ILLINOIS INSTITUTE OF TECHNOLOGY

CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2024 and 2023

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CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2024 and 2023

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Illinois Institute of Technology
Chicago, Illinois

Opinion

We have audited the consolidated financial statements of Illinois Institute of Technology and Subsidiaries (the "University"), which comprise the consolidated statements of financial position as of May 31, 2024 and 2023, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as of May 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, and cash flows are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Crowe LLP

Crowe LLP

Chicago, Illinois
September 16, 2024

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
May 31, 2024 and 2023
(In thousands of dollars)

	2024	2023
ASSETS		
Cash	$ 15,408	$ 8,869
Notes and accounts receivable:		
Grants and contracts, less allowance of $525 in 2024 and $390 in 2023, in respectively	13,246	12,636
Students:		
Tuition, less allowance of $1,357 and $1,167 in 2024 and 2023, respectively	17,993	14,190
Notes, less allowance of $638 and $644 in 2024 and 2023, respectively	2,757	3,492
Other, less allowance of $634 and $666 in 2024 and 2023, respectively	23,529	26,451
Pledges, net	17,276	11,183
Inventories, prepaid expenses, and deferred charges	5,953	6,037
Investments	270,089	261,019
Physical properties, less accumulated depreciation	342,623	354,684
Beneficial interest in perpetual trusts	25,255	22,505
Total assets	$ 734,129	$ 721,066
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 25,820	$ 23,215
Accrued salaries and wages	18,155	18,654
Deferred revenue	18,925	26,713
Deposits by students and others	3,094	2,911
Accrued postretirement benefit obligation	727	750
Obligation under split-interest agreements	573	599
Lease liability	34	1,169
Advances from the U.S. government for student loans	1,589	2,284
Asset retirement obligation	452	468
Deferred vendor incentive	17,072	17,533
Debt:		
Bonds payable	145,000	150,596
Notes payable	64,725	64,725
Bond premium payable	8,478	10,093
Cost of issuance	(1,465)	(1,562)
Total debt	216,738	223,852
Total liabilities	303,179	318,148
Net assets:		
Without donor restrictions	145,971	140,708
With donor restrictions	284,979	262,210
Total net assets	430,950	402,918
Total liabilities and net assets	$ 734,129	$ 721,066

See accompanying notes to consolidated financial statements.

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended May 31, 2024
(In thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:			
Tuition and fees, net of scholarships of $158,524	$ 152,990	$ -	$ 152,990
Government grants and contracts	59,666	-	59,666
Private grants and contracts	20,803	-	20,803
Private gifts	17,923	6,655	24,578
Endowment spending distribution	23,810	-	23,810
Sales and services of auxiliary enterprises, net	18,817	-	18,817
Other sources	15,016	-	15,016
Net assets released from restrictions	4,722	(4,722)	-
Total operating revenue	313,747	1,933	315,680
Operating expenses:			
Faculty salaries	65,577	-	65,577
Administrative salaries	51,636	-	51,636
Part-time salaries	17,567	-	17,567
Employee benefits	21,302	-	21,302
Operations and maintenance	27,393	-	27,393
Supplies and services	49,456	-	49,456
Professional fees and advertising	20,660	-	20,660
IITRI research	21,907	-	21,907
Interest on indebtedness	10,126	-	10,126
Depreciation	23,313	-	23,313
Total operating expenses	308,937	-	308,937
Increase in net assets from operating activities	4,810	1,933	6,743
Nonoperating revenue and expenses:			
Private gifts	-	18,190	18,190
Change in donor designation	(283)	283	-
Return on investments, net	6,700	20,881	27,581
Net gain on beneficial interest in perpetual trusts	-	2,750	2,750
Endowment spending distribution	(5,486)	(18,324)	(23,810)
Additional endowment distribution	2,944	(2,944)	-
Restructuring expenses	(3,538)	-	(3,538)
Other	116	-	116
Increase in net assets from nonoperating activities	453	20,836	21,289
Increase in net assets	5,263	22,769	28,032
Net assets at beginning of year	140,708	262,210	402,918
Net assets at end of year	$ 145,971	$ 284,979	$ 430,950

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended May 31, 2023
(In thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:			
Tuition and fees, net of scholarships of $141,649	$ 120,063	$ -	$ 120,063
Government grants and contracts	52,650	-	52,650
Private grants and contracts	24,443	-	24,443
Private gifts	7,770	2,515	10,285
Endowment spending distribution	13,258	-	13,258
Sales and services of auxiliary enterprises, net	16,399	-	16,399
Other sources	14,599	-	14,599
Net assets released from restrictions	4,279	(4,279)	-
Total operating revenue	253,461	(1,764)	251,697
Operating expenses:			
Faculty salaries	62,199	-	62,199
Administrative salaries	51,597	-	51,597
Part-time salaries	16,479	-	16,479
Employee benefits	27,187	-	27,187
Operations and maintenance	26,405	-	26,405
Supplies and services	48,269	-	48,269
Professional fees and advertising	18,838	-	18,838
IITRI research	20,156	-	20,156
Interest on indebtedness	8,448	-	8,448
Depreciation	21,648	-	21,648
Total operating expenses	301,226	-	301,226
Decrease in net assets from operating activities	(47,765)	(1,764)	(49,529)
Nonoperating revenue and expenses:			
Private gifts	-	5,602	5,602
Change in donor designation	(724)	724	-
Return on investments, net	(951)	(3,085)	(4,036)
Net loss on beneficial interest in perpetual trusts	-	(1,551)	(1,551)
Endowment spending distribution	(3,015)	(10,243)	(13,258)
Additional endowment distribution	8,000	(8,000)	-
Restructuring expenses	(1,985)	-	(1,985)
Other	(366)	(5)	(371)
Increase (decrease) in net assets from nonoperating activities	959	(16,558)	(15,599)
Decrease in net assets	(46,806)	(18,322)	(65,128)
Net assets at beginning of year	187,514	280,532	468,046
Net assets at end of year	$ 140,708	$ 262,210	$ 402,918

See accompanying notes to consolidated financial statements.

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended May 31, 2024 and 2023
(In thousands of dollars)

	2024	2023
Cash flows from operating activities		
Change in net assets	$ 28,032	$ (65,128)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Private gifts restricted for long-term investment	(11,012)	(7,062)
Depreciation	23,313	21,648
Amortization	(1,517)	(1,516)
Net (gain) loss on investments	(25,312)	5,404
Net (gain) loss on beneficial interest in perpetual trust	(2,750)	1,551
Accretion on asset retirement obligation	129	431
Changes in assets and liabilities:		
Receivables: tuition, grants, pledges, and other	(7,409)	(903)
Inventories, prepaid expenses, and deferred charges	84	(1,383)
Accounts payable and accrued expenses	3,371	3,379
Accrued salaries and wages	(499)	(2,887)
Deferred revenue	(7,788)	8,006
Lease liability	(1,135)	(1,107)
Deposits by students and others	183	411
Accrued postretirement benefit obligation	(23)	(83)
Obligations under split-interest agreements	(26)	218
Asset retirement obligation	(145)	(732)
Deferred vendor incentive	(461)	(462)
Net cash from operating activities	(2,965)	(40,215)
Cash flows from investing activities		
Proceeds from sale of investments	205,537	220,312
Purchase of investments	(189,295)	(202,011)
Purchase of physical properties	(12,017)	(22,160)
Proceeds from endowment loan	-	15,000
Issuance of notes receivable	(75)	(63)
Payments received on notes receivable	633	1,223
Net cash from investing activities	4,783	12,301
Cash flows from financing activities		
Private gifts restricted for long-term investment	11,012	7,062
Return of capital to the U.S. government for student loans	(695)	(780)
Payments on capital lease	-	(486)
Proceeds on notes and bonds payable	-	26,175
Payments on notes and bonds payable	(5,596)	(5,376)
Net cash from financing activities	4,721	26,595

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended May 31, 2024 and 2023
(In thousands of dollars)

	2024	2023
Change in cash	$ 6,539	$ (1,319)
Cash at:		
Beginning of year	8,869	10,188
End of year	$ 15,408	$ 8,869
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 10,152	$ 8,901
Construction payable	1,086	1,851

See accompanying notes to consolidated financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

Basis of Presentation: Illinois Institute of Technology (the University or Illinois Tech) is a private not-for-profit coeducational technical institution that is dedicated to superior teaching and excellent scholarship. Located in Chicago, Illinois, the University enrolls a diverse student body from across the nation and a number of foreign countries.

IIT India is a private not-for-profit entity headquartered in Bangalore, India. The entity has been created to facilitate IIT's ability to deliver long distance internet-based educational programs to residents of various cities in India.

IIT Research Institute (IITRI) is a not-for-profit corporation working for the advancement of knowledge and the beneficial application of science to meet the needs of society. IITRI's articles of incorporation provide that, in addition to its primary purpose, it will support and assist the University, and in the event of dissolution, IITRI's assets would be distributed to the University. Members of the executive committee of the Board of Trustees of the University are members of the IITRI Corporation. Four officers of the University serve ex officio as members of the IITRI Board of Governors. IITRI also prepares separate annual financial statements as of September 30, its fiscal year end.

The accompanying consolidated financial statements are as of May 31, which have been prepared on the accrual basis of accounting, include the accounts of Illinois Institute of Technology, IIT India, and IITRI as of May 31. All significant intercompany transactions between these entities have been eliminated from the accompanying consolidated financial statements.

Net Asset Categories: The University maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

For financial statement reporting purposes, however, the University's consolidated financial statements have been prepared to focus on the organization as a whole and to present balances and transactions in accordance with donor-imposed restrictions.

Net assets and related activity are classified and reported as follows:

> *Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions.
>
> *With Donor Restrictions* – Net assets that are subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time. Items that affect this net asset category include gifts for which restrictions have not been satisfied and annuity and life income gifts for which the ultimate purpose of the proceeds is restricted temporarily.

Additionally, net assets that are subject to donor-imposed restrictions that require them to be maintained permanently by the University are considered net assets with donor restriction. Items that affect this net asset category include gifts and pledges wherein donors stipulate that the corpus be held in perpetuity (primarily gifts for endowment and providing loans to students) and only the income be made available for program operations, and annuity and life income gifts for which the ultimate purpose of the proceeds is permanently restricted.

Operations: Operating results in the consolidated statements of activities reflect all transactions increasing or decreasing net assets except those items associated with gifts and income relating to long-term investment, endowment spending, and other infrequent gains, losses, revenues, and expenses.

(Continued)

(In thousands of dollars)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

Revenue Recognition:

Tuition, Fees, and Auxiliary Services

Tuition and fees are derived from academic services rendered by the University on campus and online, as well as from related educational resources that the University provides to its students, such as access to course and online materials. The University recognizes revenue for academic services over the applicable academic term. Scholarships provided to students by the University are reflected as a reduction of gross tuition and fees. For the years ended May 31, 2024 and 2023, tuition and fees revenue was reduced by approximately $158,524 and $141,649, respectively, due to scholarships the University provided to students. Tuition and fees received in advance of services are reported as deferred revenue and student deposits in the consolidated statements of financial position.

