The University of Nebraska

Basic Financial Statements and Additional Information
for the Years Ended June 30, 2024 and 2023
and Independent Auditors' Reports

Issued on December 13, 2024

THE UNIVERSITY OF NEBRASKA

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NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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INDEPENDENT AUDITORS' REPORT

Board of Regents of the University of Nebraska
Lincoln, Nebraska:

Opinion

We have audited the accompanying financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of the University of Nebraska (University) (a component unit of the State of Nebraska) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, fiduciary activities, and the discretely presented component unit of the University of Nebraska, as of June 30, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of Nebraska Foundation (Foundation), a discretely presented component unit of the University; the University of Nebraska Facilities Corporation, the University Technology Development Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, and the Nebraska Utility Corporation, blended component units of the University (collectively identified as the Blended Component Units). The Blended Component Units represent 17 percent, -1 percent, and 5 percent, respectively, of the assets, net position, and revenues of the University at June 30, 2024, and 19 percent, 1 percent, and 6 percent, respectively, of the assets, net position, and revenues of the University at June 30, 2023. Those statements were audited by other auditors, whose reports have been furnished to us, along with the Foundation report, which appears herein, and our opinion, insofar as it relates to the amounts included for the Foundation, and the Blended Component Units, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of the Foundation and the Blended Component Units were not audited in accordance with *Government Auditing Standards.*

Emphasis of Matter

As discussed in Note A to the financial statements, in fiscal year 2024 the University adopted new accounting guidance for accounting changes and error corrections in GASB Statement No. 100. Additionally, as discussed in

Note P to the financial statements, the fiscal year 2023 financial statements have been restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 6 through 15, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Mark Avery

Lincoln, Nebraska	Mark Avery, CPA
December 12, 2024	Assistant Deputy Auditor

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Independent Auditors' Report

Board of Directors
University of Nebraska Foundation
Lincoln, Nebraska

Opinion

We have audited the consolidated financial statements of the University of Nebraska Foundation (the Foundation), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years 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 Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 Foundation's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Forvis Mazars, LLP

Lincoln, Nebraska
September 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2024 and 2023 (UNAUDITED)
(Columnar Amounts in Thousands)

Introduction

This discussion and analysis is designed to provide an overview of the financial position and activities of the University of Nebraska (the University) for the years ended June 30, 2024 and 2023. This analysis has been prepared by management of the University of Nebraska and it is intended to be read with the financial statements and related footnotes that follow this section.

The University is a comprehensive public institution of higher education, research, and public service. It was founded in Lincoln, Nebraska on February 15, 1869. The University became a multi-campus institution in 1968 by an act of the Nebraska Legislature that provided for the addition of the University of Nebraska at Omaha to the University system (formerly the municipal University of Omaha) and, at the same time, designated the University of Nebraska-Lincoln and University of Nebraska Medical Center as separate campuses. In 1991, the former Kearney State College became the fourth campus as the University of Nebraska at Kearney.

The University's four campuses provide a diversity of offerings. The University of Nebraska-Lincoln (UNL) offers a wide range of undergraduate majors and has primary responsibility for graduate education, particularly at the doctoral level, and in the non-medical professions. UNL also includes the Institute of Agriculture and Natural Resources, which operates research extension centers across the State of Nebraska (the State), as well as offering major educational and research programs on campus. The University of Nebraska Medical Center (UNMC) features undergraduate, graduate, and professional degree programs that prepare students for a wide variety of careers in health sciences. The University of Nebraska at Omaha (UNO) is a metropolitan university located in the heart of Nebraska's largest city offering a broad range of undergraduate programs, as well as doctoral programs in criminal justice and public administration. The University of Nebraska at Kearney (UNK) is a mid-sized, residential campus with a commitment to excellence in undergraduate education. UNK offers undergraduate degrees in the arts and sciences, education, and business and technology, with a wide range of majors.

The financial statements for the University of Nebraska include six blended entities, those being the University of Nebraska Facilities Corporation (UNFC), the UNMC Science Research Fund, the University Dental Associates, UNeHealth, the Nebraska Utility Corporation, and the University Technology Development Corporation. Additional information regarding these entities is described in the footnotes to the financial statements.

In accordance with the guidance of Governmental Accounting Standards Board (GASB) Statement No. 39 and GASB Statement No. 61, the University of Nebraska Foundation's (the Foundation) financial statements are discretely presented with the University's financial statements. Management's discussion and analysis relates only to the University and does not include any overview of the financial position and activities of the Foundation. References to the Foundation within the analysis relate only to specific transactions with the University.

(Columnar Amounts in Thousands)

Student Enrollment – Headcount

	Fiscal Year				
Campus	**2020**	**2021**	**2022**	**2023**	**2024**
UNL	25,634	25,339	24,687	24,055	23,832
UNMC	4,053	4,227	4,388	4,406	4,555
UNO	15,140	15,892	15,329	15,065	15,011
UNK	6,279	6,318	6,453	6,041	6,017
Total	51,106	51,776	50,857	49,567	49,415

The fall semester (fiscal 2024) headcount enrollment was 49,415 students on the four campuses. Increasing enrollment is a strategic priority of the University and all campuses have devoted greater efforts to recruit both in-state and out-of-state students through such activities as improvement of student residences and facilities. The number of students enrolled in graduate and professional programs was 13,247 representing 27% of the student body, an important part of the University's commitment to its increasing prominence as a major research institution.

Financial and Operating Highlights

- ***Internal Loan Program.*** The University utilizes an Internal Loan Program (ILP) to support the long-term stewardship of the University's financial resources. The ILP allows the University to manage these financial resources holistically across the system. The ILP seeks to decouple external financings and internal lending such that the University can strategically reinvest in future projects and initiatives.

- ***Growth in Net Position.*** Net position of the University grew by $253 million or 5% and is attributable to several factors. Invested in capital assets and expendable plant construction net position increased a combined $133 million, fueled by ongoing work for the $95 million Rural Health Education Building at Kearney and $165 million North Stadium Expansion, as well as the completion of the $115 million Kiewit Hall. Unrestricted net position saw additional growth of $132 million in 2024 to a total of $1,928 million. An increase in the University's share of equity in a joint venture of $53 million aided this increase. Nonexpendable permanent endowment increased $40 million due to rebounding market conditions.

- ***New Capital Construction.*** Investments in capital projects followed University priorities, with many of these projects coming courtesy of private support. The following endeavors align behind the educational, research, and public service missions and make the University more competitive in continuing to attract high caliber students and faculty.

  - Work continues on the $25 million renovation of the Calvin T. Ryan Library at UNK. This project will improve the layout, appearance and functionality of the building. Included in the project is an emphasis on open design and increased access to individual and group study and lounge spaces, technology labs, and a lecture hall.

  - UNK and UNMC began work on the $95 million Rural Health Education Building in Kearney. This three-story, 110,000 square foot structure will feature state-of-the-art classrooms, extensive simulation and clinical skills laboratories for pre-clinical education and complex clinical scenarios and simulated primary care spaces.

- At UNO, construction continued for the Health and Kinesiology Building Renovation with a total budget of $10 million. This project will transform about 26,000 square feet of existing vacant space into laboratories, graduate student workspace and support spaces for the Research on Emotions and Cognition in Health (REACH) program.

- UNMC began work on Project Health, a new $2 billion health care facility at UNMC and Nebraska Medicine. This facility will serve as a clinical learning center to train the next generation of health care providers, conduct research and offer other clinical trials.

- UNL has budgeted $165 million toward construction of the North Stadium Expansion, which will provide a new training table and academic center for all student-athletes as well as a new athletic medicine area, strength complex, equipment room, football locker area and football offices and meeting spaces. Construction also continues for the Westbrook Music Building Replacement project at a total budget of $81 million. This project will add a variety of features, including a recording studio, rehearsal halls, a 300-seat recital hall and refurbished recital facilities.

- ***Indebtedness.*** Overall, bonded indebtedness decreased in 2024 by approximately $55 million on a base of $1,220 million at June 30, 2023, as a result of bond payments made in the ordinary course of business. Furthermore, no new bond issues were made in 2024.

- ***State appropriations and tuition.*** The Nebraska Legislature appropriated a 3% increase in state support of University operations for 2024 compared to a 3% increase in 2023 and a 3% increase in 2022. The Board of Regents approved a 3.5% tuition rate increase in 2024 following a tuition freeze for 2022 and 2023.

- ***Federal Grants and Contracts.*** Revenues from Federal grants and contracts increased by 2% from 2023 to 2024 compared to a 17% increase from 2022 to 2023. Revenues from Federal sources support the research and discovery efforts of the University and provide financial aid to students.

- ***Capital grants and gifts.*** Capital grants and gifts continue to be an important source of funding for facilities at the University. Capital grants and gifts totaled $107 million in 2024 compared to $87 million in 2023, and $139 million in 2022. The increase in capital gifts in 2024 primarily resulted from increases in funding for the North Stadium Expansion and Memorial Stadium Improvements projects at UNL.

Using the Financial Statements

The financial statements of the University include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements are prepared in accordance with GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. The statements and related footnotes are presented on a combined basis for the University as a whole.

Statement of Net Position. The Statement of Net Position includes all of the assets, deferred outflows, liabilities, and deferred inflows of the University and its component units on the accrual basis of accounting. The difference between total assets and deferred outflows and total liabilities and deferred inflows represents the net position of the University and is one indicator of its overall current financial condition. Over time, increases or decreases in the University's net position are indicative of whether its financial health is improving or deteriorating.

Assets classified as non-current are those that are expected to mature beyond a one-year period or represent special accounts such as those established to comply with revenue bond covenants.

Capital assets are presented net of accumulated depreciation and right-to-use assets are presented net of accumulated amortization.

Net position is divided into three parts:

- Net investment in capital assets: The University's total investment in capital assets, net of accumulated depreciation and amortization, reduced by outstanding bond and lease obligations incurred to acquire, construct, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included.

- Restricted:
  - Expendable: A fund externally restricted by creditors, grantors, or donors and includes grant and research funds, funds for plant construction and debt service on bond obligations.
  - Non-expendable: Permanent endowments and the Perkins student loan program.

- Unrestricted: Comprised of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Revenues, Expenses, and Changes in Net Position disclose the revenues and expenses of the University during the year. Revenues and expenses are classified as either operating or non-operating. Revenues realized from operating activities are offset by operating expenses, including depreciation and amortization, resulting in an operating income or loss. Most significantly, GASB requires that certain funding sources that are significant to the University, including State appropriations, gifts, certain Federal student aid programs, and investment income, be classified as non-operating revenues. In large public land-grant institutions, this, by definition, will invariably create operating losses on the statement of revenues and expenses and negative cash flows from operations in the statement of cash flows.

Scholarships and fellowships granted to students are shown as a reduction of tuition and other revenues, while stipends and other cash payments made directly to students are reported as scholarship and fellowship expenses.

Statement of Cash Flows. The Statement of Cash Flows provides information about the cash receipts and cash payments made by the University during the year. When used with related disclosures and information in the other financial statements, this statement should help assess the University's ability to generate future cash flows, its ability to meet its obligations when they come due, its needs for financing, the reasons for differences between operating income and associated cash receipts, and payments and the effects on the University's financial position by investing, capital, and financing transactions during the year.

(Columnar Amounts in Thousands)

Condensed Financial Statements and Analysis
Condensed Statements of Net Position

	June 30, 2024	2023	2022
Assets and Deferred Outflows			
Current assets	$ 1,970,430	$ 1,990,461	$ 1,894,845
Capital assets, net of accumulated depreciation	3,403,688	3,213,823	3,045,396
Other non-current assets	1,614,419	1,538,974	1,655,260
Total assets	6,988,537	6,743,258	6,595,501
Deferred Outflows of Resources	27,054	28,372	30,129
Liabilities, Deferred Inflows, and Net Position			
Current liabilities	506,055	467,208	487,986
Non-current liabilities	1,262,837	1,307,743	1,365,237
Total liabilities	1,768,892	1,774,951	1,853,223
Deferred Inflows of Resources	55,397	58,630	53,543
Net position:			
Net investment in capital assets	2,287,643	2,242,955	2,183,702
Restricted for:			
Nonexpendable:			
Permanent endowment	267,460	227,637	209,177
Loan funds	15,127	14,419	15,664
Expendable:			
Externally restricted funds	435,753	473,111	404,595
Plant construction	212,454	123,982	116,507
Debt service	45,195	60,080	54,615
Unrestricted	1,927,670	1,795,865	1,734,604
Total net position	$ 5,191,302	$ 4,938,049	$ 4,718,864

(Columnar Amounts in Thousands)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30, 2024	2023	2022
Operating Revenues:			
Tuition and fees	$ 424,434	$ 410,864	$ 422,275
Federal grants and contracts - restricted	423,829	414,234	353,893
Private grants and contracts - restricted	297,443	247,037	213,178
State grants and contracts - restricted	45,458	83,820	49,418
Sales and services of educational activities	75,123	63,614	65,389
Sales and services of health care entities	28,957	27,794	27,606
Sales and services of auxiliary operations	357,839	342,438	334,707
Other operating revenues	26,221	24,382	20,644
Total operating revenues	1,679,304	1,614,183	1,487,110
Operating Expenses:			
Compensation and benefits	1,629,023	1,561,050	1,461,496
Supplies and services	818,845	690,314	582,521
Depreciation of capital assets	155,966	150,615	151,052
Amortization of right-to-use assets	17,311	16,133	12,936
Scholarships and fellowships	81,707	75,625	116,781
Total operating expenses	2,702,852	2,493,737	2,324,786
Transfers	23,649	-	-
Operating Loss	(999,899)	(879,554)	(837,676)
Non-operating Revenues (Expenses):			
State of Nebraska non-capital appropriations	667,849	649,841	633,915
Federal grants	83,625	58,254	149,251
Gifts	193,299	186,169	96,352
Investment income	45,731	82,143	78,417
Interest on bond obligations	(34,397)	(41,375)	(43,809)
Equity in joint venture	84,171	31,329	19,589
Other non-operating revenues (expenses)	90,809	24,805	(154,743)
Net non-operating revenues	1,131,087	991,166	778,972
Income (Loss) before Other Revenues, Expenses, Gains or Losses	131,188	111,612	(58,704)
Other Revenues, Expenses, Gains or Losses:			
State of Nebraska capital appropriations	14,737	19,823	18,838
Capital grants and gifts	107,253	87,393	139,257
Additions to permanent endowments	75	357	644
Other revenues	-	-	81
Net other revenues, expenses, and gains or losses	122,065	107,573	158,820
Increase in net position	253,253	219,185	100,116
Net position, beginning of year	4,938,049	4,718,864	4,618,748
Net position, end of year	$ 5,191,302	$ 4,938,049	$ 4,718,864

Analysis of Financial Position. Cash and cash equivalents represent the majority of current assets of the University and decreased \$175 million in 2024, from \$1,376 million to \$1,201 million, as compared to a \$40 million increase in 2023, from \$1,336 million to \$1,376 million.

Non-current assets of the University are led by the investment in capital assets. At June 30, 2024, total investment in capital assets was \$5.3 billion, yielding a net investment, after accumulated depreciation and amortization, of \$3.5 billion. The increase in capital assets was \$191 million, consisting of net additions of \$364 million less depreciation and amortization of \$173 million. Changes in capital assets are further detailed in the capital asset section of this discussion.

Capital gifts from the Foundation contributed to funding the construction of Kiewit Hall, the North Stadium Expansion, and the Westbrook Music Building replacement at UNL, and funds for debt service on certain UNFC projects. All other projects were funded or partially funded from UNFC bond issues, capital appropriations, and certain designated internal funds.

Net bonded indebtedness decreased by \$55 million in 2024, following a decrease of \$68 million in 2023 and decrease of \$51 million in 2022. No indebtedness was issued in the past three years.

Analysis of Operations – Overview. The University generated \$1,679 million of operating revenues during 2024, an increase of \$65 million over 2023, while operating expenses were \$2,703 million, up \$209 million over the prior year. These changes resulted in an increase in the operating loss of \$120 million to \$1 billion in 2024 compared to losses of \$880 million and \$838 million for 2023 and 2022. As disclosed earlier, because of the mandated financial reporting regarding classification of State appropriations and other funding sources, statements of activities for large public land-grant universities will invariably report an operating loss. If non-capital appropriations were added to the operating loss as displayed in the statements of revenues, expenses, and changes in net position, the University's "operating loss after appropriations" would have been \$332 million in 2024 compared to similar "losses" of \$230 million in 2023 and \$204 million in 2022.

The Nebraska Legislature provided \$668 million in non-capital appropriations for 2024, an increase of \$18 million over 2023 following an increase of \$16 million over 2022. The University, in conjunction with the Foundation, generated non-operating and capital gifts of approximately \$300 million that, when combined with all other non-operating revenues and expenses including investment income of \$46 million, netted an overall increase in net position of approximately \$253 million.

(Columnar Amounts in Thousands)

Revenues. The following charts depict the operating revenues for 2024 and 2023 and the comparative changes that occurred between those years.

