

UNIVERSITY
OF MIAMI



Consolidated Financial Statements
Fiscal years ended May 31, 2024 and 2023
(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 800
500 W 5th St
Winston-Salem, NC 27101

Independent Auditors' Report

Board of Trustees
University of Miami:

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidated Supplemental Statement of Financial Position by Division and Consolidated Supplemental Statement of Activities by Division are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Winston-Salem, North Carolina
September 20, 2024

UNIVERSITY OF MIAMI

Consolidated Statements of Financial Position

May 31, 2024 and 2023

(In millions)

Assets	2024	2023
Cash and cash equivalents	\$ 504.6	\$ 487.7
Accounts and loans receivable, net	365.7	362.0
Patient care receivable, net	429.3	396.0
Contributions receivable, net	199.2	155.0
Other assets	234.9	279.3
Investments	2,877.5	2,704.1
Property and equipment, net	3,101.0	2,587.6
Trusts held by others	62.1	55.4
Total assets	\$ 7,774.3	\$ 7,027.1
Liabilities		
Accounts payable and accrued expenses	\$ 496.8	\$ 491.5
Deferred revenues and other deposits	125.6	124.9
Liability for medical self-insurance	75.9	65.9
Other liabilities	372.0	404.2
Accrued pension and postretirement benefit costs	82.1	78.3
Bonds and notes payable	1,824.3	1,761.2
Total liabilities	2,976.7	2,926.0
Net assets:		
Without donor restrictions	2,817.1	2,357.4
With donor restrictions	1,980.5	1,743.7
Total net assets	4,797.6	4,101.1
Total liabilities and net assets	\$ 7,774.3	\$ 7,027.1

See accompanying notes to financial statements.

UNIVERSITY OF MIAMI
Consolidated Statements of Activities
Years ended May 31, 2024 and 2023
(In millions)

	2024	2023
Changes in net assets without donor restrictions		
Operating activities		
Operating revenues:		
Tuition and fees, net	\$ 733.5	\$ 695.3
Grants and contracts, net	672.8	604.4
Net patient revenue – medical professional practice	679.1	698.2
Net patient revenue – hospitals and clinics	2,926.3	2,578.6
Gifts and trusts, net	70.6	65.2
Net assets released from restrictions	24.5	21.7
Endowment spending distribution	54.7	54.2
Investment return	98.5	57.1
Auxiliary enterprises, net	290.7	262.6
Other sources	108.0	152.4
Total operating revenues	<u>5,658.7</u>	<u>5,189.7</u>
Operating expenses		
Compensation and benefits	2,870.5	2,620.2
Supplies and services	1,593.3	1,438.5
Depreciation and amortization	207.1	181.2
Utilities and maintenance	97.7	92.4
Interest	50.6	63.2
Other	487.9	458.6
Total operating expenses	<u>5,307.1</u>	<u>4,854.1</u>
Change in net assets without donor restrictions from operating activities	<u>351.6</u>	<u>335.6</u>
Non-Operating activities		
Endowment, annuity, and other investment return, net of distributions	54.5	(8.9)
Gifts and trusts, net	3.0	0.5
Net gain on disposal of long lived assets	1.8	0.7
Other components of net periodic pension costs	(12.6)	(7.3)
Net assets released from restrictions for property and equipment	52.9	64.7
Change in net assets without donor restrictions from non-operating activities	<u>99.6</u>	<u>49.7</u>
Postretirement benefits related changes other than net periodic benefit cost	8.5	(8.7)
Increase in net assets without donor restrictions	<u>459.7</u>	<u>376.6</u>
<i>Changes in net assets with donor restrictions</i>		
Endowment, annuity, and other investment return, net of distributions	152.7	(51.6)
Gifts and trusts, net	158.6	130.8
Changes in value of annuities payable and trusts held by others	2.9	(3.4)
Net assets released from restrictions	(77.4)	(86.4)
Increase (decrease) in net assets with donor restrictions	<u>236.8</u>	<u>(10.6)</u>
Increase in total net assets	696.5	366.0
<i>Net Assets</i>		
Net assets, beginning of year	4,101.1	3,735.1
End of year	<u>\$ 4,797.6</u>	<u>\$ 4,101.1</u>

See accompanying notes to financial statements.

UNIVERSITY OF MIAMI
Consolidated Statements of Cash Flows
Years ended May 31, 2024 and 2023
(In millions)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase in total net assets	\$ 696.5	\$ 366.0
Adjustments to reconcile increase in total net assets to net cash provided by operating activities:		
Net realized and unrealized (gains) losses on investments	(244.8)	38.2
Gifts for plant expansion and endowment	(110.6)	(78.6)
Depreciation and amortization	207.1	181.2
Provision for doubtful accounts	16.3	16.6
Net loss on sale and/or disposal of other assets and property and equipment	12.5	7.1
Present value adjustment on annuities payable and trusts held by others	(0.2)	(0.1)
Amortization of debt premiums, discounts, and issue costs	(2.2)	(2.3)
Postretirement benefits related changes other than net periodic benefit cost	(8.5)	8.7
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts and loans receivable	(4.5)	(61.1)
Patient care receivable	(33.3)	10.8
Contributions receivable	(15.2)	(10.2)
Other assets	15.1	(1.1)
Increase (decrease) in:		
Accounts payable and accrued expenses	68.6	116.1
Deferred revenues and other liabilities	(18.0)	(2.3)
Accrued pension and postretirement benefit costs	12.3	5.0
Medical self-insurance	10.0	25.5
Net cash provided by operating activities	<u>\$ 601.1</u>	<u>\$ 619.5</u>
Cash flows from investing activities:		
Purchases of investments	\$ (1,517.0)	\$ (1,465.0)
Proceeds from the sales and maturities of investments	1,608.9	1,347.4
Capital expenditures for property and equipment	(766.4)	(592.8)
Student and shared appreciation mortgage loans		
New loans made	(0.1)	(0.1)
Principal collected	(3.3)	(2.6)
Net cash used in investing activities	<u>\$ (677.9)</u>	<u>\$ (713.1)</u>
Cash flows from financing activities:		
Gifts for plant expansion and endowment	\$ 38.8	\$ 86.2
Proceeds from the issuance of debt	89.9	—
Payments on bonds and notes payable	(24.6)	(21.9)
Payments on finance leases	(10.4)	(8.1)
Net cash provided by financing activities	<u>\$ 93.7</u>	<u>\$ 56.2</u>
Cash and cash equivalents:		
Net increase (decrease)	\$ 16.9	\$ (37.4)
Beginning of year	487.7	525.1
End of year	<u>\$ 504.6</u>	<u>\$ 487.7</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 82.2	\$ 80.0
Donated securities	22.6	10.4
Accrued liabilities related to additions of property	63.3	41.7
Non-cash payment and issuance of debt	85.1	—
Derecognition of ROU assets and related lease liabilities	50.1	—

See accompanying notes to financial statements.

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

(1) Organization

The University of Miami (the University) is a private not-for-profit institution located in South Florida. Founded in 1925, the University owns and operates educational and research facilities as well as a health care system. Its mission is to educate and nurture students, to create knowledge through innovative research programs, to provide service to the community and beyond, and to pursue excellence in health care.

These consolidated financial statements include the accounts of the University's departments and facilities, including its hospitals and clinics ("University of Miami Hospitals & Clinics"), which is a division of the University. Also included are the accounts of University of Miami Insurance Company ("UMIC"), the University's wholly owned captive insurance company. All significant intercompany accounts and transactions have been eliminated in the preparation of these statements.

(2) Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

The consolidated financial statements of the University have been prepared on the accrual basis of accounting and in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for not-for-profit organizations.

The two net asset categories as reflected in the accompanying consolidated financial statements are as follows:

- **Net assets without donor restrictions** - Net assets are free of donor-imposed restrictions. This category includes the University's investment in property and equipment and amounts designated by management for support of operations, programs, and facilities expansion. The University has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the University and, therefore, the University's policy is to record them as net assets without donor restrictions. This category includes all revenues, expenses, gains, and losses that are not changes in net assets with donor restrictions.
- **Net assets with donor restrictions** - Net assets are those whose use by the University is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the University pursuant to those stipulations. These net assets are available for program purposes, i.e., education, research, public service, and scholarships, as well as for buildings and equipment. This category also includes assets that are invested in perpetuity, the income from which is expended for program purposes. Net assets with permanent donor restrictions cannot be removed by actions of the University.

(b) Use of Estimates

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

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

(c) Income Taxes

The University is generally exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC), except for unrelated business income. Accordingly, no significant provision for income taxes is made in the consolidated financial statements. At May 31, 2024 and 2023, there were no uncertain tax positions. The University files tax returns with U.S. federal and other state tax authorities for which generally the statute of limitations extends to the year ended May 31, 2021.