Sales and services of auxiliary enterprises include housing services, food services, a bookstore, parking operations, and events. The University recognizes revenue for housing and certain food services proportionately over the applicable academic term. For the years ended May 31, 2024 and 2023, auxiliary revenue was reduced by approximately $7,014 and $7,041, respectively, due to scholarships the University provided to students.

Fees related to housing and food received in advance of services are reported as deferred revenue and student deposits in the consolidated statements of financial position. The University typically recognizes revenue from other sales and services of auxiliary enterprises at the point in time sales occur or as services are rendered.

Sales and services of auxiliary enterprises consist of the following:

	2024	2023
Housing services, net	$ 7,824	$ 6,709
Food services	9,253	8,321
Other	1,740	1,369
Total	$ 18,817	$ 16,399

The University's receivables represent unconditional rights to consideration from its contracts with customers. Typically, once a customer is invoiced for tuition, fees, and auxiliary services, payment is due immediately. Gross accounts receivables as of the years ended May 31, 2024 and 2023 were $19,350 and $15,357, respectively. The University's contract liabilities are presented as deferred revenue and student deposits in the consolidated statements of financial position. Deferred revenue and student deposits in any period represent the excess of tuition, fees, and other student payments received over amounts recognized as revenue on the statements of activities. The University's education programs have starting and ending dates that differ from its fiscal year end. Therefore, at fiscal year-end, a portion of revenue from these programs is not yet earned. The University does not present information about outstanding performance obligations as of year-end because its contracts with students all had original terms of less than one year.

The University maintains an institutional tuition refund policy, which provides for all or a portion of tuition and fees to be refunded if a student withdraws during the stated refund period.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

The University had no costs that were capitalized to obtain or to fulfill a contract with a customer.

Exchange Transactions from Grants and Contracts

Revenue from exchange transactions for applied research is recognized over time as the University's contractual performance obligations are satisfied. Revenue from cost-plus contracts is recognized as costs are incurred and includes a proportionate share of the fees earned. The percentage-of-completion method is used to recognize revenue on fixed price contracts based on various performance measures. From time to time, facts develop that require the University to revise its estimated total costs or revenues expected. The cumulative effect of revised estimates is recorded in the period in which the facts requiring revisions become known. Under time-and-materials contracts, labor and related costs are reimbursed at negotiated, fixed hourly rates. Revenue on time-and-materials contracts is recognized at contractually billable rates as labor hours and direct expenses are incurred. The full amount of anticipated losses on any type of contract is recognized in the period in which they become known.

Contributions from Gifts, Grants, and Contracts

Private gifts and government grants that are not considered exchange transactions, including pledges, are recognized in the period received. Conditional gifts, with a barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Contributions received with donor-imposed restrictions that are met in the same year as the gifts are received are reported in the net asset without donor restrictions class. Contributions of land, building, and equipment without donor-imposed restrictions concerning the use of such long-lived assets are reported in the net asset without donor restrictions class. Contributions of cash or other assets to be used to acquire land, building, and equipment with such donor restrictions are reported in the net asset with donor restrictions class; the restrictions are considered to be released at the time the long-lived assets are placed in service.

Grants and contracts for basic research and other sponsored programs are generally subject to restrictions and conditions that must be met before the University is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. The University recognizes contribution revenue on grants for basic research and other sponsored programs as the awards for such programs are expended, since expenditure in accordance with award terms typically results in the simultaneous release of restrictions and conditions imposed by the grantor.

At May 31, 2024 and 2023, the University and IITRI also had unexpended grant awards of approximately $5,757 and $11,009, respectively, for which revenue has not been recognized pending fulfillment of conditions associated with the awards, which generally coincides with expenditure.

Indirect cost recovery by the University on U.S. government grants and contracts is based upon predetermined negotiated rates or provisional rates and is recorded as grants and contracts revenue.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

Funding from the American Rescue Plan (ARP): In May of 2021, the University was allocated $9,727 in funding through the Higher Education Emergency Relief Fund (HEERF III) as authorized in the ARP Act. As required by the Act, $4,869 of that allocation was directed to provide emergency financial aid grants to students and $4,858 to defray University expenses associated with the coronavirus pandemic, including lost revenue. During the years ended May 31, 2024 and 2023, the University awarded $8 and $1,395, respectively, in emergency financial aid grants to students. During the years ended May 31, 2024 and 2023, the University recognized a pro rata share of revenue of $8 and $1,646, respectively, from the institutional portion of the funding to the extent that it met the conditions to incur allowable expenses.

Restructuring Expenses: In May of 2018, the University, under the direction of the Finance Committee, began an administrative assessment to find operational cost savings. The core areas of opportunity related to four items: (1) organizational restructuring to optimize service, realize process efficiencies and avoid redundancy of services, (2) elimination of policies and programs that were not cost effective, (3) redirect resources to mission centric and revenue generating activities and (4) consolidate the physical footprint and monetize rentable space. Restructuring expenses amounted to $3,538 and for $1,985 for the fiscal years ended May 31, 2024 and 2023, respectively. The expenses included consulting services, retirement incentives, system/software improvements and restructuring/reorganization of departments.

Cash and Cash Equivalents: Cash and cash equivalents are reported at cost, which approximates fair value. Cash equivalents represent short-term investments with original maturities of three months or less. The University maintains its cash balance in financial institutions which, at times, may exceed federally insured limits. The University has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable: Accounts receivable consist primarily of amounts due from students, net of an allowance for credit losses. The University estimates the credit loss allowance balance by performing an aging analysis and determining the probability of default using relevant available internal and external information, considering past and current conditions and reasonable and supportable forecasts. Accounts receivable are charged to the allowance for credit losses when the University determines the receivable is not collectible. The accounts receivable shown are net of allowance for credit losses of $1,357 and $1,167 as of May 31, 2024 and 2023, respectively.

Notes Receivable: Student notes receivable consist of Perkins loans and University loans, net of an allowance for credit losses. The University estimates the credit loss allowance balance by performing an aging analysis and determining the probability of default using relevant available internal and external information, considering past and current conditions and reasonable and supportable forecasts. Notes receivable are charged to the allowance for credit losses when the University determines the receivable is not collectible. The notes receivable shown are net of allowance for credit losses of $638 and $644 as of May 31, 2024 and 2023, respectively.

Investments: Investments are reported at fair value. The fair values of investments in stocks, equity mutual funds, bonds, and fixed-income mutual funds are generally determined based on quoted market prices. Management's estimate of the fair value of private equity, venture capital, alternative funds and hedge fund investments is determined based on net asset values (NAV) provided by the external investment managers, as a practical expedient in measuring fair value. The valuations for these investments involve estimates, appraisals, assumptions, and methods, which are reviewed by the University.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

Cash equivalents, consisting primarily of fixed-income securities and money market accounts with original maturities of three months or less, related to endowment funds are classified as investments. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Investment management fees and service charges are netted against investment income for financial reporting purposes.

Inventory: Inventories are stated at cost, which is determined by the first-in, first-out method for both the University and IITRI.

Physical Properties: The University's and IITRI's fixed assets are recorded at cost of construction or acquisition. The University and IITRI depreciate their land improvements, buildings, and equipment on the straight-line method over their estimated useful lives, which range from 3 to 50 years.

Upon sale or retirement of an asset, a gain or loss is recorded based on the net book value at the time of sale or retirement. Minor expenditures for renovations, construction, and replacement of equipment are charged to current operations and are not capitalized.

Impairment of Long-Lived Assets: The University and IITRI account for long-lived assets in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 360 Subtopic 10, *Impairment or Disposal of Long-Lived Assets*. FASB ASC Section 360 Subtopic 10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Management does not believe there are any impairments to long-lived assets.

Beneficial Interest in Perpetual Trusts: The University has a beneficial interest in certain perpetual trusts that are held by third parties and are reported at fair value. The University recognizes contribution revenue equal to its proportionate share of the fair value of the trust assets upon notification and determination that its right to receive benefits under the agreement is unconditional. Changes in the fair value of the University's interest in the trust assets are reflected as gains or losses in the period they occur.

Split-Interest Agreements: The University's split-interest agreements with donors consist of irrevocable charitable remainder trusts, annuity trusts, and charitable gift annuities for which the University is either the remainder beneficiary or both the trustee and the remainder beneficiary.

Assets held in trust for which the University serves as trustee are included in investments. In addition, the present value of the estimated future payments to be made to the donors and/or other beneficiaries is reported as an obligation under split-interest agreements. The liabilities are adjusted during the term of the agreements for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

Assets held in trust for which the University does not serve as trustee are not reported as investments in the consolidated financial statements. However, contribution revenue and a receivable are recognized at the date the trusts are established at the fair value of the trust assets, which represents the estimated present value of the expected future cash flows to be received.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

Income Taxes: The University and IITRI have each received a determination letter from the Internal Revenue Service (IRS) stating that they are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except for tax on unrelated business income. It is management's belief that none of its activities have produced material unrelated business income, and that the University has operated in a manner that qualifies it for tax-exempt status.

U.S. generally accepted accounting principles require University management to evaluate tax positions taken by the University and IITRI and recognize a tax liability (or asset) if the University and IITRI have taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed tax positions taken by the University and IITRI and has concluded that as of May 31, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The University and IITRI are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The University and IITRI management believes it is no longer subject to income tax examinations for years prior to 2021.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Right of Use Assets and Lease Liabilities: Right of use ("ROU") assets represent the University's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the University's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using the University's incremental borrowing rate on the lease commencement date or June 1, 2020 for leases that commenced prior to that date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the University will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less ("short-term leases") are not recorded on the accompanying statements of financial position.

The University has lease agreements with lease and non-lease components, which are accounted for as a single lease component under the practical expedient provisions of the standard. The University has lease agreements with terms less than one year. For the qualifying short-term leases, the University elected the short-term lease recognition exemption in which the Organization will not recognize ROU assets or lease liabilities, including the ROU assets or lease liabilities for existing short-term leases.

Variable lease payments consist primarily of common area maintenance, utilities and taxes, which are not included in the recognition of ROU assets and related lease liabilities. Variable lease payments and short-term lease expenses were immaterial to the University's consolidated financial statements for the years ended May 31, 2024 and 2023. The University's lease agreements do not contain material restrictive covenants. The University includes ROU assets within physical properties, less accumulated depreciation, on the consolidated statements of financial position.

The University is a lessee in several non-cancellable operating leases for networking and copier equipment. The finance lease is for the University's wireless system. The University determines if an arrangement is a lease at inception.