	2024		2023		2024-2023 Change	
	Amount	% of Total	Amount	% of Total	Dollars	Percent
Tuition and fees	$ 424,434	25%	$ 410,864	25%	$ 13,570	3%
Federal grants and contracts - restricted	423,829	25	414,234	26	9,595	2
Private grants and contracts - restricted	297,443	18	247,037	15	50,406	20
State grants and contracts - restricted	45,458	3	83,820	5	(38,362)	(46)
Sales and services of educational activities	75,123	4	63,614	4	11,509	18
Sales and services of health care entities	28,957	2	27,794	2	1,163	4
Sales and services of auxiliary operations	357,839	21	342,438	21	15,401	4
Other operating revenues	26,221	2	24,382	2	1,839	8
Total operating revenues	$ 1,679,304	100%	$ 1,614,183	100%	$ 65,121	4%

The University's operating revenues increased in fiscal year 2024 by 4% or $65 million. A three-year comparison of revenues for the years 2024, 2023, and 2022 is presented on page 11.

- The largest increase in revenue occurred in Private grants and contracts, which increased about $50 million, or 20%. This increase was driven by UNMC, who received over $43 million in additional academic mission support from Nebraska Medicine. State grants and contracts experienced a significant decrease of approximately $38 million, or 46%. This is attributable to a $20 million decrease in State grants for UTDC who received a one-year award in FY23. UNMC also experienced a decrease in a couple of State grants and contracts of approximately $18 million due primarily to the ending of pancreatic cancer funding of $15 million previously provided by LB1012.

Expenses. The following chart shows the University's operating expenses for 2024 and 2023 and comparative changes that occurred between those years. A three-year comparison of operating expenses for the years 2024, 2023, and 2022 is presented on page 11.

	2024		2023		2024-2023 Change	
	Amount	% of Total	Amount	% of Total	Dollars	Percent
Compensation and benefits	$ 1,629,023	60%	$ 1,561,050	63%	$ 67,973	4%
Supplies and services	818,845	30	690,314	28	128,531	19
Depreciation and amortization	173,277	7	166,748	6	6,529	4
Scholarships and fellowships	81,707	3	75,625	3	6,082	8
Total operating expenses	$ 2,702,852	100%	$ 2,493,737	100%	$ 209,115	8%

Operating expenses increased by $209 million for the 2024 fiscal year. Changes in the major expense classifications follow.

- Supplies and services increased by 19% in 2024, following a 19% increase in 2023 and 9% decrease in 2022. Much of this was driven by a $22 million increase in auxiliary expenditures system-wide. Additionally, contractual services costs at the University increased by about $37 million in 2024, driven by an increase in Graduate Medical Education (GME) supplemental payments at UNMC. Furthermore, the

$20 million return of a state grant by UTDC drove supplies and materials to increase over the prior year. Lastly, UNL had expenses for several large construction projects that drove their repair and maintenance upward by about $23 million compared to the prior year.

***Non-Operating Revenues (Expenses*).** Net non-operating revenues increased $140 million during 2024 compared to 2023. An increase in Federal grant revenue of about $25 million contributed to the increase as well as a net $43 million increase in fair market value of endowments held at the Foundation as compared to the prior year. Further contributing to the increase in non-operating revenues was $53 million in additional revenue from equity in a joint venture over the prior year.

***Other Revenues, Expenses, Gains, or Losses*.** Net other revenues, expenses, gains, or losses increased by $14 million. An increase in capital gifts related to the North Stadium Expansion and Memorial Stadium Improvements at UNL was the primary driver.

Capital Assets

The University made significant investments in capital assets during the current year. Major construction projects and acquisitions completed were:

- At UNL, Kiewit Hall was capitalized at a value of about $115 million. This project provided classrooms, instructional labs and an outdoor plaza for the university community, and represents the largest academic building effort in the University of Nebraska's history.

- At UNO, the Durham Science Center Renovation was completed at a total cost of $37 million. This 166,000 gross square foot building addition includes improved space for classrooms, faculty offices, teaching and research laboratories, student individual and group study, and activities. It also renovated the building envelope, interior finishes, and code updates, in addition to mechanical, electrical, plumbing, and technology system updates.

- At UNK, about $18 million of sorority housing was added at the newly constructed Bess Furman Armstrong Hall. This 140-bed residence hall features dedicated housing pods, chapter rooms, lounges and study areas for sororities, along with an outdoor patio and green space. This is part of a $33 million project for replacing and relocating the fraternity and sorority life community.

More information on capital asset activity is disclosed in the Notes to the Financial Statements included in this report on page 39.

Debt Activity

Bond Financings. The University had no new bond financings in 2024.

UNFC met all debt service requirements during 2024. The State of Nebraska Legislature has reaffirmed and appropriated funds for their portion of the debt service pertaining to the Deferred Maintenance Projects, UNL the NCTA Education Center/Student Housing Project, and the UNL Health Center and College of Nursing Projects. The Foundation continues to receive funds from donor gifts pledged toward the funding of the UNO/Community Facility Refunding and the UNMC Cancer Center. Funds from internal University sources continue to meet expectations allowing the service of UNFC-related debt obligations in their normal course.

More information on debt financing is disclosed beginning on page 40 in the Notes to Financial Statements included in this report.

Economic Outlook and Subsequent Events That Will Affect the Future

The University of Nebraska's economic outlook for 2024-2025 is cautiously optimistic, highlighting steady progress and opportunities for growth. According to University of Nebraska-Lincoln’s Bureau of Business Research, “The Leading Economic Indicator-Nebraska fell by 0.69% in August 2024, after rising in both June and July. The decrease in the leading indicator, designed to predict economic growth six months into the future, implies that the Nebraska economy will grow at a moderate pace through the end of 2024 and in early 2025.”

Additional key factors to consider include:

1. **Resilient Job Market**: Employment is projected to grow consistently, with increases of 0.6% in 2024 and 0.7% in 2025. Service-oriented industries, such as healthcare, business services, and leisure/hospitality, are poised to lead the way, reflecting Nebraska’s adaptability to evolving economic needs. Gains in construction and manufacturing further underline a diversified growth trajectory

2. **Strong Agricultural Performance**: Nebraska’s agricultural sector is expected to maintain historically high levels of income, around $7 billion annually, supported by robust crop and livestock prices. This resilience ensures continued economic stability in in one of the state’s most vital sector

3. **Rising Incomes and Purchasing Power**: Non-farm income is forecast to grow at a healthy rate of 3.6% annually, surpassing inflation expectations of 2.5%. This translates into real income growth for Nebraska households, boosting consumer confidence and spending

4. **Positive Long-term Momentum**: While global challenges such as high interest rates persist, Nebraska's economy is well-positioned to navigate these with its balanced industrial mix and resourceful workforce. Opportunities in emerging industries and a strong fiscal foundation underscore the state’s long-term potential

Overall, Nebraska’s outlook combines steady growth with significant opportunities, driven by a robust workforce, strategic industry leadership, and strong agricultural performance. This positions the state for a promising 2024-2025.

THE UNIVERSITY OF NEBRASKA

STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023
(Thousands)
(See Independent Auditors' Report on Pages 1, 2, and 3)

	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	$ 795,241	$ 837,600
Cash and cash equivalents - restricted	247,154	324,708
Cash and cash equivalents held by trustee - unrestricted	62,242	105,426
Cash and cash equivalents held by trustee - restricted	96,119	108,154
Investments - restricted	130,187	144,565
Investments held by trustee - unrestricted	160,121	125,673
Accounts receivable and unbilled charges, net	426,968	299,598
Note receivable from other campuses, net	7,351	-
Public-private partnership receivable	848	1,190
Loans to students, net	2,845	2,267
Leases receivable, net	10,920	10,262
Other current assets	29,063	31,018
Due from other funds/campuses	1,371	-
Total current assets	1,970,430	1,990,461
NON-CURRENT ASSETS:		
Cash and cash equivalents	911	727
Cash and cash equivalents - restricted	222	12,379
Cash and cash equivalents held by trustee - restricted	222,630	292,488
Investments - restricted	502,333	436,667
Investments held by trustee - unrestricted	18,673	-
Accounts receivable and unbilled charges, net of current portion	2,792	3,195
Note receivable from other campuses, net of current portion	6,741	-
Investment in joint venture	711,970	636,287
Loans to students, net of current portion	9,475	12,106
Leases receivable, net of current portion	23,504	28,336
Public-private partnership receivable, net of current portion	3,794	4,655
Capital assets, net of accumulated depreciation	3,403,688	3,213,823
Right-to-use leased assets, net of accumulated amortization	84,319	85,750
Right-to-use subscription assets, net of accumulated amortization	24,046	21,952
Other non-current assets	3,009	4,432
Total non-current assets	5,018,107	4,752,797
Total assets	6,988,537	6,743,258
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on bond refunding	27,054	28,372
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	199,235	169,165
Accrued salaries and wages	50,906	49,539
Accrued compensated absences	71,074	67,205
Note payable	415	1
Bond obligations payable	36,813	46,637
Lease obligations payable	4,749	4,790
Subscription obligations payable	8,418	6,754
Unearned revenues and other credits	110,288	96,734
Refundable government grants	1,755	2,215
Health and other insurance claims	22,402	24,168
Total current liabilities	506,055	467,208
NON-CURRENT LIABILITIES:		
Accounts payable, net of current portion	584	853
Accrued salaries and wages, net of current portion	4	9
Accrued compensated absences, net of current portion	26,143	26,650
Note payable, net of current portion	2,049	1
Bond obligations payable, net of current portion	1,127,893	1,173,256
Lease obligations payable, net of current portion	89,390	87,582
Subscription obligations payable, net of current portion	12,967	13,575
Unearned revenues and other credits, net of current portion	869	1,167
Refundable government grants, net of current portion	2,938	4,650
Total non-current liabilities	1,262,837	1,307,743
Total liabilities	1,768,892	1,774,951

(Continued)

THE UNIVERSITY OF NEBRASKA

STATEMENTS OF NET POSITION (Continued)
JUNE 30, 2024 AND 2023
(Thousands)
(See Independent Auditors' Report on Pages 1, 2, and 3)

	2024	2023
DEFERRED INFLOWS OF RESOURCES:		
Deferred public-private partnership receipts	4,760	6,027
Deferred gain on bond refunding	3	8
Deferred lease arrangement receipts	50,634	52,595
Total deferred inflows of resources	55,397	58,630
NET POSITION:		
Net investment in capital assets	2,287,643	2,242,955
Restricted for:		
Nonexpendable:		
Permanent endowment	267,460	227,637
Loan Funds	15,127	14,419
Expendable:		
Externally restricted funds for scholarships, student aid, and research	435,753	473,111
Plant construction	212,454	123,982
Debt service	45,195	60,080
Unrestricted	1,927,670	1,795,865
Total net position	$ 5,191,302	$ 4,938,049

(Concluded)

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA

UNIVERSITY OF NEBRASKA FOUNDATION
(A Component Unit of the University of Nebraska)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023
(Thousands)
(See Independent Auditors' Reports on Pages 1, 2, 3, 4, and 5)

	2024	2023
ASSETS		
Cash and cash equivalents	$ 61,404	$ 24,999
Temporary investments	683,571	622,488
Pledges receivable, net	213,395	240,622
Other receivables	12,025	6,447
Investments	2,611,224	2,332,050
Operating lease right of use assets	10,361	16,527
Property and equipment, net of depreciation	4,705	3,851
Total assets	$ 3,596,685	$ 3,246,984
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	$ 9,235	$ 7,154
University of Nebraska payable	24,556	13,181
Deferred annuities payable	17,824	17,153
Operating lease liabilities	10,532	16,582
Deposits held in custody for others	431,583	402,300
Total liabilities	493,730	456,370
NET ASSETS:		
Without donor restrictions	121,606	119,149
With donor restrictions	2,981,349	2,671,465
Total net assets	3,102,955	2,790,614
Total liabilities and net assets	$ 3,596,685	$ 3,246,984

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(Thousands)
(See Independent Auditors' Report on Pages 1, 2, and 3)

	2024	2023
OPERATING REVENUES:		
Tuition and fees (net of scholarship allowances of $221,084 and $205,999 in 2024 and 2023, respectively)	$ 424,434	$ 410,864
Federal grants and contracts - restricted	423,829	414,234
Private grants and contracts - restricted	297,443	247,037
State and local grants and contracts - restricted	45,458	83,820
Sales and services of educational activities	75,123	63,614
Sales and services of health care entities	28,957	27,794
Sales and services of auxiliary operations (net of scholarship allowances of $21,108 and $19,062 in 2024 and 2023, respectively)	357,839	342,438
Other operating revenues	26,221	24,382
Total operating revenues	1,679,304	1,614,183
OPERATING EXPENSES:		
Compensation and benefits	1,629,023	1,561,050
Supplies and services	818,845	690,314
Depreciation	155,966	150,615
Amortization of right-to-use assets	17,311	16,133
Scholarships and fellowships	81,707	75,625
Total operating expenses	2,702,852	2,493,737
NET TRANSFERS	23,649	-
OPERATING LOSS	(999,899)	(879,554)
NON-OPERATING REVENUES (EXPENSES):		
State of Nebraska non-capital appropriations	667,849	649,841
Federal grants	83,625	58,254
Gifts	193,299	186,169
Investment income (net of investment management fees of $4,776 and $6,767 in 2024 and 2023, respectively)	45,731	82,143
Interest on bond obligations and capital debt	(34,397)	(41,375)
Equity in joint venture	84,171	31,329
Other non-operating revenues	90,809	24,805
Net non-operating revenues	1,131,087	991,166
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	131,188	111,612
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:		
State of Nebraska capital appropriations	14,737	19,823
Capital grants and gifts	107,253	87,393
Additions to permanent endowments	75	357
Net other revenues, expenses, gains, or losses	122,065	107,573
INCREASE IN NET POSITION	253,253	219,185
NET POSITION:		
Net position, beginning of year, as previously reported	4,932,966	4,703,618
Correction of errors (Note P)	5,083	15,246
Net position, beginning of year, as revised	4,938,049	4,718,864
Net position, end of year	$ 5,191,302	$ 4,938,049

See notes to financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
(A Component Unit of the University of Nebraska)
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(Thousands)
(See Independent Auditors' Reports on Pages 1, 2, 3, 4, and 5)

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND GAINS:			
Gifts, bequests, and life insurance proceeds	$ 10,042	$ 270,906	$ 280,948
Investment income (loss), net of expenses	49,002	(16,277)	32,725
Change in value of split-interest agreements	-	376	376
Realized and unrealized gains (loss), net	2,510	331,899	334,409
Total revenue and gains	61,554	586,904	648,458
EXPENSES:			
Payments to benefit the University:			
Academic support	95,039	-	95,039
Student assistance	37,989	-	37,989
Faculty assistance	9,062	-	9,062
Research	10,725	-	10,725
Museum, library, and fine arts	6,194	-	6,194
Campus and building improvements	132,657	-	132,657
Alumni associations	598	-	598
Total payments to benefit the University	292,264	-	292,264
Operating expenses:			
Salaries and benefits	31,132	-	31,132
Office expense	1,296	-	1,296
Office rent and utilities	2,130	-	2,130
Professional services	1,584	-	1,584
Dues and subscriptions	814	-	814
Travel and conferences	1,267	-	1,267
Cultivation expense	2,233	-	2,233
Miscellaneous expense	318	-	318
Contributions to other charities	194	-	194
Paid to beneficiaries	2,409	-	2,409
Depreciation	476	-	476
Total operating expenses	43,853	-	43,853
Total expenses	336,117	-	336,117
Other changes in net assets:			
Net assets released from restrictions	277,020	(277,020)	-
Total other changes in net assets	277,020	(277,020)	-
Increase in net assets	2,457	309,884	312,341
NET ASSETS at beginning of year	119,149	2,671,465	2,790,614
NET ASSETS at end of year	$ 121,606	$ 2,981,349	$ 3,102,955

See notes to financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
(A Component Unit of the University of Nebraska)
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(Thousands)
(See Independent Auditors' Reports on Pages 1, 2, 3, 4, and 5)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND GAINS:			
Gifts, bequests, and life insurance proceeds	$ 3,413	$ 277,243	$ 280,656
Investment income, net of expenses	47,077	(5,082)	41,995
Change in value of split-interest agreements	-	666	666
Realized and unrealized gains (loss), net	(48)	166,061	166,013
Total revenue and gains	50,442	438,888	489,330
EXPENSES:			
Payments to benefit the University:			
Academic support	100,400	-	100,400
Student assistance	35,287	-	35,287
Faculty assistance	8,371	-	8,371
Research	10,573	-	10,573
Museum, library, and fine arts	3,309	-	3,309
Campus and building improvements	129,289	-	129,289
Alumni associations	598	-	598
Total payments to benefit the University	287,827	-	287,827
Operating expenses:			
Salaries and benefits	27,030	-	27,030
Office expense	1,463	-	1,463
Office rent and utilities	2,009	-	2,009
Professional services	1,416	-	1,416
Dues and subscriptions	971	-	971
Travel and conferences	1,106	-	1,106
Cultivation expense	2,793	-	2,793
Miscellaneous expense	434	-	434
Contributions to other charities	131	-	131
Paid to beneficiaries	2,419	-	2,419
Depreciation	489	-	489
Total operating expenses	40,261	-	40,261
Total expenses	328,088	-	328,088
Other changes in net assets:			
Net assets released from restrictions	287,032	(287,032)	-
Total other changes in net assets	287,032	(287,032)	-
Change in net assets	9,386	151,856	161,242
NET ASSETS at beginning of year	109,763	2,519,609	2,629,372
NET ASSETS at end of year	$ 119,149	$ 2,671,465	$ 2,790,614

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(Thousands)
(See Independent Auditors' Report on Pages 1, 2, and 3)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	$ 697,495	$ 736,178
Tuition and fees	420,710	411,456
Sales and services of health care entities	32,581	29,327
Sales and services of auxiliary operations	336,511	304,568
Sales and services of educational activities	75,651	65,307
Student loans collected	1,360	1,517
Other receipts	28,988	28,143
Payments to employees	(1,631,762)	(1,569,145)
Payments to vendors	(796,659)	(694,809)
Scholarships paid to students	(81,707)	(75,624)
Student loans issued	(794)	(595)
Other Payments	(50)	(1,425)
Transfers	21,144	-
Net cash flows from operating activities	(896,532)	(765,102)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State of Nebraska non-capital appropriations	667,850	649,842
Gifts	193,198	181,976
Federal grants	81,375	56,527
Other receipts	(301)	(853)
Remittance of refundable grant and Perkins Loan collections from students, net	(354)	(764)
Direct lending receipts	208,438	206,395
Direct lending payments	(208,438)	(206,395)
Net cash flows from non-capital financing activities	941,768	886,728
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bond obligations and lease receivables	3,597	11,689
Gifts	89,531	106,279
State of Nebraska capital appropriations	14,729	19,763
Proceeds from the sale of capital assets	65	-
Purchases of capital assets	(332,031)	(313,342)
Principal paid on bond obligations and capital debt	(81,149)	(75,966)
Interest paid on bond obligations and capital debt	(39,442)	(47,209)
Other receipts	2,798	2,134
Net cash flows from capital and related financing activities	(341,902)	(296,652)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	87,578	122,159
Interest on investments	44,878	78,611
Distributions received from joint venture	8,488	8,502
Purchases of investments	(101,241)	(148,868)
Net cash flows from investing activities	39,703	60,404
NET INCREASE IN CASH AND CASH EQUIVALENTS	(256,963)	(114,622)
CASH AND CASH EQUIVALENTS, beginning of year	1,681,482	1,796,104
CASH AND CASH EQUIVALENTS, end of year	$ 1,424,519	$ 1,681,482

See notes to financial statements.