(d) Activities

The University's revenues and expenses related to conducting its core activities are classified as operating in the consolidated statements of activities. Endowment, annuity, and other investment return, net of distributions, as well as other components of net periodic pension costs, changes in postretirement obligations, net assets released from restriction for property and equipment, and certain other activities, are classified as non-operating in the consolidated statements of activities.

(e) Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

(f) Investments

Investments are reported at fair value. Fair value is 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. See note 5 for fair value measurements. Realized gains and losses are recognized at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific-identification method. Unrealized gains and losses are recognized for the change in fair value between reporting periods. Interest and dividend income is recognized when earned.

The University's investments include various types of investment securities that are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the consolidated financial statements.

(g) Revenue Recognition

Revenue is recognized as performance obligations are satisfied, which are determined based on the nature of the services and goods provided.

Tuition and fees revenue is reported within the fiscal year in which educational services are provided. When classes or courses overlap the reporting period, only the portion of the revenue where the performance obligation has not been met is deferred to the next fiscal year.

Scholarships and fellowships awarded to students for tuition, fees, and room and board are based upon need and merit. These awards include amounts funded by the endowment, research funds, and gifts, and reduce the published price of tuition for students receiving such aid. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student.

Institutional aid is netted against tuition and fees, and auxiliary enterprises revenue in the consolidated statements of activities as follows (in millions):

	2024	2023
Scholarships and fellowships:		
Institutionally funded	\$ 359.6	\$ 333.2
Externally funded – gifts and grants	22.0	21.2
Total amount netted against tuition and fees revenue	\$ 381.6	\$ 354.4
Amount netted against auxiliary enterprises revenue	\$ 31.2	\$ 32.9

Net patient revenue is recorded at the transaction price estimated to reflect the consideration due from patients and third-party payors in exchange for the services provided. The various activities of the University of Miami Hospital & Clinics (the Hospital, a division of the University), including medical care, prescription drugs, and room and board, are considered a single performance obligation. Performance obligations related to patient services are satisfied over time and have a duration of less than one year. Revenue for the Hospital and the Professional Medical Practice (UMMG, a division of the University) is recognized based on actual charges incurred in relation to total expected or actual charges, with a reduction for explicit and implicit price concessions.

The Hospital and UMMG apply the portfolio approach as a practical expedient to group patient contracts with similar characteristics, such that the revenue for a given portfolio would not be materially different than if it were evaluated on an individual contract basis. This grouping is based upon the inpatient/outpatient setting of the services and third-party payors.

The Hospital and UMMG's performance obligations have a duration of less than one year. Therefore, they have elected to apply the optional exemption to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. These unsatisfied or partially unsatisfied performance obligations primarily relate to services provided at the end of the reporting period. Such obligations are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Net patient revenue and accounts receivable consist primarily of patient revenues that are recorded based upon established billing rates less explicit price concessions (including contractual allowances and discounts) and implicit price concessions, effectively the estimated net realizable value. Revenues are recorded in the period the services are provided based upon the estimated amounts due from the patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, and employers. Estimates of contractual allowances represent the difference between established rates for services and amounts reimbursed by third-party payors based upon the payment terms specified in the related contractual agreements.

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May 31, 2024 and 2023

Net patient revenue, disaggregated by payor source for the Hospital and UMMG was as follows (in millions):

	Year ended May 31, 2024		
	UMMG	Hospital	Total
Medicare and Medicare HMO	\$ 164.7	\$ 807.7	\$ 972.4
Medicaid and Medicaid HMO	154.7	193.5	348.2
Managed Care	359.3	1,896.5	2,255.8
Other	0.4	28.6	29.0
	\$ 679.1	\$ 2,926.3	\$ 3,605.4
	Year ended May 31, 2023		
	UMMG	Hospital	Total
Medicare and Medicare HMO	\$ 162.9	\$ 666.7	\$ 829.6
Medicaid and Medicaid HMO	159.2	188.3	347.5
Managed Care	354.4	1,678.4	2,032.8
Other	21.7	45.2	66.9
	\$ 698.2	\$ 2,578.6	\$ 3,276.8

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. The estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined. In the opinion of management, adequate provisions for adjustments that may result from such reviews and audits have been made through May 31, 2024, in the accompanying consolidated financial statements. The impact of such adjustments to revenues for the years ended May 31, 2024 and 2023, were increases of \$39.3 and \$37.8 million, respectively.

Grant and contract revenues are received from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return or may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large. Revenues from exchange transactions are recognized as the performance obligations are met, which is generally as the related costs are incurred.

The federal government reimburses the University for facilities and administrative costs incurred in connection with research grants and contracts based on approved rates through 2024. Facilities and administrative cost recovery from government and private sources included in grants and contracts revenues totaled \$99.2 and \$95.2 million during the years ended May 31, 2024 and 2023, respectively.

Conditional promises not reflected in the consolidated financial statements, which consist primarily of the difference between the award amount and the revenue recognized for the non-exchange grants, was \$895.2 million at May 31, 2024.

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

Gifts of cash, property, and marketable securities are recorded as revenue at fair value when received. Unconditional pledges (note 4) are recognized as revenue based on the estimated present value of the future cash flows, net of allowances, when the commitment is received. Pledges made and collected in the same reporting period are recorded when received in the appropriate net asset category.

Conditional pledges are recorded as revenue only when donor conditions are substantially met. Gifts and trusts at May 31, 2024 and 2023 are reported net of uncollectible pledges and reserves of \$11.0 and \$11.6 million, respectively.

(h) *Deferred Revenues*

Deferred revenues are primarily comprised of amounts received for grants and contracts that are not billed on a cost-reimbursement basis and student tuition received but has not yet been earned. If services are conducted over a fiscal year-end, deferred revenue is allocated based on number of days or another reasonable method.

Future performance obligations will be met within the next fiscal year, with the exception of a dining services agreement that at May 31, 2024 totaled \$15.3 million and terminates May 31, 2041.

(i) *Auxiliary Enterprises*

Auxiliary enterprises include residence halls, food services, retail stores, and athletics. Fee charges are directly related to the costs of services rendered and are recognized as revenue when the services or goods are delivered. These services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. Performance obligations for housing and dining services are met over the academic terms.

(j) *Annuities Payable and Trusts Held by Others*

Certain gift annuities, charitable lead, and remainder annuity trust agreements have been entered into with donors. Assets reported under these agreements are valued at fair value based on either the present value of expected cash flows or the value of the University's share of the underlying assets.

These assets are included in trusts held by others on the consolidated statements of financial position, except for gift annuities, which are included in cash and cash equivalents and investments. Gift annuities included in cash and cash equivalents, and investments totaled \$19.1 and \$17.0 million at May 31, 2024 and 2023, respectively. Generally, revenue from gift annuities and trusts is recognized at the date the agreements are established net of liabilities for the present value of the estimated future payments to donors and/or other beneficiaries.

The liabilities are adjusted during the term of the gift annuities for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

The University is also the beneficiary of certain perpetual trusts, which are included in trusts held by others on the consolidated statements of financial position. The fair value of the trusts, which are based on either the present value of the estimated future cash receipts or the fair value of the assets held in the trust, are recognized as assets and gift and trust revenue as of the date the University is notified of the establishment of the trust. The carrying value of the assets is adjusted for changes in fair value.

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

(k) Medical School

Faculty physicians, in addition to teaching and conducting research, engage in the practice of medicine, which generates patient care revenue. Revenues and expenses, including compensation and administrative operations from the practice of medicine, are reflected as University revenues and expenses.

The University and the Public Health Trust of Miami-Dade County, Florida (PHT), owner and operator of Jackson Memorial Hospital (JMH), have entered into an affiliation agreement related to their independent missions within the designated land and facilities that comprise the Jackson Memorial Medical Center. Pursuant to that agreement, the PHT provides clinical facilities for the teaching of the University's medical students. Medical education of its students is the sole responsibility of the University. In addition, the University has agreed to permit its faculty to apply for privileges at JMH to train and supervise JMH house staff (interns, residents, and fellows) and to treat hospital patients in their capacity as members of JMH's attending medical staff.

All such treatment and training are the sole responsibility of the PHT in its capacity as the legal owner and operator of the Jackson Health System's public hospitals and clinics and its statutory teaching hospital (JMH). The affiliation agreement provides the terms for the mutual reimbursement of services provided.

(l) Related Parties

Related party transactions are disclosed in note 3 regarding shared appreciation mortgages to faculty and administrators and note 4 regarding gift contributions from the University's Board of Trustees.

(m) Insurance

The University manages property and liability risks through a combination of commercial insurance policies and self-insurance.

The University is self-insured for medical professional liability and maintains commercial excess loss coverage within specified limits. Provisions for medical professional liability claims and related costs are based on several factors, including an annual actuarial study on an undiscounted basis at May 31, 2024, and on a discounted basis with a discount rate of 2.0% at May 31, 2023.

