majority of the increase derived from a \$136.8 million or 14.1 percent increase in total cash and investments. Land, buildings, and equipment, net increased by \$16.7 million or 1.9 percent from various capital projects completed during the year, while right-of-use assets associated with operating leases decreased by \$19.6 million. Pledges, tuition, and other receivables decreased collectively by \$14.2 million or 15.4 percent, partly due to pledge payments received exceeding new pledges made. Other current assets declined \$8.2 million or 36.2 percent associated with the sale of properties classified as held for sale in the prior year.

Cash and Investments

The university has continued to strengthen its financial resources with sustained growth in total cash and investments. At \$1.1 billion at June 30, 2025, the total has more than doubled over the last five years as reflected in the following chart. Contributing to the increase are net proceeds received from bond issuances in fiscal 2020 (\$12.9 million) and fiscal 2022 (\$148.6 million). Unspent 2022 bond proceeds are anticipated to be utilized for capital projects spanning multiple years.

TOTAL CASH AND INVESTMENTS ^[1]



^[1] Includes endowment and other restricted funds. Includes cash and investments categorized as Foundation assets prior to its dissolution in FY 2023. Includes net proceeds from bond issuances in FY 2020 of \$12.9 million and FY 2022 of \$148.6 million.

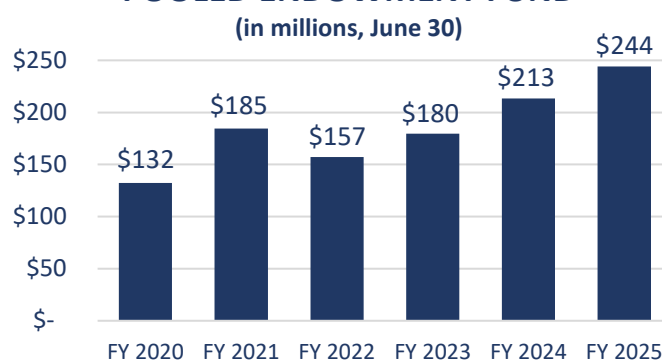
Endowment

The university's endowment is a collection of gift funds and reserves that are set aside and invested primarily for scholarships. The solid investment strategy to preserve real purchasing power, and the university's goal to maximize long-term total return and predictability of payout allocations, combined with donor's philanthropic contributions to support the future of NSU students, have resulted in sustained growth

for the endowment over time. At June 30, 2025, endowment net assets (including endowment-related pledges receivable) totaled \$277.0 million, representing 20.7 percent of the university's total net assets.

The following chart shows the market value of the university's pooled endowment fund has increased 84.7 percent over the past five years, standing at \$244.2 million as of June 30, 2025. The long-term investment strategy, supported by a diversified asset mix, is designed to weather periodic market fluctuations as experienced in fiscal 2022.

POOLED ENDOWMENT FUND

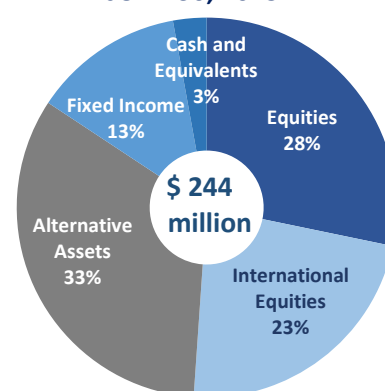


Investment performance of the university's pooled endowment fund is monitored by Prime Buchholz. The fund produced a return of 14.2 percent in fiscal 2025, compared to 11.7 percent in fiscal 2024.

POOLED ENDOWMENT FUND

COMPOSITE ASSET MIX

JUNE 30, 2025



There were \$0.1 million and \$0.2 million of receipts in transit to the pooled fund as of June 30, 2025 and 2024, respectively. In addition, there was \$5.2 million separately invested (pursuant to terms associated with an endowment grant program) as of June 30, 2025, that experienced a return of 10.3 percent in fiscal 2025.

Endowment-related pledge receivables outstanding as of June 30, 2025 and 2024, were \$27.5 million and \$34.0 million, respectively.

Management's Discussion and Analysis

June 30, 2025 and 2024

Capital Projects

The university invested \$61.5 million in capital projects during fiscal 2025. Such additions are offset by annual depreciation and disposals in deriving the net change in land, buildings, and equipment year over year of \$16.7 million or 1.9 percent.

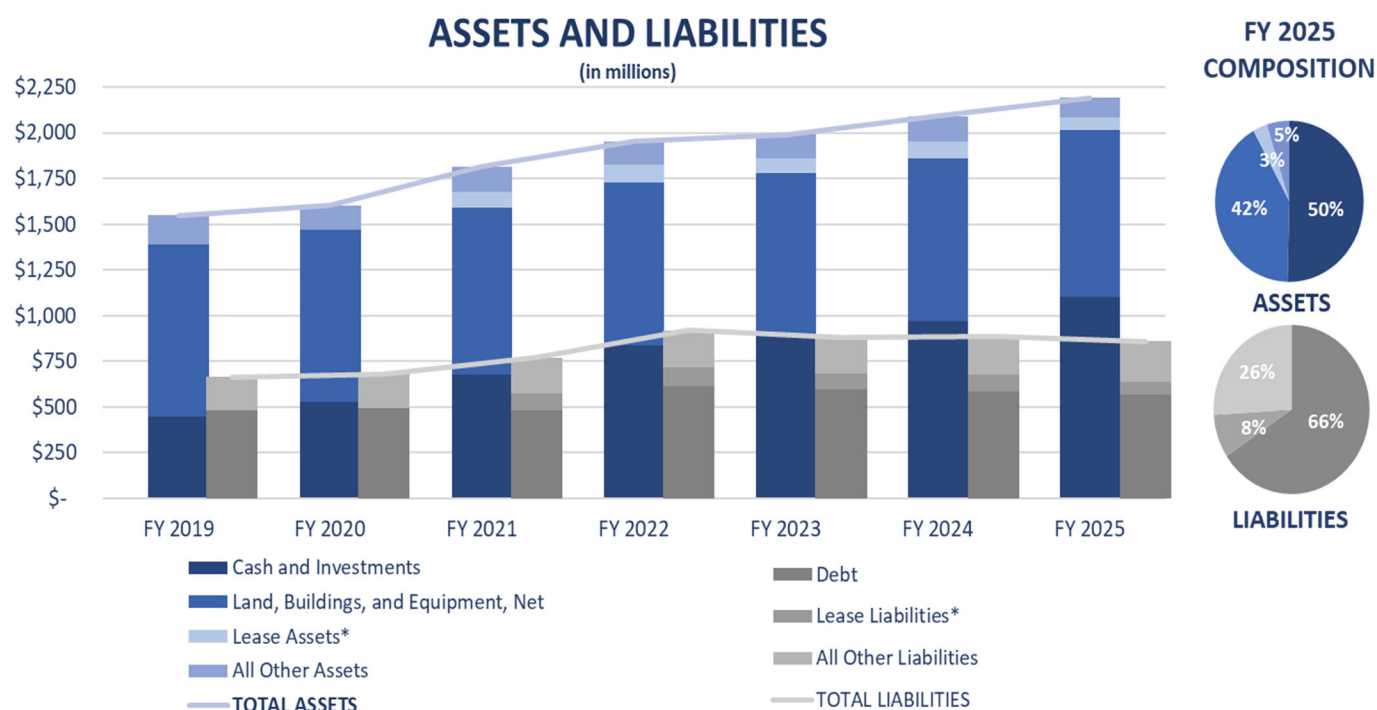
In addition to projects already mentioned, fiscal 2025 included the renewal and expansion of the university's chiller plants and associated infrastructure; improvements to fields and other athletic amenities; dining facility expansion; residence hall remodel; and renovations of certain administrative, clinical, and regional campus facilities.

Debt and Other Liabilities

Total liabilities decreased \$25.3 million or 2.9 percent to \$852.5 million as of June 30, 2025, from \$877.8 million as of June 30, 2024. Decreases in long-term debt and operating lease obligations were partially offset by increases in deferred revenue and self-insurance liabilities.

The university's debt portfolio is comprised of all fixed rate bonds, with no variable-rate debt outstanding. Total debt at par value decreased by \$15.9 million to \$541.8 million as of June 30, 2025, from \$557.7 million as of June 30, 2024, due to regularly scheduled principal payments.

Operating lease liabilities totaled \$67.7 million as of June 30, 2025, down \$19.4 million or 22.3 percent from the prior year due to scheduled lease payments.



