



FAIRFIELD UNIVERSITY

Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

FAIRFIELD UNIVERSITY

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
Fairfield University:

Opinion

We have audited the financial statements of Fairfield University (the University), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023 and 2022, 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 Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

KPMG LLP

New York, New York
September 28, 2023

FAIRFIELD UNIVERSITY
Statements of Financial Position
June 30, 2023 and 2022

Assets	2023	2022
Cash and cash equivalents	\$ 66,520,300	95,676,608
Accounts receivable – students, less allowance for doubtful collections of \$2,848,525 in 2023 and \$2,619,443 in 2022	1,213,281	1,754,543
Student loans, less allowance for doubtful collections of \$144,749 in 2023 and in 2022	484,982	855,255
Contributions receivable, net	31,314,689	36,651,642
Other assets	14,051,867	5,443,783
Deposits with bond trustees	16,074,259	40,688,887
Right of use operating lease assets	11,653,509	12,574,797
Investments	453,097,433	405,382,541
Land, buildings, and equipment, net	551,597,874	495,974,441
Total assets	<u>\$ 1,146,008,194</u>	<u>1,095,002,497</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 32,425,317	31,354,440
Accrued compensation	17,711,644	16,703,743
Deferred revenue	16,206,331	12,202,999
Government grants refundable – student loans	216,637	533,207
Right of use operating lease liability	13,229,662	12,594,992
Long-term debt, net	288,501,930	297,874,196
Total liabilities	<u>368,291,521</u>	<u>371,263,577</u>
Net assets:		
Without donor restrictions	447,954,021	375,358,221
With donor restrictions	329,762,652	348,380,699
Total net assets	<u>777,716,673</u>	<u>723,738,920</u>
Total liabilities and net assets	<u>\$ 1,146,008,194</u>	<u>1,095,002,497</u>

See accompanying notes to financial statements.

FAIRFIELD UNIVERSITY

Statement of Activities

Year ended June 30, 2023

	Without donor restrictions	With donor restrictions	2023 Total
Operating revenues:			
Net tuition and fees (net of financial aid of \$112,544,567)	\$ 190,734,292	—	190,734,292
Government grants and contracts	751,135	2,162,279	2,913,414
Contributions	4,161,300	10,597,673	14,758,973
Investment return designated for current operations	12,794,079	8,143,210	20,937,289
Departmental and other revenues	5,896,180	—	5,896,180
Net assets released from restrictions	17,767,090	(17,767,090)	—
Total educational and general	232,104,076	3,136,072	235,240,148
Auxiliary services	62,343,423	—	62,343,423
Total operating revenues	294,447,499	3,136,072	297,583,571
Operating expenses:			
Educational and general service:			
Instruction	97,965,006	—	97,965,006
Research	1,632,110	—	1,632,110
Public service	1,483,430	—	1,483,430
Academic support	20,003,436	—	20,003,436
Institutional support	55,394,680	—	55,394,680
Student services	43,898,461	—	43,898,461
Total educational and general services	220,377,123	—	220,377,123
Auxiliary services	48,215,897	—	48,215,897
Total operating expenses	268,593,020	—	268,593,020
Increase in net assets from operations	25,854,479	3,136,072	28,990,551
Nonoperating activities:			
Contributions for nonoperating purposes	2,647,108	10,405,893	13,053,001
Investment return in excess of amounts designated for current operations	5,174,234	12,720,901	17,895,135
Loss on disposals of fixed assets	(1,253,798)	—	(1,253,798)
Other nonoperating expenses	(4,169,296)	(326,185)	(4,495,481)
Change in value of split-interest agreements	(110,584)	(101,071)	(211,655)
Nonoperating net assets released from restrictions	44,453,657	(44,453,657)	—
Total nonoperating activities	46,741,321	(21,754,119)	24,987,202
Increase (decrease) in net assets	72,595,800	(18,618,047)	53,977,753
Net assets:			
Beginning of year	375,358,221	348,380,699	723,738,920
End of year	\$ 447,954,021	329,762,652	777,716,673

See accompanying notes to financial statements.