(n) Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Property and equipment under finance leases are initially valued and recorded based on the present value of minimum lease payments. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Depreciation on property and equipment held under finance leases is amortized over the shorter of the expected useful life of the asset or term of the related lease. Depreciation is not recorded on land, art objects, and construction in progress. Leasehold improvements are amortized over the lesser of the lease term or the useful life.

Internal-use software costs are expensed or capitalized according to the provisions of the accounting standard. Capitalized software costs are included in computers and software.

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May 31, 2024 and 2023

(o) Art Objects

Collections at the University include works of art and literary works that are maintained in the University's galleries, libraries, and buildings. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service and, therefore, are capitalized but not depreciated. The University's policy is to use the proceeds from deaccessioned collection items for the acquisition of new collection items. During the year ended May 31, 2024, the University returned and deaccessioned donated fine arts objects and recorded a loss on disposal of \$4.3M. No collection items were deaccessioned for the year ended May 31, 2023.

(p) Lease Right-Of-Use Assets and Liabilities

Operating leases as a lessee are included in other assets and other liabilities on the consolidated statements of financial position. The assets and liabilities associated with finance leases as a lessee are included in property and equipment, net, and other liabilities, respectively, on the consolidated statements of financial position.

Right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating and finance lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The commencement date is when the University either takes possession of the asset or, in the case of real estate leases, when the landlord makes the building available for use. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases.

(q) Impairment of Long-Lived Assets

U.S. GAAP requires that long-lived assets held by an entity, including intangible assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable.

No asset impairments were recorded by the University during the years ended May 31, 2024 and 2023.

(r) Inventories

The University's inventories are carried at the lower of cost or net realizable value. Inventories are used in the provision of patient care and generally are not held for sale. Inventories are recorded within other assets on the consolidated statements of financial position.

(s) Patient Care Receivables

Patient care receivables are presented net of implicit and explicit price concessions and are recorded at their net realizable value. Approximately, 13.2% and 16.9% of patient care receivables, net are due from the Medicare program at May 31, 2024 and 2023, respectively.

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

(t) Accounting Pronouncement Adopted

In June 2016, the Financing Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. The previous standard delays the recognition of a credit loss on a financial asset until the loss is probable of occurring. The new standard removes the requirement that a credit loss be probable of occurring for it to be recognized, and requires entities to use historical experience, current conditions, and reasonable and supportable forecasts to estimate their future expected credit losses. On June 1, 2023, the University adopted the standard using a modified retrospective approach and concluded there was no material impact to the consolidated financial statements.

(u) Subsequent Events

The University evaluated events and transactions occurring subsequent to May 31, 2024, through September 20, 2024, the date of issuance of the consolidated financial statements. During this period, there were no subsequent events requiring recognition or disclosure in the consolidated financial statements except as disclosed in note 9 relating to the line of credit.

(3) Accounts and Loans Receivable

At May 31, accounts and loans receivable consist of the following (in millions):

	2024	2023
Accounts and loans receivable, net:		
Grants, contracts, and other	\$ 177.0	\$ 176.0
Third-party payors	161.7	154.3
Shared appreciation mortgages	14.9	15.9
Student	11.1	14.7
Student loans, net	1.0	1.1
Total	\$ 365.7	\$ 362.0

Accounts and loans receivable are presented net of allowances for doubtful accounts. At May 31, 2024 and 2023, allowances for doubtful accounts were \$23.9 and \$17.9 million, respectively.

Shared appreciation mortgages were provided as part of a program to attract and retain excellent faculty and senior administrators through home mortgage financing assistance. Shared appreciation notes amounting to \$17.3 and \$18.3 million (each gross of \$2.4 million allowance for doubtful accounts) at May 31, 2024 and 2023, respectively, from University faculty and senior administrators are collateralized by second mortgages on residential properties. The program was suspended effective December 31, 2008, with limited exceptions.

Student loans are made primarily pursuant to federal programs and availability of funding. The related receivables have significant government restrictions as to marketability, interest rates, and repayment terms.

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(4) Contributions Receivable (Pledges)

Unconditional pledges are recorded at the present value of their future cash flows using a discount rate ranging from 4.5% and 3.6% at May 31, 2024 and 2023, commensurate with the risk involved at the time the pledge is recorded. They are expected to be realized in the following periods at May 31 (in millions):

	2024	2023
In one year or less	\$ 123.3	\$ 104.3
Between one year and five years	109.9	77.8
More than five years	12.0	14.3
	245.2	196.4
Discount of \$15.8 and allowance for doubtful pledges of \$30.2 for 2024, and \$13.1 and \$28.3 for 2023, respectively	(46.0)	(41.4)
Total	\$ 199.2	\$ 155.0

The methodology for calculating the allowance is based on the administration's review of individually significant outstanding pledges, analysis of the aging of payment schedules for all outstanding pledges, as well as other factors including current economic conditions.

At May 31, 2024 and 2023, net contributions receivable includes \$50.7 and \$49.5 million, respectively, due from members of the University's Board of Trustees. During the years ended May 31, 2024 and 2023, the gift revenues recognized from members of the University's Board of Trustees were \$36.5 and \$26.6 million, respectively. At May 31, 2024 and 2023, conditional promises to give and bequest intentions totaling \$671.2 and \$715.0 million, respectively, were not reflected in the consolidated financial statements.

(5) Fair Value of Financial Instruments

(a) Variable Rate Swap Agreement

The University entered into an interest rate swap agreement on October 25, 2004, to manage the market risk associated with outstanding variable-rate debt. The University terminated the swap agreement on July 18, 2023 at a cost of \$0.9 million. The notional amount was \$0 and \$11.5 million for fiscal years 2024 and 2023, respectively.

(b) Investments

The fair market value of investments at May 31, 2024 and 2023 amounted to \$2,877.5 and \$2,704.1 million, with a cost basis of \$2,505.6 and \$2,531.8 million, respectively. Short-term investments consist primarily of commercial paper and U.S. Treasury securities with original maturities when purchased in excess of three months, and are recorded within investments on the consolidated statements of financial position. The majority of investments are combined in investment pools with each individual account subscribing to or disposing of shares on the basis of the fair value per share. At May 31, 2024 and 2023, the fair value of the University's primary investment pool (the Growth Pool) amounted to \$1,665.4 and \$1,441.2 million, with a cost basis of \$1,291.0 and \$1,250.2 million, respectively. The Growth Pool is managed by multiple investment managers with asset allocation per the University's investment policy.

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The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 820 which provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for investments measured at fair value:

Level 1 — Inputs include valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Inputs to the valuation methodologies include unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 — Inputs include valuations for assets traded in less active dealer or broker markets. Inputs to the valuation methodologies include quoted prices from third-party pricing services for identical or similar assets in active and/or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Inputs primarily consist of trusts recorded at fair value based on the underlying value of the assets in the trust or discounted cash flow of the expected payment streams. The trusts reported at Level 3 are primarily perpetual trusts managed by third parties invested in stocks, mutual funds, and fixed-income securities that are traded in active markets with observable inputs, which would result in Level 1 and 2 hierarchal reporting. However, since the University has an interest in the trust and not the underlying trust assets, these perpetual trusts are reported as Level 3.

Categories included in limited partnerships and limited liability companies and other investments represent alternative investments, which are valued at the net asset value (NAV) of the entities as determined by the fund managers. The University uses the NAV of certain hedge funds and limited partnerships and limited liability companies as fair value as a practical expedient except where certain conditions exist.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of any input that is significant to the fair value measurement. The University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at May 31, 2024.

The following tables summarize the University's investments and cash equivalents in which cash equivalents are recorded within cash and cash equivalents on the consolidated statements of financial position.

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	Fair value measurement at May 31, 2024 (In millions)			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 545.8	\$ 545.8	\$ —	\$ —
Short-term investments	620.3	620.3	—	—
Corporate bonds	471.0	356.4	114.6	—
Debt securities	44.8	—	44.8	—
Publicly traded stocks	137.6	137.6	—	—
Mutual funds	783.8	768.0	15.8	—
Exchange traded funds	25.8	25.8	—	—
Private Equity – S.A.F.E. Agreement	3.3	—	3.3	—
Limited partnerships and limited liability companies measured at NAV ¹	790.9	—	—	—
Total investments and cash equivalents	3,423.3	2,453.9	178.5	—
Trusts held by others	62.1	—	—	62.1
Total assets	\$ 3,485.4	\$ 2,453.9	\$ 178.5	\$ 62.1

	Fair value measurement at May 31, 2023 (In millions)			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 546.1	\$ 546.1	\$ —	\$ —
Short-term investments	893.4	893.4	—	—
Corporate bonds	238.4	73.8	164.6	—
Debt securities	41.7	—	41.7	—
Publicly traded stocks	128.1	128.1	—	—
Mutual funds	720.4	672.6	47.8	—
Private Equity – S.A.F.E. Agreement	2.5	—	2.5	—
Limited partnerships and limited liability companies measured at NAV ¹	680.6	—	—	—
Interest rate swap	(1.0)	—	(1.0)	—
Total investments, cash equivalents and swap	3,250.2	2,314.0	255.6	—
Trusts held by others	55.4	—	—	55.4
Total assets	\$ 3,305.6	\$ 2,314.0	\$ 255.6	\$ 55.4

¹ In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The change in Trust held by others from \$55.4 million to \$62.1 million is due to an unrealized gain of \$6.7 million.