Management's Discussion and Analysis

June 30, 2025 and 2024

Financial and Statistical Highlights

	Fiscal Year				
	2021	2022	2023	2024	2025
Fall Enrollment					
Undergraduate	6,314	6,637	6,971	7,219	7,311
Graduate	10,548	10,073	9,566	9,258	9,117
Professional	4,026	4,188	4,411	4,400	4,482
Total Enrollment	20,888	20,898	20,948	20,877	20,910
Total Full-Time Equivalent	17,973	18,057	18,302	18,393	18,398
Freshman Admissions					
Applications	11,324	11,749	16,789	17,621	17,765
Acceptances	10,470	10,868	12,726	12,805	13,006
Enrollments	1,689	1,672	1,978	2,029	2,030
Undergraduate Tuition	\$ 32,370	\$ 33,510	\$ 34,500	\$ 35,880	\$ 37,500
Financial (in thousands)					
Total Assets	\$ 1,816,842	\$ 1,954,327	\$ 1,990,848	\$ 2,090,841	\$ 2,191,556
Total Liabilities	\$ 762,756	\$ 912,175	\$ 875,455	\$ 877,763	\$ 852,454
Total Net Assets	\$ 1,054,086	\$ 1,042,152	\$ 1,115,393	\$ 1,213,078	\$ 1,339,102
Total Revenues	\$ 758,403	\$ 674,106	\$ 823,066	\$ 894,462	\$ 955,026
Total Expenses	\$ 632,076	\$ 686,040	\$ 749,825	\$ 796,777	\$ 829,002
Endowment Net Assets	\$ 226,994	\$ 200,766	\$ 224,941	\$ 252,077	\$ 276,974
Land, buildings, and equipment, net	\$ 916,240	\$ 893,841	\$ 889,752	\$ 897,721	\$ 914,437

Audited Consolidated Financial Statements



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Report of Independent Auditors

Management and the Board of Trustees
Nova Southeastern University, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Nova Southeastern University, Inc. (the University), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and cash flows for the year then ended, and 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 at June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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



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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.

Report on Summarized Comparative Information

We have previously audited the University's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 1, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2025, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Ernst & Young LLP

October 14, 2025

Consolidated Statements of Financial Position

June 30, 2025 and 2024

(\$ in thousands)

ASSETS

Current Assets:

	2025	2024
Cash and cash equivalents	\$ 39,552	\$ 21,719
Restricted cash	7,931	7,904
Investments	459,657	389,116
Tuition and other receivables, net	43,245	47,928
Pledges receivable, current portion, net	8,659	18,669
Prepaid expenses and other current assets	14,399	22,578
Total current assets	573,443	507,914
Pledges receivable, net	25,755	25,209
Contributions receivable from remainder trusts	221	224
Scholarship funds held in trust by others	3,105	2,943
Designated investments	77,018	66,451
Restricted investments	165,884	138,332
Other investments	346,997	322,563
Restricted cash and cash equivalents	7,126	21,290
Land, buildings, and equipment, net	914,437	897,721
Operating lease right-of-use assets	65,507	85,062
Other assets	12,063	23,132
Total assets	<u>\$ 2,191,556</u>	<u>\$ 2,090,841</u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued liabilities	\$ 53,606	\$ 54,064
Deferred revenue	85,099	80,577
Current portion of long-term debt	16,455	15,915
Operating lease liabilities, current	22,758	21,124
Other current liabilities	31,262	28,670
Total current liabilities	209,180	200,350
Long-term debt	543,618	562,041
Due to beneficiaries under remainder trusts and annuities	89	96
Accrued insurance cost	20,273	15,384
Deferred revenue	18,029	14,785
Operating lease liabilities	44,940	65,961
Other liabilities	16,325	19,146
Total liabilities	852,454	877,763

Net assets:

Without donor restrictions	\$ 1,095,934	\$ 980,099
With donor restrictions	243,168	232,979
Total net assets	1,339,102	1,213,078
Total liabilities and net assets	<u>\$ 2,191,556</u>	<u>\$ 2,090,841</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Activities

Years Ended June 30, 2025 and 2024

(with summarized financial information for the year ended June 30, 2024)

(\$ in thousands)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
REVENUES AND RELEASES				
Net tuition and fees	\$ 688,898	\$ -	\$ 688,898	\$ 648,400
Contributions and private grants	1,804	14,492	16,296	36,361
Government grants and contracts	-	47,539	47,539	49,036
Auxiliary operations	65,797	-	65,797	61,197
Interest and dividends	24,451	2,936	27,387	21,705
Net unrealized gain on investments	45,120	17,135	62,255	31,307
Net realized gain on sale of investments	507	1,321	1,828	15,553
Other revenues	37,736	7,290	45,026	30,903
Net assets released from restrictions	80,524	(80,524)	-	-
Total revenues and releases	<u>944,837</u>	<u>10,189</u>	<u>955,026</u>	<u>894,462</u>
EXPENSES				
Salaries and wages	366,727	-	366,727	354,325
Employee benefits	93,055	-	93,055	88,863
Supplies and services	144,763	-	144,763	143,091
Space and occupancy	76,660	-	76,660	80,322
Depreciation and amortization	44,162	-	44,162	45,530
Interest	21,851	-	21,851	22,394
Other	81,784	-	81,784	62,252
Total expenses	<u>829,002</u>	<u>-</u>	<u>829,002</u>	<u>796,777</u>
CHANGE IN NET ASSETS	115,835	10,189	126,024	97,685
Net assets, beginning of year	<u>980,099</u>	<u>232,979</u>	<u>1,213,078</u>	<u>1,115,393</u>
NET ASSETS, END OF YEAR	<u>\$ 1,095,934</u>	<u>\$ 243,168</u>	<u>\$ 1,339,102</u>	<u>\$ 1,213,078</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years Ended June 30, 2025 and 2024

(\$ in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:

	2025	2024
Change in net assets	\$ 126,024	\$ 97,685
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation expense and amortization of finance lease right-of-use assets	44,162	45,530
Amortization of premiums and issuance costs related to bonds payable	(1,968)	(2,080)
Noncash lease expense	22,946	22,293
Provision for credit losses	7,686	8,802
Loss on disposal of equipment and buildings	593	325
Gain on sale of buildings and land	(13,117)	(675)
Net realized gain on sale of investments	(1,828)	(15,553)
Net unrealized gain on investments	(62,255)	(31,307)
Contributions for investment and capital purchases	(6,403)	(19,917)
<i>Decrease (increase) in assets from prior year:</i>		
Tuition and other receivables	(1,344)	(9,318)
Pledges receivable	7,804	(1,023)
Prepaid expenses and other current assets	27	(433)
Contributions receivable from remainder trust and scholarship funds held in trust by others	3	1
Other assets	11,070	917
<i>Increase (decrease) in liabilities from prior year:</i>		
Accounts payable and accrued liabilities	715	(983)
Accrued insurance costs and other current liabilities	7,614	100
Deferred revenue	7,766	7,123
Operating lease liabilities	(22,779)	(22,427)
Other liabilities	(1,501)	(2,700)
Due to beneficiaries under remainder trusts and annuities	(5)	(3)
Net cash provided by operating activities	125,210	76,357

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures	(62,282)	(56,592)
Sale of buildings and land	21,269	1,768
Sales and maturities of investments	520,593	658,346
Purchases of investments	(589,767)	(688,681)
Net cash used in investing activities	(110,187)	(85,159)

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment of debt	(15,915)	(13,940)
Lease payments	(1,815)	(1,656)
Contributions for investment and capital purchases	6,403	19,917
Net cash (used in) provided by financing activities	(11,327)	4,321

Net increase (decrease) in cash, cash equivalents, and restricted cash	3,696	(4,481)
Cash, cash equivalents, and restricted cash, beginning of year	50,913	55,394

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR

	\$ 54,609	\$ 50,913
Supplemental information:		
Interest paid, net of amounts capitalized	\$ 23,970	\$ 24,600
Accrued capital expenditures	\$ 7,044	\$ 8,217

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

1. University Organization

Nova Southeastern University, Inc. (NSU, or the university) is a not-for-profit, private institution and is exempt from federal income taxes on related income under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Founded in 1964, the university offers undergraduate degrees, graduate and first-professional degrees, and certificate programs to more than 20,000 full-time and part-time students in a wide range of academic programs. In addition to the main Fort Lauderdale/Davie and Oceanographic campuses in South Florida, courses are taught at 9 regional campuses across Florida, in Puerto Rico, and Colorado; and at limited sites in other states and foreign countries. NSU serves the residents of its community with various health care and law centers. The NSU University School offers innovative primary and secondary education to children from preschool through grade 12.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The accompanying consolidated financial statements include the university and its wholly owned subsidiaries, NSU Guaranty Insurance Company, Ltd.; NSU Grande Oaks, LLC; NSU Park Plaza, LLC; NSU Health, LLC; and The Pointe Corporate Office Park Property Owners Association, Inc. The latter two legal entities have no financial activity to date. All significant intercompany balances and transactions have been eliminated in consolidation. NSU classifies its transactions and balances into two categories of net assets according to the absence or existence of donor-imposed restrictions: (1) net assets without donor restrictions and (2) net assets with donor restrictions. Net assets without donor restrictions include transactions and balances without donor-imposed stipulations and may be used to achieve any institutional purpose; however, the Board of Trustees may designate net assets without donor restrictions for a specific purpose. Net assets with donor restrictions include transactions and balances with donor-imposed stipulations that normally expire in time, or can be fulfilled by actions of the university. However, certain donor restrictions are perpetual as they neither expire over time, nor can be fulfilled by actions of the university, requiring the related net assets to be permanently retained. Such permanently retained net assets are included within the net assets with donor restrictions category.

The consolidated financial statements include prior-year comparative information summarized in total, but not by net asset class. As this summarized information lacks sufficient detail for presentation in accordance with accounting principles generally accepted in the United States of America, the data should be read in conjunction with the prior year's consolidated financial statements.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires NSU to make estimates and assumptions about the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash equivalents are investments with maturities of 90 days or less when purchased and are carried at cost, which approximates fair value.