(Continued)

THE UNIVERSITY OF NEBRASKA

STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(Thousands)
(See Independent Auditors' Report on Pages 1, 2, and 3)

	2024	2023
CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN STATEMENTS OF NET POSITION:		
Cash and cash equivalents (current)	$ 795,241	$ 837,600
Cash and cash equivalents - restricted (current)	247,154	324,708
Cash and cash equivalents held by trustee - unrestricted (current)	62,242	105,426
Cash and cash equivalents held by trustee - restricted (current)	96,119	108,154
Cash and cash equivalents (non-current)	911	727
Cash and cash equivalents - restricted (non-current)	222	12,379
Cash and cash equivalents held by trustee - restricted (non-current)	222,630	292,488
Cash and cash equivalents, end of year	$ 1,424,519	$ 1,681,482
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (999,899)	$ (879,554)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation expense	155,966	150,615
Amortization expense	17,311	16,133
Changes in assets and liabilities:		
Accounts receivable and unbilled charges, net	(108,897)	(29,730)
Loans to students	504	2,011
Other current assets	3,576	(9,101)
Accounts payable	35,550	13,044
Accrued salaries and wages	(2,590)	(17,864)
Unearned revenues and credits	3,713	(18,063)
Health and other insurance claims	(1,766)	7,407
Net cash flows used in operating activities	$ (896,532)	$ (765,102)
NON-CASH TRANSACTIONS:		
Capital gifts and grants	$ 4,280	$ 1,107
Increase (decrease) in fair value of investments	89,305	26,871
Acquisition of right-of-use assets through lease obligations	8,142	1,730
Acquisition of right-of-use assets through subscription obligations	14,531	10,829
Equity in earnings	518	578
Capital expenditures in accounts payable	92,517	72,230
Unrelated business income	4	-
Increase in lease receivables through deferred lease arrangements	360	8,615
Increase in public-private partnership receivables through deferred arrangements debt forgiveness	2,339	-

(Concluded)

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA

UNIVERSITY OF NEBRASKA FOUNDATION
(A Component Unit of the University of Nebraska)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(Thousands)
(See Independent Auditors' Report on Pages 1, 2, 3, 4, and 5)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 312,341	$ 161,242
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities:		
Depreciation	476	489
Realized and unrealized (gains) losses on investments, net	(334,409)	(166,013)
Contribution to endowment funds	(63,922)	(79,410)
Real and personal property contributions received	(264)	(1,342)
Non-cash operating lease expenses	389	1,519
(Increase) Decrease in:		
Pledges receivable	24,780	41,987
Other receivables	(5,734)	(53)
(Decrease) Increase in:		
Accounts payable and accrued liabilities	2,081	675
University of Nebraska payable	11,375	(2,060)
Deferred annuities payable	671	(46)
Deposits held in custody for others	29,283	42,649
Operating lease liabilities	(273)	(1,464)
Net cash provided by (used in) operating activities	(23,206)	(1,827)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of temporary investments	(737,276)	(366,375)
Proceeds from sale and maturity of temporary investments	719,384	380,077
Net increase in student loans	156	(5)
Purchase of investments	(318,775)	(130,199)
Proceeds from sale and maturity of investments	331,083	52,667
Purchase of property and equipment	(1,349)	(395)
Proceeds from sale of property and equipment	19	-
Net cash used in investing activities	(6,758)	(64,230)
CASH FLOWS FROM FINANCING ACTIVITY:		
Contribution to endowment funds	66,369	65,938
Net cash provided by financing activities	66,369	65,938
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,405	(119)
CASH AND CASH EQUIVALENTS, beginning of year	24,999	25,118
CASH AND CASH EQUIVALENTS, end of year	$ 61,404	$ 24,999

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024
(Thousands)
(See Independent Auditors' Report on Pages 1, 2, and 3)

	Private-Purpose Trust Funds	Custodial Funds
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,396	$ 4,769
Investments	4,664	95
Accounts receivable and unbilled charges, net	2,019	1,271
Other current assets	-	42
Total current assets	9,079	6,177
NON-CURRENT ASSETS:		
Capital assets	-	593
Total non-current assets	-	593
Total assets	9,079	6,770
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	339	1,008
Deposits held for others	-	771
Accrued salaries, wages and post-retirement benefits	-	1
Accrued compensated absences	-	63
Health and other insurance claims	2,766	-
Total Current Liabilities	3,105	1,843
NON-CURRENT LIABILITIES:		
Accrued compensated absences, net of current portion	-	22
Total Non-Current Liabilities	-	22
Total Liabilities	3,105	1,865
NET POSITION:		
Restricted for Individuals, Organizations, and Other Governments	5,974	4,905
Total Net Position	$ 5,974	$ 4,905

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(Thousands)
(See Independent Auditors' Report on Pages 1, 2, and 3)

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Investment income	$ (58)	$ 43
Employer sponsored cafeteria plan contributions	55,192	-
Scholarship receipts	-	14,572
Collected on behalf of student activities	-	2,847
Other additions	5,039	2,022
Total additions	60,173	19,484
DEDUCTIONS:		
Compensation and benefits	-	1,140
Employer sponsored cafeteria plan deductions	59,828	-
Scholarship expense	-	14,572
Remitted on behalf of student activities	-	2,901
Other deductions	1,329	1,123
Total deductions	61,157	19,736
DECREASE IN NET POSITION	(984)	(252)
NET POSITION:		
Net position, beginning of year	6,958	5,157
Net position, end of year	$ 5,974	$ 4,905

See notes to financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The University of Nebraska (University) is a land-grant University founded in 1869 and governed by an elected eight-member University of Nebraska Board of Regents (Board of Regents). University activities are conducted at four primary campuses, with two located in Omaha and one each in Lincoln and Kearney, Nebraska. While the University is a legally separate entity, it is a component unit of the State of Nebraska (State) because it is financially accountable to the State. The major accounting principles and practices followed by the University are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

These statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). GASB requires the following components of the basic financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements

The University follows all applicable GASB pronouncements.

Reporting Entity – In determining its financial reporting entity, the University has considered all potential component units for which it is financially accountable and other organizations which are fiscally dependent on the University or the significance of their relationship with the University is such that exclusion would be misleading. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the University to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the University.

As required by GAAP, these financial statements present the University and its component units. The component units are included in the University's reporting entity because of the significance of their operational or financial relationships with the University. The following component units and their balances and transactions are blended into the accompanying financial statements and reported in a manner similar to the balances and transactions of the University itself.

- The University of Nebraska Facilities Corporation (UNFC) was organized to finance the construction, repair, and renovation of buildings and the acquisition of land and equipment and to hold them in trust for the University. UNFC is governed by a Board of Directors comprised of the Board of Regents.

- The University Dental Associates (UDA) is a not-for-profit corporation organized for the purpose of billing, collecting, and distributing dental service fees generated by dentists employed by the UNMC. The distribution of fees is governed by the terms of the University of Nebraska Dental Service Plan applicable to member dentists.

- The UNMC Science Research Fund (SRF) is a not-for-profit corporation organized by the Board of Regents to solely support the research mission of the UNMC and provides services entirely, or almost entirely, to UNMC and advances academic technology transfer globally through fostering strategic collaborations with industry through licensing, research, and new venture agreements.

- UNeHealth, a Nebraska not-for-profit corporation, was organized in 1996 to further the general health care purpose of the UNMC. UNeHealth will increase the efficiency and effectiveness, boost visibility of commercial clinical research and ensure that contract budgets take in consideration the best interests of UNMC, UNMC Physicians (UNMC-P) and The Nebraska Medical Center (TNMC). UNeHealth seeks to create a more appealing environment for industry collaborations.

- Nebraska Utility Corporation (NUCorp) is a not-for-profit corporation formed under the Nebraska Interlocal Cooperation Act between the Board of Regents and Lincoln Electric System. The purpose of NUCorp is to purchase, lease, construct, and finance activities relating to furnishing energy requirements and utility and infrastructure facilities for the University of Nebraska-Lincoln (UNL). NUCorp provides services entirely, or almost entirely, to the UNL campus. NUCorp is governed by a five-member Board, three of which are University officials. In fiscal year 2024, NUCorp's operations were transferred to UNL and the entity was formally dissolved.

- The University Technology Development Corporation (UTDC) was organized to solely support the research mission of the University and provides services entirely, or almost entirely, to the University campuses and advances academic technology transfer globally through fostering strategic collaborations with industry through licensing, research, and new venture agreements. The blended entity consists of the UTDC activity and the activities of six non-profit subsidiaries and one for profit subsidiary. UTDC is the sole member/stockholder of each subsidiary.

Separate financial statements for UNFC, UDA, UNMC SRF, UNeHealth, NUCorp, and UTDC may be obtained from the University of Nebraska Office of the President, Varner Hall, 3835 Holdrege, Lincoln, Nebraska 68583-0742.

The University of Nebraska Foundation's (Foundation) financial statements are discretely presented within the University's financial statements. The Foundation is a non-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code whose purpose is to provide financial support for the University system. The Foundation reports under FASB standards, including FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented (see Note T).

Fiscal Year-End – All funds of the University, with the exception of UNFC, UDA, UNMC SRF, UNeHealth, and UTDC (blended component units), are reported as of and for the year ended June 30, 2024. The blended component units previously had a June 30 year-end date. As of July 1, 2023, the University of Nebraska Board of Regents mandated that all blended component units switch to a March 31 fiscal year-end. The amounts included in the University's 2024 financial statements for the blended component units is the nine-month period from July 1, 2023 to March 31, 2024.

Basis of Presentation – The financial statements of the University have been prepared on the accrual basis. The University recognizes revenues, net of discounts and allowances, when it is earned. Expenses are recorded when a liability is incurred. The University first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available. All significant revenues and expenses resulting from intra-University transactions have been eliminated.

The University reports the following fund types on its fiduciary financial statements:

Private-Purpose Trust Funds – These funds account for the University's group health self-insurance program as well as the flexible spending account program available to employees. Employee contributions to each of these programs are reported as fiduciary activities, while employer contributions to the group health program are reported as a business-type activity.

Custodial Funds – These funds account for assets held by the University for outside scholarships, student organizations, Nebraska Statewide Workforce & Educational Reporting System (NSWERS), and other entities associated with the University.

Cash and Cash Equivalents – Cash and cash equivalents and cash and cash equivalents – restricted are stated at fair value. Cash and cash equivalents – restricted is cash received from external sources designated for specific purposes. Cash is deposited with the Nebraska State Treasurer on a pooled basis in a State fund. Income earned by the pool is allocated to the University based upon average daily balances. These funds are considered to be cash and cash equivalents, which are available for expenditures as needed. The investments of the pool include Commercial Paper, U.S. Government Securities, Federal Agency Debt Instruments, Corporate Bonds, Money Market Funds, and Bank Deposits. Additional information on the pool can be found in the State of Nebraska's Annual Comprehensive Financial Report.

Cash and cash equivalents held by trustee – restricted is cash held by bond fund trustees and held for the purposes designated by the respective bond covenants.

Cash and cash equivalents held by trustee – unrestricted is cash held by the bond trustee, is not restricted by any bond covenants, and is utilized by the ILP.

For purposes of the statements of cash flows, cash includes cash and cash equivalents, both unrestricted and restricted, and cash and cash equivalents held by trustee – restricted and unrestricted, and investments with an original maturity of three months or less when purchased.

Investments – Investments are stated at fair value. Securities that are publicly traded are valued based on quoted market prices. Investments that do not have an established market are reported at estimated fair value. Investments received from donors as gifts are recognized as revenue at fair value at the date of the gift. Income from investments is recognized as earned and includes realized and unrealized gains and losses.

Due from Other Campuses – Due to the University's blended component units fiscal year-end change to March 31, there are timing differences in financial activity between the University and its blended component units. The variance of $1,371 for due from other campuses primarily represents amounts due between the University and its blended component units for services provided or reimbursements for capital projects.

Note Receivable from Other Campuses - Due to the University's blended component units fiscal year-end change to March 31, there are timing differences in financial activity between the University and its blended component units. The variance of $7,351 for current note receivable from other campuses and the variance of $6,741 for non-current note receivable from other campuses is the difference between the amount owed to UNFC by the University for internal loans as of March 31 and the amount the University paid between March 31 and June 30.

Transfers – Due to the University's blended component units fiscal year-end change to March 31, there are timing differences in financial activity between the University and its blended component units. The variance of $23,649 relates primarily to transfers between the blended component units and the University for operations and capital project funding between March 31 and June 30.

Capital Assets – Land improvements, leasehold improvements, buildings, and equipment are stated at cost at the date of acquisition. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. At UNL, and for certain research buildings at UNMC, estimated useful lives for buildings are accounted for on a componentized basis. The estimated useful lives are 25 to 50 years for buildings and their components and 20 to 30 years for land improvements. Equipment is generally depreciated from 2 to 10 years depending on its useful life. Leasehold improvements are depreciated using the straight-line method over the aforementioned estimated useful lives or the term of the related lease, if shorter. Maintenance, repairs, and minor replacements are charged to expense as incurred. The University maintains various collections of inexhaustible assets to which no value can be determined. Such collections include contributed works of art, historical treasures, and literature.

Capital assets are defined by the University as assets with initial, individual costs in excess of $500 for buildings and renovations, $100 for land improvements, and $5 for equipment. It is the University's policy that library books are not capitalized.

The University does not capitalize interest cost incurred according to GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.*

The University has artwork and other collections that it does not capitalize. These collections adhere to the University's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. U.S. generally accepted accounting principles permit collections maintained in this manner to be charged to operations at time of purchase rather than be capitalized.

Accrued Compensated Absences – Staff and certain University faculty earn 12 to 25 days of vacation annually. Vacation is no longer earned once an employee accrues 280 hours of unused vacation. Any unused vacation balance is carried over into the next year. Vacation may be used or received as a cash payment upon retirement or termination. In addition, certain classified staff receive a cash payment of one-fourth of accrued sick leave upon retirement from the University. The University has recognized a liability for sick and annual leave earned but not yet taken by its faculty and staff. Certain University faculty and staff also earn five floating holidays each year, subject to a 40 hour cap, which may be taken at any time during the year.

Unearned Revenues and Credits – These consist of advance payments on athletic tickets, fall semester student residence hall contracts, tuition deposits, unearned income on direct financing leases, and cash received in advance for grants and contracts.

Deferred Outflows and Inflows of Resources – Deferred outflows represent the unamortized losses on bond refundings, which are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt. Deferred inflows represent the unamortized gains on bond refundings, which are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt. Deferred inflows also represent the present value of remaining receivables as a result of public-private partnership and deferred lease arrangements. Revenues from these arrangements are recognized over the respective contract periods.

(Continued)

Classification of Revenues and Expenses – The University has classified its revenues and expenses as either operating or non-operating revenues and expenses according to the following criteria:

Operating Revenues and Expenses – Operating revenues and expenses include activities that have the characteristics of exchange transactions.

Non-Operating Revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts, contributions, State appropriations, investment income, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34.

Non-Operating Expenses – Non-operating expenses are activities of non-operating nature and include interest expense on bond obligations and capital debt and loss on disposal of capital assets.