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The following tables summarize the University's investments whose fair value is reported using net asset value per share (in millions) as a practical expedient:

	At May 31, 2024		At May 31, 2023		Redemption frequency	Days notice
	Fair value	Future commitments	Fair value	Future commitments		
Investments:						
Limited partnerships and limited liability companies:						
Equities:						
Emerging markets (b)	\$ 60.6	\$ —	\$ 51.3	\$ —	(M),(D)	1-30 days
International (c)	70.1	2.2	55.5	—	(M),(W)	1-6 days
Large-mid cap (d)	249.7	—	190.4	—	(Q)	1-60 days
Small cap (e)	2.7	—	2.4	—	(D)	1 day
Fixed income (f)	66.6	—	78.8	—	(M),(D)	1-30 days
Private equity (g)	190.5	89.1	168.5	68.6	(M),(*)	1-50 days
Other:						
Event arbitrage (h)	62.2	6.0	57.8	6.0	(Q),(*)	1-90 days
Multi-strategy (a)	43.6	—	38.4	—	(M),(Q)	1-60 days
Real assets related securities (i)	20.4	0.7	20.4	0.9	(A),(*)	1-90 days
Real estate (j)	24.5	0.2	17.1	0.8	*	N/A
Total investments	\$ 790.9	\$ 98.2	\$ 680.6	\$ 76.3		

Redemption Frequency: (A) Annually, (Q) Quarterly, (M) Monthly, (D) Daily, (W) Weekly

- (*) The expected liquidation date for these assets ranges up to 2037 and is based on a combination of the inception date of the fund and the expected life of the fund as outlined in the partnership agreement inclusive of the manager's ability to extend the fund's life.
- (a) This class consists of investments across stocks, bonds, currencies, and commodities.
- (b) This class consists of investments in small and mid-cap equities domiciled in or with significant underlying exposure to emerging markets. The firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations.
- (c) This class consists of investments in equities domiciled outside of the United States. The firms may utilize all-cap, all-style strategy or may focus on narrower strategies, but all funds have a long time horizon.
- (d) This class consists of investments in large and mid-cap equities domiciled in the United States. Some firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations. Other firms follow a diversified strategy in line with a large cap equity index such as the S&P 500. One fund follows a highly diversified strategy with more than 1,000 holdings held across the independently constructed analyst portfolios. Overall investments are geared to be long/short beta neutral with exposures in line with the S&P 500.
- (e) This class consists of investments in small cap equities domiciled in the United States. Some firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling

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valuations. Other firms follow a diversified strategy in line with a small cap equity index such as the Russell 3000.

- (f) This class consists of investments in debt securities. Some firms focus on buying government bonds throughout the world and may also engage in currency hedges and may do so via futures. Other firms focus on buying below investment grade debt.
- (g) This class consists of investments in private equity. These firms will make direct investments in private companies or in one case the firm manages a fund of funds that makes commitments to other private equity, venture capital and buyout funds. These firms invest across all sectors in both the US and globally. The portfolios are illiquid and will be locked for 10 – 12 years.
- (h) This class consists of investments that focus on event driven and credit strategies. Event-driven strategies are when the hedge funds buy the debt of companies that are in financial distress or have already filed for bankruptcy. Credit strategies focus on capital structure arbitrage. These firms look for relative value between senior and junior securities of the same corporate issuer. They also trade securities of equivalent credit quality from different corporate issuers, or different tranches in the complex capital of structured debt vehicles.
- (i) This class consists of investments that hedge inflation through the holding of real assets directly or indirectly. Indirectly holding may occur through a fund of funds with underlying holdings in publicly traded mutual funds that invest in commodity markets, fixed income securities, and equities. Direct holding may occur through direct investment in private companies in the energy and mining sector. The later holding is illiquid and will be locked for 10 – 12 years.
- (j) This class consists of investments in underlying properties via debt and/or equity positions. These firms look to uncover real estate opportunities in traditional properties (commercial, residential, industrial, etc.) but will also look for more unique opportunities. The firms vary in focus from regional to global. These investments are illiquid and will typically exist for 10 – 12 years.

The University's investment policy and strategy for its investments, as established by the Investment Committee (the Committee) of the Board and ratified by the Executive Committee of the Board, is to provide for growth of capital with a moderate level of volatility by investing assets based on its target allocations. The weighted average target allocations for University assets is 66.0% Public Equity, 10.0% Fixed Income, and 24.0% other investments.

Public Equity securities include investments in large-mid cap and small cap companies primarily located in the United States, as well as international companies similar to the MSCI EAFE and MSCI EM Indices. Fixed income securities include corporate bonds and loans of companies from diversified industries, mortgage-backed securities, and U.S. treasuries similar to the Bloomberg Barclays US Aggregate Index. Other investments include private equity funds, real estate funds, and hedge funds similar to those of the HFRI Funds of Funds, S&P 500, and Bloomberg Commodity Indexes. Investments periodically are rebalanced to meet established target allocations. In addition, the Committee reviews its investment policy and target allocations periodically and effects changes when required, to ensure that strategic objectives are achieved.

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(c) Investment Return

The components of total investment return as reflected in the consolidated statements of activities are as follows (in millions):

	2024	2023
Changes in net assets without donor restrictions		
Operating:		
Endowment spending distribution	\$ 54.7	\$ 54.2
Investment return	98.5	57.1
Total operating investment return	153.2	111.3
Non-operating:		
Unrestricted:		
Endowment interest and dividend income, realized and unrealized gains and (losses), net of endowment spending distribution	29.1	(12.0)
Other net realized and unrealized gains	25.4	3.1
Total unrestricted non-operating investment return	54.5	(8.9)
Total investment gain from net assets without donor restrictions	207.7	102.4
Changes in net assets with donor restrictions		
Investment loss, net of endowment spending distribution	152.7	(51.6)
Total non-operating investment gains (losses)	152.7	(51.6)
Total investment return	\$ 360.4	\$ 50.8

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(6) Property and Equipment

Property and equipment and related accumulated depreciation and amortization at May 31 consist of the following (in millions):

	<u>Useful lives</u>	<u>2024</u>	<u>2023</u>
Land		\$ 109.9	\$ 102.6
Land improvements	20 years	158.1	155.8
Buildings and building improvements	8 to 50 years	3,004.6	2,842.9
Leasehold improvements	1 to 50 years	91.8	81.0
Construction in progress		878.4	539.7
Moveable equipment	3 to 20 years	839.1	758.6
Building and equipment under finance leases	2 to 40 years	100.1	75.2
Computers and software	5 to 15 years	347.0	264.9
Library materials	12 years	189.5	179.5
Art objects		58.3	60.9
		<u>5,776.8</u>	<u>5,061.1</u>
Accumulated depreciation and amortization		<u>(2,675.8)</u>	<u>(2,473.5)</u>
Total		<u>\$ 3,101.0</u>	<u>\$ 2,587.6</u>

Depreciation and amortization expense is \$207.1 and \$181.2 million for the years ended May 31, 2024 and 2023, respectively.

Interest on borrowings is capitalized during construction, net of any project specific borrowings' investment income earned through the temporary investment of project tax exempt borrowings. Net interest expense of \$30.7 and \$16.4 million was capitalized for the years ended May 31, 2024 and 2023, respectively.

(7) Endowment

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Quasi endowment funds are resources segregated for long-term investment and include investment return on unrestricted investments, and other resources designated by the Board for future programs and operations.

(a) Spending Policy

The University's endowment spending policy on accounts in the Growth Pool is to distribute annually 4.5% percent of the three-year moving average market value (calculated quarterly with a November 30 valuation date) of the Growth Pool. For all other endowment accounts, the spending policy is to distribute only interest and dividends as permitted by the gift instrument.

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New endowments must be received prior to December 31 in order to activate the spending distribution for the next fiscal year. In addition, no distribution is made from an endowment until its funding reaches, by December 31, the level stipulated by policy.

(b) Return Objectives and Risk Parameters

The University has adopted investment and spending policies to protect the purchasing power of the endowment and to minimize the effect of capital market fluctuations on operating budgets.