Restricted Cash

Current restricted cash represents funds related to federal revolving student loan programs (see Note 10) and funds held on behalf of student clubs or organizations in which the university is serving in an agent capacity.

Approximately \$2.5 million and \$2.3 million of long-term restricted cash at June 30, 2025 and 2024, respectively, represents funds contributed in accordance with the joint-use library facility agreement (see Note 14) by NSU and Broward County for capital repair, replacement, and renewal. In accordance with this agreement, these funds are maintained in an interest-bearing account. These funds are reflected as a long-term asset on the Consolidated Statements of Financial Position since they are restricted for long-term capital expenditures. Additionally, long-term restricted cash at June 30, 2024 included approximately \$9.7 million received in fiscal 2020 from bond proceeds that were restricted for projects included in the university's capital improvement plan (see Note 9), as well as \$4.6 million

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

and \$9.3 million at June 30, 2025 and 2024, respectively, that is part of the university's endowment, and therefore, deemed long-term in nature.

NSU has cash balances with banks in excess of FDIC-insured limits, which therefore bear risk, including concentration of credit risk with respect to NSU's primary banking institutions. The university has not experienced any loss due to this risk.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Statements of Financial Position that sum to the total of the same such amounts shown in the Consolidated Statements of Cash Flows (in thousands).

	2025	2024
Cash and cash equivalents	\$ 39,552	\$ 21,719
Restricted cash	7,931	7,904
Long-term restricted cash and cash equivalents	7,126	21,290
Total	<u>\$ 54,609</u>	<u>\$ 50,913</u>

Investments

Investments in equity securities with readily determinable market values, debt securities, and assets held in trust are stated at fair value. Investments received as gifts are recorded at fair value at the date of donation.

Investments included in current assets have a maturity of three months to five years from the purchase date and are bought and held primarily for the purpose of selling in the near future to fund current operations. Investments are recorded at fair value using the market approach method; unrealized gains and losses are reflected in net unrealized gain or loss on investments.

Investments included in long-term assets comprise endowment investments, reported as designated and restricted investments, and other investments. Other investments include those made pursuant to a long-term investment horizon or are intended to support future capital expenditures (including bond proceeds received during fiscal 2022, see Note 9), and therefore, deemed long-term in nature.

Investments are subject to market and credit risks customarily associated with debt, equity, and real estate. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the Consolidated Statements of Financial Position.

Tuition and Other Receivables and Allowance for Credit Losses

Tuition receivables consist of amounts billed to students for tuition, fees, housing, and other auxiliary charges. Clinic receivables consist of amounts billed to patients for services provided at NSU Health clinics. Tuition and clinic receivables are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The university calculates the allowance for credit losses by separating receivables by type of receivable and into risk pools based on their aging. Loss rates are developed for each risk pool based on historical write-off experience, net of subsequent recoveries, and adjusted for management's expectations about current and future economic conditions.

Changes in the allowance for credit losses for the years ended June 30 are as follows (in thousands):

	2025	2024
Beginning Balance, July 1	\$ 5,179	\$ 4,750
Provision for credit losses	5,723	7,962
Write-offs, net of recoveries	(4,923)	(7,533)
Ending Balance, June 30	<u>\$ 5,979</u>	<u>\$ 5,179</u>

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Deferred Debt Issue Costs

Costs related to the issuance of debt (\$3.8 million at June 30, 2025, and \$4.0 million at June 30, 2024) are being amortized over the term of the related debt instrument using the bonds outstanding method, which approximates the effective interest method. In accordance with the Financial Accounting Standards Board's (FASB's) Accounting Standards Update (ASU) 2015-03, Interest—Imputation of Interest (Subtopic 835-30), debt issuance costs are presented in the Consolidated Statements of Financial Position as a direct deduction from the carrying amount of the related debt, consistent with the presentation of debt discounts and premiums.

Split Interest Agreements

These agreements with donors consist primarily of charitable remainder annuity trusts, unitrusts, and gift annuities.

Contributions receivable from remainder trusts:

The university is the beneficiary of trusts held and administered by others. The current values of estimated future cash receipts from the trusts are recognized in accordance with donor stipulations as assets and contributions with donor restrictions when NSU is notified of the establishment of the trust. Changes in the fair values of the trusts are recorded as other revenue with donor restrictions within the Consolidated Statements of Activities.

Due to beneficiaries under remainder trusts and annuities:

NSU is a trustee for trust assets, which are included in investments. Contribution revenues are recognized, in accordance with donor stipulations, when the trusts are established, after recording liabilities for estimated future payments (discounted over the donor's or other beneficiary's life expectancy using published mortality tables). These liabilities are adjusted annually for changes in asset values and estimated future benefits.

The university has entered into arrangements whereby assets are transferred from a donor, with purpose restrictions, to the university in exchange for a promise by the university to pay fixed amounts for a specified period of time to the donor or to other donor designees. The difference between the assets received and the estimated future payments (discounted over the specified period of time the payments are to be made) is recognized as contributions with donor restrictions.

Changes in split interest agreements, which are reflected as other revenue in the Consolidated Statements of Activities, increased by approximately \$4,000 and \$2,000, respectively, for fiscal 2025 and fiscal 2024.

At June 30, 2025 and 2024, amounts due to beneficiaries under annuity agreements were approximately \$89,000 and \$96,000, respectively. No amounts were due to beneficiaries under remainder trusts at June 30, 2025 and 2024.

Land, Buildings, and Equipment

Land, buildings, and equipment (including library books) are recorded at acquisition cost or fair value at the date of donation and are subsequently carried net of accumulated depreciation. Equipment expenditures in excess of \$5,000 with an estimated useful life of two or more years are capitalized. Property and equipment under finance leases are initially valued and recorded based on the present value of the minimum lease payments. Depreciation is calculated using the straight-line method over the assets' estimated useful lives, ranging from 4 to 50 years, except for leasehold improvements and property and equipment under finance leases, which are amortized over the shorter of the expected useful life of the asset or the term of the related lease. NSU reviews long-lived assets for impairment when events or circumstances indicate the carrying amount will not be fully recoverable, based on estimated future cash flows. Interest on capital projects is capitalized during the construction period.

Insurance Programs

The university is partially self-insured for workers' compensation benefits, wholly owns an offshore captive insurance company (see Note 16), and maintains claims-made insurance policies with respect to certain other coverage. Liabilities for these claims are recorded based on actual loss history and actuarial calculations that include provisions for estimated losses incurred, but not reported, and the portion of insurance risk that has not been transferred to insurance carriers. Accrued insurance costs, net of 3.5 percent discount, approximated \$26.7 million at June 30, 2025, and \$20.7 million at June 30, 2024, of which \$6.4 million and \$5.3 million is included in other current liabilities as of June 30, 2025 and 2024, respectively. Undiscounted costs at June 30, 2025 and 2024, were \$27.9 million and \$21.6 million, respectively.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The university is a member of insurance and benefit associations. These associations assist universities in Florida in controlling insurance costs. Total expenditures to these associations of approximately \$48.6 million and \$44.8 million in fiscal 2025 and 2024, respectively, are recognized within other expenses and employee benefits expenses based on the nature of the underlying insurance program, in the accompanying Consolidated Statements of Activities.

Endowment Payout and Value

The university's investment policy provides that up to 5 percent of the market value of NSU's endowment fund be made available annually for expenditure. Absent donor stipulations to the contrary, no distributions are made from an individual endowment until the account reaches a minimum of \$25,000. Until that time, all earnings are reinvested. In addition, there is a one-year holding period from the time an individual endowment is funded until it is available for distribution.

NSU's endowment assets include the endowment fund, consisting of cash and investments, as well as endowment-related pledges receivable. At June 30, 2025, endowment-related pledges receivable were \$27.5 million, and the fair value of the endowment fund was \$249.5 million, representing total endowment assets of \$277.0 million. At June 30, 2024, endowment-related pledges receivable were \$34.0 million, and the fair value of the endowment fund was \$218.1 million, representing total endowment assets of \$252.1 million. The endowment fund includes donor-restricted and board-designated endowments. Any declines in the fair value of donor-restricted endowments below their respective historical cost value are recorded as reductions in net assets with donor restrictions.

Tuition and Fees

Tuition and fees are reported net of scholarships and discounts. For fiscal 2025 and 2024, total scholarships and discounts were \$169.1 million and \$160.5 million, respectively. Tuition and fee revenue is recognized on a pro rata daily basis over the term of instruction. Unearned student tuition and fees relating to future instructional periods are recorded as current deferred revenue. Deferred tuition revenue was \$78.6 million at June 30, 2025, and \$75.8 million at June 30, 2024.

Contributions

Unconditional contributions without donor restrictions are recorded as increases in net assets without donor restrictions. Unconditional contributions with donor-imposed stipulations are reported as increases to net assets with donor restrictions, and reclassified to net assets without donor restrictions when stipulations are satisfied. Contributed assets to be maintained in perpetuity are classified as net assets with donor restrictions. Income from donor-restricted assets is classified according to the terms of the contribution. Conditional pledges are not recognized until the conditions are met.