Unrestricted Gifts – Revenue is recognized when an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received.

Scholarships and Fellowships – The University receives funds that are restricted by donors and grantors for aid to students. When these funds are granted to students or when scholarships and fellowships are provided through student tuition waiver, the University records the expense for student aid and the corresponding revenue. Accordingly, at June 30, 2024 and 2023, Federal grants and contracts includes Pell grant awards amounting to $58,722 and $51,762, respectively, and are also included in Scholarships and Fellowships expense. For employee tuition waivers, the University records a benefit expense and corresponding revenue. Ford direct student loans amounting to $208,283 and $206,397 at June 30, 2024 and 2023, respectively, are treated as agency funds and not included in revenues and expenses.

Health and Other Insurance Claims – The University is partially self-insured for comprehensive general liability, auto liability, property losses, and group health and dental liability. The estimated liability is being funded annually and reflected as an expense.

Environmental – Environmental assessments are performed when environmental issues are identified on property owned by the Board of Regents. The cost of any assessments is expensed as incurred. Any cost of remediation is accrued when the University's obligation is probable and the amount can be reasonably estimated or determined.

Tax Status – The University qualifies as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for Federal or State income taxes is required. However, income from unrelated activities is subject to Federal and State income taxes. No provision is deemed necessary for any income taxes associated with unrelated activities.

Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Implementation of New Accounting Principles – In 2024, the University adopted GASB Statement No. 100, Accounting Changes and Error Corrections, ("GASB 100"). This statement prescribes the accounting and financial reporting for (1) changes in accounting principles, changes in accounting estimates, and changes in the financial reporting entity and (2) error corrections. The adoption date of GASB 100 is reflected as of July 1, 2022. For further information regarding the impact of the implementation of GASB 100, please see footnote P.

In 2023, the University adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements, ("GASB 96"). This statement establishes new requirements for calculating and reporting University subscription-based information technology arrangements. The adoption date of GASB 96 is reflected as of July 1, 2021. For further information regarding the impact of implementation of GASB 96, please see footnote J.

In 2023, the University adopted GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, ("GASB 94"). This statement establishes new requirements for calculating and reporting arrangements in which an operator pays a government for the right to provide a public service. The adoption date of GASB 94 is reflected as of July 1, 2021.

B. DEPOSITS

Custodial credit risk – In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a formal custodial risk policy. Bank balances of cash and cash equivalents amounted to approximately $1,298 (book balance of approximately $722) at June 30, 2024, with approximately $1,161 covered by Federal depository insurance. Bank balances of cash and cash equivalents amounted to approximately $1,337 (book balance of approximately $657) at June 30, 2023, with approximately $1,122 covered by Federal depository insurance. The remaining bank balances at June 30, 2023, were collateralized with securities held by the pledging financial institution, but not in the University's name.

C. INVESTMENTS

Funds held for the support of University operations, excluding endowed funds, are invested according to State statute by the State Investment Officer. Regulatory oversight is provided by the Nebraska Investment Council. The University's fair value in the Nebraska Investment Council's investment pool is equal to its pool units. University endowed funds are invested by the University and its designated investment managers, in accordance with the prudent person rule as established by the University. The prudent person rule places no restrictions on the investment of these funds.

The University utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

In certain cases, the inputs used to measure fair value may fall in different levels of fair value hierarchy. The three levels are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has ability to access at the measurement date. Instruments categorized in Level 1 primarily consist of broadly traded range of equity and debt securities.

(Thousands)

- Level 2 inputs are those other than quoted prices included in Level 1 that are observable for the asset or liability, whether directly or indirectly.

- Level 3 inputs are unobservable and significant to the fair value measurement of the asset or liability.

The tables below present by Level the asset balances at estimated fair value on a recurring basis.

	Assets at fair value as of June 30, 2024			
	Total	Level 1	Level 2	Level 3
Investments:				
U.S. Government Agencies	$ 7,229	$ -	$ 7,229	$ -
U.S. Government Treasuries	86,407	-	86,407	-
Certificate of Deposit	156	156	-	-
Municipal Bonds	1,241	-	1,241	-
Corporate Bonds	44,656	-	44,656	-
Mutual Funds-Fixed Income	60,528	60,528	-	-
Common Stock	18,233	18,233	-	-
Domestic Equity	332,785	332,785	-	-
International Equity	125,399	125,399	-	-
Private Equity	3,138	3,138	-	-
Mutual Funds	85,041	85,041	-	-
Multi-Asset Credit	16,850	16,850	-	-
Real Estate held for investment purposes	932	-	-	932
Real Estate Mutual Funds	6,266	6,266	-	-
Money Market Funds	22,453	22,453	-	-
Total	$ 811,314	$ 670,849	$ 139,533	$ 932

(Thousands)

	Assets at fair value as of June 30, 2023			
	Total	Level 1	Level 2	Level 3
Investments:				
U.S. Government Agencies	$ 8,877	$ -	$ 8,877	$ -
U.S. Government Treasuries	47,550	-	47,550	-
Certificate of Deposit	132	132	-	-
Municipal Bonds	2,240	-	2,240	-
Corporate Bonds	47,487	-	47,487	-
Mutual Funds-Fixed Income	60,794	60,794	-	-
Common Stock	15,986	15,986	-	-
Domestic Equity	281,176	281,176	-	-
International Equity	121,350	121,350	-	-
Private Equity	451	451	-	-
Mutual Funds	76,141	76,141	-	-
Index Funds-Public Equity	7,197	7,197	-	-
Multi-Asset Credit	15,361	15,361	-	-
Real Estate held for investment purposes	932	-	-	932
Real Estate Mutual Funds	12,096	12,096	-	-
Money Market Funds	9,135	9,135	-	-
Total	$ 706,905	$ 599,819	$ 106,154	$ 932

(Thousands)

Investment maturities as of June 30, 2024 are as follows:

	Fair Value	Investment Maturities (in years): Less Than 1	1-5	6-10	More Than 10
Investments type:					
Debt securities:					
U.S. Government Agencies	$ 7,229	$ 176	$ 995	$ 2,750	$ 3,308
U.S. Government Treasuries	86,407	45,217	32,403	8,787	-
Certificate of Deposit	156	156	-	-	-
Municipal Bonds	1,241	1,241	-	-	-
Corporate Bonds	44,656	4,979 (1)	29,716 (2)	6,039 (3)	3,922
	139,689	$ 51,769	$ 63,114	$ 17,576	$ 7,230
Other investments:					
Mutual Funds – Fixed Income	60,528				
Common Stock	18,233				
Domestic Equity	332,785				
International Equity	125,399				
Private Equity	3,138				
Mutual Funds	85,041				
Multi-Asset Credit	16,850				
Real Estate Mutual Funds	6,266				
Real Estate held for investment purposes	932				
Money Market Funds	22,453				
Total	$ 811,314				

(1) This amount includes $341 of bonds callable in less than 1 year.

(2) This amount includes $640 of bonds callable in less than 1 year, $305 of bonds callable in less than 2 years, $1,503 of bonds callable in less than 3 years, $2,523 of bonds callable in less than 4 years, $1,035 of bonds callable in less than 5 years, and $1,157 of bonds callable in less than 6 years.

(3) This amount includes $870 of bonds callable in less than 6 years, $537 of bonds callable in less than 7 years, and $1,687 of bonds callable in less than 8 years.

(Thousands)

Investments maturities as of June 30, 2023 are as follows:

		Investment Maturities (in years)			
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Investment type:					
Debt securities:					
U.S. Government Agencies	$ 8,877	$ -	$ 1,202	$ 2,770	$ 4,905
U.S. Government Treasuries	47,550	24,568	9,912	13,070	-
Certificate of Deposit	132	132	-	-	-
Municipal Bonds	2,240	999	1,241	-	-
Corporate Bonds	47,487	2,319	31,024 (1)	9,600 (2)	4,544
	106,286	$ 28,018	$ 43,379	$ 25,440	$ 9,449
Other investments:					
Mutual Funds – Fixed Income	60,794				
Common Stock	15,986				
Domestic Equity	281,176				
International Equity	121,350				
Private Equity	451				
Mutual Funds	76,141				
Index Funds – Public Equity	7,197				
Multi-Asset Credit	15,361				
Real Estate Mutual Funds	12,096				
Real estate held for investment purposes	932				
Money Market Funds	9,135				
Total	$ 706,905				

(1) This amount includes $1,095 of bonds callable in less than 2 years, $544 of bonds callable in less than 3 years, $2,946 of bonds callable in less than 4 years, $2,728 of bonds callable in less than 5 years, and $1,017 of bonds callable in less than 6 years.

(2) This amount includes $292 of bonds callable in less than 2 years, $223 of bonds callable in less than 3 years, $1,958 of bonds callable in less than 7 years, $537 of bonds callable in less than 8 years, and $1,684 of bonds callable in less than 9 years.

Interest Rate Risk – The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State statutes authorize the University to invest funds in accordance with the prudent person rule: Investments are made, as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The University does not follow a more restrictive policy. Credit ratings for these investments that are rated are as follows:

(Thousands)

	2024						
		Quality Ratings					
	Fair Value	Aaa	Aa	A	Baa	Ba	Unrated
Investment type:							
U.S. Government Agencies	$ 7,229	$ 7,229	$ -	$ -	$ -	$ -	$ -
U.S. Government Treasuries	86,407	86,407	-	-	-	-	-
Certificate of Deposit	156	-	-	-	-	-	156
Municipal Bonds	1,241	1,241	-	-	-	-	-
Corporate Bonds	44,656	1,629	3,093	27,091	9,084	-	3,759
Mutual Funds – Fixed Income	60,528	-	-	-	-	-	60,528
Common Stock	18,233	-	-	-	-	-	18,233
Domestic Equity	332,785	-	-	-	-	-	332,785
International Equity	125,399	-	-	-	-	-	125,399
Private Equity	3,138	-	-	-	-	-	3,138
Mutual Funds	85,041	-	-	-	-	-	85,041
Multi-Asset Credit	16,850	-	-	-	-	-	16,850
Real Estate Mutual Funds	6,266	-	-	-	-	-	6,266
Real Estate held for investment purposes	932	-	-	-	-	-	932
Money Market Funds	22,453	-	-	-	-	-	22,453
	$ 811,314	$ 96,506	$ 3,093	$ 27,091	$ 9,084	$ -	$ 675,540

	2023						
		Quality Ratings					
	Fair Value	Aaa	Aa	A	Baa	Ba	Unrated
Investment type:							
U.S. Government Agencies	$ 8,877	$ 8,877	$ -	$ -	$ -	$ -	$ -
U.S. Government Treasuries	47,550	47,550	-	-	-	-	-
Certificate of Deposit	132	-	-	-	-	-	132
Municipal Bonds	2,240	999	-	-	-	-	1,241
Corporate Bonds	47,487	1,636	3,237	26,735	8,167	-	7,712
Mutual Funds – Fixed Income	60,794	-	-	-	-	-	60,794
Common Stock	15,986	-	-	-	-	-	15,986
Domestic Equity	281,176	-	-	-	-	-	281,176
International Equity	121,350	-	-	-	-	-	121,350
Private Equity	451	-	-	-	-	-	451
Mutual Funds	76,141	-	-	-	-	-	76,141
Index Funds – Public Equity	7,197	-	-	-	-	-	7,197
Multi-Asset Credit	15,361	-	-	-	-	-	15,361
Real Estate Mutual Funds	12,096	-	-	-	-	-	12,096
Real Estate held for investment purposes	932	-	-	-	-	-	932
Money Market Funds	9,135	-	-	-	-	-	9,135
	$ 706,905	$ 59,062	$ 3,237	$ 26,735	$ 8,167	$ -	$ 609,704

(Continued)

(Thousands)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University places no limit on the amount that may be invested in any one issuer. Investment types comprising 5% or more of the University's portfolio are as follows at June 30:

	Concentration	
	2024	2023
U.S. Government Treasuries	11%	7%

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal custodial credit risk policy. Investments are stated at fair value and are uninsured, unregistered, and held by the trustee or an agent, but not in the name of the University.

D. ACCOUNTS RECEIVABLE, UNBILLED CHARGES, AND LOANS TO STUDENTS

Substantially all amounts included in accounts receivable and unbilled charges represent tuition receivables, grant reimbursements, unbilled charges, patient accounts receivable, and other receivables. Balances are stated net of allowances for doubtful accounts and contractual adjustments of approximately $21,435 and $19,652 at June 30, 2024 and 2023, respectively. In addition, the University established an allowance for doubtful collections of student loans of approximately $637 and $879 at June 30, 2024 and 2023, respectively.

E. INVESTMENT IN JOINT VENTURE

The University and Bishop Clarkson Memorial Hospital (Clarkson) entered into a Joint Operating Agreement in 1997 forming the Nebraska Health System, a Nebraska non-profit corporation doing business as the Nebraska Medical Center. Effective July 1, 2016, NMC, the University, Clarkson, and UNMC Physicians (UNMCP) entered into a System Integration Agreement (SIA) and a successor Joint Operating Agreement (SJOA) to permanently integrate the businesses of NMC and UNMCP into Nebraska Medicine (NM). Should there be a dissolution of NM, the University and Clarkson will share equally in the remaining net position. As the University has an ongoing financial interest in NM, the University is accounting for the joint venture under the equity method, and accordingly, equity in joint venture in the accompanying statement of net position represents its one-half undivided interest based on the separate financial statements of the venture. The University has recorded 50% equity in earnings of NM for the years ended June 30, 2024 and 2023 totaling $83,653 and $30,750, respectively. In addition, to the extent that sufficient funds are available, as determined by the NM Board of Directors, the University will receive an annual capital distribution. Distributions of $8 million and $8 million, shared equally by the venturers, were declared and paid for both 2024 and 2023, respectively.

Separate financial statements of NM can be obtained from the Nebraska Medicine, 42nd Street and Dewey Avenue, Omaha, Nebraska 68105.

In addition, the University and NM have entered into an Academic Affiliation Agreement for Education and Research. In connection with the agreement, NM has agreed to financially support certain educational, research, operational, and clinical activities of the University College of Medicine that further the mission and objectives of NM. During the fiscal years ended June 30, 2024 and 2023, the University received approximately $96,989 and $98,673, respectively, of support in connection with the agreement.

(Continued)

(Thousands)

F. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2024 and 2023 is as follows:

	2024			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 116,774	$ 5,705	$ -	$ 122,479
Construction work in progress	385,642	291,576	205,120	472,098
Total capital assets not being depreciated	502,416	297,281	205,120	594,577
Capital assets, being depreciated/amortized:				
Land improvements	372,523	14,362	428	386,457
Leasehold improvements	50,864	10	-	50,874
Buildings	3,341,565	203,785	45,194	3,500,156
Equipment	627,657	49,482	18,359	658,780
Right-to-use lease assets	106,176	8,142	6,878	107,440
Right-to-use subscription assets	34,920	14,531	9,599	39,852
Total capital assets, being depreciated/amortized	4,533,705	290,312	80,458	4,743,559
Less accumulated depreciation/amortization for:				
Land improvements	142,957	15,451	230	158,178
Leasehold improvements	23,138	2,256	-	25,394
Buildings	1,024,398	97,024	32,681	1,088,741
Equipment	490,709	41,235	17,101	514,843
Right-to-use lease assets	20,426	7,130	4,435	23,121
Right-to-use subscription assets	12,968	10,181	7,343	15,806
Total accumulated depreciation/amortization	1,714,596	173,277	61,790	1,826,083
Capital assets, net	$ 3,321,525	$ 414,316	$ 223,788	$ 3,512,053

(Continued)

(Thousands)

	2023			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 114,413	$ 2,361	$ -	$ 116,774
Construction work in progress	227,961	272,740	115,059	385,642
Total capital assets not being depreciated	342,374	275,101	115,059	502,416
Capital assets, being depreciated/amortized:				
Land improvements	368,519	18,104	14,100	372,523
Leasehold improvements	44,510	6,354	-	50,864
Buildings	3,286,857	121,651	66,943	3,341,565
Equipment	597,026	46,497	15,866	627,657
Right-to-use lease assets	105,614	2,082	1,520	106,176
Right-to-use subscription assets	24,939	10,828	847	34,920
Total capital assets, being depreciated/amortized	4,427,465	205,516	99,276	4,533,705
Less accumulated depreciation/amortization for:				
Land improvements	140,384	15,202	12,629	142,957
Leasehold improvements	20,805	2,333	-	23,138
Buildings	968,137	93,569	37,308	1,024,398
Equipment	464,564	39,511	13,366	490,709
Right-to-use lease assets	14,067	7,761	1,402	20,426
Right-to-use subscription assets	5,443	8,372	847	12,968
Total accumulated depreciation/amortization	1,613,400	166,748	65,552	1,714,596
Capital assets, net	$ 3,156,439	$ 313,869	$ 148,783	$ 3,321,525

G. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are as follows at June 30:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2024	$ 93,855	$ 73,025	$ 69,663	$ 97,217	$ 71,074
2023	$ 92,136	$ 70,712	$ 68,993	$ 93,855	$ 67,205

H. BOND OBLIGATIONS PAYABLE

Effective for fiscal year 2024, University of Nebraska Facilities Corporation changed its fiscal year end to March 31. Thus, any references to ‘June 30, 2024’ in this footnote represent balances and assertions held as of March 31, 2024.