FAIRFIELD UNIVERSITY

Statement of Activities

Year ended June 30, 2022

	Without donor restrictions	With donor restrictions	2022 Total
Operating revenues:			
Net tuition and fees (net of financial aid of \$105,436,777)	\$ 174,801,923	—	174,801,923
Government grants and contracts	9,379,597	3,447,731	12,827,328
Contributions	3,769,279	18,393,094	22,162,373
Investment return designated for current operations	4,906,747	7,556,285	12,463,032
Departmental and other revenues	5,092,926	—	5,092,926
Net assets released from restrictions	16,387,959	(16,387,959)	—
Total educational and general	214,338,431	13,009,151	227,347,582
Auxiliary services	56,000,579	—	56,000,579
Total operating revenues	270,339,010	13,009,151	283,348,161
Operating expenses:			
Educational and general service:			
Instruction	91,550,086	—	91,550,086
Research	1,061,969	—	1,061,969
Public service	2,822,612	—	2,822,612
Academic support	17,712,451	—	17,712,451
Institutional support	46,736,301	—	46,736,301
Student services	43,037,526	—	43,037,526
Total educational and general services	202,920,945	—	202,920,945
Auxiliary services	43,134,104	—	43,134,104
Total operating expenses	246,055,049	—	246,055,049
Increase in net assets from operations	24,283,961	13,009,151	37,293,112
Nonoperating activities:			
Contributions for nonoperating purposes	24,175	18,117,015	18,141,190
Investment return less than amounts designated for current operations	(24,684,517)	(39,668,934)	(64,353,451)
Loss on disposals of fixed assets	(69,742)	—	(69,742)
Other nonoperating expenses	(3,453,079)	(7,556)	(3,460,635)
Change in value of split-interest agreements	(10,019)	(99,191)	(109,210)
Nonoperating net assets released from restrictions	700,559	(700,559)	—
Total nonoperating activities	(27,492,623)	(22,359,225)	(49,851,848)
Decrease in net assets	(3,208,662)	(9,350,074)	(12,558,736)
Net assets:			
Beginning of year	378,566,883	357,730,773	736,297,656
End of year	\$ 375,358,221	348,380,699	723,738,920

See accompanying notes to financial statements.

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Statements of Cash Flows
Years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 53,977,753	(12,558,736)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	23,619,671	21,287,496
Provision for losses on accounts receivable	353,945	1,056,895
Net loss on disposal of fixed assets	1,253,798	69,742
Contributions for nonoperating purposes	(10,405,893)	(18,117,015)
Realized and unrealized (gains) losses on investments, net	(24,659,560)	57,509,292
Changes in operating assets and liabilities:		
Contributions receivable	1,300,030	(8,033,972)
Student accounts receivable	311,675	(1,222,215)
Other assets	(7,090,686)	(11,618,541)
Accounts payable and accrued liabilities and accrued compensation	2,078,778	12,428,877
Deferred revenue	4,003,332	3,161,243
Government grants refundable – student loans	(316,570)	(1,219,139)
Net cash provided by operating activities	44,426,273	42,743,927
Cash flows from investing activities:		
Proceeds from sale of investments	98,022,699	70,739,350
Purchase of investments	(123,412,318)	(71,668,918)
Purchase of buildings and equipment	(81,872,131)	(59,841,108)
Proceeds from sale of assets	107,455	46,400
Collection of student loan repayments	370,273	580,905
Net cash used in investing activities	(106,784,022)	(60,143,371)
Cash flows from financing activities:		
Cash proceeds from contributions restricted for:		
Endowment	4,598,956	4,338,789
Capital	9,866,124	13,791,362
Net proceeds from long-term borrowing	—	30,595,218
Bond issuance costs incurred	—	(435,562)
Payment of long-term debt principal	(7,745,000)	(7,379,956)
Principal payments on finance leases	(467,553)	(419,683)
Decrease (increase) in deposits with bond trustees	24,614,628	(21,956,672)
Net cash provided by financing activities	30,867,155	18,533,496
Net (decrease) increase in cash and cash equivalents	(31,490,594)	1,134,052
Cash, cash equivalents, and restricted cash:		
Beginning of year	99,472,871	98,338,819
End of year	\$ 67,982,277	99,472,871
Reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the amounts above:		
Cash and cash equivalents	\$ 66,520,300	95,676,608
Restricted cash included in investments	1,461,977	3,796,263
Total cash, cash equivalents, and restricted cash shown above	\$ 67,982,277	99,472,871
Supplemental disclosure of cash flow information:		
Interest paid on debt	\$ 12,244,846	11,796,094
Right-of-use assets obtained in exchange for operating lease liabilities	1,301,968	12,734,246
Right-of-use assets obtained in exchange for financing lease liabilities	440,827	125,651