(Continued)

(In thousands of dollars)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

Recently Adopted Accounting Pronouncements: In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments-Credit Losses Topic 326* (“Topic 326”), which requires entities to measure all expected credit losses for financial instruments held at the reporting date. The University adopted this standard effective June 1, 2022. The new expected loss measurement model, known as the current expected credit loss (“CECL”) model, is based on expected losses rather than incurred losses.

The adoption of this standard did not have a significant impact on the University’s consolidated financial statements.

NOTE 2 – INVESTMENTS

Investments consist of the following at May 31:

	2024 Fair Value	2023 Fair Value
Cash equivalents	$ 23,488	$ 19,824
Equity mutual funds	111,202	110,513
Bonds (IITRI)	3,436	4,712
Fixed income mutual funds	29,689	30,755
Alternative funds	46,970	50,302
Private equity and venture capital funds	55,304	44,913
Total investments	$ 270,089	$ 261,019

For investment purposes, the University pools substantially all assets of its endowment accounts. Each account owns “units” of the consolidated investment pool. The pooled assets are valued on an annual basis and a fair value per unit is determined, which is used to calculate the number of units purchased by accounts entering the pool and redeemed by accounts withdrawing from the pool. Income (interest, dividends, and rents) earned by the investment pool is distributed to the individual accounts on the basis of average units owned by each account in the pool during the year. The University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and interest and dividend income. The objective is to provide a stable source of funds to help and support the ongoing operation and activities of the University. The hedged equity, private equity, and venture capital funds are longer-lived, and include an overall investment strategy designed to enhance return and diversify risk.

Return on investments consists of the following for the years ended May 31:

	2024	2023
Return on investments:		
Interest and dividends	$ 2,269	$ 1,368
Net realized and unrealized gain (loss) on investments	25,312	(5,404)
Net return on investments	$ 27,581	$ (4,036)

The return on investments reflects income (loss) from investments held by IITRI of $253 and $(7) for 2024 and 2023, respectively.

(Continued)

NOTE 3 – FAIR VALUE MEASUREMENT

FASB ASC Section 820, *Fair Value Measurement*, defines fair value as the price that could be received for an asset or paid to transfer a liability in the University's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

FASB ASC Section 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

> *Level 1*: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
>
> *Level 2*: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
>
> *Level 3*: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. In 2024 and 2023, the University used the following valuation techniques to measure the financial instruments fair value:

> Level 1 consists of financial instruments, such as cash and cash equivalents, bonds, mutual funds, stocks, and money market funds, whose value is based on quoted market prices published by a financial institution or exchange, exchange-traded instruments, and listed equities.
>
> Level 2 consists of fixed income securities that use pricing inputs other than quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, or inputs other than quoted prices that are observable including model-based valuation techniques.
>
> Level 3 consists of investments for which there are no active markets. The University has beneficial interests in perpetual trusts as Level 3. Beneficial interests in perpetual trusts are held by various financial institutions. These values are based on the University's proportionate share of the investments. The fair values of the investments in these trusts are based on quoted market prices published by financial institutions.

The University's interests in alternative investment funds, such as hedged equity funds, private equity, venture capital funds, certain global equities and real estate are reported at NAV, which is used as a practical expedient to estimate fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of May 31, 2024 and 2023, the University had no plans to sell investments at amounts different from NAV. The University has $160,309 and $167,554 for 2024 and 2023, respectively, of investments in alternative investment funds, which are reported at fair value. The University has concluded that the NAV reported by the underlying fund approximates the fair value for these investments. Certain investments are redeemable with the fund at NAV under the original terms of the partnership agreements and/or subscription agreements and operations of the underlying funds.

(Continued)

(In thousands of dollars)

NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the University's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the University's interest in the funds, and the University's ability to withdraw from the funds.

Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions occur in this limited secondary market, they may occur at discounts to the reported NAV. Therefore, if the redemption rights in the funds were restricted or eliminated and the University were to sell these investments in the secondary market, it is reasonably possible that a buyer in the secondary market may require a discount to the reported NAV, and the discount could be significant. The University has $24,463 in unfunded commitments relative to private equity, venture capital and hedged equity alternative investments.

Assets Measured on a Recurring Basis

The following tables present information about the University's financial assets that are measured at fair value on a recurring basis as of May 31, 2024 and 2023, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	2024					Redemption	Lock up	Days'
	Level 1	Level 2	Level 3	NAV (1)	Total	or Liquidation	Expiration	Notice
Investments:								
Cash and cash equivalents	$ 23,488	$ -	$ -	$ -	$ 23,488	Daily		One
Domestic fixed income:								
Fixed income (IIT)	963	-	-	-	963	Daily		One, Trade Day + 2
Fixed income (IITRI)	3,436	-	-	-	3,436	Daily		One
iShares Core U.S. Aggregate Bond ETF	12,738	-	-	-	12,738	Daily		One, Trade Day + 2
iShares TIPS Bond ETF	3,453	-	-	-	3,453	Daily		One, Trade Day + 2
iShares U.S. Treasury Bond ETF	7,742	-	-	-	7,742	Daily		One, Trade Day + 2
JPMorgan Ultra-Short Income ETF	4,793	-	-	-	4,793	Daily		One, Trade Day + 2
Total	33,125	-	-	-	33,125			
Domestic equities:								
State Street Global	1,574	-	-	-	1,574	Daily		One, Trade Day + 2
Adams Fund - Adage Series	-	-	-	14,656	14,656	Quarterly		60
Heard High Conviction Long Only Fund LLC	-	-	-	6,844	6,844	Quarterly		45
Invesco S&P 500 Equal Weight ETF	6,771	-	-	-	6,771	Daily		One, Trade Day + 2
iShares Core S&P Total U.S. Stock Market ETF	22,223	-	-	-	22,223	Daily		One, Trade Day + 2
Total	30,568	-	-	21,500	52,068			

(In thousands of dollars)

NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

	2024					Redemption	Lock up	Days'
	Level 1	Level 2	Level 3	NAV (1)	Total	or Liquidation	Expiration	Notice
Global equities:								
AKO European Long Only Fund, Ltd	$ -	$ -	$ -	$ 6,776	$ 6,776	Quarterly		30
Adams Fund - Ownership Series	-	-	-	13,229	13,229	Monthly		5
Children's Investment Fund, Ltd (The)	-	-	-	13,862	13,862	Every 24 months	2/1/2024	120
iShares Core MSCI Emerging Markets ETF	2,083	-	-	-	2,083	Daily		One, Trade Day + 2
iShares Core MSCI International Developed Markets ETF	6,874	-	-	-	6,874	Daily		One, Trade Day + 2
iShares MSCI Japan Index Fund	8,486	-	-	-	8,486	Daily		One, Trade Day + 2
Kalorama Separate Account Ichigo	-	-	-	3,635	3,635	Every 18 months		60
Kalorama Separate Account Overlook	-	-	-	4,189	4,189	Quarterly		60
Total	17,443	-	-	41,691	59,134			
Alternative funds:								
Kalorama Separate Account CBRE Segregated Portfolio	-	-	-	6,700	6,700	Quarterly		60
Clarion Lion Properties Fund, LP	-	-	-	4,633	4,633	Quarterly		90
Deerfield Partners, L.P.	-	-	-	785	785	36 months, Quarterly	4/1/2024	90
EcoR1 Capital Offshore Fund, Ltd.	-	-	-	3,260	3,260	Every 6 months	1/1/2024	60
Kalorama Separate Account Braidwell	-	-	-	792	792	Quarterly		90
Kalorama Separate Account Diameter	-	-	-	5,865	5,865	Quarterly		90
Kalorama Separate Account Laurion	-	-	-	5,823	5,823	12 months, Quarterly		45
Kalorama Separate Account Relative Value	-	-	-	6,908	6,908	Annual	1/1/2025	45
Mariner Atlantic Multi-Strategy Fund, Ltd	-	-	-	7,030	7,030	12 months, Quarterly		60
SPDR Gold Trust (ETF)	5,012	-	-	-	5,012	Daily		One, Trade Day + 2
StoneCastle FICA	-	-	-	45	45	Daily		One, Trade Day + 2
Wilson Fund SPC, Ltd (FJ Capital)	-	-	-	117	117	Daily		60
Total	5,012	-	-	41,958	46,970			
Private equity and venture								
Base10 Advancement Initiative I, L.P.	-	-	-	401	401	None		N/A
Bond II, LP	-	-	-	1,595	1,595	None		N/A
Bond III, LP	-	-	-	129	129	None		N/A
Coatue Growth V Offshore Feeder Fund LP	-	-	-	612	612	None		N/A
Commonfund Endowment Venture	-	-	-	1	1	None		N/A
Deerfield Private Design Fund V, L.P.	-	-	-	1,242	1,242	None		N/A
Foundation Capital X, L.P.	-	-	-	1,172	1,172	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016	-	-	-	15,492	15,492	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2020 - A	-	-	-	2,941	2,941	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - A	-	-	-	2,553	2,553	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - B	-	-	-	1,836	1,836	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - C	-	-	-	661	661	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - D	-	-	-	1,972	1,972	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - E	-	-	-	626	626	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - F	-	-	-	243	243	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - G	-	-	-	2,546	2,546	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - H	-	-	-	330	330	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - I	-	-	-	125	125	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2022 – A	-	-	-	1	1	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2022 - C	-	-	-	57	57	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2022 - D - Sub-	-	-	-	185	185	None		N/A
Georgetown Opportunistic Fund Series LLC - Series Core	-	-	-	98	98	None		N/A
Hirtle Callaghan PE Fund XII	-	-	-	7,152	7,152	None		N/A
Hirtle Callaghan Private Equity Fund XI, L.P.	-	-	-	5,360	5,360	None		N/A
iNovia Growth Fund II-A, L.P.	-	-	-	614	614	None		N/A
IPI Partners Fund II, LP	-	-	-	2,946	2,946	None		N/A
Jen 7 Parallel Fund	-	-	-	566	566	None		N/A
Luminate Capital Partners III, LP	-	-	-	508	508	None		N/A
Peppertree Capital Fund IX QP LP	-	-	-	1,624	1,624	None		N/A
Peppertree Capital Fund X QP, LP	-	-	-	300	300	None		N/A
RockCreek Impact Fund - Private	-	-	-	1,228	1,228	None		N/A
RoundTable Healthcare Partners Fund I	-	-	-	44	44	None		N/A
IIA	-	-	144	-	144	None		N/A
Total	-	-	144	55,160	55,304			
Total investments	109,636	-	144	160,309	270,089			
Other assets:								
Cash	15,408	-	-	-	15,408			
Perpetual trust	-	-	25,255	-	25,255			
Total other assets	15,408	-	25,255	-	40,663			
Total	$ 125,044	$ -	$ 25,399	$ 160,309	$ 310,752			

(In thousands of dollars)

NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

	2023							
	Level 1	Level 2	Level 3	NAV (1)	Total	Redemption or Liquidation	Lock up Expiration	Days' Notice
Investments:								
Cash and cash equivalents	$ 19,824	$ -	$ -	$ -	$ 19,824	Daily		One
Domestic fixed income:								
Fixed income (IIT)	897	-	-	-	897	Daily		One, Trade Day + 2
Fixed income (IITRI)	4,712	-	-	-	4,712	Daily		One
Eaton Vance Advantage Floating Rate Fund	3,627	-	-	-	3,627	Daily		One, Trade Day + 2
Ellington Enhanced Income Fund, Ltd	-	-	-	4,553	4,553	Monthly		30
iShares Core U.S. Aggregate Bond ETF	12,706	-	-	-	12,706	Daily		One, Trade Day + 2
iShares TIPS Bond ETF	3,630	-	-	-	3,630	Daily		One, Trade Day + 2
JPMorgan Ultra-Short Income ETF	5,342	-	-	-	5,342	Daily		One, Trade Day + 2
Total	30,914	-	-	4,553	35,467			
Domestic equities:								
State Street Global	1,408	-	-	-	1,408	Daily		One, Trade Day + 2
Adams Fund - Adage Series	-	-	-	14,554	14,554	Quarterly		60
Heard High Conviction Long Only Fund LLC	-	-	-	5,171	5,171	Quarterly		45
iShares Core S&P Total U.S. Stock Market ETF	24,687	-	-	-	24,687	Daily		One, Trade Day + 2
Other	1,281	-	-	-	1,281	Daily		One
Total	27,376	-	-	19,725	47,101			
Global equities:								
AKO European Long Only Fund, Ltd	-	-	-	5,942	5,942	Quarterly		30
Adams Fund - Ownership Series	-	-	-	4,124	4,124	Monthly		5
Children's Investment Fund, Ltd (The)	-	-	-	10,396	10,396	Every 24 months	2/1/2024	120
Generation IM Global Equity Fund	-	-	-	13,011	13,011	Quarterly		30
GMO Climate Change Fund	-	-	-	4,447	4,447	Daily		One, Trade Day + 2
Hillhouse China Value Fund (HHLR CF, LP)	-	-	-	3,443	3,443	Quarterly		60
iShares Core MSCI Emerging Markets ETF	968	-	-	-	968	Daily		One, Trade Day + 2
iShares Core MSCI International Developed Markets ETF	10,379	-	-	-	10,379	Daily		One, Trade Day + 2
Kalorama Separate Account Ichigo	-	-	-	3,240	3,240	Every 18 months		60
Kalorama Separate Account Overlook	-	-	-	4,172	4,172	Quarterly		60
Lone Cascade, LP	-	-	-	3,290	3,290	Quarterly		30
Total	11,347	-	-	52,065	63,412			
Alternative funds:								
Kalorama Separate Account CBRE Segregated Portfolio	-	-	-	7,405	7,405	Quarterly		60
Clarion Lion Properties Fund, LP	-	-	-	6,781	6,781	Quarterly		90
Deerfield Partners, L.P.	-	-	-	854	854	36 months, Quarterly	4/1/2024	90
EcoR1 Capital Offshore Fund, Ltd.	-	-	-	4,193	4,193	Every 6 months	1/1/2024	60
Kalorama Separate Account Braidwell	-	-	-	3,099	3,099	Quarterly		90
Kalorama Separate Account Diameter	-	-	-	5,441	5,441	Quarterly		90
Kalorama Separate Account Laurion	-	-	-	5,768	5,768	12 months, Quarterly		45
Kalorama Separate Account Relative Value	-	-	-	6,195	6,195	Annual	1/1/2025	45
Mariner Atlantic Multi-Strategy Fund, Ltd	-	-	-	6,539	6,539	12 months, Quarterly		60
SPDR Gold Trust (ETF)	3,860	-	-	-	3,860	Daily		One, Trade Day + 2
StoneCastle FICA	-	-	-	36	36	Daily		One, Trade Day + 2
Wilson Fund SPC, Ltd (FJ Capital)	-	-	-	131	131	Daily		60
Total	3,860	-	-	46,442	50,302			

(In thousands of dollars)

NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

	2023					Redemption	Lock up	Days'
	Level 1	Level 2	Level 3	NAV (1)	Total	or Liquidation	Expiration	Notice
Private equity and venture								
Base10 Advancement Initiative I, L.P.	$ -	$ -	$ -	$ 366	$ 366	None		N/A
Bond II, LP	-	-	-	1,759	1,759	None		N/A
Bond III, LP	-	-	-	553	553	None		N/A
Coatue Growth V Offshore Feeder Fund LP	-	-	-	2	2	None		N/A
Commonfund Endowment Venture	-	-	-	2	2	None		N/A
Deerfield Private Design Fund V, L.P.	-	-	-	1,060	1,060	None		N/A
Foundation Capital X, L.P.	-	-	-	889	889	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 44	-	-	-	2,139	2,139	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 45	-	-	-	3,397	3,397	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 46	-	-	-	1,459	1,459	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 47	-	-	-	687	687	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 50	-	-	-	470	470	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 51	-	-	-	2,447	2,447	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 53/62	-	-	-	3,565	3,565	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 54	-	-	-	629	629	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 58	-	-	-	415	415	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 65	-	-	-	15	15	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2020 - A - Sub-Series 1	-	-	-	487	487	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2020 - A - Sub-Series 4	-	-	-	1,496	1,496	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - A - Sub-Series 1	-	-	-	1,955	1,955	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - A - Sub-Series 2	-	-	-	241	241	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - A - Sub-Series 3	-	-	-	124	124	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - B - Sub-Series 1	-	-	-	1,327	1,327	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - C - Sub-Series 1	-	-	-	698	698	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - D - Sub-Series 1	-	-	-	1,062	1,062	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - D - Sub-Series 2	-	-	-	67	67	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - E - Sub-Series 1	-	-	-	58	58	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - E - Sub-Series 2	-	-	-	311	311	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - F - Sub-Series 1	-	-	-	17	17	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - F - Sub-Series 2	-	-	-	48	48	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - F - Sub-Series 3	-	-	-	49	49	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - H - Sub-Series 3	-	-	-	160	160	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - H - Sub-Series 4	-	-	-	30	30	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2022 - D - Sub-Series 1	-	-	-	79	79	None		N/A
Hirtle Callaghan PE Fund XII	-	-	-	5,877	5,877	None		N/A
Hirtle Callaghan Private Equity Fund XI, L.P.	-	-	-	5,344	5,344	None		N/A
iNovia Growth Fund II-A, L.P.	-	-	-	503	503	None		N/A
IPI Partners Fund II, LP	-	-	-	1,745	1,745	None		N/A
Jen 7 Parallel Fund	-	-	-	694	694	None		N/A
Luminate Capital Partners III, LP	-	-	-	416	416	None		N/A
Peppertree Capital Fund IX QP LP	-	-	-	1,087	1,087	None		N/A
RockCreek Impact Fund - Private	-	-	-	1,039	1,039	None		N/A
RoundTable Healthcare Partners Fund I	-	-	-	1	1	None		N/A
IIA	-	-	144	-	144	None		N/A
Total	-	-	144	44,769	44,913			
Total investments	93,321	-	144	167,554	261,019			
Other assets:								
Cash	8,869	-	-	-	8,869			
Perpetual trust	-	-	22,505	-	22,505			
Total other assets	8,869	-	22,505	-	31,374			
Total	$ 102,190	$ -	$ 22,649	$ 167,554	$ 292,393			

(1) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) 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 statement of financial position.

Investment Strategy: The investments above include multiple strategies in investments that are intended to either protect capital through unique investment opportunities while finding value when markets are less than optimal or to maximize returns greater than, while providing less correlation to, the volatility of the overall stock markets. Hedge and absolute return investments which seek to protect capital may include strategies such as equity long/short, relative value, even-driven, etc.

(In thousands of dollars)

NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

The investment portfolio is diversified to minimize the concentration risk of any single security, class of securities, or asset class. Except as disclosed above, there is no provision for redemption during the life of these funds, and the timing of liquidation is unknown.

Aggregate investment liquidity as of May 31, 2024 and 2023, is presented below based on redemption or sale period:

	2024	2023
Investment redemption or sale period:		
Daily	$ 109,798	$ 97,934
Monthly	13,229	8,677
Quarterly	64,093	72,309
Annual	6,908	6,195
Subject to rolling lock-ups	20,757	30,991
Redemptions not permitted	55,304	44,913
Total	$ 270,089	$ 261,019

The tables below present a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended May 31, 2024 and 2023:

	Beneficial Interest in Perpetual Trusts
Beginning balance, June 1, 2023	$ 22,505
Net investment return	2,750
Purchase of investment	-
Ending balance, May 31, 2024	$ 25,255
The amount of total return for the period included in net return on investments attributable to the change in unrealized gain relating to assets still held at May 31, 2024	$ 2,750

(Continued)

NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

	Beneficial Interest in Perpetual Trusts
Beginning balance, June 1, 2022	$ 24,056
Net investment return	(1,551)
Purchase of investment	-
Ending balance, May 31, 2023	$ 22,505
The amount of total return for the period included in net return on investments attributable to the change in unrealized loss relating to assets still held at May 31, 2023	$ (1,551)

NOTE 4 – ENDOWMENTS

The University endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the University has interpreted the State of Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Notwithstanding the foregoing, this determination is not intended to, and shall not, affect the University's authority under UPMIFA to spend any amounts from an endowment fund on a short-term basis even if the market value of the endowment fund is below the original value of the gifts by the donor. As the 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 the subsequent gifts to the permanent endowments; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund including unrealized gains and losses attributable to those gifts is classified as net assets with donor restrictions as there are specific purpose restrictions that have not been met by the University.