(Thousands)

Bond obligations payable are as follows at June 30:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2024					
Revenue Bonds	$ 1,139,045	$ -	$ 43,590	$ 1,095,455	$ 31,120
Revenue Bonds - Direct Placement	12,300	-	6,685	5,615	375
Total	$ 1,151,345	$ -	$ 50,275	$ 1,101,070	$ 31,495
2023					
Revenue Bonds	$ 1,199,960	$ -	$ 60,915	$ 1,139,045	$ 39,930
Revenue Bonds - Direct Placement	12,665	-	365	12,300	370
Total	$ 1,212,625	$ -	$ 61,280	$ 1,151,345	$ 40,300

Bond obligations payable at June 30, 2024 and 2023 consist of the following:

Obligations of blended entities :	Coupon Rate	Annual Installment	Principal Amount Outstanding 2024	Principal Amount Outstanding 2023
University of Nebraska Facilities Corporation:				
Revenue Bonds:				
Series 2021A (Facilities Program Bonds)	2.50 - 5.00%	$9,905 - 34,540	$ 266,470	$ 266,470
Series 2021B (Facilities Program Bonds)	3.00 - 5.00%	16,465 - 25,600	89,405	89,405
Series 2019A (System Facilities Bonds)	1.83 - 3.19%	950 - 50,160	525,880	525,880
Series 2019B (System Facilities Bonds)	5.00%	6,265 - 31,150	6,265	6,265
Series 2018 (Deferred Maintenance Bonds)	5.00%	7,870 - 11,630	70,640	78,905
Series 2017A (Deferred Maintenance Bonds)	4.00 - 5.00%	6,585 - 9,410	57,630	64,480
Series 2017B (UNO/Community Facility Refunding)	2.75 - 5.00%	1,015 - 2,075	30,905	30,905
Series 2017 (UNMC Global Experiential Learning Center)	4.00 - 5.00%	1,015 - 11,050	12,065	13,980
Series 2016 (UNL Health Center and College of Nursing)	3.00 - 5.00%	740 - 2,245	8,875	10,300
Series 2016 (UNMC Cancer Center)	2.63 - 5.00%	2,215 - 2,900	18,385	20,670
Series 2016 (UNMC Utility Improvement Project)	4.00 - 5.00%	1,415 - 1,590	3,105	4,545
Series 2014A (UNMC Cancer Center)	5.00%	4,410 - 15,490	-	15,490
Series 2014B (Qualified Energy Conservation Bonds)	3.65 - 4.25%	405 - 510	2,355	2,775
Series 2011 (NCTA Education Center/Student Housing Project)	4.60% - 5.50%	85 - 1,645	3,475	3,475
Revenue Bonds, Direct Placement:				
Series 2015 (UNO Arena and UNL College of Business)	2.00%	185 - 4,460	4,645	4,645
Series 2015 (UNMC Qualified Energy Conservation Bonds)	4.25%	185 - 200	970	1,155
Total University of Nebraska Facilities Corporation			1,101,070	1,139,345
Nebraska Utility Corporation (NUCorp):				
Revenue Bonds:				
Series 2014B revenue bonds	5.00%	5,500	-	5,500
Revenue Bonds, Direct Placement:				
Series 2014A revenue bonds	3.40%	6,500	-	6,500
Total NUCorp			-	12,000
Subtotal bonds payable			1,101,070	1,151,345
Add unamortized bond premium			63,650	68,565
Less unamortized bond discount			(14)	(17)
Total bond obligations payable			$ 1,164,706	$ 1,219,893

(Thousands)

Annual maturities subject to mandatory redemption at June 30, 2024, are as follows:

	University of Nebraska Facilities Corporation					
	Revenue Bonds		Revenue Bonds (Direct Placement)		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 31,120	$ 37,211	$ 375	$ 132	$ 31,495	$ 37,343
2026	53,915	35,784	4,650	78	58,565	35,862
2027	40,695	33,708	195	25	40,890	33,733
2028	42,330	32,196	195	17	42,525	32,213
2029	33,915	30,625	200	8	34,115	30,633
2030-2034	140,675	134,456	-	-	140,675	134,456
2035-2039	94,665	118,185	-	-	94,665	118,185
2040-2044	113,275	102,242	-	-	113,275	102,242
2045-2049	151,985	83,934	-	-	151,985	83,934
2050-2054	123,100	58,172	-	-	123,100	58,172
2055-2059	139,345	38,087	-	-	139,345	38,087
2060-2064	130,435	10,669	-	-	130,435	10,669
	$1,095,455	$ 715,269	$ 5,615	$ 260	$1,101,070	$ 715,529

At June 30, 2024 and 2023, the University and trustees for these bond funds held cash and investments in the amount of approximately $532,504 and $603,020, respectively, which is reflected as cash and cash equivalents held by trustee - unrestricted, cash and cash equivalents held by trustee - restricted, and investments held by trustee - unrestricted, on the statements of net position.

University of Nebraska Facilities Corporation

UNFC has a resolution establishing the general requirements for the issuance of bonds. The bonds are not obligations of the State of Nebraska; no tax shall ever be levied to raise the funds for the principal payment thereof or the interest or premium thereon, and the bonds do not constitute debt of the Regents but shall be payable solely out of moneys derived from designated tuition revenue, legislative appropriations, donor gifts, and or other available funds.

UNFC Bond Issuances

University Facilities Program Bonds, Series 2021A and Series 2021B – On June 9, 2021, UNFC issued $266,470 of Facilities Program Bonds, Series 2021A, and $89,405 of Facilities Program Bonds, Series 2021B (Green Bonds). The proceeds of the bonds will be used to finance new projects for the University system. Principal and interest payments will come from moneys derived by UNFC under a financing agreement with the Board of Regents.

Events of Default and Acceleration Provisions – University Facilities Program Bonds, Series 2021A and 2021B (Green Bonds)

The below-described events of default and acceleration provisions are contained in the legal documentation for the University Facilities Program Bonds, Series 2021A and Series 2021B (Green Bonds).

Events of default under the bond resolution include default of payment of principal and interest on the bonds; a covenant default that continues for 60 days after written notice to UNFC or the bond trustee; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 business days or a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. If the Board fails to make payment upon acceleration, UNFC may, and upon the written direction of the holders of at least a majority of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable

Events of Default and Acceleration Provisions – University System Facilities Bonds, Series 2019A and 2019B

The below-described events of default and acceleration provisions are contained in the legal documentation for the University System Facilities Bonds, Series 2019A and Series 2019B.

Events of default under the bond indenture include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC and the University by the bond trustee; or an event of default under the related financing agreement. Upon the occurrence of an event of default under the bond indenture, the bond trustee may, and upon the written direction of the holders of not less than a majority of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders are also entitled to equitable and legal remedies to enforce their rights under the bond indenture.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 3 business days or a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. If the Board fails to make payment upon acceleration, UNFC may, and upon the written direction of the holders of at least a majority of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable.

Events of Default and Acceleration Provisions – UNFC Deferred Maintenance Bonds

The below-described events of default and acceleration provisions are contained within the respective legal documentation for the following bond issues of UNFC:

- Facilities Bonds, Series 2018
- Facilities Bonds, Series 2017A

Events of default under the bond resolution include default of payment of principal or interest, or a covenant default that continues for 60 days after written notice to UNFC or the bond trustee. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders of not less than 10% of bonds outstanding are also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

The third amended and restated financing agreement for the Facilities Bonds, Series 2018 also governs the Board's obligations under UNFC's Deferred Maintenance Refunding Bonds, Series 2016 and Facilities Bonds, Series 2017A. UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the third amended and restated financing agreement to the bond trustee.

Events of Default and Acceleration Provisions – Certain UNFC Bonds

The below-described events of default and acceleration provisions are contained within the respective legal documentation for the following bond issues of UNFC:

- UNO/Community Facility Refunding Bonds, Series 2017B

Events of default under the bond resolution include default of payment of principal or interest, or a covenant default that continues for 60 days after written notice to UNFC or the bond trustee. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders of not less than 10% of bonds outstanding are also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bond trustee.

The below-described events of default and acceleration provisions are contained within the respective legal documentation for the following bond issues of UNFC:

- UNMC Global Experiential Learning Center, Series 2017
- UNL Health Center and College of Nursing Projects, Series 2016
- UNMC Utility Improvements Project, Series 2016
- UNMC Cancer Center Bonds, Series 2016
- UNMC Cancer Center Bonds, Series 2014A
- UNMC QECBs, Series 2014B

Events of default under the bond resolution include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC or the bond trustee; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

(Continued)

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bond trustee.

Events of Default and Acceleration Provisions – UNO Arena and UNL College of Business, Series 2015

Events of default under the bond resolution include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC or the bondholder; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the bondholder may declare all outstanding principal and accrued interest due and payable immediately. The bondholder is also entitled to equitable and legal remedies to enforce its rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 5 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the bondholder shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bondholder.

Events of Default and Acceleration Provisions – UNMC Qualified Energy Conservation Bond, Series 2015

Events of default under the bond resolution include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC or the bondholder; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders are also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 5 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bond trustee.

Events of Default and Acceleration Provisions – NCTA Education Center/Student Housing Project, Series 2011

Events of default under the bond indenture include default of payment of principal or interest, or a covenant default that continues for 30 days after written notice to UNFC or the bond trustee. Upon the occurrence of an event of default under the bond indenture, the bond trustee may, and upon the written direction of the holders of not less than 10% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders are also entitled to equitable and legal remedies to enforce its rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the lease upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default; a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice or if the Board is not diligently working to cure such failure; an admission by the Board in writing that it is unable to pay its debts when due; the institution of bankruptcy proceedings with regards to the Board; appointment of receivership or similar proceedings; a writ or warrant of attachment or similar process against all or a substantial portion of the Board's property, which is not contested or stayed within 60 days; or if the Board shall abandon the project and it shall remain uncared for or unoccupied for a period of 60 days. UNFC may, and upon the written direction of the trustee shall declare the bonds due and payable, take possession of the facilities constituting the project and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the lease to the bond trustee.

Nebraska Utility Corporation

Events of Default and Acceleration Provisions – NUCorp 2014A and 2014B Bonds

Events of default under the applicable bond resolution include default of payment of principal on the bonds, or the payment of interest that is not remedied within 30 days after the payment date; a covenant default that continues for 90 days after written notice NUCorp (subject to limitations of inability to comply due to a force majeure); the failure of NUCorp to pay its debts when due; the institution of bankruptcy by NUCorp or similar proceedings with regards to the NUCorp; bankruptcy proceedings commenced against NUCorp that have not been stayed or dismissed within 90 days; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the holders of not less than 25% of bonds outstanding may appoint a receiver to act as trustee for the benefit of bondholders. The receiver may sue for all amounts then due or during a default becoming, and at any time remaining due from NUCorp. Bondholders representing not less than a majority of outstanding bonds are also entitled direct the proceedings of the receiver, subject to the receiver's opinion of fairness to all bondholders.

Bond Resolutions/Indentures

The bond resolutions or indentures, as applicable, specify the funds that need to be established, the required transfers between funds, and the maximum maturity limits for each funds' investments. The bond resolutions or indentures also require that specified amounts be deposited with the trustee for certain funds. At June 30, 2024, the University and UNFC were in compliance with these requirements. At June 30, 2023, the University, UNFC, and NUCorp were in compliance with these requirements.

I. LEASE OBLIGATIONS

Effective July 1, 2023, the University defined right-to-use lease assets as having an initial cost in excess of $50 over the lease term. Previously capitalized right-to-use lease assets with initial cost less than $50 were disposed as of July 1, 2023. This resulted in removal of $1,828 in gross right-to-use lease assets, $783 of accumulated amortization, and $1,013 of lease liabilities.

(Thousands)

Lessee

The University leases office space and land from external parties, as well as office, medical, research, athletics, residential, custodial and telecommunications equipment. In accordance with GASB 87, the University records right-to-use assets and lease obligations based on the present value of expected payments over the term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the University of Nebraska's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The University does not have any leases subject to a residual value guarantee. The right-to-use assets are amortized over the shorter of the lease term or the underlying asset useful life.

The amount of right-to-use leased assets by major classes of underlying assets at June 30, 2024 and 2023, respectively, are as follows:

Year ended June 30, 2024

Asset Class	Right-to-use leased assets	Right-to-use leased assets accumulated amortization	Right-to-use leased assets, net
Buildings	$ 101,453	$ (20,089)	$ 81,364
Equipment	5,987	(3,032)	2,955
Land	-	-	-
Land Improvements	-	-	-
	$ 107,440	$ (23,121)	$ 84,319

Year ended June 30, 2023

Asset Class	Right-to-use leased assets	Right-to-use leased assets accumulated amortization	Right-to-use leased assets, net
Buildings	$ 97,611	$ (16,780)	$ 80,831
Equipment	8,510	(3,626)	4,884
Land	19	(6)	13
Land Improvements	36	(14)	22
	$ 106,176	$ (20,426)	$ 85,750

(Continued)

(Thousands)

As of June 30, 2024, the scheduled fiscal year maturities of lease obligations and related interest expense are as follows:

Ending June 30,	Principal	Interest
2025	$ 4,732	$ 5,429
2026	4,505	5,303
2027	4,376	5,175
2028	4,327	5,035
2029	3,963	4,897
2030-2034	18,234	22,231
2035-2039	16,232	17,393
2040-2044	24,397	10,141
2045-2049	11,004	1,348
2050-2054	259	360
2055-2059	408	306
2060-2064	601	223
2065-2069	848	104
2070-2074	205	1
	$ 94,091	$ 77,946

During the years ended June 30, 2024 and 2023, the University paid $108 and $157, respectively, in variable lease payments not previously included in the measurement of the related lease liabilities.

Lease obligation activity for the year ended June 30 is as follows:

	Beginning Balance	**Additions**	**Reductions**	**Ending Balance**	**Current Portion**
2024 Lease obligations	$ 92,372	$ 9,104	$ 7,385	$ 94,091	$ 4,732
2023 Lease obligations	$ 95,964	$ 4,539	$ 8,131	$ 92,372	$ 4,790

Lessor

The University leases office space and land to external parties. In accordance with GASB 87, the University records lease receivables and deferred inflows of resources based on the present value of remaining lease payments expected to be received during the lease term plus any payments received at or before the commencement of the lease term that relate to future periods. The expected receipts are discounted using the interest rate charged on the lease, if known, or the University of Nebraska's incremental borrowing rate. Variable receipts are excluded from the valuations unless they are fixed in substance. Future recognition of the deferred inflow of resources as revenue is performed in a systematic and rational manner over the term of the lease. During the years ended June 30, 2024 and 2023, the University recognized revenues related to these lease agreements totaling $3,253 and $3,189, respectively.

(Continued)

(Thousands)

J. SUBSCRIPTION OBLIGATIONS

Change in Accounting Policy

Effective for the fiscal year ended June 30, 2023, the University adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements, ("GASB 96"). The adoption date of GASB 96 is reflected as of July 1, 2021, resulting in an increase in right-to-use subscription assets of $12,894 and increase in subscription obligations of $12,894. These balances were calculated using the facts and circumstances that existed at July 1, 2021, as prescribed by GASB 96. Right-to-use subscription assets are defined by the University as having an initial cost in excess of $100 over the subscription term. There was no impact to beginning net position at July 1, 2021.

The University utilizes subscription-based information technology arrangements as part of its business operations. In accordance with GASB Statement No. 96, the University records right-to-use assets and subscription obligations based on the present value of expected payments over the term of the respective subscriptions. The expected payments are discounted using the interest rate charged on the subscription, if available, or are otherwise discounted using the University of Nebraska's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. For subscriptions featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The right-to-use assets are amortized over the shorter of the subscription term or the underlying asset useful life.

The amount of right-to-use subscription assets by major classes of underlying assets at June 30, 2024 and 2023, respectively, are as follows:

Year ended June 30, 2024

Asset Class	Right-to-use subscription assets	Right-to-use subscription assets accumulated amortization	Right-to-use subscription assets, net
Software	$ 39,852	$ (15,806)	$ 24,046

Year ended June 30, 2023

Asset Class	Right-to-use subscription assets	Right-to-use subscription assets accumulated amortization	Right-to-use subscription assets, net
Software	$ 34,920	$ (12,968)	$ 21,952

(Thousands)

As of June 30, 2024, the scheduled fiscal year maturities of subscription obligations and related interest expense are as follows:

Ending June 30,	Principal	Interest
2025	$ 8,418	$ 506
2026	6,008	267
2027	2,991	134
2028	2,039	66
2029	993	20
2030-2034	936	4
	$ 21,385	$ 997

Subscription obligation activity for the year ended June 30 is as follows:

	Beginning Balance	**Additions**	**Reductions**	**Ending Balance**	**Current Portion**
2024 Subscription obligations	$ 20,329	$ 13,831	$ 12,775	$ 21,385	$ 8,418
2023 Subscription obligations	$ 18,795	$ 10,812	$ 9,278	$ 20,329	$ 6,754

(Thousands)

K. HEALTH AND OTHER INSURANCE CLAIMS

Activity in the health and other insurance claims programs is as follows:

	General Liability	Health and Dental	Total
Claim reserve, July 1, 2022	$ 8,182	$ 8,578	$ 16,760
Incurred claims	7,839	166,689	174,528
Payments on claims	(4,688)	(162,432)	(167,120)
Claim reserve, June 30, 2023	11,333	12,835	24,168
Incurred claims	6,796	169,728	176,524
Payments on claims	(4,482)	(173,808)	(178,290)
Claim reserve, June 30, 2024	$ 13,647	$ 8,755	$ 22,402

The Board of Regents provides for protection against comprehensive general liability and property losses through a partially self-insured general liability program. The self-insured program also covers the retained deductible for directors and officers liability and miscellaneous claims not covered by insurance. The Board of Regents has purchased all-risk “blanket” policies for risks not covered by the partially self-insured general liability program. A bank administers the general liability trust including the investments and payment of approved claims. The University estimates a range of loss for general liability and property claims using actuarial studies conducted by an outside actuarial firm. The estimate of the claim reserves used by the actuaries was undiscounted for general liability. The estimate is accrued in the accompanying financial statements and includes a reserve for known claims as well as incurred but unreported incidents.