Contributions to be received more than one year in the future are discounted based on a risk-adjusted discount rate. Amortization of the discount is recorded as contribution revenue and used in accordance with donor-imposed stipulations, if any. Any additional allowance made for uncollectible contributions is based on management's judgment, past collection experience, and other relevant factors.

Contributions of nonfinancial assets (such as land, buildings, equipment, or use thereof, materials and supplies, intangible assets or services) meeting criteria established by the university pursuant to U.S. generally accepted accounting principles (GAAP) are recognized at fair value. For the fiscal years ended June 30, 2025 and 2024, such contributions were individually, and in the aggregate, immaterial to the university's consolidated financial statements and therefore have not been recognized therein.

Government Grants

Revenue from grants is recognized as the related expenses are incurred. Grant revenue recognized and expended within the same fiscal year is included as revenue with donor restrictions and net assets released from restrictions in the accompanying Consolidated Statements of Activities.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Leases

NSU recognizes and measures its leases in accordance with FASB Accounting Standards Codification (ASC) Topic 842, *Leases*. The university is the lessee of property and equipment under operating and finance leases. Upon execution of a new contract, NSU determines whether an arrangement is or contains a lease. Right of use assets represent NSU's right to use leased assets over the term of the lease. Lease liabilities represent NSU's contractual obligation to make lease payments over the lease term. Right-of-use assets and lease liabilities are measured, categorized, and recognized at lease commencement. The commencement date is when the university either takes possession of the asset, or in the case of real estate leases, when the landlord makes the building available for use. Operating leases as lessee are included in operating lease right-of-use assets and operating lease liabilities on the Consolidated Statements of Financial Position. The assets and liabilities associated with finance leases are included within land, buildings, and equipment, net and other liabilities, respectively, on the Consolidated Statements of Financial Position.

NSU has elected not to recognize right-of-use assets and obligations for leases with an initial term of 12 months or less, as well as certain leases consisting of generally low value (under \$5,000) equipment. To the extent a lease arrangement includes both lease and non-lease components, the components are combined as one component.

Operating and finance lease right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term. NSU uses the rate implicit in a lease, if it is determinable. When the rate implicit in the lease is not determinable, NSU uses its incremental borrowing rate as of the commencement date to determine the present value of the lease payments. The lease term may include renewal or extension options to the extent they are reasonably certain to be exercised; this assessment is made at lease commencement. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases. Variable lease payments that do not depend on an index or rate are expensed as incurred (such as the pro rata share of actual real estate taxes, insurance, and common area maintenance costs associated with real estate leases).

The university leases property, primarily space within university facilities, under agreements that are classified as operating leases. The university's lessor arrangements are all operating leases and do not include any sales-type or direct finance leases. Property leased to others is included in land, buildings, and equipment, net on the Consolidated Statements of Financial Position. Short-term rental revenues and lessor operating lease income are recognized to the extent that amounts are determined to be collectible and included within other revenues in the Consolidated Statements of Activities, totaling \$3.5 million and \$2.6 million for fiscal 2025 and 2024, respectively.

NSU Museum of Art Fort Lauderdale

On July 1, 2008, the university merged with the Museum of Art, Inc. (the Museum), a not-for-profit organization, with NSU as the surviving organization. The Museum acquires art for its collection through purchase or by gift. As permitted by the FASB's Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, the Museum does not include its collection items as assets in the Consolidated Statements of Financial Position. Accordingly, no value has been assigned to the Museum's art collection. As of June 30, 2025, the collection is insured for \$55.0 million. The university's policy requires any proceeds from the sale of collection items to be used to acquire other items for the collection or for the direct care of its collection (expenditures that enhance the life, usefulness, or quality of an object, and improve the physical impact and condition of an item). Proceeds from the sale of collection items and expenditures for collection items purchased are reflected in the accompanying Consolidated Statements of Activities within other revenues and expenses, respectively. For fiscal 2025 and 2024, expenditures for collection items purchased but not capitalized were \$138,000 and \$172,000, respectively. There were no sales of collection items in either fiscal year.

When the Museum receives contributions of works of art with the donor's stipulation that they will be sold rather than added to the collection, such works of art are recognized as increases to net assets without donor restrictions at their fair value.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Fair Value of Financial Instruments

ASC 820, Fair Value Measurements and Disclosures, sets forth a framework for measuring fair value, which includes a hierarchy based on the observability of inputs used to measure fair value and provides for specific disclosure requirements based on the hierarchy.

Fair Value Hierarchy

ASC 820 requires the categorization of financial assets and liabilities, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to the quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable inputs. The various levels of the ASC 820 fair value hierarchy are described as follows:

Level 1—Financial assets and liabilities with values that are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the university has the ability to access

Level 2—Financial assets and liabilities with values that are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability

Level 3—Financial assets and liabilities with values that are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

Investments are carried at fair value. The fair value of alternative investments that contain certain provisions has been estimated using the Net Asset Value (NAV), as reported by the management of the respective alternative investment fund. Accounting guidance provides for the use of NAV as a practical expedient for estimating fair value of alternative investments that contain certain provisions. Accordingly, NAV reported by each alternative investment fund is used to estimate the fair value of the university's interest.

Accounting for Uncertainty in Income Taxes

The university follows the guidance contained in ASC 740, Income Taxes. ASC 740 addresses the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a threshold of more-likely-than-not for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. There were no uncertain tax positions recorded in the consolidated financial statements for fiscal years 2025 or 2024.

Recent Accounting Pronouncements

In March 2022, the FASB issued ASU 2022-02, Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures. ASU 2022-02 eliminates the accounting guidance on troubled debt restructurings for creditors and amends the guidance on "vintage disclosures" to require disclosure of current-period gross write-offs by year of origination. The updated guidance is effective concurrently with the adoption of ASC 2016-13 (see below), no later than the fiscal year beginning after December 15, 2022. The university adopted ASU 2022-02 in fiscal 2024, as required, resulting in no material impact on the university's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which requires timelier recording of credit losses on financial instruments by effectively replacing the current incurred loss methodology with one that reflects current expected credit losses (CECL) and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The CECL methodology is applicable to trade receivables, net investments in leases, loan receivables, held-to-maturity debt securities, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. The university adopted ASU 2016-13 in fiscal 2024, as required, using the modified retrospective method for all financial assets measured at amortized cost, including trade receivables, without adjusting prior comparative periods. The adoption resulted in no material impact on the university's consolidated financial statements.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

3. Liquidity and Availability of Resources

As of June 30, 2025 and 2024, financial assets available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt and other current obligations, and capital construction costs not financed with debt, were as follows (in thousands):

	2025	2024
Cash and cash equivalents	\$ 31,646	\$ 12,530
Investments	432,773	362,733
Tuition and other receivables, net	43,245	47,928
Pledges receivable, current portion, net	4,090	5,180
Endowment investments appropriated for spending in the following year	4,916	5,226
Financial assets available within one year for general expenditures	<u>\$ 516,670</u>	<u>\$ 433,597</u>

Assets with purpose restrictions or designations that may be satisfied through general expenditure within the next year are considered available. In addition to these available financial assets, a significant portion of the university's annual expenditures will be funded by current year operating revenues including tuition, grants and contracts, and auxiliary operations. As part of the university's liquidity management strategy, the university structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the university invests cash in excess of daily requirements in short-term working capital investments.

Additionally, the university has board-designated endowment funds of \$79.2 million and \$70.5 million as of June 30, 2025 and 2024, respectively. Although the university does not intend to spend from its board-designated endowment funds, other than amounts appropriated annually for expenditure in accordance with the university's investment and spending policy, amounts from its board-designated endowment could be made available if necessary. However, both the board-designated and donor-restricted endowments contain investments with lock-up provisions that reduce the total investments that could be made available (see Note 8 for disclosures about investments).

The university also has \$33.9 million and \$33.5 million in cash and investments as of June 30, 2025 and June 30, 2024, respectively, held by its wholly-owned captive insurance company (see Note 16) which are designated for insurance-related reserves, the total of which exceeds actuarially determined accrued insurance costs.

Finally, not included in the table above, are other cash and investments of \$345.4 million and \$320.4 million as of June 30, 2025 and 2024, respectively, which could be made available in part for general expenditure. However, these investments are either subject to a long-term investment strategy (containing investments with lock-up provisions that reduce the total that could be liquidated, see Note 8) or are intended to support future capital expenditures (including bond proceeds received during fiscal 2022, see Note 9).

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

4. Tuition and Other Receivables

Tuition and other receivables at June 30 consist of the following (in thousands):

	2025	2024
Student accounts, net of allowance of \$1,967 in 2025 and \$2,605 in 2024	\$ 15,277	\$ 18,696
Unreimbursed grant and contract expenditures	15,544	16,819
Health centers' patient accounts, net of allowance of \$4,013 in 2025 and \$2,628 in 2024	-	-
Accrued interest	5,474	4,190
Other	6,950	8,223
Total	<u>\$ 43,245</u>	<u>\$ 47,928</u>

5. Pledges Receivable

Unconditional promises to give to the university are included in the consolidated financial statements as pledges receivable and contribution revenue in the appropriate net asset category. In accordance with ASC 820, the university applies a present value technique to new pledges received, whereby the estimated future cash flows are discounted based on a risk-adjusted discount rate in order to determine the fair value of the pledge to be recorded as of the date the pledge was made. The risk-adjusted discount rates applied ranged from 0.8 to 14.4 percent.