The intent of the University's policy for its primary investment pool (the Growth Pool), as approved by the Board, is to ensure that current and future spending requirements are supported while preserving the Growth Pool's purchasing power through asset growth. To satisfy its long-term rate-of-return objectives, the University relies on a diversified asset allocation with exposures to public and private equities, hedge funds, real assets, and fixed income. The current long-term return objective is to earn a return in excess of its Total Portfolio Benchmark, net of fees. Actual returns in any given year may vary from this amount.

(c) Application of Relevant Law

The Board's interpretation of its fiduciary responsibilities for donor-restricted endowments under Uniform Prudent Management of Institutional Funds Act in Florida (FL UPMIFA) is that it is required to use reasonable care and caution as would be exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FL UPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund.

FL UPMIFA specifies that unless stated otherwise in the gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for the spending distribution. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, the University's policy is to report the historical value for such endowments and the net accumulated appreciation as net assets with donor restrictions. The amounts appropriated for the spending distribution are based on the endowment spending rate per unit and the number of units for each fund.

The unspent market appreciation of donor-restricted endowment funds is presented as net assets with donor restrictions until appropriated for expenditure by the Board. When losses on the investments of a donor-restricted endowment fund exceed the net appreciation classified in donor-restricted net assets, the excess loss reduces net assets with donor restrictions. At May 31, 2024, there were no endowment-related assets that fell below the donor required level; whereas at May 31, 2023, the net deficiency amounted to \$1.9 million, and resulted from unfavorable market fluctuations that occurred shortly after the investment of new donor-restricted contributions, as well as continued appropriations for certain programs deemed prudent by the University.

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Endowment net assets consist of the following (in millions):

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
At May 31, 2023:			
Donor-restricted endowment funds:			
At historical value	\$ —	\$ 766.4	\$ 766.4
Accumulated net appreciation	—	367.9	367.9
Quasi endowment funds	<u>231.4</u>	<u>—</u>	<u>231.4</u>
Total	\$ <u>231.4</u>	\$ <u>1,134.3</u>	\$ <u>1,365.7</u>
At May 31, 2024:			
Donor-restricted endowment funds:			
At historical value	\$ —	\$ 802.5	\$ 802.5
Accumulated net appreciation	—	515.0	515.0
Quasi endowment funds	<u>272.4</u>	<u>—</u>	<u>272.4</u>
Total	\$ <u>272.4</u>	\$ <u>1,317.5</u>	\$ <u>1,589.9</u>

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Changes in endowment net assets for the fiscal years ended May 31, 2024 and 2023 consist of the following (in millions):

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Balance, May 31, 2022	\$ 227.7	\$ 1,116.6	\$ 1,344.3
Endowment investment return:			
Investment income	3.3	15.7	19.0
Net appreciation (realized and unrealized)	(3.5)	(20.0)	(23.5)
Total investment return	(0.2)	(4.3)	(4.5)
Gifts and trusts	13.1	64.3	77.4
Endowment spending distribution for programs	(11.9)	(42.3)	(54.2)
Net transfers to quasi endowment funds	2.7	—	2.7
Balance, May 31, 2023	<u>231.4</u>	<u>1,134.3</u>	<u>1,365.7</u>
Endowment investment return:			
Investment income	3.1	15.3	18.4
Net appreciation (realized and unrealized)	35.8	176.7	212.5
Total investment return	38.9	192.0	230.9
Gifts and trusts	3.0	36.0	39.0
Endowment spending distribution for programs	(9.8)	(44.9)	(54.7)
Net transfers to quasi endowment funds	8.9	—	8.9
Other transfers	—	0.1	0.1
Balance, May 31, 2024	<u>\$ 272.4</u>	<u>\$ 1,317.5</u>	<u>\$ 1,589.9</u>

(8) Pension and Other Postretirement Benefit Plans

The University has two non-contributory retirement plans, the Faculty Retirement Plan, and the Employee Retirement Plan. These two plans were closed to employees hired after May 31, 2007. Effective June 1, 2007, a new retirement plan was established, the Retirement Savings Plan.

The University also sponsors an unfunded, defined benefit postretirement health plan that covers all full-time and part-time regular employees who elect coverage and satisfy the plan's eligibility requirements when they retire. The plan is contributory with retiree contributions established as a percentage of the total cost for retiree health care and for the health care of their dependents. The University pays all benefits on a current basis.

In addition to the below noted plans, there are deferred compensation arrangements for certain employees, principally clinical faculty, the liability for which is included in other liabilities.

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The Retirement Savings Plan (Savings Plan) is a defined contribution plan in which the University makes an automatic core contribution of 5% of pay with a dollar-for-dollar match on voluntary contributions up to an additional 5% of pay once the employee meets certain eligibility requirements. Eligible employees can begin making voluntary contributions to the Savings Plan at any time. Participation is limited to faculty and staff hired on or after June 1, 2007 or who elected, prior to June 1, 2007, to transfer to this plan from the Faculty Retirement Plan or from the Employee Retirement Plan. Core and matching contributions to the Savings Plan for 2024 and 2023 were \$100.4 and \$88.1 million, respectively.

The Retirement Savings Plan II (Savings Plan II) is a defined contribution plan the University established, effective January 1, 2008, that covers substantially all employees of UHealth Tower (a facility of the Hospital). The plan is available to employees who meet certain eligibility requirements and requires that UHealth Tower match certain percentages of participants' contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan II at any time. Core and matching contributions to the Savings Plan II were \$7.9 and \$8.1 million for the years ended May 31, 2024 and 2023, respectively.

The UHealth Retirement Savings Plan III (Savings Plan III) is a defined contribution plan the University established, effective October 17, 2019, that covers employees working in the UMH or in the UHealth Corporation eligibility companies. The plan is available to employees who meet certain eligibility requirements and requires that UM match certain percentages of participants' contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan III immediately upon hire. Core and matching contributions to the Savings Plan III for 2024 and 2023 were \$17.9 and \$11.6 million, respectively.

Faculty Retirement Plan (Faculty Plan) is a defined contribution plan for eligible faculty hired between September 30, 1977 and May 31, 2007, and certain faculty hired on or before September 30, 1977, who ceased participation in the Employee Retirement Plan. Under the terms of the Faculty Plan, the University makes contributions to individual retirement accounts for each eligible faculty member. Payment from the retirement account commences when the faculty member has separated from service and elects to begin distributions in accordance with plan provisions.

Contributions to the Faculty Plan are based upon a combination of compensation, tenure status, length of service, and other factors and are funded as accrued. These contributions were \$18.6 and \$18.4 million for the years ended May 31, 2024 and 2023, respectively.

The Supplemental Retirement Annuity (SRA) Program is a defined contribution plan for employees that are participants in the Defined Contribution Retirement Plan for Faculty of the University of Miami or the Retirement Plan for Employees of the University of Miami. The Plan was established on January 1, 1975. On April 19, 2006, the Board of Trustees of the University (the Board) voted to close the Plan to new employees hired on or after June 1, 2007. This plan consists of only employee voluntary contributions.

The Employee Retirement Plan (Employee Plan) is a defined benefit plan primarily for full-time non-faculty employees hired before June 1, 2007. Employee Plan assets are held by a Trustee. The benefit is based on the higher of two formulas: a formula based on years of service and the employee's compensation for the consecutive five-year period of employment that produces the highest average; and a cash balance benefit formula determined each year based on compensation and investment earnings.

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The measurement date for the Employee Plan and postretirement health plan is May 31.

The following benefit payments, which reflect expected future service, are expected to be paid, for the fiscal years ending May 31 (in millions):

	<u>Pension benefits</u>	<u>Postretirement benefits</u>
2025	\$ 44.8	\$ 0.4
2026	48.0	0.5
2027	50.2	0.5
2028	50.0	0.6
2029	51.0	0.6
2030–2034	242.7	4.0

During the fiscal year ending May 31, 2025, the University expects to contribute \$15.0 million to the Employee Plan and \$0.4 million to its Postretirement Health Plan.