The University participates in the State Excess Liability Fund that provides coverage for medical malpractice claims.

The Board of Regents provides for faculty and staff group health and dental benefits through a self-insurance program. The University accrued an estimate for known as well as incurred but not reported claims based on claim history adjusted for current trends. A trust agreement with a bank provides for the collection, investment, and administration of premiums and for payment to the third-party administrators for claims paid.

At June 30, 2024 and 2023, the trustees for the health and other insurance claims programs held cash and cash equivalents and investments totaling approximately $53,958 and $64,491, respectively, whose use is limited to the payment of claims under the programs. These amounts are included in cash and cash equivalents and investments – restricted on the statements of net position.

(Thousands)

L. RETIREMENT PLANS

The University sponsors a defined contribution retirement plan that the Board of Regents established and has the authority to amend. The plan covers all academic faculty, administrative, and classified staff and provides investment options administered by Teachers Insurance and Annuity Association/College Retirement Equity Fund and Fidelity Investments. Under the plan, faculty and staff are required to contribute 3.5% or 5.5% if they participate in either Tier 1 or Tier 2 of the plan, respectively. The University matches faculty and staff participation by contributing 6.5% and 8.0% for Tier 1 and Tier 2, respectively. The University's policy is to fund costs accrued on an annual basis.

The University's total payroll for fiscal years 2024 and 2023 was approximately $1,280,539 and $1,229,621, respectively, of which approximately $922,440 and $896,750 was covered by the plan. The University's contribution during 2024 and 2023 was approximately $72,050, or 7.81%, and $70,049, or 7.81%, of covered payroll, respectively, and the faculty and staff's contribution was approximately $48,413, or 5.25%, and $47,088, or 5.25%, of covered payroll, respectively.

Faculty and staff (at least 0.5 FTE) who attain age 26 and have completed 24 months of continuous service are eligible to participate in the retirement plan. Faculty and staff (at least 0.5 FTE) attaining age 30 following 24 months of continuous service are required to participate. The plan benefits are fully vested at the date of contribution.

M. COMMITMENTS AND CONTINGENCIES

The University has budgeted for the construction of facilities that are estimated to cost approximately $1,077,963 and $1,056,746 at June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, the approximate remaining costs to complete these facilities were $367,829 and $522,654, respectively, which will be financed as follows:

	2024	2023
Bond funds	$ 170,693	$ 269,251
Federal funds	44,882	51,992
University funds	24,606	48,408
State capital appropriations	-	408
Private gifts, grants, and contracts	127,648	152,595
	$ 367,829	$ 522,654

During the normal course of business, the University receives funds from the U.S. Government, State and local governments, and private donors for student loans, special projects, research grants, and research contracts. Substantially all of these funds are subject to audit by various Federal and State agencies; however, it is the University's opinion that resulting adjustments, if any, would not have a material effect upon the accompanying financial statements.

The University established its Agricultural Research and Development Center (ARDC) on approximately 9,000 acres acquired from the Nebraska Ordnance Plant (NOP) from 1962 to 1971. The Federal government produced munitions at NOP during World War II and the Korean Conflict, exposing the area to contaminants. The University legally disposed of certain materials at the site in the 1970s.

In 1990, the NOP became a Federal Superfund site. An administrative order has been entered into between the Board of Regents and the Environmental Protection Agency (EPA) requiring a remedial investigation/feasibility study to determine the extent of contamination and removal actions necessary. This study was completed and the consulting firm made recommendations to the University for the removal and disposal of the contaminants at the site.

The Board of Regents and the EPA subsequently agreed to an action for the remediation and restoration of the area, which was completed pending acceptance of the final remedial investigation feasibility study report by the EPA. In 2011, the University received a proposed plan from the EPA for additional remedial activities, such as installation of a landfill cap, an establishment of a monitoring well network, and treatment for a groundwater contaminant. In 2013, the EPA submitted a record of decision of an approved remedy and, in 2014, the University and the EPA signed a consent decree and statement of work to complete the remediation work, which decree was approved by the United States District Court in June 2015.

The University and the EPA have agreed that an amendment to the record of decision is necessary to reduce the scope of remediation efforts at NOP. Current cost estimates are approximately $138 per year until the amendment process is complete, at which time more precise costs will be known.

The University has other claims and litigation pending, none of which is expected to result in any material loss to the University.

N. RELATED-PARTY TRANSACTIONS

The University routinely has transactions with Nebraska Medicine (NM). The members of the faculty at the University are also members of the medical staff of NM, and in many other areas, the operations of the University and NM are integrated and overlap. The University provides certain operational and support services, as well as certain direct financial support to NM. For the fiscal years ended June 30, 2024 and 2023, NM purchased approximately $31,358 and $28,684 of goods and services from UNMC. In addition, during 2024 and 2023, UNMC paid NM $34,048 and $28,256, respectively, for support services provided by NM.

On March 26th, 2014, UNMC entered into a lease agreement between the Board of Regents of the University of Nebraska (“Landlord”) and The Nebraska Medical Center (“Tenant”) for space within the Comprehensive Cancer Center. In the lease agreement, the tenant agrees to pay to landlord an amount equal to the debt service for all its bonded indebtedness and bond indebtedness of its affiliates. During 2024 and 2023, UNMC had lease receivables due from The Nebraska Medical Center in the amounts of $19,780 and $22,660, respectively, included in footnote I.

(Thousands)

O. FUNCTIONAL CLASSIFICATIONS OF EXPENSES

For the year ended June 30, 2024:

	Compensation	Supplies and Services	Scholarships and Fellowships	Depreciation and Amortization	Total
Instruction	$ 544,340	$ 107,003	$ 12,167	$ -	$ 663,510
Research	312,013	196,395	8,677	-	517,085
Public service	98,540	45,069	448	-	144,057
Academic support	180,696	55,968	1,062	-	237,726
Student services	34,382	10,959	874	-	46,215
Institutional support	128,896	32,852	16	-	161,764
Operation and maintenance of plant	54,469	126,838	-	-	181,307
Healthcare entities	82,919	27,785	760	-	111,464
Scholarships and fellowships	7,178	301	54,547	-	62,026
Auxiliary operations	185,590	215,675	3,156	-	404,421
Depreciation and amortization	-	-	-	173,277	173,277
Total expenses	$ 1,629,023	$ 818,845	$ 81,707	$ 173,277	$ 2,702,852

For the year ended June 30, 2023:

	Compensation	Supplies and Services	Scholarships and Fellowships	Depreciation and Amortization	Total
Instruction	$ 559,084	$ 65,957	$ 9,959	$ -	$ 635,000
Research	293,276	164,530	7,828	-	465,634
Public service	91,213	47,714	742	-	139,669
Academic support	153,288	53,398	763	-	207,449
Student services	33,302	10,025	630	-	43,957
Institutional support	122,785	41,118	4,364	-	168,267
Operation and maintenance of plant	51,511	82,222	-	-	133,733
Healthcare entities	80,645	29,556	497	-	110,698
Scholarships and fellowships	892	1,702	46,195	-	48,789
Auxiliary operations	175,054	194,092	4,647	-	373,793
Depreciation and amortization	-	-	-	166,748	166,748
Total expenses	$ 1,561,050	$ 690,314	$ 75,625	$ 166,748	$ 2,493,737

(Continued)

(Thousands)

P. Restatement

Beginning net position as of July 1, 2022 was restated for error corrections as follows:

Financial Statement Line Items Impacted	SBITAs Identified in Subsequent Year	FMV Calculation Error Identified in Subsequent Year	Incorrect Classification of Revenue Identified in Subsequent Year	Leases Identified in Subsequent Year	Capital Asset Additions and Deletions Identified in Subsequent Year	Depreciation Calculation Error Identified in Subsequent Year	Amortization Calculation Error Identified in Subsequent Year	Total
CURRENT ASSETS								
Right-to-use subscription assets, net of accumulated amortization	$ 474	$ -	$ -	$ -	$ -	$ -	$ -	$ 474
Other current assets	(937)	-	-	-	-	-	-	(937)
NON-CURRENT ASSETS								
Capital assets, net of accumulated depreciation	-	-	-	-	21,795	(5,607)	-	16,188
CURRENT LIABILITIES								
Accounts payable	4	-	-	-	-	-	-	4
Subscription obligations payable	198	-	-	-	-	-	-	198
NON-CURRENT LIABILITIES								
Subscription obligations payable, net of current portion	277	-	-	-	-	-	-	277
NET POSITION	(942)	-	-	-	21,795	(5,607)	-	15,246

June 30, 2022 net position as originally reported	$ 4,703,618
Impact of error corrections to net position	15,246
July 1, 2022 net position as restated	$ 4,718,864

(Continued)

(Thousands)

The Statement of Net Position as of June 30, 2023 was restated for error corrections as follows:

Financial Statement Line Items Impacted	SBITAs Identified in Subsequent Year	FMV Calculation Error Identified in Subsequent Year	Incorrect Classification of Revenue Identified in Subsequent Year	Leases Identified in Subsequent Year	Capital Asset Additions and Deletions Identified in Subsequent Year	Depreciation Calculation Error Identified in Subsequent Year	Amortization Calculation Error Identified in Subsequent Year	Total
CURRENT ASSETS								
Accounts receivable and unbilled charges, net	$ -	$ -	$ -	$ 4	$ -	$ -	$ -	$ 4
Leases receivable, net	-	-	-	52	-	-	-	52
Other current assets	(224)	-	-	-	-	-	-	(224)
NON-CURRENT ASSETS								
Leases receivable, net of current portion	-	-	-	-	16,680	(11,511)	-	5,169
Capital assets, net of accumulated depreciation	-	-	-	150	-	-	-	150
Right-to-use subscription assets, net of accumulated amortization	2,032	-	-	-	-	-	(35)	1,997
CURRENT LIABILITIES								
Accounts payable	40	-	-	-	-	-	-	40
Subscription obligations payable	811	-	-	-	-	-	-	811
NON-CURRENT LIABILITIES								
Subscription obligations payable, net of current portion	1,037	-	-	-	-	-	-	1,037
DEFERRED INFLOWS OF RESOURCES								
Deferred lease arrangements	-	-	-	177	-	-	-	177
NET POSITION	(80)	-	-	29	16,680	(11,511)	(35)	5,083

June 30, 2023 net position as originally reported	$ 4,932,966
Impact of error corrections to net position	5,083
June 30, 2023 net position as restated	$ 4,938,049

(Continued)

(Thousands)

The Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2023 was restated for error corrections as follows:

Financial Statement Line Items Impacted	SBITAs Identified in Subsequent Year	FMV Calculation Error Identified in Subsequent Year	Incorrect Classification of Revenue Identified in Subsequent Year	Leases Identified in Subsequent Year	Capital Asset Additions and Deletions Identified in Subsequent Year	Depreciation Calculation Error Identified in Subsequent Year	Amortization Calculation Error Identified in Subsequent Year	Total
OPERATING REVENUES								
Tuition and fees	$ -	$ -	$ 2,514	$ -	$ -	$ -	$ -	$ 2,514
Private grants and contracts	-	-	(2)	-	-	-	-	(2)
Sales and services of educational activities	-	-	(2,514)	-	-	-	-	(2,514)
OPERATING EXPENSES								
Supplies and services	(1,648)	-	-	(25)	4,663	-	-	2,990
Depreciation	-	-	-	-	860	5,904	-	6,764
Amortization of right-to-use assets	737	-	-	-	-	-	35	772
NON-OPERATING REVENUES (EXPENSES)								
Gifts	-	-	(77)	-	408	-	-	331
Investment income	-	1,519	79	4	-	-	-	1,602
Interest on bond obligations and capital debt	49	-	-	-	-	-	-	49
Other non-operating revenues	-	(1,519)	-	-	-	-	-	(1,519)
INCREASE/(DECREASE) IN NET POSITION	862	-	-	29	(5,115)	(5,904)	(35)	(10,163)
Cumulative effect of error corrections to beginning net position	(942)	-	-	-	21,795	(5,607)	-	15,246
NET POSITION	(80)	-	-	29	16,680	(11,511)	(35)	5,083
June 30, 2023 net position as originally reported								$ 4,932,966
Impact of error corrections to net position								5,083
June 30, 2023 net position as restated								$ 4,938,049

(Continued)

(Thousands)

The Statement of Cash Flows for the year ended June 30, 2023 was restated for error corrections as follows:

Financial Statement Line Items Impacted	SBITAs Identified in Subsequent Year	FMV Calculation Error Identified in Subsequent Year	Incorrect Classification of Revenue Identified in Subsequent Year	Leases Identified in Subsequent Year	Capital Asset Additions and Deletions Identified in Subsequent Year	Depreciation Calculation Error Identified in Subsequent Year	Amortization Calculation Error Identified in Subsequent Year	Total
CASH FLOWS FROM OPERATING ACTIVITIES:								
Grants and contracts	$ -	$ -	$ (2)	$ -	$ -	$ -	$ -	$ (2)
Tuition and fees	-	-	2,510	-	-	-	-	2,510
Sales and services of educational activities	-	-	(2,514)	-	-	-	-	(2,514)
Payments to vendors	933	-	4	22	(4,663)	-	-	(3,704)
Net cash flows from operating activities	933	-	(2)	22	(4,663)	-	-	(3,710)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds from the issuance of bond obligations and lease receivables	-	-	-	27	-	-	-	27
Gifts	-	-	(77)	-	408	-	-	331
Purchases of capital assets	-	-	-	-	4,227	-	-	4,227
Principal paid on bond obligations and capital debt	(921)	-	-	-	-	-	35	(886)
Interest paid on bond obligations and capital debt	(12)	-	-	-	-	-	(59)	(71)
Net cash flows from capital and related financing activities	(933)	-	(77)	27	4,635	-	(24)	3,628
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest on investments	-	1,519	79	3	-	-	-	1,601
Purchases of investments	-	(1,519)	-	-	-	-	-	(1,519)
Net cash flows from investing activities	-	-	79	3	-	-	-	82
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ -	$ -	$ -	$ 52	$ (28)	$ -	$ (24)	$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH CASH FLOWS FROM OPERATING ACTIVITIES:								
Operating income	$ 912	$ -	$ (2)	$ 25	$ (5,523)	$ (5,904)	$ (35)	$ (10,527)
Adjustments to reconcile operating loss to net cash from operating activities:								
Depreciation expense	-	-	-	-	860	5,904	-	6,764
Amortization expense	737	-	-	-	-	-	35	772
Changes in assets and liabilities:								
Other current assets	(716)	-	-	-	-	-	-	(716)
Accounts receivable	-	-	-	(3)	-	-	-	(3)
Net cash used in operating activities	$ 933	$ -	$ (2)	$ 22	$ (4,663)	$ -	$ -	$ (3,710)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:								
Purchase of RTU assets through subscription obligations	$ 2,847	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,847
Increase in lease receivables through deferred lease arrangements	-	-	-	202	-	-	-	202

(Continued)

Q. CONDENSED COMPONENT UNIT FINANCIAL INFORMATION

Condensed financial information, before the elimination of certain intra-University transactions, for each of the University's Component Units follows (in thousands):

For the year ended June 30, 2024

	UTDC	UNFC	UNeHealth	UDA	SRF
Condensed Statement of Net Position					
Assets and Deferred Outflows of Resources					
Assets:					
Current assets	$ 28,098	$ 330,579	$ 7,449	$ 1,232	$ 30,287
Non-current assets					
Capital assets	17,238	-	-	37	-
Other non-current assets	4,910	599,411	1,613	-	170,928
Total assets	50,246	929,990	9,062	1,269	201,215
Deferred Outflows of Resources					
Deferred loss on bond refunding	-	27,054	-	-	-
Liabilities, Deferred Inflows of Resources, and Net Position					
Liabilities:					
Current liabilities	12,246	90,275	3,913	423	957
Non-current liabilities	10,077	1,127,893	1,273	138	584
Total liabilities	22,323	1,218,168	5,186	561	1,541
Deferred Inflows of Resources					
Deferred lease agreements	10,704	-	-	-	-
Deferred service concession arrangement receipts	-	3	-	-	-
Net Position:					
Net investment in capital assets	6,428	-	-	37	-
Restricted:					
Expendable	104	-	-	-	79,366
Debt service	-	45,195	-	-	-
Unrestricted	10,687	(306,322)	3,876	671	120,308
Total net position	$ 17,219	$ (261,127)	$ 3,876	$ 708	$ 199,674