Pledges are expected to be collected as follows as of June 30 (in thousands):

	2025	2024
Current:		
In one year or less	\$ 11,109	\$ 21,119
Less allowance	(2,450)	(2,450)
	<u>8,659</u>	<u>18,669</u>
Future:		
Between one and five years	26,746	34,318
More than five years	11,615	2,072
Less discount and allowance	(12,606)	(11,181)
	<u>25,755</u>	<u>25,209</u>
Total	<u>\$ 34,414</u>	<u>\$ 43,878</u>

At June 30, pledges receivable had the following donor stipulations (in thousands):

	2025	2024
Endowments	\$ 40,283	\$ 44,655
Property, plant, and equipment	580	691
Scholarships and other	8,607	12,163
Subtotal	<u>49,470</u>	<u>57,509</u>
Less discount and allowance	(15,056)	(13,631)
Total	<u>\$ 34,414</u>	<u>\$ 43,878</u>

The university received unconditional pledges from a related party and its associated organizations representing approximately 51.7 percent and 45.2 percent of the balance of outstanding pledges receivable as of June 30, 2025 and 2024, respectively. These pledges are payable in annual installments ranging from approximately \$1.9 million to \$3.8 million through fiscal 2033.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

6. Investments

Investments at June 30 consist of (in thousands):

	2025	2024
Pooled investments:		
Mutual funds	\$ 157,267	\$ 139,325
Commingled funds	63,644	50,203
Private capital	17,807	12,197
Corporate obligations	483	347
Government-related obligations	3,536	2,556
Total	<u>242,737</u>	<u>204,628</u>
Other investments:		
Mutual funds	132,923	121,189
Equity securities	91	69
Commingled funds	60,238	46,570
Corporate obligations	388,966	300,072
Government-related obligations	224,601	243,934
Total	<u>806,819</u>	<u>711,834</u>
Total investments	<u>\$ 1,049,556</u>	<u>\$ 916,462</u>

Investments at June 30 are classified in the Consolidated Statements of Financial Position as follows (in thousands):

	2025	2024
Investments	\$ 459,657	\$ 389,116
Designated investments	77,018	66,451
Restricted investments	165,884	138,332
Other investments	346,997	322,563
Total	<u>\$ 1,049,556</u>	<u>\$ 916,462</u>

Investments at June 30, 2025 and 2024, include amounts received under split-interest agreements of approximately \$0.2 million.

Mutual funds consist of investments in (i) domestic equity funds, including small and large capitalization and high dividend yield indexes; (ii) international equity funds, including developed and emerging markets; (iii) fixed income funds, including U.S. Government and mortgage-backed securities, and high to medium quality investment-grade corporate bonds with various maturities; and (iv) real assets, including domestic and international real estate indexes.

Commingled funds consist of (i) mixed asset funds which include commodity indexes, natural resource indexes, infrastructure indexes, real estate investment trusts (REITS), and treasury inflation-protected securities (TIPS) totaling \$22.6 million and \$12.8 million at June 30, 2025 and 2024, respectively; (ii) select strategy funds in global equity markets, global hedge and long-only equity funds, and domestic long-only equity funds totaling \$69.9 million and \$55.8 million at June 30, 2025 and 2024, respectively; (iii) absolute return/credit funds in distressed debt-oriented products and alternative strategies totaling \$21.2 million and \$18.5 million at June 30, 2025 and 2024, respectively; and of (iv) credit-oriented hedge funds that invest across varying asset classes, including bank debt, high yield, distressed and special situation securities, securitized assets, equities, convertible arbitrage, and risk arbitrage, totaling \$10.2 million and \$9.6 million at June 30, 2025 and 2024, respectively.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Private capital funds consist of investments in (i) private equity funds where the firm makes direct investments to private companies and/or investments in fund-of-funds that may target buyout funds or participate in venture growth funds across a variety of sectors in the U.S. and globally; and (ii) private real estate funds targeting traditional and non-traditional real estate projects which may also include distressed opportunities, debt, and property ownership.

Corporate obligations consist primarily of domestic investment-grade corporate bonds with fixed interest rates.

Government-related obligations consist primarily of U.S. Treasury notes, U.S. Treasury bonds and other U.S. Federal debt obligations with fixed interest rates.

7. Land, Buildings, and Equipment

Land, buildings, and equipment at June 30 consist of (in thousands):

	2025	2024
Land	\$ 77,429	\$ 75,030
Land improvements	113,549	90,745
Leasehold improvements	45,173	41,985
Buildings	992,331	976,534
Equipment	232,844	227,638
Library books	43,756	47,299
Construction in progress	60,488	59,030
Finance lease right-of-use assets	9,794	9,907
Total	1,575,364	1,528,168
Less accumulated depreciation and amortization	(660,927)	(630,447)
Net	<u>\$ 914,437</u>	<u>\$ 897,721</u>

Finance lease right-of-use assets includes buildings and equipment under finance leases. Amortization of these leased assets totaled \$1.8 million and \$1.7 million for fiscal 2025 and 2024, respectively, and accumulated amortization totaled \$7.1 million and \$5.8 million as of June 30, 2025 and 2024, respectively.

For fiscal 2025 and 2024, total depreciation and amortization expense was approximately \$44.2 million and \$45.5 million, respectively.

As of June 30, 2024, two properties totaling \$8.2 million were categorized as assets held for sale and included in other current assets on the accompanying Consolidated Statement of Financial Position. During fiscal 2025, these properties were sold resulting in a gain of approximately \$13.1 million included in other revenues on the accompanying Consolidated Statement of Activities.

At June 30, 2025, the university had approximately \$2.4 million of unsecured letters of credit relating to construction projects. Outstanding commitments on uncompleted construction contracts approximated \$25.3 million at June 30, 2025.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

8. Fair Value Measurements

Fair Value on a Recurring Basis

The following tables present the fair value measurement for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2025, grouped by fair value hierarchy (in thousands):

	2025 Total	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	\$ 5,990	\$ 5,990	\$ -	\$ -
Mutual funds	6,562	6,562	-	-
Subtotal	12,552	12,552	-	-
Current investments:				
Mutual funds	36	36	-	-
Equity securities	91	91	-	-
Corporate obligations	290,399	-	290,399	-
Government-related obligations	169,131	-	169,131	-
Subtotal	459,657	127	459,530	-
Designated and restricted investments:				
Mutual funds	157,433	157,433	-	-
Commingled funds ¹	63,644	-	-	-
Private capital ¹	17,807	-	-	-
Corporate obligations	482	-	482	-
Government-related obligations	3,536	-	3,536	-
Subtotal	242,902	157,433	4,018	-
Other investments:				
Mutual funds	132,721	132,721	-	-
Commingled funds ¹	60,238	-	-	-
Corporate obligations	98,567	-	98,567	-
Government-related obligations	55,471	-	55,471	-
Subtotal	346,997	132,721	154,038	-
Scholarship funds held in trust:				
Money market funds	8	8	-	-
Equity securities	2,253	535	1,718	-
Corporate obligations	844	-	844	-
Subtotal	3,105	543	2,562	-
Contributions receivable from remainder trusts	221	-	-	221
Total	\$ 1,065,434	\$ 303,376	\$ 620,148	\$ 221

¹In accordance with ASC 820, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Financial Position.

Notes to Consolidated Financial Statements

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The following tables present the fair value measurement for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2024, grouped by fair value hierarchy (in thousands):

	2024			
	Total	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	\$ 6,379	\$ 6,379	\$ -	\$ -
Mutual funds	12,143	12,143	-	-
Subtotal	<u>18,522</u>	<u>18,522</u>	<u>-</u>	<u>-</u>
Current investments:				
Mutual funds	52	52	-	-
Equity securities	69	69	-	-
Corporate obligations	218,876	-	218,876	-
Government-related obligations	170,119	-	170,119	-
Subtotal	<u>389,116</u>	<u>121</u>	<u>388,995</u>	<u>-</u>
Designated and restricted investments:				
Mutual funds	139,480	139,480	-	-
Equity securities	50,203	-	-	-
Commingled funds ¹	12,197	-	-	-
Private capital ¹	347	-	347	-
Government-related obligations	2,556	-	2,556	-
Subtotal	<u>204,783</u>	<u>139,480</u>	<u>2,903</u>	<u>-</u>
Other investments:				
Mutual funds	120,981	120,981	-	-
Commingled funds ¹	46,570	-	-	-
Corporate obligations	81,196	-	81,196	-
Government-related obligations	73,816	-	73,816	-
Subtotal	<u>322,563</u>	<u>120,981</u>	<u>155,012</u>	<u>-</u>
Scholarship funds held in trust:				
Money market funds	18	18	-	-
Equity securities	2,164	492	1,672	-
Corporate obligations	761	-	761	-
Subtotal	<u>2,943</u>	<u>510</u>	<u>2,433</u>	<u>-</u>
Contributions receivable from remainder trusts	224	-	-	224
Total	<u>\$ 938,151</u>	<u>\$ 279,614</u>	<u>\$ 549,343</u>	<u>\$ 224</u>

¹In accordance with ASC 820, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Financial Position.

During the years ended June 30, 2025 and 2024, there were no transfers between Level 2 and Level 3 investments.