(Continued)

(In thousands of dollars)

NOTE 4 – ENDOWMENTS (Continued)

Endowment net assets consist of the following as of May 31, 2024:

		With Donor Restrictions			Total
	Without Donor Restrictions	Other Funds	Underwater Funds	Total	Endowment Funds
Board-designated funds	$ 61,947	$ -	$ -	$ -	$ 61,947
Donor-restricted endowment corpus					
Original donor-restricted gifts	-	58,708	150,419	209,127	209,127
Accumulated gains (losses)	-	9,690	(16,961)	(7,271)	(7,271)
Donor-restricted endowment pledges	-	10,082	-	10,082	10,082
Total	$ 61,947	$ 78,480	$ 133,458	$ 211,938	$ 273,885

Endowment net assets consist of the following as of May 31, 2023:

		With Donor Restrictions			Total
	Without Donor Restrictions	Other Funds	Underwater Funds	Total	Endowment Funds
Board-designated funds	$ 60,814	$ -	$ -	$ -	$ 60,814
Donor-restricted endowment corpus					
Original donor-restricted gifts	-	62,820	140,262	203,082	203,082
Accumulated gains (losses)	-	9,805	(18,781)	(8,976)	(8,976)
Donor-restricted endowment pledges	-	3,879	-	3,879	3,879
Total	$ 60,814	$ 76,504	$ 121,481	$ 197,985	$ 258,799

Changes in endowment net assets for the year ended May 31, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 60,814	$ 197,985	$ 258,799
Endowment-related investment return:			
Endowment-related investment income, net	470	1,530	2,000
Endowment-related net realized and unrealized gain	5,879	19,159	25,038
Total endowment-related investment return, net	6,349	20,689	27,038
Additions to endowment	1,089	8,903	9,992
Change in pledges with donor restrictions	-	6,203	6,203
Additional endowment distribution	-	(2,944)	(2,944)
Appropriation	(5,562)	(18,248)	(23,810)
Other	(743)	(650)	(1,393)
Endowment net assets, end of year	$ 61,947	$ 211,938	$ 273,885

(Continued)

(In thousands of dollars)

NOTE 4 – ENDOWMENTS (Continued)

Changes in endowment net assets for the year ended May 31, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 66,888	$ 227,090	$ 293,978
Endowment-related investment return:			
Endowment-related investment income, net	291	926	1,217
Endowment-related net realized and unrealized loss	(1,326)	(4,234)	(5,560)
Total endowment-related investment return, net	(1,035)	(3,308)	(4,343)
Contributions and other items			
Additions to endowment	1,195	3,568	4,763
Change in pledges with donor restrictions	-	(977)	(977)
Additional endowment distribution	-	(8,000)	(8,000)
Appropriation	(3,015)	(10,243)	(13,258)
Net stock receipts/distributions	-	(3)	(3)
Other - Loan to Operations	(3,578)	(11,422)	(15,000)
Other	359	1,280	1,639
Endowment net assets, end of year	$ 60,814	$ 197,985	$ 258,799

Spending Policy and Strategies Employed for Achieving Objectives: The University has adopted an investment policy to provide a stable source of funds to help and support the ongoing operations and activities of the University. Pursuant to this objective, the University seeks to earn a long-term total rate of return sufficient to produce growth of endowment assets, net of spending requirements of 5%, inflation, and investment expenses.

The purpose of the endowment funds is to facilitate donors' desires to make substantial long-term gifts to the University and to develop a new and significant source of revenue for the University. In doing so, the endowment fund will provide a secure, long-term source of funds to: (a) fund special programs; (b) ensure long-term growth; (c) enhance the University's ability to meet changing University needs; and (d) support the administrative expenses of the University as deemed appropriate.

To achieve these goals, the University's spending policy utilizes the total return concept of endowment spending. Under the method adopted by the University, interest and dividends as well as appreciation on investments held by the investment pool are made available for spending. The University's total endowment fund spending is based upon a target percentage of a subset of investments. The target percentage set by the Board of Trustees is 5% of the average quarterly endowment balance for the prior 12 quarters. In fiscal year 2024 the Board of Trustees increased the target percentage to 8.725% compared to 5% in fiscal year 2023. The endowment distribution expenditures were $23,810 for fiscal year 2024 and $13,258 for fiscal year 2023. The Board of Trustees budgeted endowment distribution is $13,780 for fiscal year 2025.

(Continued)

(In thousands of dollars)

NOTE 4 – ENDOWMENTS (Continued)

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor gave to the University to retain as a fund of perpetual duration. These deficiencies are the result of unfavorable investment returns in prior fiscal years, as well as appropriations deemed prudent, for certain programs, by the Board of Trustees. For the year ended May 31, 2024, there were 235 donor-restricted funds with deficiencies totaling approximately $16,961. The original value of these funds was $150,419. The aggregate fair value of these funds was $133,458. For the year ended May 31, 2023, there were 228 donor-restricted funds with deficiencies totaling approximately $18,781. The original value of these funds was $140,262. The aggregate fair value of these funds was $121,461.

The University has a policy that permits distribution for expenditure from underwater endowment funds, unless otherwise precluded by the donor intent or relevant laws and regulations. The target percentage set by the Board of Trustees is 5% of the average quarterly endowment balance for the prior 12 quarters. So as not to suspend certain programs, it was deemed prudent to appropriate 8.725% and 5% in for the years ending May 31, 2024 and 2023, respectively. In fiscal year 2024 the total endowment distribution from the underwater endowment funds was $12,315 and $17,340 in fiscal year 2023 for the expenditure on the donor restricted program purposes.

In fiscal year 2022, the University made a board approved loan of $15,000 to fund a voluntary retirement incentive plan of $3,314, and in fiscal year 2023 approved the balance of the loan, $11,686, for operations. The Executive Committee considered and passed that the remaining loan could be used for operations. In fiscal year 2023, the University spent an additional $8,000 on an individual endowment for scholarships.

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give and are summarized as follows at May 31:

	2024	2023
Pledges receivable	$ 21,095	$ 14,089
Discount to present value future cash flows	(1,249)	(487)
Allowance for doubtful pledges receivable	(2,570)	(2,419)
Net pledges receivable	$ 17,276	$ 11,183

The following is a summary showing the expected timing of collection of total gross unconditional pledges receivable outstanding as of May 31:

	2024	2023
Less than one year	$ 10,087	$ 7,459
1 to 5 years	10,108	6,093
More than 5 years	900	537
	$ 21,095	$ 14,089

(Continued)

(In thousands of dollars)

NOTE 5 - PLEDGES RECEIVABLE (Continued)

As of May 31, 2024 and 2023, the University had received communications from certain donors that they intended to give approximately $9,486 and $12,027, respectively, to the University. However, these gifts are not deemed unconditional promises to give and, therefore, have not been recorded as revenue or pledges receivable for fiscal years 2024 and 2023.

NOTE 6 – FINANCING RECEIVABLES

The University's financing receivables consist of a revolving loan fund for Federal Perkins Loans for which the University acts as an agent for the federal government and institutional loan funds created by the University to assist students in funding their education. These loans are valued based on the outstanding principal balance, less an allowance for estimated losses. Interest earned on outstanding loan balances is recorded based on the terms of the individual loan agreements and continues to accrue even when past due.

The availability of funds for loans under the Federal Perkins Loan program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds held in the federal loan programs of $1,589 and $2,284 are ultimately refundable to the government and are classified as a liability in the consolidated statements of financial position as of May 31, 2024 and 2023, respectively.

Balances of financing receivables as of May 31, 2024, consist of the following:

	Perkins Loans	Institutional Loans	Total
Gross balance	$ 1,368	$ 2,027	$ 3,395
Allowance for credit losses	-	(638)	(638)
Balance at May 31, 2024	$ 1,368	$ 1,389	$ 2,757

Balances of financing receivables as of May 31, 2023, consist of the following:

	Perkins Loans	Institutional Loans	Total
Gross balance	$ 2,008	$ 2,128	$ 4,136
Allowance for credit losses	-	(644)	(644)
Balance at May 31, 2023	$ 2,008	$ 1,484	$ 3,492

(Continued)

(In thousands of dollars)

NOTE 6 – FINANCING RECEIVABLES (Continued)

For each class of financing receivables, the following table presents the credit quality indicator as determined by the delinquency status of the loan as of May 31, 2024. The delinquency status is updated monthly by the University's loan servicer.

	Perkins Loans	Institutional Loans	Total
Performing	$ 1,147	$ 623	$ 1,770
Nonperforming (defaulted)	221	1,404	1,625
Balance at May 31, 2024	$ 1,368	$ 2,027	$ 3,395

The delinquency status as of May 31, 2023, is as follows:

	Perkins Loans	Institutional Loans	Total
Performing	$ 1,736	$ 697	$ 2,433
Nonperforming (defaulted)	272	1,431	1,703
Balance at May 31, 2023	$ 2,008	$ 2,128	$ 4,136

The aging of financing receivables as of May 31, 2024, is presented as follows:

Aging	31-60	61-90	91+	Total Past Due	Total Current	Total
Perkins	$ 37	$ 43	$ 392	$ 472	$ 896	$ 1,368
Institutional	16	43	1,497	1,556	471	2,027
Total	$ 53	$ 86	$ 1,889	$ 2,028	$ 1,367	$ 3,395

The aging of financing receivables as of May 31, 2023, is presented as follows:

Aging	31-60	61-90	91+	Total Past Due	Total Current	Total
Perkins	$ 73	$ 13	$ 335	$ 421	$ 1,587	$ 2,008
Institutional	21	-	1,475	1,496	632	2,128
Total	$ 94	$ 13	$ 1,810	$ 1,917	$ 2,219	$ 4,136

(In thousands of dollars)

NOTE 6 – FINANCING RECEIVABLES (Continued)

The University estimates the credit loss allowance balance by performing an aging analysis and determining the probability of default using relevant available internal and external information, considering past and current conditions and reasonable and supportable forecasts. Notes receivable are charged to the allowance for credit losses when the University determines the receivable is not collectible. Since student loans under the Perkins loan program can be assigned to the government when no longer collectible, a Perkins loan write-off will reduce the amount refundable to the government.

Changes in allowance for estimated losses on financing receivables for the year ended May 31, 2024, are as follows:

Balance at June 1, 2023	$ 644
Write-off	(31)
Increase reserve	25
Balance at May 31, 2024	$ 638

Changes in allowance for estimated losses on financing receivables for the year ended May 31, 2023, are as follows:

Balance at June 1, 2022	$ 655
Write-off	(11)
Increase reserve	-
Balance at May 31, 2023	$ 644

NOTE 7 – PHYSICAL PROPERTIES

The University's consolidated physical properties consisted of the following as of May 31:

	2024	2023
Land and land improvements	$ 24,092	$ 24,092
Building and building improvements	589,352	580,672
Equipment	118,748	115,690
Right of use asset	5,919	6,040
Construction in progress	11,703	12,161
Total physical properties	749,814	738,655
Less accumulated depreciation	407,191	383,971
Physical properties, net	$ 342,623	$ 354,684

The estimated cost to complete construction in progress at May 31, 2024 was approximately $1,085.

(Continued)

(In thousands of dollars)

NOTE 8 – BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The University is an income beneficiary of certain irrevocable trusts that are held and controlled by independent trustees. The University has no equity interest in the principal of these trusts. At May 31, 2024 and 2023, the share of these trusts from which the University derives income had a combined fair value of $25,255 and $22,505, respectively. These trusts provided investment income without donor restrictions of $1,096 and $993 in fiscal years 2024 and 2023, respectively.