(Continued)

(Thousands)

	UTDC	UNFC	UNeHealth	UDA	SRF
Condensed Statement of Revenues, Expenses and Changes in Net Position					
Operating revenues					
Grants and contracts	$ 25,848	$ -	$ -	$ -	$ -
Sales and services of educational activities	5,154	-	-	-	-
DDIF revenue	-	-	-	-	9,007
Sales and services of health care entities	-	-	8,564	1,930	-
Other operating revenue	2,878	-	-	-	-
Operating expenses:					
Depreciation	1,641	-	-	5	-
Amortization	810				
Other operating expenses	59,339	327	7,934	1,749	54
Operating income	(27,910)	(327)	630	176	8,953
Non-operating income (expense)	9,622	(58,711)	16	-	12,511
Increase (decrease) in net position	(18,288)	(59,038)	646	176	21,464
Net position - beginning of year	35,507	(202,089)	3,230	532	178,210
Net position - end of year	$ 17,219	$ (261,127)	$ 3,876	$ 708	$ 199,674
Condensed Statement of Cash Flows					
Net cash flows from operating activities	$ (26,504)	$ -	$ 644	$ (12)	$ 8,809
Net cash flows from noncapital financing activities	-	-	-	-	(5,176)
Net cash flows from capital and related financing activities	6,578	(96,379)	-	(7)	-
Net cash flows from investing activities	428	(27,258)	17	-	(1,296)
Net change in cash and cash equivalents	(19,498)	(123,637)	661	(19)	2,337
Cash and cash equivalents - beginning of year	31,238	477,347	4,011	871	7,954
Cash and cash equivalents - end of year	$ 11,740	$ 353,710	$ 4,672	$ 852	$ 10,291

(Continued)

(Thousands)

For the year ended June 30, 2023

	UTDC	UNFC	UNeHealth	UDA	SRF	NUCorp
Condensed Statement of Net Position						
Assets and Deferred Outflows of Resources						
Assets:						
Current assets	$ 43,170	$ 371,457	$ 7,761	$ 1,108	$ 26,475	$ 8,028
Non-current assets						
Capital assets	14,766	-	-	35	-	8,169
Other non-current assets	5,837	647,119	962	-	153,582	12,331
Total assets	63,733	1,018,576	8,723	1,143	180,057	28,528
Deferred Outflows of Resources						
Deferred loss on bond refunding	-	28,372	-	-	-	-
Liabilities, Deferred Inflows of Resources, and Net Position						
Liabilities:						
Current liabilities	11,874	87,773	4,679	449	994	170
Non-current liabilities	5,470	1,161,256	814	162	853	12,000
Total liabilities	17,344	1,249,029	5,493	611	1,847	12,170
Deferred Inflows of Resources						
Deferred lease agreements	10,922	-	-	-	-	-
Deferred service concession arrangement receipts	-	8	-	-	-	-
Net Position:						
Net investment in capital assets	9,007	-	-	35	-	(3,852)
Restricted:						
Expendable	19,599	-	-	-	69,534	-
Debt service	-	47,817	-	-	-	12,551
Unrestricted	6,901	(249,906)	3,230	497	108,676	7,659
Total net position	$ 35,507	$ (202,089)	$ 3,230	$ 532	$ 178,210	$ 16,358

(Continued)

(Thousands)

	UTDC	UNFC	UNeHealth	UDA	SRF	NUCorp
Condensed Statement of Revenues, Expenses and Changes in Net Position						
Operating revenues						
Grants and contracts	$ 52,415	$ -	$ -	$ -	$ -	$ -
Sales and services of educational activities	6,242	-	-	-	-	-
DDIF revenue	-	-	-	-	289	-
Sales and services of health care entities	-	-	12,054	2,197	-	-
Other operating revenue	1,237	-	-	-	-	1,148
Operating expenses:						
Depreciation	1,254	-	-	8	-	475
Amortization	1,020					-
Other operating expenses	45,819	320	11,618	2,325	65	199
Operating income	11,801	(320)	436	(136)	224	474
Non-operating income (expense)	9,606	(38,730)	6	-	13,138	(62,146)
Increase (decrease) in net position	21,407	(39,050)	442	(136)	13,362	(61,672)
Net position - beginning of year	14,100	(163,039)	2,788	668	164,848	78,030
Net position - end of year	$ 35,507	$ (202,089)	$ 3,230	$ 532	$ 178,210	$ 16,358
Condensed Statement of Cash Flows						
Net cash flows from operating activities	$ 14,344	$ -	$ 830	$ 24	$ 5,493	$ 276
Net cash flows from noncapital financing activities	-	-	-	-	(1,835)	-
Net cash flows from capital and related financing activities	5,286	(164,681)	-	(1)	-	(2,737)
Net cash flows from investing activities	301	9,411	6	-	(552)	1,075
Net change in cash and cash equivalents	19,931	(155,270)	836	23	3,106	(1,386)
Cash and cash equivalents - beginning of year	11,307	632,617	3,175	848	4,848	21,405
Cash and cash equivalents - end of year	$ 31,238	$ 477,347	$ 4,011	$ 871	$ 7,954	$ 20,019

R. SUBSEQUENT EVENTS

The University of Nebraska has evaluated subsequent events from the balance sheet date through December 12, 2024, the date at which the financial statements were available to be issued. No additional items were identified that would require disclosure.

S. UNIVERSITY OF NEBRASKA FOUNDATION

The Foundation is a separate, nonprofit organization incorporated in the State of Nebraska and has as its purpose to encourage private financial support of the University from individuals, corporations, and other foundations. Oversight of the Foundation is the responsibility of a separate and independent Board of Trustees, not otherwise affiliated with the University. In carrying out its responsibilities, the Board of Trustees of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation.

Although the University does not control the timing or amount of receipts from the Foundation, the resources that the Foundation holds and invests, or the income thereon, are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation are primarily used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is therefore discretely presented with the University's financial statements. Based on the Foundation's audited financial statements as of June 30, 2024 and 2023, the Foundation's net assets (including unrealized gains) totaled $3,102,955 and $2,790,614, respectively.

During the years ended June 30, 2024 and 2023, the Foundation contributed $159 million and $159 million, respectively, to the University for academic support, student assistance, faculty assistance, research, museums, and libraries. In addition, the Foundation provided capital gifts of $133 million and $129 million during 2024 and 2023, respectively, to the University. These contributions provided support for several projects, including the renovation of the UNO Durham Science Center and the construction of Kiewit Hall and the North Stadium Expansion at UNL.

Complete financial statements for the Foundation can be obtained from the University of Nebraska Foundation, 1010 Lincoln Mall, Suite 300, Lincoln, Nebraska 68508-2886.

T. COMPONENT UNIT DISCLOSURES

Note 1: Summary of Significant Accounting Policies

Nature of the Entity and Principles of Consolidation

The University of Nebraska Foundation (the Foundation) is a nonprofit corporation whose purpose is to provide financial support to the University of Nebraska system (the University). The accompanying consolidated financial statements include the Foundation's wholly owned subsidiaries, UNF Investments, LLC and UNF Charitable Gift Fund (UNFCGF). All significant intercompany accounts and transactions have been eliminated upon consolidation.

The University of Nebraska (the University) considers the University of Nebraska Foundation a Component Unit under Government Accounting Standards Board Statements and therefore includes the audited financial statements of the Foundation in the University's Annual Financial Report.

Basis of Accounting and Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets that have similar characteristics have been combined into similar categories as follows:

Net assets without donor restrictions – Net assets and contributions not subject to donor-imposed stipulations. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations outlining a specific use or time restriction, which can be temporary or perpetual in nature. After the donor-imposed time or purpose restriction is satisfied or after the Foundation's board appropriates their expenditures in the case of gains and income on endowment funds maintained in perpetuity, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported within the consolidated statements of activities as net assets released from restrictions.

Revenue is reported as increases in net assets without donor restrictions unless use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and any other assets or liabilities are reported as increases (decreases) in net assets without donor restrictions, unless their use is limited by donor stipulation or by laws. Expirations of temporary restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets. If a restriction is fulfilled in the same time period in which the funds are received, the Foundation reports the funds as a component of net assets without donor restrictions. At times, the Foundation receives requests by donors or their designees to change the use for which the gifts were originally intended. The requests are reviewed by the Foundation for approval. Approved changes, depending on the donor's request, may result in the reclassification due to change in donor intent in the consolidated statements of activities.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. 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 those estimates.

Gifts, Bequests, and Life Insurance Proceeds

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are recognized when they become unconditional. A promise to give is conditional based on whether the agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. A conditional promise to give becomes an unconditional promise to give when the barriers in the agreement are overcome. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contributions with donor restriction.

The Foundation recognizes a receivable and revenue at the time a pledge is made by the donor if the pledge is verifiable, measurable, probable of collection, and meets all applicable eligibility requirements. Pledges extending beyond one year are discounted to recognize the present value of the future cash flows. In subsequent years, this discount is accreted and reported as additional contribution revenue in accordance with donor-imposed restrictions, if any, and is recorded in gifts, bequests, and life insurance proceeds on the statement of activities. The discount rate utilized for 2024 and 2023 ranged from 0.37% – 4.33% and 0.37% - 4.49%, respectively. In addition, pledges are reported net of an allowance, which includes specific reserves for items that are past due in payments as well as a general reserve set at 3% of pledges receivable balance.

Included in gifts, bequests, and life insurance proceeds, is an advancement fee assessed on incoming expendable contributions, with certain predetermined exclusions. During the years ended June 30, 2024 and 2023 the fee was $1,941 and $1,703, respectively, and is included as an increase in net assets without donor restriction within gifts, bequests, and life insurance proceeds within the consolidated statement of activities.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid instruments with original maturity of three months or less when purchased, excluding those amounts held as part of the investment and temporary investment portfolios.

The Foundation maintains cash balances and certificates of deposit at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At various times during the fiscal year, the Foundation's cash in bank balances exceeded the federally insured limits. The Foundation has maintained its cash balances and certificates of deposit at financial institutions in accordance with all Foundation policies and procedures. At June 30, 2024, the Foundation's cash accounts exceeded federally insured limits by approximately $10,804.

Investments and Temporary Investments

Investments and temporary investments in equity securities with readily determinable fair values and debt securities are reported at fair value. For alternative investments in funds that do not have readily determinable fair values, including certain hedge funds and limited partnerships, the Foundation records these investments using net asset value per share or its equivalent as a practical expedient to fair value. These investments in alternative investments are valued based upon the most recent net asset value or capital account information available from the fund manager, adjusted for subsequent cash flows as necessary. The Foundation applies the practical expedient to its investments on an investment-by-investment basis and consistently with the Foundation's entire position in a particular investment unless it is probable that the Foundation will sell a portion of an investment at an amount different from the net asset valuation.

Real estate, mortgage and promissory notes, and the cash value of insurance policies are recorded at amortized cost. They are reviewed for impairment on an annual basis.

Temporary investments comprise short-term investments used to maintain liquidity and are comprised mainly of a mix of U.S., state, and local government fixed income securities and corporate bonds. Investments comprise a mix of equities, fixed income, other investments, and alternative investments, which have a longer-term focus (generally endowment funds).

Donated investments are reported at estimated fair value at the date of receipt. Realized gains and losses on sales of investments are recognized in the consolidated statements of activities as specific investments are sold. Interest income is recognized as earned. Dividend income is recognized on the ex-dividend date.

Investments Income (Loss)

Investment income is comprised of dividends, interest, and other investment income and is shown net of external investment management and custody fees. Included in investment income is a management fee charged by the Foundation to endowment accounts within each net asset class for which the Foundation manages investments. This management fee is calculated annually based on the market value of the endowment and is charged ratably over the year on a monthly basis. These fees are used to support the Foundation's management and fund-raising operations. During the years ended June 30, 2024 and 2023, $22,404 and $22,889, respectively, was charged to donor restricted investment income and credited to investment income without donor restriction in the consolidated statements of activities related to the management fee for endowment funds. Also, included in investment income without donor restriction for the years ended June 30, 2024 and 2023 is $4,432 and $5,623, respectively, of a management fee charged by the Foundation to agency funds, which is calculated annually based on the market value of the agency funds and is charged ratably over the year on a monthly basis.

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Deposits Held in Custody for Others

Deposits held for others represent funds held in a fiduciary capacity. The assets are included in investments and the corresponding liability for these funds are reflected on the consolidated statements of financial position, however, the transactional activity of these funds is not reflected in the consolidated statements of activities as the Foundation is acting as an agent for these funds. Such funds approximated $432 million and $402 million at June 30, 2024 and 2023, respectively, and are recorded as a liability on the consolidated statements of financial position. These funds are held on behalf of the University and other related entities.

Benefits Paid to University

The Foundation recognizes an expense related to benefits to the University when the University submits a request that meets the requirements of each fund or donor agreement. A payable is recognized for any requests made that meet requirements of the fund agreement but are not yet paid as of period end.

Deferred Annuities Payable

The Foundation is the beneficiary of split interest agreements in the form of charitable gift annuities, charitable remainder trusts, and pooled income funds. The liability is established at the time of the contribution using actuarial tables and an assumed interest rate. The interest rates used for the establishment of the liability was 2.8% for the years 2024 and 2023. In connection with certain agreements, the Foundation has committed to the payment of an annual annuity to the donor. Assets held are recorded at fair value of $40,155 and $39,247 as of June 30, 2024 and 2023 respectively, and are included in the investments in the consolidated statements of financial position. Liabilities associated with these agreements as of June 30, 2024 and 2023 are $17,824 and $17,153, respectively, and have been reflected as deferred annuities payable on the consolidated statements of financial position. Annuity obligations are adjusted annually for actuarial changes in life expectancy. The increases and decreases to the liability are reflected as change in the value of split interest agreements with donor restriction in the consolidated statements of activities, which is consistent with the method used to initially record the contribution.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Foundation's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Foundation's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Income Taxes

The Foundation has been recognized as a not-for-profit corporation by the Internal Revenue Service as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Such tax positions, which are more than 50% likely of being realized, are measured at their highest value. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Foundation believes it is no longer subject to incomes tax examinations for years prior to 2019. During 2024 and 2023, management determined that there are no income tax positions requiring recognition in the consolidated financial statements.

Revisions

Certain immaterial revisions have been made to the 2023 financial statements for changes related to the contributions for endowment on the consolidated statements of cash flows, the financial assets available within one year in the financial assets and liquidity resources disclosure in Note 7, and investment type classifications in the fair value investments and investments disclosures in Notes 2 and 3, respectively. These revisions did not have a significant impact on the financial statement line items impacted.

Note 2: Fair Value Investments

The Foundation uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

(Continued)

(Thousands)

The tables below present the balances of assets measured at June 30, 2024 and 2023 at estimated fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall:

	2024			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Investments				
Certificates of deposit, savings, and money market funds	$ 10,127	$ 10,102	$ 25	$ -
U.S. government securities and sovereign debt	7,895	-	7,895	-
International Bonds	3	-	3	-
Corporate bonds	3,720	-	3,720	-
Common stock	255,158	180,811	-	74,347
Mutual funds – equity	190,929	190,929	-	-
Mutual funds – fixed income	11,178	11,178	-	-
Preferred stock	81	-	81	-
Commingled funds – public equity	491,865	-	491,865	-
Index funds – public equity	1,119,836	1,119,836	-	-
Temporary investments				
U.S. treasuries	35,577	-	35,577	-
Certificates of deposit and money funds	114,630	104,594	10,036	-
State government securities	40,748	-	40,748	-
Local government securities	23,557	-	23,557	-
Corporate bonds	237,971	-	237,971	-
Exchange traded funds – equity	199,190	199,190	-	-
Investments measured at net asset value (1)				
Hedge funds	1,165	-	-	-
Limited partnerships	497,362	-	-	-
Temporary Investments measured at net asset value (1)				
Limited partnerships	31,898	-	-	-
	$ 3,272,890	$ 1,816,640	$ 851,478	$ 74,347

(Continued)

(Thousands)

	2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Investments				
Certificates of deposit and money market funds	$ 9,012	$ 9,012	$ -	$ -
U.S. government securities and sovereign debt	6,540	-	6,540	-
Corporate bonds	3,453	-	3,453	-
Common stock	244,576	190,671	-	53,905
Mutual funds – equity	236,850	236,850	-	-
Mutual funds – fixed income	11,065	11,065	-	-
Preferred stock	81	-	81	-
Commingled funds – public equity	433,161	-	433,161	-
Index funds – public equity	956,256	956,256	-	-
Temporary investments				
U.S. treasuries	39,665	-	39,665	-
Certificates of deposit and money funds	54,956	47,423	7,533	-
State government securities	22,629	-	22,629	-
Local government securities	32,383	-	32,383	-
Corporate bonds	243,044	-	243,044	-
Exchange traded funds – equity	227,468	227,468	-	-
Investments measured at net asset value (1)				
Hedge funds	1,006	-	-	-
Limited partnerships	409,657	-	-	-
Temporary Investments measured at net asset value (1)				
Limited partnerships	2,343	-	-	-
	$ 2,934,145	$ 1,678,745	$ 788,489	$ 53,905

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The fair values of the financial instruments shown in the above tables represent the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, available observable and unobservable inputs.