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The tables that follow provide a reconciliation of the changes in the plans' projected benefit obligations, fair value of assets, and funded status at May 31, 2024 and 2023 (in millions):

	<u>Pension benefits</u>		<u>Postretirement benefits</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Change in Benefit Obligation:				
Benefit obligation at beginning of year	\$ 624.3	\$ 671.2	\$ 7.2	\$ 7.2
Service cost – benefits attributed to employee service during period and administrative expenses	13.6	12.5	0.8	0.5
Interest costs accrued to measure benefit obligation at present value	32.2	29.1	0.4	0.3
Plan participant contributions	—	—	0.7	0.7
Actuarial loss (gain)	3.4	(33.4)	0.3	0.1
Benefits paid and administrative expenses	(46.7)	(55.1)	(0.6)	(1.6)
Benefit obligation at end of year	<u>626.8</u>	<u>624.3</u>	<u>8.8</u>	<u>7.2</u>
Change in Plan Assets:				
Plan assets at fair value at beginning of year	553.2	613.8	—	—
Investment return on plan assets	32.0	(19.8)	—	—
Benefits paid and plan expenses	(46.7)	(55.2)	(0.6)	(1.6)
Employer contributions	15.0	14.4	(0.1)	0.9
Plan participant contributions	—	—	0.7	0.7
Plan assets at fair value at end of year	<u>553.5</u>	<u>553.2</u>	<u>—</u>	<u>—</u>
Funded status:				
Accrued pension and postretirement benefit costs recognized on the consolidated statements of financial position	<u>\$ (73.3)</u>	<u>\$ (71.1)</u>	<u>\$ (8.8)</u>	<u>\$ (7.2)</u>
Amounts recognized in unrestricted net assets consist of:				
Net actuarial loss (gain)	\$ 151.0	\$ 167.3	\$ (2.8)	\$ (3.3)
Prior service credit	(5.5)	(12.8)	—	—
	<u>\$ 145.5</u>	<u>\$ 154.5</u>	<u>\$ (2.8)</u>	<u>\$ (3.3)</u>

At May 31, 2024 and 2023, the accumulated benefit obligation of the Employee Plan was \$612.3 and \$611.7 million, respectively, which was \$58.8 and \$58.5 million in excess of Employee Plan assets, respectively. The investment return on plan assets exceeded the expected rate of return due to favorable market performance for the year ended May 31, 2024. However, for the year ended May 31, 2023, the actual return was less than assumed due to interest rate changes and a lower return on assets.

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

The following table provides the components of net periodic pension cost for the plans for the years ended May 31, 2024 and 2023 (in millions):

	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
Service costs – benefits attributed to employee service during periods and administrative expenses	\$ 13.6	\$ 12.5	\$ 0.8	\$ 0.5
Interest costs accrued to measure benefit obligation at present value	32.2	29.1	0.4	0.3
Expected return on plan assets	(28.3)	(28.8)	-	-
Amortization of prior service cost/(credit) - includes changes in pension formula and cost of plan amendments	(7.3)	(7.3)	-	(0.1)
Recognized net actuarial loss and assumption changes	16.0	14.2	(0.1)	(0.2)
Net periodic benefit cost	<u>\$ 26.2</u>	<u>\$ 19.7</u>	<u>\$ 1.1</u>	<u>\$ 0.5</u>

The components of net periodic benefit cost other than the service cost component are included as a non-operating cost in the line item “Other components of net periodic pension cost” in the consolidated statements of activities.

The net actuarial loss (gain) and prior service credit expected to be recognized in net periodic benefit cost over the next fiscal year are as follows (in millions):

	Pension benefits	Postretirement benefits
Net actuarial loss (gain)	\$ 12.5	\$ (2.8)
Prior service credit	(4.7)	—

An 8.75% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2024. The rate is assumed to decrease each year until reaching the ultimate of 4.50% in 2033. Assumed health care cost trend rates have an effect on the amounts reported for the health care plan.

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

The following weighted average assumptions were used for the above calculations:

	Pension benefits		Postretirement benefits	
	2024	2023	2024	2023
Discount rate for benefit obligation	5.65 %	5.45 %	5.48 %	5.12 %
Discount rate for net periodic benefit cost	5.45	4.60	5.12	4.31
Expected return on plan assets	5.50	5.00	N/A	N/A
Rate of compensation increase related to net periodic benefit cost	3.00	3.00	N/A	N/A

The rate of compensation increase assumption related to the benefit obligation is 3.50% for fiscal year ended May 31, 2024 and 3.00% thereafter. To develop the expected long-term rate of return for the Employee Plan assets, the University considered the historical returns of the major market indicators relating to the target asset allocation, as well as the current economic and financial market conditions.

The University used mortality tables issued by the Society of Actuaries. These tables represent recent mortality experience for a large U.S. population dataset that is reasonably representative of the population covered under the plan. Specifically, the University selected separate mortality rates for non-annuitants (the Pri-2012 “Employees” table) and annuitants (the Pri-2012 “Healthy Retiree “ and “Contingent Spouses” mortality tables), without collar adjustment. Mortality improvement was also assumed beyond the valuation date because recent experience evidenced by Social Security beneficiaries indicated that longevity has continued to improve. For years after 2012, generational improvement was projected using scales MP-2021 for the years ended May 31, 2024 and 2023, respectively.

Employee Plan Assets

The investment policy and objectives, as established by the University, are to ensure that the Employee Plan has sufficient liquidity and investment returns relative to anticipated cash flow and funding requirements, including benefit obligations. The University has incorporated a Dynamic Glide Path (“the Glide Path”) approach to the asset allocation for the Employee Plan. The intent of the Glide Path is to minimize the Plan’s funded ratio volatility. The current Glide Path asset allocation for a funded ratio greater than 85% but less than or equal to 100% is as follows: 15% to 45% growth assets (including public equities, fixed income (non-duration-matched), and other investments); and 55% to 85% fixed income (duration-matched). Public equity securities include registered mutual funds, unregistered limited partnerships, common collective trusts, and 103-12 investment entities, which invest in large cap, mid cap, and small cap companies primarily located in the United States, as well as international and emerging markets. Fixed-income securities include collective investment funds and registered mutual funds, which invest in government and government agency securities, corporate credit (investment-grade and high yield), structured products - leveraged loans, and other related credit instruments.

Other investments include uncorrelated long and short investments in markets and instruments, illiquid investments in public and private equity companies, real estate, and common collective trusts investing in real assets related securities similar to those of the HFRI Fund of Funds Index, Cambridge Associates

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

Global Private Equity Index, and Bloomberg Commodity Index. At a minimum, the University reviews the Glide Path and asset allocation annually for appropriateness.

	Fair value measurements at			
	Total	May 31, 2024 (In millions)		
		Level 1	Level 2	Level 3
Mutual funds:				
Equities:				
Emerging markets	\$ 3.0	\$ 3.0	\$ —	\$ —
International	3.7	3.7	—	—
Fixed income	83.4	18.3	65.1	—
Unregistered limited partnerships and limited liability companies measured at NAV ¹ :				
Equities:				
Emerging markets	8.7	—	—	—
Large-mid cap	46.6	—	—	—
Private equity	2.4	—	—	—
Other:				
Real estate	0.5	—	—	—
Common collective trusts:				
Large cap	23.3	—	23.3	—
Fixed income	78.2	—	78.2	—
Short-term investment funds	16.2	—	16.2	—
Equities measured at NAV ¹ :				
Multi-strategy	4.5	—	—	—
103-12 investment entities:				
Equities:				
International measured at NAV ¹	27.2	—	—	—
Corporate and government bonds:				
Fixed income	235.1	163.8	71.3	—
Other investments				
Fixed income	4.6	0.8	3.8	—
Other investments measured at NAV ¹				
Fixed income	11.0	—	—	—
Private equity	3.1	—	—	—
Multi-strategy	9.2	—	—	—
Other	0.2	—	0.2	—
Other	(7.4)	—	—	—
Total	\$ 553.5	\$ 189.6	\$ 258.1	\$ —

UNIVERSITY OF MIAMI

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

	Fair value measurements at May 31, 2023 (In millions)			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Equities:				
Emerging markets	\$ 3.8	\$ 3.8	\$ —	\$ —
International	7.4	7.4	—	—
Fixed income	79.8	16.8	63.0	—
Unregistered limited partnerships and limited liability companies measured at NAV ¹ :				
Equities:				
Emerging markets	7.7	—	—	—
Large-mid cap	35.5	—	—	—
Private equity	2.9	—	—	—
Other:				
Real estate	0.7	—	—	—
Common collective trusts:				
Large cap	28.4	—	28.4	—
Fixed income	74.0	—	74.0	—
Short-term investment funds	16.6	—	16.6	—
Equities measured at NAV ¹ :				
Multi-strategy	15.4	—	—	—
103-12 investment entities:				
Equities:				
International measured at NAV ¹	21.3	—	—	—
Corporate and government bonds:				
Fixed income	239.9	159.7	80.2	—
Other investments				
Fixed income	4.2	0.6	3.6	—
Other investments measured at NAV ¹				
Fixed income	9.8	—	—	—
Private equity	5.3	—	—	—
Multi-strategy	9.0	—	—	—
Other	(8.5)	—	—	—
Total	\$ 553.2	\$ 188.3	\$ 265.8	\$ —

¹ In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the pension and other postretirement benefit plans table provided within note 8.