NOTE 9 – NOTES AND BOND PAYABLE

Notes and bonds payable consist of the following at May 31:

		2024	2023
IFA Bonds, Series 2018 payable in varying installments through 2034	3.60%	$ 31,550	$ 33,566
IFA Bonds, Series 2019, payable in varying installments through 2042	5% and 4%	111,130	114,190
IITRI - IFA Series 2014, payable in varying installments through 2034	Variable	2,320	2,840
Bond premium payable - series 2019		8,478	10,093
		153,478	160,689
Lines of credit	Variable	44,725	44,725
Trustee loans	Variable	20,000	20,000
Bond issuance costs		(1,465)	(1,562)
		$ 216,738	$ 223,852

The following is a summary of required principal payments on outstanding secured obligations as of May 31, 2024:

Fiscal year ending:	Bond Principal	Notes Payable Principal	Total
2025	$ 5,543	$ 64,725	$ 70,268
2026	5,783	-	5,783
2027	6,038	-	6,038
2028	6,298	-	6,298
2029	6,573	-	6,573
2030 and thereafter	114,765	-	114,765
	$ 145,000	$ 64,725	$ 209,725

(Continued)

NOTE 9 – NOTES AND BOND PAYABLE (Continued)

In June of 2018, the University issued $40,250 in fixed rate revenue bonds through the Illinois Finance Authority (IFA Series 2018) and Wintrust Bank. Proceeds from the bonds were used to reimburse the University for the costs of the acquisition of on campus student resident facilities, refund the IFA Series 2009 Bonds issued in the original principal amount of $30,000, of which $25,440 remained outstanding, and to finance or reimburse the University for certain of the costs incurred in connection with the issuance of IFA Series 2018 and the refunding of the IFA Series 2009. The fixed rate on the Series 2018 Bonds is 3.6% per annum.

In December of 2019, the University issued $122,915 in fixed rate revenue bonds through the Illinois Finance Authority (IFA Series 2019). The bonds were issued at a premium of $15,611, which is being amortized against interest expense over the call period of ten years. Proceeds from the bonds were used to refund the IFA Series 2006 Bonds issued in the original principal amount of $160,000, of which $135,125 remained outstanding, and to finance or reimburse the University for certain of the costs incurred in connection with the issuance of IFA Series 2019 and the refunding of the IFA Series 2006. The refunding lowered principal and resulted in an effective interest rate of 3.52%. The fixed rates on the Series 2019 Bonds are 5% and 4% with serial bonds maturing from September 2020 through 2041.

In August 2004, IITRI issued an $18,820 bond issue of adjustable-rate demand debt under the tax-exempt authority of the Illinois Finance Authority (IFA Series 2004). The proceeds from the sale were used to renovate and construct lab and office space; establish a debt service reserve fund and pay certain costs incurred in connection with the bond issue. In February 2014, IITRI entered into a bond and loan agreement with the Illinois Finance Authority and North Shore Community Bank. IITRI issued a $10,400 Revenue Refunding Bond (IFA Series 2014) that was sold to North Shore Community Bank and Trust. IITRI used the proceeds and certain other funds to refund and redeem the Series 2004 Bond. In February 2024, North Shore Community Bank and Trust agreed to continue to hold the bond to maturity. Starting February 1, 2025, and continue until the bond matures in 2034, the new principal payments on the Bond will be reduced from $520 per a year to $232 per a year. The interest rate is variable and reset by North Shore Community Bank on a monthly basis. The interest rate is based on an applicable factor of 74% times the sum of the Secured Overnight Financing Rate (“SOFR”) plus the applicable margin of 105 basis points on May 31, 2024 and 2023 the rates were 4.79% and 4.52%, respectively.

The University maintains a line-of-credit agreement that allow borrowings up to $19,725 in 2024 and 2023. Borrowings under the line of credit will bear interest at the daily SOFR rate plus two hundred and fifty basis points. The borrowing under the line of credit will be payable on demand, but if no demand is made, borrowing shall automatically mature on the next interest payable date following the date the loan is made. The amount outstanding under the agreement was $19,725 for each year ended May 31, 2024 and 2023. The line of credit agreement expires on June 27, 2025.

In August 2020, the University entered into an additional line-of-credit agreement that allows borrowings up to $25,000 in 2021. Borrowings under the line of credit will bear interest at the daily SOFR rate plus two hundred and fifty basis points. The borrowing under the line of credit will be payable on demand, but if no demand is made, borrowing shall automatically mature on the next interest payable date following the date the loan is made. The amount outstanding under the agreement was $25,000 for each year ended May 31, 2024 and 2023. The line of credit agreement expires on June 27, 2025.

The University has utilized a portion of these lines of credit to fund the purchase of construction in progress. It is expected that the lines of credit will be extended or refinanced into long-term debt.

(In thousands of dollars)

NOTE 9 – NOTES AND BOND PAYABLE (Continued)

In December 2022, the University entered into two subordinated promissory note agreements totaling $20,000 with two trustee affiliated organizations. The notes accrue interest at the short-term applicable federal rate less one hundred basis points determined as of the date of the loan. Repayment of the principal amount and any unpaid interest is due on or before the first anniversary date. However, the University has extensions of time for payment, renewals of the notes and acceptance of partial payments, whether before, at, or after maturity, all or any of which may be made without notice and without affecting the University's liability to the trustee affiliated organizations. At May 31, 2024, the interest rate was 2.57%. The promissory notes mature on June 30, 2025.

The University and IITRI are subject to certain debt covenants. As of May 31, 2024, management believes those covenants have been either met or waived by the lender.

NOTE 10 – EMPLOYEE BENEFIT PLANS

Retirement Plan: Substantially all full-time employees of the University and IITRI are participants in defined contribution retirement plans that are funded by contributions from the University, IITRI, and participating employees. Total contributions made under the plans for the years ended May 31, 2024 and 2023 were $406 and $6,868 by the University and $814 and $692 by IITRI, respectively.

Healthcare Benefits Plans: The University maintains a healthcare benefits plan (the Plan) that provides for certain major medical, surgical, and other benefits for all eligible employees and dependents. The Plan is partially self-funded by the University, subject to stop-loss arrangements. Under this Plan, the University makes contributions to cover benefits not funded by employees, limited by stop-loss amounts.

IITRI offers a healthcare benefits plan (the Plan) that provides for certain medical and dental expense coverage, including certain vision discounts for all eligible employees and dependents. The Plan is fully insured and underwritten by Blue Cross Blue Shield of Illinois and Dearborn National. Under this Plan, premium contributions are shared by both IITRI and plan participants.

Accrued Postretirement Benefit Obligation: The University created a retirement incentive program for tenured faculty in November 2006. As part of the incentive program, certain medical benefits are offered to participants. A reconciliation of the plan's funded status with the accrued benefit cost reported on the consolidated statements of financial position at May 31, is presented below. The accumulated postretirement benefit obligation disclosed below is the actuarial value of future benefits for employees' service rendered through the measurement date:

	2024	2023
Accumulated postretirement benefit obligations at beginning of the period	$ 750	$ 833
Service cost	10	10
Interest cost	35	33
Actuarial loss	66	11
Actuarial benefit payments net contributions	(134)	(137)
Accumulated postretirement benefit obligation at end of the period	$ 727	$ 750

(Continued)

(In thousands of dollars)

NOTE 10 – EMPLOYEE BENEFIT PLANS (Continued)

The University follows FASB ASC Section 715 Subtopic 60, *Defined Benefit Plans – Other Postretirement*. The accumulated change to net assets without donor restrictions consisting of amounts that have not yet been recognized in net periodic benefit cost at May 31, are as follows:

	2024	2023
Service cost	$ 10	$ 10
Interest cost	35	33
Net periodic postretirement benefit cost	$ 45	$ 43

These amounts will be subsequently recognized in future years as components of net periodic pension cost. The estimated amortization of transition obligation, prior service cost, and net losses in the next fiscal year is $0, and $11, and $53, respectively.

Actuarial Assumptions

The weighted average assumptions used in the accounting for the postretirement plan for the years ended May 31, are shown below:

	2024	2023
Discount rate (expense)	4.98%	4.22%
Discount rate (obligation)	5.42	4.98
Healthcare cost trend rates:		
Healthcare cost trend rate assumed for next year	5.28	5.10
Ultimate rate	5.69	5.69
Year that the ultimate rate is reached	2029	2029

Assumed healthcare cost trend rates have a significant effect on the amounts reported for healthcare plans. A one-percentage point change in assumed healthcare cost trend rates would have the following effects for the fiscal years ended May 31:

	2024	2023
Effect on total service cost and interest cost:		
One-percentage point increase	$ (3)	$ (4)
One-percentage point decrease	3	3
Effect on year-end postretirement benefit obligation:		
One-percentage point increase	$ (48)	$ (47)
One-percentage point decrease	41	40

(Continued)

(In thousands of dollars)

NOTE 10 – EMPLOYEE BENEFIT PLANS (Continued)

Estimated Future Benefits Payments

The following benefit payments, which reflect expected future service, are expected to be paid for each of the fiscal years ending May 31:

Fiscal Year:	
2025	$ 101
2026	94
2027	88
2028	84
2029	76
2030-2034	305

Plan Amendment

Effective August 1, 2007, the plan was amended to eliminate post-65 benefits for all retirees, both current and future. There was also a group of faculty participants who were offered a special option under which the University would reimburse their premiums for post-65 retiree coverage. This special benefit option was only available through May 31, 2008. Participants had to sign up by this date in order to participate.

NOTE 11 – NET ASSETS

Certain net assets without donor restrictions are designated for specific purposes by the Board of Trustees of the University and are summarized as follows at May 31:

	2024	2023
Board-designated endowment	$ 61,947	$ 60,814
Net investment in physical properties	125,885	130,832
Undesignated	(41,861)	(50,938)
Total	$ 145,971	$ 140,708

(In thousands of dollars)

NOTE 11 – NET ASSETS (Continued)

Net assets with donor restrictions consist of the following at May 31:

	2024	2023
General operations	$ 28,888	$ 26,384
Endowment	201,856	194,106
Endowment pledges	10,082	3,879
Donor-designated for plant	8,855	6,594
Donor-restricted revolving loan funds	4,732	4,769
Scholarships	3,195	2,053
Split-interest annuity agreements	2,116	1,920
Beneficial interest in perpetual trusts	25,255	22,505
Total	$ 284,979	$ 262,210

NOTE 12 – FUNCTIONAL CLASSIFICATION OF EXPENSES

Operating and nonoperating expenses are reported in the consolidated statements of activities by natural business category. The University's primary program services are instruction and research. Expenses reported as academic support, student services, institutional support, and auxiliary enterprises are incurred in support of these primary program services. Expenses are allocated based on square footage.