Notes to Consolidated Financial Statements

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Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

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

	2025	2024
Beginning balance, July 1	\$ 224	\$ 225
Net unrealized loss	(3)	(1)
Ending balance, June 30	<u>\$ 221</u>	<u>\$ 224</u>

All net unrealized gains or losses in the above table are reflected in the Consolidated Statements of Activities. Net unrealized gains or losses are determined based on changes in fair value of the instrument related to future expected cash flow associated with investments.

The fair value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective funds. The fair values of the investments held by funds that do not have readily determinable fair values are determined by each fund's investment manager and are based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the investments, the fair value is determined by the investment manager taking into consideration, among other things, the cost of the investment, prices of recent significant placements of similar investments of the same issuer, and subsequent developments concerning the companies to which the investments relate. The university has performed due diligence regarding these investments and believes that the NAV of its alternative investments is a reasonable estimate of fair value as of June 30, 2025 and 2024.

The following table presents additional information pertaining to alternative investments as of June 30, 2025 (in thousands), the fair values of which have been estimated using the NAV of the investment funds:

	Designated and Restricted Investments	Other Investments	Total Fair Value	Unfunded Commitments	Redemption Frequency (Subject to Restrictions Noted)	Redemption Notice in Days
Commingled funds (1)	\$ 30,193	\$ 37,979	\$ 68,172	\$ -	D/M/Q (2)	1-60
	11,515	9,175	20,690	-	A (Rolling Locks) (3)	90
	15,609	8,550	24,159	-	V (Rolling Locks) (4)	60-120
	5,630	4,534	10,164	-	Q (Gate Restrictions) (5)	60-75
	697	-	697	-	Illiquid (6)	N/A
Subtotal	<u>63,644</u>	<u>60,238</u>	<u>123,882</u>	<u>-</u>		
Private capital:						
Private equity	15,109	-	15,109	13,459	Illiquid (7)	N/A
Private real estate	2,698	-	2,698	5,842	Illiquid (7)	N/A
Subtotal	<u>17,807</u>	<u>-</u>	<u>17,807</u>	<u>19,301</u>		
	<u>\$ 81,451</u>	<u>\$ 60,238</u>	<u>\$ 141,689</u>	<u>\$ 19,301</u>		

D: Daily M: Monthly Q: Quarterly A: Annually V: Varies

- (1) Includes investments that may pursue alternative strategies to diversify risks, reduce volatility, and enhance returns. See Note 6.
- (2) Investments totaling \$11.7 million within this category contain restrictions with respect to partial redemptions, which require that the minimum balance for each investment remain at \$1.0 million. Full redemptions are permitted.
- (3) Investments are subject to rolling annual lock-up provisions permitting full liquidation on June 30 or December 31 each year depending on the particular investment. Investments totaling \$10.3 million in this category include an additional soft lock provision that permits redemption for quarters ending other than June 30 with a 3.0 percent early withdrawal fee.
- (4) Investments are subject to either one time two-year, rolling two-year, or rolling three-year lock-up provisions with full liquidation permitted upon the expiration of the respective lock-up period. Investments with rolling two-year lock provision allow for partial redemptions on a declining percentage scale over time prior to the end of the lock-up period. A rolling three-year lock allows for annual, early redemptions up to 10% per year during the lock-up period without penalty. The next possible full redemption dates vary, ranging from approximately 10 to 24 months after June 30, 2025.
- (5) Investments may be redeemed subject to gate of 25 percent per quarter with full redemption after four quarters.
- (6) Investments represent side pockets or other illiquid positions after all liquid capital has been returned. These illiquid holdings will be paid out as capital becomes available.
- (7) These investments cannot be redeemed. Capital invested is committed at the beginning of the fund term for approximately 10 years. Private equity and private real estate firms enter into value-enhancing transactions and distribute capital as these transactions are liquidated. The underlying investments in the funds are expected to be liquidated over the next 12 years.

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Fair Value on a Nonrecurring Basis

As of June 30, 2025 and 2024, there were no financial assets or liabilities measured at fair value on a nonrecurring basis.

9. Long-Term Debt

Long-term debt at June 30 is summarized below (in thousands):

	2025	2024
HEFFA tax exempt Series 2016 bonds	\$ 82,325	\$ 86,770
Town of Davie tax exempt Series 2018 bonds	133,825	135,070
FDFC tax exempt Series 2020A bonds	14,265	17,495
FDFC taxable Series 2020B bonds	161,355	168,350
NSU taxable Series 2022 bonds	150,000	150,000
Par amount of bonds	541,770	557,685
Net unamortized premium	22,086	24,317
Net unamortized deferred issuance costs	(3,783)	(4,046)
Total	\$ 560,073	\$ 577,956
Current portion	(16,455)	(15,915)
Long-term debt	<u>\$ 543,618</u>	<u>\$ 562,041</u>

The university has entered into an Amended and Restated Master Trust Indenture (originally dated as of October 1, 2008, as previously amended, and as amended and restated as of June 1, 2020) with U.S. Bank Trust Company National Association, as successor Master Trustee (the Amended and Restated Master Trust Indenture). The Amended and Restated Master Indenture provides for notes issued and outstanding thereunder from time to time (collectively, the Notes, and, individually, a Note) to be secured by Pledged Revenues composed, generally, of (i) Tuition and Fees and (ii) Dormitory Revenues (as all such terms are defined in the Amended and Restated Master Trust Indenture).

As of June 30, 2025, the university had issued and outstanding four Notes under the Amended and Restated Master Trust Indenture relating to (1) bonds issued in 2016 (the 2016 Bonds) on behalf of the university by the Higher Education Facilities Financing Authority, created pursuant to the provisions of Chapter 243, Part II, Florida Statutes (HEFFA), (2) bonds issued in 2018 (the 2018 Bonds) on behalf of the university by the Town of Davie, Florida, a municipal corporation of the State of Florida (Town of Davie), (3) bonds issued in 2020, consisting of two series (the 2020A Bonds and the 2020B Bonds, respectively, and collectively the 2020 Bonds) issued on behalf of the university by the Florida Development Finance Corporation, created pursuant to Chapter 288, Part X, Florida Statutes (FDFC), and (4) bonds issued in 2022 directly by NSU (the 2022 Bonds). The 2016 Bonds, 2018 Bonds and 2020A Bonds were issued as tax-exempt bonds and the 2020B Bonds and 2022 Bonds were issued as taxable bonds.

The applicable Note issued with respect to the 2016 Bonds, 2018 Bonds, and 2020 Bonds secures the university's obligations under the respective loan agreement between the university and HEFFA, Town of Davie, or FDFC, as applicable. The Note issued with respect to the 2022 Bonds secures the university's obligations as issuer under a related indenture of trust.

Bonds

2022 Bonds—The 2022 Bonds were issued in March 2022 by NSU in the principal amount of \$150,000,000. Proceeds from the issuance will be used by the university for general corporate purposes, including capital projects from the university's capital improvement plan. The 2022 Bonds bear interest at 4.8 percent per annum, payable

Notes to Consolidated Financial Statements

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semiannually on April 1 and October 1. The 2022 Bonds are due in annual installments of \$3,700,000 to \$30,880,000 from 2044 through 2053.

2020A Bonds—The 2020A Bonds were issued in June 2020 through the FDFC, in the principal amount of \$39,030,000. Proceeds from the issuance and other available funds were used to refund the outstanding Town of Davie Series 2009 Bonds and outstanding HEFFA Series 2012B Bonds. The 2020A Bonds bear interest at 5.0 percent per annum, payable semiannually on April 1 and October 1. The 2020A Bonds are due in annual installments of \$3,390,000 to \$3,740,000 through 2029.

2020B Bonds—The 2020B Bonds were issued in June 2020 through the FDFC, in the principal amount of \$195,720,000. Proceeds from the issuance were used to refund the outstanding HEFFA Series 2011 Bonds, outstanding HEFFA Series 2012A Bonds, outstanding Town of Davie Series 2013A Bonds, and outstanding Town of Davie Series 2013B Bonds; redeem the outstanding Note Payable to a bank; and to finance capital projects that are part of the university's capital improvement plan. The 2020B Bonds bear interest at rates ranging from 1.6 percent to 4.1 percent per annum, payable semiannually on April 1 and October 1. The 2020B Bonds are due in annual installments of \$1,285,000 to \$19,655,000 through 2050.

2018 Bonds—The 2018 Bonds were issued in July 2018 through the Town of Davie, in the principal amount of \$140,740,000. Proceeds from the issuance were used to finance a new residence hall and parking garage and to refund the outstanding BCEFA Series 2008A bonds. The 2018 Bonds bear interest at rates ranging from 4.0 percent to 5.0 percent per annum, payable semiannually on April 1 and October 1. The 2018 Bonds are due in annual installments of \$1,330,000 to \$19,990,000 through 2048.

2016 Bonds—The 2016 Bonds were issued in May 2016 through HEFFA, in the principal amount of \$86,870,000. Proceeds from the issuance were used to refund the outstanding BCEFA Series 2006 bonds and a portion of the outstanding HEFFA 2011 bonds. The 2016 Bonds bear interest at 5.0 percent per annum, payable semiannually on April 1 and October 1. The 2016 Bonds are due in annual installments of \$4,665,000 to \$13,870,000 through 2036.