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

(9) Bonds and Notes Payable

Bonds and notes payable at May 31 consist of the following (in millions):

	<u>Final maturity by fiscal year</u>	<u>2024 Interest rate</u>	<u>2024</u>	<u>2023</u>
Miami-Dade County, Florida				
Educational Facilities Authority				
Revenue Bonds, Series 2018A	2053	4.00-5.00%	\$ 229.2	\$ 230.0
Revenue Bonds, Series 2018B (Taxable)	2051	4.47 %	17.3	17.3
Revenue and Revenue Refunding Bonds Series 2015A	2045	4.00-5.00%	403.0	403.0
Revenue and Revenue Refunding Bonds, Series 2015B (Taxable)	2050	5.07 %	258.1	258.1
Revenue Bonds, Series 2012A	2042	4.00-5.00%	89.6	92.8
Revenue Refunding Bonds, Series 2007B	2034	5.25 %	112.8	125.3
Total Miami-Dade County Educational Facilities authority			<u>1,110.0</u>	<u>1,126.5</u>
University of Miami				
Taxable Bonds Series 2022	2052	4.06 %	<u>500.0</u>	<u>500.0</u>
Total bonds			1,610.0	1,626.5
Notes payable to banks and others	2030	—	6.2	7.2
Lines of credits to banks	2029	Variable	75.0	—
Notes payable to banks and others	2029	Variable	<u>98.8</u>	<u>89.3</u>
Par amount of bonds and notes payable			1,790.0	1,723.0
Net unamortized premium			44.7	47.4
Net unamortized issue costs			<u>(10.4)</u>	<u>(9.2)</u>
Total			\$ <u>1,824.3</u>	\$ <u>1,761.2</u>

The annual maturities for bonds and notes payable at May 31, 2024 are as follows (in millions):

2025	\$ 98.3
2026	24.2
2027	25.8
2028	29.2
2029	97.2
Thereafter	<u>1,515.3</u>
Total	\$ <u>1,790.0</u>

UNIVERSITY OF MIAMI

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

In August 2015, the University entered into a \$600.0 million senior credit facility with a syndicate of lenders, including a line of credit of \$500.0 million and a Term Loan A of \$100.0 million. Effective March 20, 2020, the University refinanced and executed a new \$605.0 million senior credit facility, including a revolving credit facility of \$500.0 million and new Term Loan A of \$105.0 million. Effective June 25, 2021, the University executed Amendment No. 1 to the \$605.0 million senior credit facility to expand the line of credit available from \$500.0 to \$700.0 million; all other key terms of the agreement remained the same. Effective July 29, 2022, the University executed Amendment No. 2 to the \$605.0 million senior credit facility for the conversion of the reference rate for loans under the Credit Agreement from LIBOR to Term SOFR; all other key terms of the agreement remained the same. In January 2024, the University refinanced and executed a new \$1.0 billion senior credit facility, including a revolving credit facility of \$900.0 million and new Term Loan of \$100.0 million. The Term Loan has a variable interest rate equal to the Term SOFR plus 1.10% per annum, and a maturity date of January 5, 2029. The outstanding balance of the Term Loan A at May 31, 2024 and 2023 was \$98.8 and \$89.3 million, respectively. At May 31, 2024 and 2023, the outstanding balance of the line of credit was \$75.0 and \$0.0 million, respectively. In addition, the University has \$0.9 million in standby letters of credit which reduces the amount available to be drawn on the line of credit. Subsequent to May 31, 2024, an additional \$72.0 million was drawn from the line of credit, totaling the outstanding balance on the line of credit to approximately \$147.0 million as of September 20, 2024.

In April 2022, the University issued \$500.0 million of Taxable Bonds, Series 2022 through a direct issuance. A portion of the proceeds is to be used to finance or refinance all or a part of the costs of the acquisition, construction, renovation, and equipping of educational, research, medical, healthcare, parking, and other facilities owned and operated by the University, including a new student housing village, ambulatory care center, and other capital various projects.

Total interest paid on all bonds and notes was \$82.2 and \$80.0 million for the years ended May 31, 2024 and 2023, respectively. All of the bonds and notes payable listed in the table above are unsecured. The bonds and the notes do not contain any significant financial covenants, except the \$1.0 billion senior credit facility has a covenant that requires a minimum revenue of \$2.1 billion during a Required Covenant Year. The University has performed and observed each covenant and condition of the bonds and notes, and no default has occurred.

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

(10) Net Assets

At May 31, net assets consist of the following (in millions):

	2024		2023
Net assets without donor restrictions:			
Designated for operations, programs, facilities expansion, and student loans	\$ 1,427.2	\$	1,257.5
Cumulative pension and postretirement benefits related changes other than net periodic benefit cost	(142.7)		(151.2)
Invested in plant facilities	1,260.2		1,019.7
Designated for endowment and similar funds	272.4		231.4
Total net assets without donor restrictions	2,817.1		2,357.4
Net assets with donor restrictions:			
Gifts for programs and facilities expansion	97.3		100.5
Contributions receivable and trusts held by others	552.3		497.4
Life income and annuity funds	13.4		11.5
Endowment and similar funds	1,317.5		1,134.3
Total net assets with donor restrictions	\$ 1,980.5	\$	1,743.7

At May 31, 2024 and 2023, net assets with donor restrictions included amounts that were restricted in perpetuity of \$830.2 and \$792.2 million, respectively, and certain term endowment funds of \$49.4 and \$52.9 million that were available for future distribution, respectively.

UNIVERSITY OF MIAMI

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

(11) Functional Expenses

Operating expenses are reported in the consolidated statements of activities by natural classification. Expenses related to the University by both natural classification and functional classification for the years ended May 31, 2024 and 2023 are summarized below (in millions):

	2024			
	Academic and research	Health care services	Administrative and support services	Total
Compensation and benefits	\$ 935.3	\$ 1,420.9	\$ 514.3	\$ 2,870.5
Supplies and services	270.2	1,152.1	171.0	1,593.3
Depreciation and amortization	67.4	59.4	80.3	207.1
Utilities and maintenance	43.4	31.2	23.1	97.7
Interest	14.4	19.1	17.1	50.6
Other	127.0	185.2	175.7	487.9
Total operating expenses	\$ 1,457.7	\$ 2,867.9	\$ 981.5	\$ 5,307.1
	2023			
	Academic and research	Health care services	Administrative and support services	Total
Compensation and benefits	\$ 872.4	\$ 1,235.2	\$ 512.6	\$ 2,620.2
Supplies and services	216.8	1,068.0	153.7	1,438.5
Depreciation and amortization	61.7	50.5	69.0	181.2
Utilities and maintenance	42.5	32.3	17.6	92.4
Interest	19.8	21.3	22.1	63.2
Other	134.5	200.7	123.4	458.6
Total operating expenses	\$ 1,347.7	\$ 2,608.0	\$ 898.4	\$ 4,854.1

Certain natural expenses are attributable to more than one supporting functional expense category. These expenses consist primarily of depreciation, amortization, interest, and facilities-related expenses. Operations and maintenance expense of \$300.9 and \$300.5 million for the years ended May 31, 2024 and 2023, respectively, were also allocated. The method used for allocations is based on square footage used by each function, and these expenses are allocated consistently. In addition, square footage for multi-functional spaces is proportionately allocated based on utilization, which is calculated using salary data.

(12) Liquidity and Availability of Resources

As part of the University's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily requirements. Cash flows have seasonal variations during the year attributable to tuition billing, patient service, and research reimbursements, and a concentration of contributions received at calendar and fiscal year-end.

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

The University's financial assets and resources available to meet cash needs for general expenditures within one year as of May 31, 2024 and 2023 are as follows (in millions):

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 504.6	\$ 487.7
Accounts and loans receivable, net	349.9	345.2
Patient care receivable, net	429.3	396.0
Pledge payments available for operations	56.1	52.5
Working capital in investments	734.3	888.0
Subsequent fiscal year endowment distributions	59.6	54.8
Total financial assets available within one year	2,133.8	2,224.2
Liquidity resources:		
Bank lines	553.0	700.0
Total financial assets and liquidity resources available within one year	\$ 2,686.8	\$ 2,924.2

The bank lines are net of draws totaling \$72.0 million made subsequent to May 31, 2024. In addition to the liquidity resources noted above, the University has a board-designated endowment of \$272.4 and \$231.4 million as of May 31, 2024 and 2023, respectively, to help manage unanticipated liquidity needs. Although the University does not intend to spend from its board-designated endowment funds as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if required. However, both board-designated and donor-restricted endowment funds contain investments with lock-up provisions that reduce total investments that could be made available to meet cash flow needs.

(13) Leases

The University has elected to account for lease and non-lease components as a single lease component. The University also elected the package of practical expedients, which allows lessees to make an election to not reassess conclusions previously made under ASC 840 with regard to whether leases and contracts in place at adoption of ASC 842 (a) are or contain leases, (b) the lease classification for existing leases, and (c) the initial direct costs for any existing leases.

At May 31, 2024 and 2023, the University recognized under operating leases \$116.6 and \$169.1 million, respectively, as right-of-use assets within other assets, and \$136.9 and \$194.2 million, respectively, as lease obligations within other liabilities. For its finance leases, the University recognized \$74.6 and \$58.6 million, respectively, as right-of-use assets within property and equipment, net and \$59.6 and \$42.1 million, respectively, as lease obligations within other liabilities.