Consolidated expenses by functional classification are as follows for the years ended May 31:

2024	Program Activities	Supporting Activities	Fundraising	Total
Operating expenses:				
Faculty salaries	$ 63,895	$ 1,682	$ -	$ 65,577
Administrative salaries	27,928	16,100	7,608	51,636
Part-time salaries	16,457	1,047	63	17,567
Employee benefits	13,934	5,836	1,532	21,302
Operations and maintenance	19,100	8,293	-	27,393
Supplies and services	39,023	9,530	903	49,456
Professional fees and advertising	15,257	5,198	205	20,660
IITRI research	20,567	1,340	-	21,907
Interest on indebtedness	6,963	3,163	-	10,126
Depreciation	16,868	6,445	-	23,313
Total operating expenses	239,992	58,634	10,311	308,937
Restructuring expenses	-	3,538	-	3,538
Total expenses	$ 239,992	$ 62,172	$ 10,311	$ 312,475

(Continued)

(In thousands of dollars)

NOTE 12 – FUNCTIONAL CLASSIFICATION OF EXPENSES (Continued)

2023	Program Activities	Supporting Activities	Fundraising	Total
Operating expenses:				
Faculty salaries	$ 61,032	$ 1,167	$ -	$ 62,199
Administrative salaries	27,583	16,277	7,737	51,597
Part-time salaries	15,127	1,263	89	16,479
Employee benefits	18,202	7,657	1,328	27,187
Operations and maintenance	18,569	7,836	-	26,405
Supplies and services	37,443	9,205	1,621	48,269
Professional fees and advertising	14,363	4,058	417	18,838
IITRI research	18,464	1,692	-	20,156
Interest on indebtedness	5,809	2,639	-	8,448
Depreciation	15,655	5,993	-	21,648
Total operating expenses	232,247	57,787	11,192	301,226
Restructuring expenses	-	1,985	-	1,985
Total expenses	$ 232,247	$ 59,772	$ 11,192	$ 303,211

NOTE 13 – LEASES

The University has obligations as a lessee for networking and copier equipment, and a wireless system. The wireless system is classified as a finance lease while the other leases are classified as operating leases. Payments due under the lease contracts include fixed payments plus variable payments. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

These leases have remaining lease terms of 1 year to 2 years.

In October 2023, the University entered into a 15-year lease with Zoe Life 400 Aberdeen LLC for approximately 424,642 square feet of laboratory, research, office, and retail area. This lease also includes the rental of 33,972 square feet for a chemical and product storage area. The rent is fully abated in months one through fifteen and partially abated in months sixteen to thirty. The anticipated lease commencement date is October 1, 2024, at which time a right of use asset and lease liability will be recorded for $21,937.

The University's research and development building space requires it to make variable payments for the University's share of the building's property taxes, insurance, and common area maintenance. These variable lease payments will not be included in lease payments used to determine lease liability and will be recognized as variable costs when incurred.

Operating leases and the finance lease are included in physical properties, less accumulated depreciation and lease liabilities in the consolidated statements of financial position.

(Continued)

(In thousands of dollars)

NOTE 13 – LEASES (Continued)

The components of lease expense were as follows:

Year Ending May 31:	2024	2023
Operating lease cost	$ 1,135	$ 1,094
Financing lease cost		
Amortization of right-of-use asset	$ 338	$ 338
Interest on lease liability	-	13
Total finance lease cost	$ 338	$ 351

Supplemental cash flow information related to leases is as follows:

Year Ending May 31:	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 1,135	$ 1,094
Financing cash flows from finance lease	-	486
Operating cash flows from finance lease	-	13

Supplemental balance sheet information related to leases is as follows:

Year Ending May 31:	2024	2023
Operating leases		
Right of use asset, net of accumulated depreciation	$ 39	$ 949
Lease liability	$ 34	$ 1,169
Finance lease		
Right of use asset, net of accumulated depreciation	$ 415	$ 762
Lease liability	$ -	$ -
Weighted average remaining lease terms		
Operating leases	2 year	1 year
Finance lease	-	-
Weighted average discount rate		
Operating leases	1.4%	1.4%
Finance lease	N/A	N/A

(Continued)

(In thousands of dollars)

NOTE 13 – LEASES (Continued)

Maturities of lease liabilities were as follows:

Year Ending May 31:	Operating Leases	Finance Lease
2025	$ 22	$ -
2026	19	-
Total lease payments	41	-
Less imputed interest	(7)	-
Total	$ 34	$ -

In January 2006, the University entered into a 55-year ground lease agreement with Townsend Chicago, LLC (Townsend). Future minimum lease payments to be received for the next five years are as follows:

2025	$ 183
2026	187
2027	191
2028	195
2029	199

NOTE 14 – BROADBAND LICENSE AND COGEN

The University had held two licenses with the Federal Communications Commission (FCC) since 1976. The license period for each channel is 10 years in duration and requires the payment of a nominal licensing fee with each renewal. In 2005, the FCC split the channels into two categories: Educational Broadband Services (EBS), and Broadband Radio Services (BRS). The FCC allows commercial entities to own the licensing to BRS channels, but only educational institutions can own the licensing to EBS channels.

The University had leased the excess capacity on its two licensed channels to Clearwire Spectrum Holdings III, LLC (Clearwire). In December 2017, the University entered into an agreement with Clearwire to cancel one of its existing license with the FCC on the BRS channel and terminate the related lease agreement with Clearwire for that channel's excess capacity to permit Clearwire to obtain the channel from the FCC. In February 2018 the license on that channel was cancelled with the FCC.

In May 2022, the University entered into an agreement to sell its license in its EBS channel to Clearwire Spectrum Holdings III LLC. The total consideration paid for the license was $55,000. The consideration is payable by Clearwire to the University according to the following payment schedule:

2024	$ 3,000
2025	3,000
2026	3,000
2027	3,000
2028	3,000
2029 and thereafter	9,000
	$ 24,000

(Continued)

(In thousands of dollars)

NOTE 14 – BROADBAND LICENSE AND COGEN (Continued)

The University accounted for the sale of the Utility System assets with IIT Energy Tech Partners, LLC, as a sales type lease and recognized a gain on sale of fixed asset of $8,228 for the year ended May 31, 2022. The University accounted for the right to operate the Utility System as a deferred vendor incentive of $18,378. As of May 31, 2024 and 2023, the deferred vendor incentive was $17,072 and $17,533, respectively. For the years ended May 31, 2024 and 2023, the University amortized, on a straight-line basis, $461 and $462, respectively, as a reduction of operation and maintenance expense. The term of the agreement is 40 years. The University continues to evaluate alternatives for funding additional energy projects through the current contract.

NOTE 15 – CONTINGENCIES

The University is a defendant in legal proceedings arising in the ordinary course of its business. Although the outcome of these proceedings cannot presently be determined, in the opinion of management, disposition of these proceedings will not have a material adverse effect on the financial position of the University.

The amount of grants and contracts reflected in the consolidated financial statements is subject to review and adjustment by contracting agencies, principally, the federal government. The amount, if any, of expenses that may be disallowed by the contracting agencies cannot be determined at this time. It is the opinion of management that such disallowances, if any, will not be significant.

The University received student financial aid and CARES Act, CRRSAA, and ARP funding from the U.S. Department of Education for the fiscal years ended May 31, 2024 and 2023. The disbursement of funds received under such programs generally requires compliance with terms and conditions specified in federal regulations and are subjected to audit by U.S. Department of Education and possible disallowance of certain expenditures. The University has not had any significant disallowance of student financial aid in the past and expects such amounts, if any, to be immaterial.

NOTE 16 – LIQUIDITY AND AVAILABILITY

The University's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2024			2023
	University	IITRI	Consolidated	Consolidated
Financial assets:				
Cash and cash equivalents	$ 14,220	$ 1,188	$ 15,408	$ 8,869
Non-endowment investments	2,849	3,436	6,285	6,099
Accounts receivable, net	27,353	6,355	33,708	32,277
Pledge payments available for operations	4,373	-	4,373	7,459
Subsequent year's endowment payout	13,780	-	13,780	13,687
Total financial assets available within one year	62,575	10,979	73,554	68,391
Total financial assets and liquidity resources available within one year	$ 62,575	$ 10,979	$ 73,554	$ 68,391

(Continued)

NOTE 16 – LIQUIDITY AND AVAILABILITY (Continued)

The University's cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year end. To manage liquidity, the University maintains a line of credit that is drawn upon as needed during the year to manage cash flows. For each year ended May 31, 2024 and 2023, the amount outstanding under the lines of credit amounted to $44,725.

In addition, as of May 31, 2024 and 2023 the University has approximately $58,000 and $48,000, respectively, in funds functioning as endowment net of subsequent year appropriation, which is available for general expenditure with Board approval.

Management's Plan for Ongoing Liquidity

The University realized operating losses without donor restriction of approximately $47,800 in fiscal year 2023 and $38,000 in fiscal year 2022. These operating losses were attributable to increased expenses related to inflation, rising interest rates, and certain strategic investments. These strategic investments included improvements in enrollment management and advancement activities to increase tuition, contributions to the endowment and unrestricted funds, and cybersecurity investments in the IT Infrastructure. The University was notified on May 10, 2024, that its composite score ratio (CSR) for fiscal year 2023 was below the minimum score of 1.5 necessary to meet the requirement of the financial responsibility standards. For the University to continue to participate in the Title IV Higher Education Act (HEA) programs, the University elected to submit financial protection for $12,352 (See Note 17) to the Department of Education (ED), which represents 50% of the Title IV HEA program funds received by the University in the most recently completed fiscal year.

In March 2023, the University obtained a debt covenant waiver from Wintrust Bank related to violations on the University's 2018 IFA Bonds. In conjunction with the waiver, the University also agreed to a revised monthly cash flow available for debt service covenant requirement beginning with the accounting period ending January 31, 2023 and continuing through the accounting period ending May 31, 2024. Starting with the accounting period ending August 31, 2024, and continuing through the accounting period ending May 31, 2025, the University will maintain a debt service coverage ratio of 1.00 as of each August 31, November 30, February 28 and May 31, each calculated on a rolling twelve-month basis. Commencing with the fiscal year ending May 31, 2026, the University will maintain a DSCR equal to at least 1.00 as of the end of each fiscal year.

During the financial statement audit for the year ended May 31, 2023, the University was not in compliance with the restructured DSCR, however the University has met its monthly cash flow available for debt service covenant requirements for fiscal year May 31, 2024.

For the year ended May 31, 2024, the University reported an increase in net assets from operating activities without donor restrictions of approximately $4,800. The increase in net assets without donor restrictions in fiscal year 2024 is attributable to an increase in net tuition and fees of approximately $32,900 as new enrollment strategies were implemented. The University also saw significant growth in operating private gifts of approximately $10,500 over fiscal year 2023. The University's management also engaged consultants to assist in the implementation of zero-based budgeting for the fiscal year 2024 budget, which resulted in an increase in overall operating expenses of approximately $7,700, or 2%, from fiscal year 2023 to fiscal year 2024. During fiscal year 2025, Management will continue implementing cost savings and revenue strategies with the goal of achieving positive operating results before depreciation in fiscal year 2026.

To increase liquidity, the Board approved an increase in the fiscal year 2024 annual endowment draw and an advance of the fiscal year 2025 annual endowment draw for cash flow purposes, if needed. The University drew a total of $23,810 for fiscal year 2024. The University drew its standard 5% from the endowment on June 1, 2024 for fiscal year 2025.