As previously described, all bonds outstanding as of June 30, 2025, representing the 2022 Bonds, 2020A Bonds, 2020B Bonds, 2018 Bonds, and 2016 Bonds, are secured by the applicable Notes issued and outstanding under the Amended and Restated Master Trust Indenture.

Future maturities of the university's long-term debt at June 30, 2025, are as follows (in thousands):

	Long -Term Debt
2026	\$ 16,455
2027	17,045
2028	16,835
2029	16,465
2030	13,940
Thereafter through 2053	461,030
	<u>\$ 541,770</u>

The Amended and Restated Master Trust Indenture contains customary conditions, provisions, and non-financial covenants. In the opinion of management, the university is in compliance with all such covenants as of June 30, 2025.

The university incurred interest charges for fiscal 2025 and fiscal 2024 of \$23.5 million and \$23.9 million, respectively. During fiscal 2025 and 2024, the university capitalized interest of \$1.6 million and \$1.5 million, respectively, resulting in net interest expense reflected in the accompanying Consolidated Statements of Activities of \$21.9 million and \$22.4 million at June 30, 2025 and 2024, respectively.

Notes to Consolidated Financial Statements

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10. Federal Revolving Student Loans

NSU participated in certain federal revolving loan programs under which loans were made to qualified students from federal and institutional contributions as well as prior borrowers' repayments. At June 30, 2025 and 2024, these student loans totaled \$2.9 million and \$3.4 million, respectively, and are included in the accompanying Consolidated Statements of Financial Position in other assets. Liabilities for refundable student loans of \$3.2 million and \$3.7 million at June 30, 2025 and 2024, respectively, are included in the accompanying Consolidated Statements of Financial Position in other liabilities.

11. Net Assets

Net assets released from restrictions were satisfied through grant or other operating expenditures, capital expenditures, and scholarships.

Net assets at June 30 were available for the following purposes or periods (in thousands):

	2025	2024
<u>Without Donor Restrictions</u>		
Board designated for:		
Preschool programs	\$ 6,539	\$ 5,871
Student scholarships	27,517	23,851
Faculty research and development	2,075	2,070
College of Law	12,397	11,110
Healthcare Colleges	26,176	23,609
Museum of Art	2,643	2,439
Research initiatives	1,820	1,585
Total Board designated	79,167	70,535
Physical plant equity	619,058	601,043
Other unrestricted amounts	397,709	308,521
Total without donor restrictions	\$ 1,095,934	\$ 980,099
<u>With Donor Restrictions</u>		
Endowments	170,323	147,581
Endowment-related pledges receivable	27,484	33,961
Gifts restricted by purpose	37,302	41,951
Scholarship funds held by trustees and restricted by purpose	3,105	2,943
Other restrictions	4,954	6,543
Total with donor restrictions	\$ 243,168	\$ 232,979
Total net assets	\$ 1,339,102	\$ 1,213,078

Endowment Net Assets

ASC 958, Not-for-Profit Entities, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and additional disclosures about an organization's endowment funds. The state of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) effective July 1, 2012.

The university's endowment consists of approximately 455 individual endowments established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The Board of Trustees of the university has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the university classifies as 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) if applicable, accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of the gift. Also classified as net assets with donor restrictions is the accumulated appreciation on donor-restricted endowment funds until those amounts are appropriated for expenditure by the university in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the university considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: restrictions, if any, placed upon the endowment fund by the donors; the duration and preservation of the endowment fund; the purpose of the university and the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the university; and the university's investment policy.

The university has adopted an investment and spending policy for endowment assets that provides a predictable stream of funding to programs supported by its endowment, while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the university must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs. Actual returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, the university relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The university targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Changes in endowment net assets, including endowment-related pledges receivable of \$27.5 million, for the fiscal year ended June 30, 2025, consisted of the following (in thousands):

	Without Donor Restrictions	With Donor Restrictions	2025 Total
Net assets, beginning of year	\$ 70,535	\$ 181,542	252,077
Investment return:			
Investment income	1,247	2,668	3,915
Net appreciation (realized and unrealized)	8,923	18,062	26,985
Total investment return	10,170	20,730	30,900
Contributions, net of discounts	635	(1,012)	(377)
Appropriation of endowment assets for expenditure	(2,173)	(3,453)	(5,626)
Net assets, end of year	\$ 79,167	\$ 197,807	\$ 276,974

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Changes in endowment net assets, including endowment-related pledges receivable of \$34.0 million for the fiscal year ended June 30, 2024, consisted of the following (in thousands):

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Net assets, beginning of year	\$ 63,605	\$ 161,336	\$ 224,941
Investment return:			
Investment income	1,212	2,466	3,678
Net appreciation (realized and unrealized)	6,257	12,085	18,342
Total investment return	7,469	14,551	22,020
Contributions, net of discounts	506	8,728	9,234
Appropriation of endowment assets for expenditure	(1,045)	(3,073)	(4,118)
Net assets, end of year	\$ 70,535	\$ 181,542	\$ 252,077

The composition of endowment net assets, including endowment-related pledges receivable of \$27.5 million, by type as of June 30, 2025, was as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	2025 Total
Donor-restricted:			
Portion of perpetual funds that is required to be retained permanently by explicit donor stipulation ¹	\$ -	\$ 125,671	\$ 125,671
Term endowment funds subject to a time or purpose restriction	-	72,136	72,136
Board-designated	79,167	-	79,167
Total net assets	\$ 79,167	\$ 197,807	\$ 276,974

¹includes endowment-related pledges of \$27.5 million

Notes to Consolidated Financial Statements

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The composition of endowment net assets, including endowment-related pledges receivable of \$34.0 million, by type as of June 30, 2024, was as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Donor-restricted:			
Portion of perpetual funds that is required to be retained permanently by explicit donor stipulation ¹	\$ -	\$ 126,977	\$ 126,977
Term endowment funds subject to a time or purpose restriction ²	-	54,565	54,565
Board-designated	70,535	-	70,535
Total net assets	<u>\$ 70,535</u>	<u>\$ 181,542</u>	<u>\$ 252,077</u>

¹includes endowment-related pledges of \$33.9 million

²includes endowment-related pledges of \$0.1 million

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the university to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that may occur. As of June 30, 2024, donor-restricted endowment funds with an original gift value of \$52,000 had a market value of \$51,000, resulting in a deficiency of \$1,000. There were no such deficiencies at June 30, 2025.

12. Expenses by Functional and Natural Classification

Expenses are presented by functional classification in alignment with the overall mission of the university. The university's primary service mission is academic instruction and research, which includes program services and directly supporting functions such as the university's library system and art museum. Student services and support include various student-supporting functions such as admissions and enrollment services, and athletics, as well as health care clinics and other auxiliary enterprises. General administrative and operations include fundraising and other institutional support.

Natural expenses attributable to more than one functional expense category are allocated using reasonable cost allocation techniques. Depreciation and plant operations and maintenance expenses are allocated on a square footage basis. Interest expense on indebtedness is allocated to the functional categories which have benefited from that associated debt.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Expenses by functional and natural classification for the year ended June 30, 2025, were as follows (in thousands):

	Academic and Research	Student Services and Support	General Administrative and Operations	Total
Salaries and wages	\$ 258,930	\$ 56,903	\$ 50,894	\$ 366,727
Employee benefits	62,865	10,798	19,392	93,055
Supplies and services	76,648	38,727	29,388	144,763
Space and occupancy	50,286	13,638	12,736	76,660
Other	23,038	16,122	42,624	81,784
Allocations:				
Depreciation	25,412	12,745	6,005	44,162
Interest	5,437	9,404	7,010	21,851
Operations and maintenance	10,178	8,717	(18,895)	-
	<u>\$ 512,794</u>	<u>\$ 167,054</u>	<u>\$ 149,154</u>	<u>\$ 829,002</u>

Expenses by functional and natural classification for the year ended June 30, 2024, were as follows (in thousands):

	Academic and Research	Student Services and Support	General Administrative and Operations	Total
Salaries and wages	\$ 251,546	\$ 55,550	\$ 47,229	\$ 354,325
Employee benefits	61,421	10,402	17,040	88,863
Supplies and services	76,655	37,037	29,399	143,091
Space and occupancy	54,660	13,391	12,271	80,322
Other	22,419	14,076	25,757	62,252
Allocations:				
Depreciation	27,063	12,174	6,293	45,530
Interest	5,696	9,628	7,070	22,394
Operations and maintenance	10,095	8,592	(18,687)	-
	<u>\$ 509,555</u>	<u>\$ 160,850</u>	<u>\$ 126,372</u>	<u>\$ 796,777</u>

Advertising costs are charged to expenses as incurred and totaled approximately \$9.7 and \$10.3 million for fiscal 2025 and 2024, respectively, and are included in the respective functional categories above.

13. Broward County Agreements

The following Broward County grant funds were received and expended during the year ended June 30, 2025 (in thousands):

<u>Broward County</u>	<u>Agreement #</u>	<u>Description</u>	<u>Funds Received</u>	<u>Funds Expended</u>
Human Services Department	21-CP-HCS-8228-RW-01-FY24	Ryan White Part A	\$ 1,255	\$ 1,129
Human Services Department	26-CP-HCS-0961-RW-01-FY25	Ryan White Part A	\$ 519	\$ 519

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14. Alvin Sherman Library, Research, and Information Technology Center

In December 2001, the university commenced operations of a library, research, and information technology center and parking garage (collectively the Center). The design, construction, and operation of the Center were provided for under the terms of an agreement entered into with Broward County (the County) in fiscal 2000 (the Agreement). The Agreement stipulated that NSU would be the sole owner and operator of the Center, while County residents would have full access to the Center and full use of its databases and information resources.