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For alternative investments valued at net asset value, due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the Foundation's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if the Foundation were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Certifications of deposit and money market funds: Money market funds are recorded at fair value using quoted market prices. These are classified as Level 1 as they are traded in an active market for which closing prices are readily available. Certificates of deposit are reported at face value plus accrued interest at the reporting date. These investments are classified as Level 2.

Corporate bonds, U.S. Treasuries, State Government Securities, Local Government Securities, U.S. government securities and sovereign debt obligations and International bonds: Investments include fixed-income securities comprised of U.S. government securities, sovereign debt, international bonds, and corporate bonds. Actively traded fixed-income securities are classified as Level 1 and valued based upon observable market prices on the reporting date. When quoted prices of identical investment securities in active markets are not available, the fair values for these investment securities are obtained primarily from pricing services; one evaluated price is received for each security. The fair values provided by the pricing services are estimated using matrix pricing or other pricing models, where the inputs are based on observable market inputs or recent trades of similar securities. Such investment securities are generally classified as Level 2.

Common and preferred stock, mutual funds, index funds, and exchange traded funds: These securities are mainly measured using quoted market prices at the reporting date multiplied by the quantity held. These are classified as Level 1 securities as they are traded in an active market for which closing prices are readily available. Included within common stock is closely held stock valued at $74,347 and $53,905, respectively, as of June 30, 2024 and 2023. The closely held stock is classified as Level 3 as these are securities without readily observable inputs or measures. The closely held stock is recorded at fair value determined using book value of equity of the closely held company as similar public companies in the industry trade near book value based on independent audit reports and third party valuations. There were no purchases or sales of closely held stock during 2024 or 2023.

Commingled funds: Commingled funds have readily determinable fair values but are not traded on national exchanges. These funds are private funds where the fund stands ready to transact with investors at net asset value at certain time periods under the fund governing agreements. Price quotes for the underlying assets are available for identical assets. Commingled public equity funds are limited to once a month and as such limit the activity of the markets. These funds are classified as Level 2. Commingled diversified real asset funds are made up of publicly traded U.S. and foreign equities in the real estate industry. Quoted prices are available in active markets and there is the ability to trade at the measurement date. These funds are classified as Level 1.

(Continued)

(Thousands)

Note 3: Investments

Investments consist of the following at June 30, 2024 and 2023:

	2024	2023
Investments stated at fair value or net asset value:		
Certificates of deposit and money market funds	$ 10,127	$ 9,012
U.S. government securities and sovereign debt	7,895	6,540
International bonds	3	-
Corporate bonds	3,720	3,453
Common stock	255,158	244,576
Mutual funds – equity	190,929	236,850
Mutual funds – fixed income	11,178	11,065
Preferred stock	81	81
Limited partnerships	497,362	409,657
Commingled funds – public equity	491,865	433,161
Index funds – public equity	1,119,836	956,256
Hedge funds	1,165	1,006
Investments stated at other than fair value:		
Real estate	15,822	15,008
Real estate mortgage and promissory notes	551	351
Other	2,548	2,057
Cash value of life insurance	2,984	2,977
	$ 2,611,224	$ 2,332,050

	2024	2023
Temporary investments stated at fair value or net asset value:		
U.S. treasuries	$ 35,577	$ 39,665
Certificates of deposit and money market funds	114,630	54,956
State government securities	40,748	22,629
Local government securities	23,557	32,383
Corporate bonds	237,971	243,044
Exchange traded funds – equity	199,190	227,468
Limited partnerships	31,898	2,343
	$ 683,571	$ 622,488

(Thousands)

Alternative Investments

The estimated value of hedge funds and limited partnerships was provided by the respective fund managers. For these alternative investments, the Foundation uses the net asset value (or its equivalent) reported by the underlying fund to estimate the fair value of the investment. Below is a summary of investments accounted for at net asset value at June 30, 2024 and 2023:

	2024			
	Net asset value	**Unfunded Commitments**	***Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period**
Private equity/venture capital (A)	$ 404,788	$ 389,576	N/A	N/A
Natural resources (B)	56,776	47,056	N/A	N/A
Real estate funds (C)	67,696	112,516	N/A	N/A
Hedge funds:				
Credit strategies (D)	1,165	3,200	q/sa/a	90-365 days
	$ 530,425	$ 552,348		

* q – quarterly, sa – semiannual, a – annual

	2023			
	Net asset value	**Unfunded Commitments**	***Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period**
Private equity/venture capital (A)	$ 319,528	$ 248,725	N/A	N/A
Natural resources (B)	35,859	27,848	N/A	N/A
Real estate funds (C)	54,270	72,519	N/A	N/A
Hedge funds:				
Credit strategies (D)	3,349	3,200	m/a	90-360 days
	$ 413,006	$ 352,292		

* m – monthly, a – annual

(A) This class includes private equity funds that primarily invest in venture capital, buyout, debt, and other private equity assets. Such funds may invest directly or through secondary investments in funds pursing a similar strategy. The fair value of the funds in this class have been estimated using the net asset value of the Foundation's ownership interest in partners' capital. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through liquidation of underlying assets of the fund. If these investments were held, it is estimated the underlying assets of the funds would be liquidated over 4 to 12 years.

(B) This class includes natural resource funds that invest primarily in interests of energy and agriculture. These investments can never be redeemed with the funds. Instead, distributions will be received from the production and marketing of such resources and upon final sale of the underlying interests. It is estimated that the underlying assets of the funds will be liquidated over 10 to 12 years.

(Continued)

(Thousands)

(C) This class includes private real estate related funds that invest across multiple property types. These investments can never be redeemed with the funds. Instead, distributions will be received primarily through liquidation of underlying assets of the fund or secondarily through income generated by the underlying assets. It is estimated that the underlying assets of the funds will be liquidated over 5 to 10 years.

(D) This class includes funds that invests in a mix of securities including credit/debt, equities, real estate, financial services, real assets and special situations. These funds have a multi-strategy approach. The investment can be redeemed within 3 months to a year of June 30, 2024.

Note 4: Pledges Receivable

Pledges receivable with donor restrictions are due to be collected as follows as of June 30, 2024 and 2023:

	2024	2023
Gross amount due in:		
One year or less	$ 74,681	$ 77,405
One to five years	150,605	173,884
More than five years	8,106	14,474
	233,392	265,763
Less discount to present value	(13,398)	(17,699)
	219,994	248,064
Less allowance for doubtful accounts	(6,599)	(7,442)
	$ 213,395	$ 240,622

The discount will be recognized as contribution income in years 2024 through 2035.

In addition, the Foundation has been informed of intentions to give in the form of possible future bequests and conditional pledges, in the amount of $68,160 and $72,771 at June 30, 2024 and 2023, respectively. These amounts are not included in pledges receivable as they do not constitute unconditional promises to give and are contingent on the Foundation overcoming a donor imposed barrier to be entitled to the funds, such as obtaining matching funds, meeting capital project milestones, fulfillment of positions/staffing, etc. It is not practicable to estimate the net realizable value of these intentions to contribute or the period over which they will be collected.

Note 5: Leases

Accounting Policies

The Foundation determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising form the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Foundation has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or terminate the lease that the Foundation is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Foundation has elected not to record leases with an initial term of 12 months or less on the consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Operating Leases

The Foundation has leases for office space and equipment that expire in various years through 2044. These leases generally contain renewal options for periods ranging from 3 to 10 years and require the Foundation to pay all executory costs (property taxes, maintenance, and insurance). Lease payments have an escalating fee schedule, which range from a 5 to 7 percent increase at varying time throughout the lease. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

The Foundation has no material related-party leases. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The operating lease costs for the years ended June 30, 2024 and 2023 were $688 and $1,076 respectively. The other required information for the years ended June 30, 2024 and 2023, are:

(Thousands)

	2024		2023	
Other information				
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	$	688	$	1,018
Right-of-use assets obtained in exchange for new operating lease liabilities		3,761		17,074
Weighted-average remaining lease term (years)				
Operating leases		14.84		16.79
Weighted-average discount rate				
Operating leases		4.23%		4.07%

Future minimum lease payments and reconciliation to the consolidated statements of financial position at June 30, 2024, are as follows:

	Operating Leases	
2025	$	1,457
2026		1,433
2027		1,433
2028		881
2029		603
Thereafter		8,490
Total future undiscounted lease payments		14,297
Less imputed interest		3,765
Lease liabilities	$	10,532

Note 6: Net Assets

Net Assets With Donor Restrictions

Net assets are restricted by donors for various purposes in support of activities at the University, including the campuses at Lincoln, Kearney, Omaha, the Medical Center in Omaha, and Nebraska Medicine. The purposes include scholarships, fellowships, research, academic support, and campus building and improvements. Net assets with donor restrictions include gifts contributed for a specified period or until the occurrence of some future event or unspent earnings on endowed funds.

(Thousands)

The amounts of net assets with donor restrictions as of June 30, 2024 and 2023 are as follows:

	2024	2023
Charitable trusts and annuities	$ 17,251	$ 18,295
Temporarily restricted for specific purposes	1,196,316	1,092,203
Permanent endowment pool subject to spending policy	1,767,782	1,560,967
	$ 2,981,349	$ 2,671,465

Net Assets Without Donor Restrictions

The Foundation had net assets without donor restrictions of $121,606 and $119,149 at the end of 2024 and 2023, respectively of which $73,590 and $57,147 was board designated to be used for operations of the Foundation.

Net Assets Released from Restrictions

Net assets of $277,020 and $287,032 were released from donor restrictions during 2024 and 2023 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

Note 7: Financial Assets and Liquidity Resources

The Foundation manages its liquidity and reserves to build and maintain assets to support the day- to-day operations in the event of unforeseen shortfalls. The Foundation has an operative reserve policy to maintain 9-12 months of current annual recurring operating costs, which is set annually during the budget process. As of June 30, 2024 and 2023, the Foundation's average month's operating cash and cash equivalents on hand was approximately 14 months based on normal expenditures, which was in excess of the policy requirements.

The following table reflects the Foundation's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditure because of contractual or donor-imposed restrictions within one year of the financial position date. Financial assets are considered unavailable when subject to donor-imposed restrictions.

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 61,404	$ 24,999
Temporary investments	683,571	622,488
Pledges	213,395	240,622
Other receivables	12,025	6,447
Investments	2,611,224	2,332,050
Financial assets, at the end of the year	3,581,619	3,226,606

(Thousands)

	2024	2023
Less those unavailable for general expenditure within one year due to:		
Permanent endowment pool subject to spending policy	$ 1,767,782	$ 1,560,967
Other receivables due in more than one year	2,389	2,544
Deposits held in custody for others	431,583	402,300
Donor funds available for specific purpose	1,213,567	1,110,498
Total unavailable for general expenditure within one year	3,415,321	3,076,309
Total financial assets available within one year	$ 166,298	$ 150,297

The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligation come due. Included above are cash and investments in board designated endowments (see Note 9). While those amounts are not expected to be used for general operations they are available to the board if needed.

Note 8: Functional Expenses

The Foundation solicits and distributes funds for the benefit of the University. Expenses related to those activities providing these services for the years ended June 30, 2024 and 2023 are as follows:

	2024			
	Program Support	Management and General	Fundraising	Total
Payments to benefit the University	$ 292,264	$ -	$ -	$ 292,264
Contributions to other charities	194	-	-	194
Salaries and benefits	-	11,237	19,895	31,132
Office expense	-	506	790	1,296
Office rent and utilities	-	832	1,298	2,130
Professional services	-	970	614	1,584
Dues and subscriptions	-	318	496	814
Travel and conferences	-	495	772	1,267
Cultivation expenses	-	-	2,233	2,233
Miscellaneous expense	-	61	257	318
Paid to beneficiaries	-	2,409	-	2,409
Depreciation	-	186	290	476
Total expense	$ 292,458	$ 17,014	$ 26,645	$ 336,117

(Thousands)

	2023			
	Program Support	Management and General	Fundraising	Total
Payments to benefit the University	$ 287,827	$ -	$ -	$ 287,827
Contributions to other charities	131	-	-	131
Salaries and benefits	-	9,730	17,300	27,030
Office expense	-	595	868	1,463
Office rent and utilities	-	816	1,193	2,009
Professional services	-	921	495	1,416
Dues and subscriptions	-	395	576	971
Travel and conferences	-	449	657	1,106
Cultivation expenses	-	-	2,793	2,793
Miscellaneous expense	-	135	299	434
Paid to beneficiaries	-	2,419	-	2,419
Depreciation	-	199	290	489
Total expense	$ 287,958	$ 15,659	$ 24,471	$ 328,088

Expenses are allocated to the various functions based on either the underlying purpose of the expense or allocated based on the percentage of time employees spend on each function for those that can be attributable to more than one function.

Note 9: Endowments

The Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) sets out guidelines to be considered when managing and investing donor-restricted endowment funds.

The Foundation's endowment consists of approximately 6,000 individual funds established for a variety of purposes. The Foundation holds endowment funds for support of its programs and operations. As required by U.S. GAAP, net assets and the changes therein associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted NUPMIFA as allowing the Foundation to appropriate the expenditure or accumulate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Interest, dividends, and net appreciation of the donor-restricted endowment funds are classified according to donor stipulations, if any. Absent any donor-imposed restrictions, interest, dividends, and net appreciation of donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by NUPMIFA. In accordance with NUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(Thousands)

(1) The duration and preservation of the endowment fund

(2) The purposes of the Foundation and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation or deflation

(5) The expected total return from income and the appreciation/depreciation of investments

(6) Other resources of the Foundation

(7) The investment policy of the Foundation

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 is as follows:

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$ -	$ 2,087,826	$ 2,087,826
Board-designated endowment funds	73,590	-	73,590
Endowment totals	$ 73,590	$ 2,087,826	$ 2,161,416

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$ -	$ 1,841,307	$ 1,841,307
Board-designated endowment funds	57,147	-	57,147
Endowment totals	$ 57,147	$ 1,841,307	$ 1,898,454

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 57,147	$ 1,841,307	$ 1,898,454
Contributions	10,042	76,781	86,823
Investment income, net of expenses	9,097	244,347	253,444
Amounts appropriated for expenditures	(2,696)	(74,609)	(77,305)
Endowment net assets, end of year	$ 73,590	$ 2,087,826	$ 2,161,416

(Continued)

(Thousands)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 53,941	$ 1,668,931	$ 1,722,872
Contributions	3,413	91,914	95,327
Investment income, net of expenses	2,050	153,467	155,517
Amounts appropriated for expenditures	(2,257)	(73,005)	(75,262)
Endowment net assets, end of year	$ 57,147	$ 1,841,307	$ 1,898,454

Investment Return Objectives, Risk Parameters, and Strategies

The Foundation has adopted investment and spending policies, approved by the Board of Directors of the Foundation, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity, debt securities, and illiquid alternative investments that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4.25%, while growing the funds if possible. The Foundation expects its endowment assets, over time, to earn a real (inflation-adjusted) rate of return of at least 6.0% per year net of investment management fees and investment operations expenses, when measured over a rolling five-year period. Actual return in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy and How the Investment Objectives Relate to the Appropriate Policy

The Foundation has a policy of appropriating for distribution each year 4.25% of the average fair market value of the prior 20 quarters of the unitized endowment shares as of June 30 each year, for the following 12 month period beginning October 1. In establishing this policy and in the annual review of the policy, the Foundation considers the long-term expected return on its investment assets, the nature, and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation.

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 or NUPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation considers funds for which the fair value of the assets is less than the value of all contributions to the fund to be deficient and such funds are referred to as “underwater” funds. The Foundation has interpreted NUPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. As of June 30, 2024, and 2023, funds with an original gift value of $139,359 and $373,517 were “underwater” by $4,202 and $23,323, respectively. Deficiencies of this nature were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions with donor restrictions and continued appropriation for certain programs as deemed prudent.

(Continued)

Note 10: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

At June 30, 2024 and 2023, respectively, approximately 11% and 22% of gross pledge receivables are from one donor and two donors, respectively.

General Litigation

The Foundation is involved in several legal actions in the ordinary course of business. The Foundation believes it has defenses for all such claims, believes the claims are substantially without merit, and is vigorously defending the actions. In the opinion of management, the final dispositions of these matters will not have a material effect on the Foundation's financial position.

Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

At June 30, 2024 approximately 19% of all investments were in one index fund. No investment concentrations existed as of June 30, 2023.

Note 11: Subsequent Events

In preparing the consolidated financial statements, the Foundation has evaluated subsequent events for potential recognition or disclosure through September 19, 2024 the date the consolidated financial statements were available to be issued and determined there are no other items to disclose.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Regents of the University of Nebraska
Lincoln, Nebraska:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of the University of Nebraska (University) (a component unit of the State of Nebraska) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 12, 2024. Our report includes a reference to other auditors who audited the financial statements of the University of Nebraska Foundation (Foundation), a discretely presented component unit of the University; the University of Nebraska Facilities Corporation, the University Technology Development Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, and the Nebraska Utility Corporation, blended component units of the University (collectively identified as the Blended Component Units), as described in our report on the University's financial statements. The financial statements of the Foundation, and the Blended Component Units were not audited in accordance with *Government Auditing Standards;* accordingly, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

University's Findings

We did note certain other matters that we reported to management of the University in a separate letter dated December 12, 2024.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mark Avery

Lincoln, Nebraska
December 12, 2024

Mark Avery, CPA
Assistant Deputy Auditor