(Continued)

NOTE 16 – LIQUIDITY AND AVAILABILITY (Continued)

The University's banks, Wintrust and PNC, have renewed the lines of credit through June 27, 2025. It is expected that the lines of credit will be extended or refinanced into long-term debt. In addition, should the University be required to repay any of the 2018 IFA Bonds or the Wintrust or PNC lines of credit prior to maturity, the Board of Trustees approved that the University may enter a financing transaction with the University's endowment assets such that these endowment assets would purchase from the University a 12-month Promissory Note in an amount sufficient to make any necessary debt principal repayments and on such terms as are commercially reasonable to manage overall University liquidity.

NOTE 17 – SUBSEQUENT EVENTS

In connection with the preparation of the consolidated financial statements and in accordance with FASB ASC Topic 855, *Subsequent Events*, management evaluated subsequent events after the statement of financial position date of May 31, 2024 through September 16, 2024, which was the date the consolidated financial statements were issued. Identified subsequent events are discussed below.

The University was notified on May 10, 2024, that its composite score ratio (CSR) for fiscal year 2023 was below the minimum score of 1.5 necessary to meet the requirement of the financial responsibility standards. For the University to continue to participate in the Title IV Higher Education Act (HEA) programs, the University elected to submit financial protection for $12,352 to the Department of Education (ED), which represents 50% of the Title IV HEA program funds received by the University in the most recently completed fiscal year. By choosing this option, the University qualifies as a financially responsible institution.

In June 2024, the University received an unrestricted gift of $12,500 from a Trustee donor. To meet the financial responsibility standards discussed above, the University made the decision to provide $12,352 from this Trustee gift to the Department of Education for this purpose. The cash deposit will be released once the University meets the minimum CSR threshold of 1.5.

NOTE 18 – RELATED PARTY TRANSACTIONS

The University has certain members of its Board of Trustees who have financial interests in entities which engage in business transactions with the University. These entities include Forward Space LLC, Collegis Education, Airgas USA LLC, and Global Grounds. The terms of the agreements and contracts with these entities are consistent with the University's policy and code of ethics. The terms are no more or less favorable to the University than could have been obtained from unrelated entities.

The consolidated financial statements include IIT, IITRI and IIT India. Transactions between these related organizations included reimbursement for purchases of goods or services or sharing of facilities. All inter-organizational balances have been eliminated in the consolidated financial statements. The University had contributions from Board members of $8,132 and $9,557 as of May 31, 2024 and 2023, respectively. The University had outstanding pledges receivable from Board members of $4,174 and $8,340 as of May 31, 2024 and 2023, respectively

SUPPLEMENTARY INFORMATION

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
May 31, 2024
(In thousands of dollars)

	University	IITRI	Eliminations		Total
ASSETS					
Cash	$ 14,220	$ 1,188	$ -		$ 15,408
Notes and accounts receivable:					
Grants and contracts, less allowance of $525	6,891	6,355	-		13,246
Students:					
Tuition, less allowance of $1,357	17,993	-	-		17,993
Notes, less allowance of $638	2,757	-	-		2,757
Other, less allowance of $634	23,529	-	-		23,529
Pledges, net	17,276	-	-		17,276
Affiliated organizations, net	1,834	-	(1,834)	(a)	-
Inventories, prepaid expenses, and deferred charges	5,513	440	-		5,953
Equity interest in IITRI	29,950	-	(29,950)	(b)	-
Investments	266,653	3,436	-		270,089
Physical properties, less accumulated depreciation	312,648	31,447	(1,472)	(c)	342,623
Beneficial interest in perpetual trusts	25,255	-	-		25,255
Total assets	$ 724,519	$ 42,866	$ (33,256)		$ 734,129
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable and accrued expenses	$ 22,758	$ 4,896	$ (1,834)	(a)	$ 25,820
Accrued salaries and wages	17,331	824	-		18,155
Deferred revenue	15,521	3,404	-		18,925
Deposits by students and others	3,094	-	-		3,094
Accrued postretirement benefit obligation	727	-	-		727
Obligation under split-interest agreements	573	-	-		573
Lease liability	34	1,472	(1,472)	(c)	34
Advances from U.S. government for student loans	1,589	-	-		1,589
Asset retirement obligation	452	-	-		452
Deferred vendor incentive	17,072	-	-		17,072
Debt:					
Bonds payable	142,680	2,320	-		145,000
Notes payable	64,725	-	-		64,725
Bond premium payable	8,478	-	-		8,478
Cost of issuance	(1,465)	-	-		(1,465)
Total debt	214,418	2,320	-		216,738
Total liabilities	293,569	12,916	(3,306)		303,179
Net assets:					
Without donor restrictions	145,971	29,950	(29,950)	(b)	145,971
With donor restrictions	284,979	-	-		284,979
Total net assets	430,950	29,950	(29,950)		430,950
Total liabilities and net assets	$ 724,519	$ 42,866	$ (33,256)		$ 734,129

(a) Elimination of inter-entity accounts payable/receivable
(b) Elimination of equity interest in IITRI
(c) Elimination of inter-entity lease obligations

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended May 31, 2024
(In thousands of dollars)

	Without Donor Restrictions				With Donor Restrictions	
	University	IITRI	Inter-entity Eliminations	Total	University	Total
Operating revenue:						
Tuition and fees, net of scholarships of $158,524	$ 152,990	$ -	$ -	$ 152,990	$ -	$ 152,990
Government grants and contracts	49,427	10,239	-	59,666	-	59,666
Private grants and contracts	3,180	17,623	-	20,803	-	20,803
Private gifts	17,923	-	-	17,923	6,655	24,578
Endowment spending distribution	23,810	-	-	23,810	-	23,810
Sales and services of auxiliary enterprises, net	18,817	-	-	18,817	-	18,817
Other sources	17,010	-	(1,994) (a)	15,016	-	15,016
Net assets released from restrictions	4,722	-	-	4,722	(4,722)	-
Total operating revenue	287,879	27,862	(1,994)	313,747	1,933	315,680
Operating expenses:						
Faculty salaries	65,577	-	-	65,577	-	65,577
Administrative salaries	51,636	-	-	51,636	-	51,636
Part-time salaries	17,567	-	-	17,567	-	17,567
Employee benefits	21,302	-	-	21,302	-	21,302
Operations and maintenance	27,393	-	-	27,393	-	27,393
Supplies and services	49,456	-	-	49,456	-	49,456
Professional fees and advertising	20,660	-	-	20,660	-	20,660
IITRI research	-	23,901	(1,994) (a)	21,907	-	21,907
Interest on indebtedness	9,993	133	-	10,126	-	10,126
Depreciation	20,364	2,949	-	23,313	-	23,313
Total operating expenses	283,948	26,983	(1,994)	308,937	-	308,937
Increase in net assets from operating activities	3,931	879	-	4,810	1,933	6,743
Nonoperating revenue and expenses:						
Private gifts	-	-	-	-	18,190	18,190
Change in donor designation	(283)	-	-	(283)	283	-
Return on investments, net	6,447	253	-	6,700	20,881	27,581
Net loss on beneficial interest in perpetual trusts	-	-	-	-	2,750	2,750
Endowment spending distribution	(5,486)	-	-	(5,486)	(18,324)	(23,810)
Additional endowment distribution	2,944	-	-	2,944	(2,944)	-
Restructuring expenses	(3,538)	-	-	(3,538)	-	(3,538)
Other	(13)	129	-	116	-	116
Equity income from IITRI	1,261	-	(1,261) (b)	-	-	-
Increase (decrease) in net assets from nonoperating activities	1,332	382	(1,261)	453	20,836	21,289
(Decrease) increase in net assets	5,263	1,261	(1,261)	5,263	22,769	28,032
Net assets at beginning of year	140,708	28,689	(28,689)	140,708	262,210	402,918
Net assets end of year	$ 145,971	$ 29,950	$ (29,950)	$ 145,971	$ 284,979	$ 430,950

(a) Elimination of inter-entity utility income and expense
(b) Elimination of equity interest in IITRI earnings and contribution to IIT

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATING STATEMENT OF CASH FLOWS
Year ended May 31, 2024
(In thousands of dollars)

	University	IITRI	Eliminations	Total
Cash flows from operating activities:				
(Decrease) increase in net assets	$ 28,032	$ 1,261	$ (1,261) (a)	$ 28,032
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:				
Private gifts restricted for long-term investment	(11,012)	-	-	(11,012)
Depreciation	20,364	2,949	-	23,313
Amortization	(1,517)	-	-	(1,517)
Net loss (gain) on investments	(26,588)	1,276	-	(25,312)
Net gain on beneficial interest in perpetual trust	(2,750)	-	-	(2,750)
Accretion on asset retirement obligation	129	-	-	129
Changes in assets and liabilities:				
Receivables: tuition, grants, pledges, and other	(9,353)	479	1,465 (b)	(7,409)
Inventories, prepaid expenses, and deferred charges	358	(274)	-	84
Equity interest in IITRI	(1,261)	-	1,261 (a)	-
Accounts payable and accrued expenses	3,475	1,361	(1,465) (b)	3,371
Accrued salaries and wages	(549)	50	-	(499)
Deferred revenue	(3,378)	(4,410)	-	(7,788)
Lease liability	(1,135)	(235)	235 (c)	(1,135)
Deposits by students and others	183	-	-	183
Accrued postretirement benefit obligation	(23)	-	-	(23)
Obligations under split-interest agreements	(26)	-	-	(26)
Asset retirement obligation	(145)	-	-	(145)
Deferred vendor incentive	(461)	-	-	(461)
Net cash from operating activities	(5,657)	2,457	235	(2,965)
Cash flows from investing activities:				
Proceeds from sale of investments	205,537	-	-	205,537
Purchase of investments	(189,295)	-	-	(189,295)
Purchase of physical properties	(8,298)	(3,484)	(235) (c)	(12,017)
Issuance of notes receivable	(75)	-	-	(75)
Payments received on notes receivable	633	-	-	633
Net cash from investing activities	8,502	(3,484)	(235)	4,783
Cash flows from financing activities:				
Private gifts restricted for long-term investment	11,012	-	-	11,012
Return of capital to U.S. government for student loans	(695)	-	-	(695)
Proceeds from deferred vendor incentive	-	-	-	-
Payments on capital lease	-	-	-	-
Proceeds on notes and bonds payable	-	-	-	-
Payments on notes and bonds payable	(5,076)	(520)	-	(5,596)
Net cash from financing activities	5,241	(520)	-	4,721
Change in cash	8,086	(1,547)	-	6,539
Cash at:				
Beginning of year	6,134	2,735	-	8,869
End of year	$ 14,220	$ 1,188	$ -	$ 15,408
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ 10,022	$ 130	$ -	$ 10,152
Construction payable	1,086	-	-	1,086

(a) Elimination of change in equity interest in IITRI
(b) Elimination of change in inter-entity accounts payable/receivable
(c) Elimination of inter-entity lease obligations

See Accompanying Independent Auditor's Report.