Revenue from the County under the Agreement is recognized on a pro rata basis over the term of the Agreement (commencing in December 2001 with the opening of the Center). Funds of \$13.7 million for the construction of the Center received from the County prior to fiscal year 2002 have been recorded as deferred revenue and are being amortized into income over the term of the Agreement. The County continues to provide funding for the Center. Based on the specified purpose of the funds received, these amounts are either recognized into income upon receipt or recorded as deferred revenue and subsequently amortized into income over the term of the Agreement. At June 30, 2025 and 2024, \$10.0 million and \$10.4 million were recorded as deferred revenue related to these funds, respectively, of which \$0.5 million was classified as current at June 30, 2025 and 2024. During fiscal 2025 and 2024, \$0.4 million and \$0.5 million of revenue was recognized, respectively.

Funds received from the County for certain operating expenses of the Center are recognized as revenue in the period earned and totaled approximately \$5.3 million and \$5.0 million during fiscal 2025 and 2024, respectively, and are included in other revenue on the Consolidated Statements of Activities.

15. University Park Plaza

In October 2001, the university acquired an interest in a limited partnership that owns and operates the University Park Plaza Shopping Center located in Davie, Florida. The partnership will continue until November 1, 2081, unless it is terminated as expressly provided in the agreement. NSU's capital contribution was \$5.0 million for a 50 percent ownership in the partnership.

The university's partnership interest is being accounted for under the equity method. During both fiscal 2025 and fiscal 2024, NSU's investment balance was increased by contributions made of \$0.2 million and reduced by NSU's proportionate share of net loss of \$0.2 million. The investment balance, which is reflected in other assets, was \$2.8 million at June 30, 2025 and 2024.

16. NSU Guaranty Insurance Company

NSU formed a wholly owned, offshore captive insurance company in November 2003, NSU Guaranty Insurance Company, LTD. (the Captive), in the Cayman Islands to fund the deductible portion of claims filed under insurance carried to cover professional liability for medical malpractice and educators legal liability. The Captive also provides coverage for named windstorm property damage to the university.

The insurance contracts between the Captive and NSU do not transfer significant underwriting risk. The claims liabilities, as determined by independent actuaries, are included in accrued insurance cost in the accompanying Consolidated Statements of Financial Position.

17. Retirement Benefits

Effective January 1, 2012, NSU's 403(b) plan was frozen for participation and future contribution and the university adopted a 401(k) plan. NSU and plan participants contribute to the plan. The university recorded expenses related to these benefits of \$25.3 million and \$24.2 million during fiscal 2025 and 2024, respectively.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

18. Leases and Other Commitments

The university has operating and finance leases for facilities, equipment, and vehicles. Asset and liability balances related to operating and finance leases on the Consolidated Statements of Financial Position as of June 30 are as follows (in thousands):

Classification on the Consolidated Statement of Financial Position	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Operating leases				
Operating lease right-of-use assets	\$ 65,507		\$ 85,062	
Operating lease liabilities		\$ 22,758		\$ 21,124
Current		44,940		65,961
Long-term		67,698		87,085
Finance leases				
Land, buildings, and equipment, net	2,721		4,126	
Other liabilities		1,611		1,750
Current		1,337		2,656
Long-term		2,948		4,406
Total	<u>\$ 68,228</u>	<u>\$ 70,646</u>	<u>\$ 89,188</u>	<u>\$ 91,491</u>

The components of lease expense for the year ended June 30 are as follows (in thousands):

Component	Classification on the Statement of Activities	2025	2024
Operating lease expense	Space and occupancy	\$ 22,946	\$ 22,320
Short-term lease expense	Space and occupancy	2,197	890
Variable lease expense	Space and occupancy	3,464	3,726
Finance lease expense:			
Amortization of right-of-use assets	Depreciation and amortization	1,767	1,657
Interest on lease liabilities	Interest	154	159
Total lease expenses		<u>\$ 30,528</u>	<u>\$ 28,752</u>

Supplemental cash flow information related to leases as of and for the year ended June 30 is as follows (in thousands):

	2025	2024
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 1,532	\$ 30,667
Finance leases	367	1,542

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The university's operating leases generally have terms that range from two to ten years, with optional renewals. The university's finance leases generally have terms that range from two to seven years. Average lease terms and discount rates as of June 30 are as follows:

	2025	2024
Weighted average remaining lease term (years):		
Operating leases	3.3 years	4.3 years
Finance leases	2.3 years	2.8 years
Weighted average discount rate:		
Operating leases	2.5%	2.5%
Finance leases	4.9%	4.3%

Future minimum lease payments under operating and finance leases as of June 30, 2025, expiring at various dates through 2031, are as follows (in thousands):

	Operating Leases	Finance Leases
2026	\$ 23,881	\$ 1,718
2027	20,754	783
2028	12,936	406
2029	11,844	184
2030	851	67
Thereafter	329	-
Total lease payments	70,595	3,158
Imputed interest	(2,897)	(210)
Present value of lease liabilities	<u>\$ 67,698</u>	<u>\$ 2,948</u>

Open purchasing commitments related to supplies and equipment were approximately \$3.0 million as of June 30, 2025. Also, see Note 7 for outstanding commitments on uncompleted construction contracts and Note 8 for outstanding commitments to private capital investments.

19. Related Parties

The university has transactions with related parties including members of senior management, NSU's Board of Trustees, and their immediate family members. Affiliated entities may include organizations that employ a related party, that the related party owns or has an ownership interest in, or that the related party may have a governing role in. When such relationships exist, the university has policies governing annual disclosure and management of any actual or perceived conflict in the best interest of NSU.

During the years ended June 30, 2025 and 2024, the university incurred expenditures for goods and services provided by entities affiliated with related parties totaling \$18.4 million and \$17.4 million, respectively. These business transactions primarily included legal and consulting services and an operating lease for instructional space. The lease extends through fiscal 2029 with optional renewals thereafter. The operating lease liability was \$31.1 million and \$38.3 million, as of June 30, 2025 and 2024, respectively. Contribution revenues from related parties approximated \$0.7 million and \$4.3 million for the years ended June 30, 2025 and 2024, respectively. As of June 30, 2025 and 2024, pledges receivable from these parties totaled \$23.9 million and \$28.2 million, net of discount, respectively.

Refer to Note 2 for the university's affiliation with insurance and benefit associations.

20. Litigation and Contingencies

In its normal operations, NSU is a defendant in various legal actions, some of which are covered by insurance. Additionally, NSU has contracts and grants with various governmental agencies subject to audit or review, which could result in adjustment or disallowance of certain expenditures or indirect costs. While final outcomes of pending matters cannot be determined at this time, per consultation with legal counsel, management is of the opinion that, based on currently known facts and circumstances, the outcome of these matters will not have a material effect on NSU's consolidated financial position or consolidated operating results.

The university is subject to various complex federal and state regulations, such as those governing healthcare and student financial assistance programs which are significant to the university's operations. Compliance with such regulations can be subject to future government review and interpretation, and certain violations could result in the imposition of significant fines, penalties, and exclusion from applicable programs. In the normal course of activities pertaining to compliance oversight, there may be internal or external reviews ongoing at any time.

Consistent with the university's commitment to regulatory compliance and close cooperation with oversight agencies, the university voluntarily notified the United States Department of Education (DOE) on October 16, 2024 of a concern pertaining to compliance with a federal student financial assistance regulation. In accordance with guidance received from the DOE, the university has notified its auditor of this matter and has provided information to the auditor to facilitate the auditor's evaluation and determination as to any deficiency to be included in the university's compliance audit report. The university cannot reasonably estimate at this time the likelihood or extent of any potential adverse financial impact that could result from this matter.

The university is a member of the Florida Independent Colleges and Universities Risk Management Association, Inc. (FICURMA) insurance pool which includes, but is not limited to, coverage of property, general and auto liability, workers' compensation, and excess crime. FICURMA was formed to assist universities in the state of Florida in controlling insurance costs. There is a risk that additional assessments could be incurred by the university as the result of this insurance pool. However, management does not believe any material additional assessments exist as of June 30, 2025.

Recent legislative changes have been enacted that will reduce future federal student loan availability, modify repayment plans, and add new accountability measures for universities. Among the changes is the phase-out of a federal student loan program that has historically provided a significant portion of financial aid to the university's graduate and professional student population. As a result of the changes, the university is closely monitoring potential impacts on enrollment patterns as prospective and current students seek alternative sources to fulfil any gaps that may result from lower available federal aid. The administration is evaluating strategies to support accessibility of financing sources and prioritize affordability through various initiatives. The university cannot reasonably estimate at this time the likelihood or extent of any potential adverse financial impact that could result from future federal student loan or other policy changes.

21. Subsequent Events

Pursuant to ASC 855, Subsequent Events, the university has reviewed all subsequent events through October 14, 2025, the date the consolidated financial statements were available to be issued.

NSU Florida

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