The University is obligated under numerous operating and finance leases to pay base rent through the respective lease expiration dates. Real property under operating and finance leases ranges with remaining lease terms of up to 89 years through fiscal 2113. As well, the University leases various equipment under

UNIVERSITY OF MIAMI

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

operating and finance leases expiring at various dates through 2034. Aggregate future minimum lease payments under noncancelable finance and operating leases as of May 31, 2024 are as follows:

	Finance leases	Operating leases
2025	\$ 15.7	\$ 23.9
2026	12.7	20.2
2027	10.2	15.9
2028	1.7	13.9
2029	0.9	11.0
Thereafter	55.9	147.9
Total lease payments	97.1	232.8
Less interest portion	(37.5)	(95.9)
Total lease liabilities	\$ 59.6	\$ 136.9

The components of lease expense for the years ended May 31, 2024 and 2023 are as follows (in millions):

	2024	2023
Finance lease expense:		
Amortization of right-of-use assets	\$ 11.2	\$ 8.5
Interest on lease liabilities	1.5	0.9
Operating lease expense	32.4	36.5
Short-term lease expense	9.1	5.9
Variable lease expense	16.4	9.5
Total lease expense	\$ 70.6	\$ 61.3
Other lease information:		
Operating cash flows from operating leases	\$ 31.2	\$ 35.2
Operating and investing cash flows from finance leases	10.4	8.1
Right-of-use assets obtained in exchange for new lease liabilities:		
Finance leases	\$ 27.9	\$ 33.0
Operating leases	20.8	15.8
Weighted-average remaining lease term:		
Finance leases	27 years	30 years
Operating leases	20 years	29 years
Weighted-average discount rate:		
Finance leases	3.82 %	3.31 %
Operating leases	3.30 %	1.52 %

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

The University is the lessor in several long-term non-cancelable operating leases for commercial space through fiscal year 2072. Operating lessor income of \$7.0 million is included in other income within the statements of activities for the year ended May 31, 2024. Future minimum operating rental revenue due as of May 31, 2024 is summarized below (in millions):

2025	\$	4.4
2026		3.0
2027		2.4
2028		2.0
2029		1.5
Thereafter		<u>55.9</u>
Total future minimum rentals	\$	<u><u>69.2</u></u>

The University has an agreement to use the Hard Rock Stadium on a limited basis through December 31, 2032. The University is treating this as a short-term lease due to the usage being less than 12 months. The short-term lease cost incurred during any one year does not reasonably reflect the short-term lease commitment. Remaining payments under this agreement are \$9.6 million as of May 31, 2024.

(14) Commitments and Contingencies

The University had contractual obligations of approximately \$164.3 million at May 31, 2024 for various construction projects and purchases of equipment.

The University, in its normal operations, is a defendant in various legal actions. Additionally, amounts received and expended under various federal and state programs are subject to audit by governmental agencies. Management is of the opinion that the outcome of these matters would not have a material effect on the University's financial position or results of operations.

UNIVERSITY OF MIAMI

Consolidated Supplemental Statement of Financial Position by Division

May 31, 2024

(In millions)

Assets	University of Miami Hospital & Clinics	Various other Divisions of the University	Eliminations	University of Miami Total
Cash and cash equivalents	\$ —	\$ 504.6	\$ —	\$ 504.6
Accounts and loans receivable, net	100.7	265.0	—	365.7
Patient care receivable, net	384.7	44.6	—	429.3
Intercompany receivables	891.7	—	(891.7)	—
Contributions receivable, net	—	199.2	—	199.2
Other assets	70.9	168.5	(4.5)	234.9
Investments	—	2,878.5	(1.0)	2,877.5
Property and equipment, net	550.6	2,550.4	—	3,101.0
Trusts held by others	2.7	59.4	—	62.1
Total assets	<u>\$ 2,001.3</u>	<u>\$ 6,670.2</u>	<u>\$ (897.2)</u>	<u>\$ 7,774.3</u>
Liabilities				
Accounts payable and accrued expenses	\$ 108.8	\$ 388.0	\$ —	\$ 496.8
Deferred revenues and other deposits	0.3	125.3	—	125.6
Liability for medical self-insurance	11.9	68.5	(4.5)	75.9
Other liabilities	131.2	240.8	—	372.0
Accrued pension and postretirement benefit costs	1.0	81.1	—	82.1
Intercompany payables	—	891.7	(891.7)	—
Bonds and notes payable	410.3	1,414.0	—	1,824.3
Total liabilities	<u>\$ 663.5</u>	<u>\$ 3,209.4</u>	<u>\$ (896.2)</u>	<u>\$ 2,976.7</u>
Net assets:				
Without donor restrictions	1,334.2	1,483.9	(1.0)	2,817.1
With donor restrictions	3.6	1,976.9	—	1,980.5
Total net assets	<u>1,337.8</u>	<u>3,460.8</u>	<u>(1.0)</u>	<u>4,797.6</u>
Total liabilities and net assets	<u>\$ 2,001.3</u>	<u>\$ 6,670.2</u>	<u>\$ (897.2)</u>	<u>\$ 7,774.3</u>

See accompanying independent auditors' report.

UNIVERSITY OF MIAMI

Consolidated Supplemental Statement of Activities by Division

Year ended May 31, 2024

(In millions)

	<u>University of Miami Hospital & Clinics</u>	<u>Various other Divisions of the University</u>	<u>Eliminations</u>	<u>University of Miami Total</u>
Changes in net assets without donor restrictions:				
Operating activities:				
Operating revenues:				
Tuition and fees, net	\$ 0.7	\$ 732.8	\$ —	\$ 733.5
Grants and contracts, net	2.5	670.3	—	672.8
Net patient revenue – medical professional practice	—	679.1	—	679.1
Net patient revenue – hospitals and clinics	2,926.3	—	—	2,926.3
Gifts and trusts, net	0.9	69.7	—	70.6
Net assets released from restrictions	—	24.5	—	24.5
Endowment spending distribution	0.1	54.6	—	54.7
Investment return	—	98.5	—	98.5
Auxiliary enterprises, net	95.3	195.4	—	290.7
Other sources	73.6	854.4	(820.0)	108.0
Total operating revenues	<u>3,099.4</u>	<u>3,379.3</u>	<u>(820.0)</u>	<u>5,658.7</u>
Operating expenses:				
Compensation and benefits	561.3	2,309.2	—	2,870.5
Supplies and services	971.3	622.0	—	1,593.3
Depreciation and amortization	52.1	155.0	—	207.1
Utilities and maintenance	23.9	73.8	—	97.7
Interest	17.6	33.0	—	50.6
Other	934.4	373.5	(820.0)	487.9
Total operating expenses	<u>2,560.6</u>	<u>3,566.5</u>	<u>(820.0)</u>	<u>5,307.1</u>
Change in net assets without donor restrictions from operating activities	<u>538.8</u>	<u>(187.2)</u>	<u>—</u>	<u>351.6</u>
Non-operating activities:				
Endowment, annuity, and other investment return, net of distributions	—	54.5	—	54.5
Gifts and trusts, net	—	3.0	—	3.0
Net loss on disposal of long lived assets and business units	—	1.8	—	1.8
Other components of net periodic pension costs	—	(12.6)	—	(12.6)
Net assets released from restrictions for property and equipment	—	52.9	—	52.9
Net asset transfer	(0.8)	1.8	(1.0)	—
Change in net assets without donor restrictions from non-operating activities	<u>(0.8)</u>	<u>101.4</u>	<u>(1.0)</u>	<u>99.6</u>
Postretirement benefits related changes other than net periodic benefit cost	—	8.5	—	8.5
Increase (decrease) in net assets without donor restrictions	<u>538.0</u>	<u>(77.3)</u>	<u>(1.0)</u>	<u>459.7</u>
Changes in net assets with donor restrictions:				
Endowment, annuity, and other investment return, net of distributions	—	152.7	—	152.7
Gifts and trusts, net	—	158.6	—	158.6
Changes in value of annuities payable and trusts held by others	2.3	0.6	—	2.9
Net assets released from restrictions	—	(77.4)	—	(77.4)
Increase in net assets with donor restrictions	<u>2.3</u>	<u>234.5</u>	<u>—</u>	<u>236.8</u>
Increase (decrease) in total net assets	<u>540.3</u>	<u>157.2</u>	<u>(1.0)</u>	<u>696.5</u>
Net assets:				
Beginning of year	797.5	3,303.6	—	4,101.1
End of year	<u>\$ 1,337.8</u>	<u>\$ 3,460.8</u>	<u>\$ (1.0)</u>	<u>\$ 4,797.6</u>

See accompanying independent auditors' report.