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2023 and 2022

(1) Summary of Significant Accounting Policies

(a) Background

Founded in 1942, Fairfield University is a private, Jesuit institution that provides undergraduate, graduate, and continuing studies in five distinct schools to its students. The accompanying financial statements, which include the accounts of Fairfield University and its Preparatory School (the University), which together are a 501(c)(3) tax-exempt institution, have been prepared on the accrual basis and in conformity with accounting principles generally accepted in the United States of America (GAAP).

(b) Basis of Presentation

(i) General

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions comprised the following:

- Undesignated net assets not subject to donor-imposed restrictions or the donor-imposed restrictions have expired
- Designated net assets by action of the Board of Trustees

Net assets with donor restrictions comprised the following:

- Net assets subject to donor-imposed stipulations that will be met by actions of the University or the passage of time.
- Net assets subject to donor-imposed stipulations that they be maintained permanently by the University. Generally, the donor of these assets permits the University to use all or part of the return on the related investments.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expirations of restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished or the stipulated time period has elapsed, are reported as net assets released from restrictions. Donor contributions restricted for capital expenditures are released to net assets without donor restrictions when the assets are placed in service.

(ii) Contributions Receivable

Contributions, including unconditional promises to give, are recognized as revenues in the period received at their fair value. Unconditional promises to give that are scheduled to be received after the date of the statements of financial position are shown as increases in net assets with donor restrictions and are released to net assets without donor restrictions when the purpose and time

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Notes to Financial Statements

June 30, 2023 and 2022

restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in net assets with donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted based upon a risk-adjusted interest rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred, and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional promises to give are not recognized until they become unconditional, that is, when the barriers on which they depend are met. At June 30, 2023 and 2022, the University did not have any conditional promises to give in the form of measurable performance-related or other barriers and right of return that have not been reflected on the accompanying financial statements.

(iii) Measure of Operations

The statements of activities report the change in net assets from operating and nonoperating activities separately. For this purpose, operations include operating revenues consisting of those items attributable to the University's educational programs or research conducted by the academic departments, and operating expenses include the costs of providing University programs and other activities. Investment return on the University's long-term investments in excess of (less than) the amount appropriated under the University's spending plan, as discussed in note 8; donor contributions restricted for capital expenditures, other nonoperating expenses, and certain other unusual or nonrecurring items are reported as nonoperating activities. Additionally, nonoperating activities consist of contributions that are not in direct support of the annual operating budget. This measure of operations is different from cash flows from operating activities reported in the statements of cash flows, which include the cash effects of all transactions and other events (including certain nonoperating items) that enter into the determination of the change in net assets.

(c) Cash and Cash Equivalents

The University has several bank accounts at June 30, 2023 and 2022 containing balances, which exceed FDIC limits. The University believes that no significant risk exists at June 30, 2023 with respect to these balances. The University has cash equivalents held for reinvestment and are highly liquid in nature and have original maturities at the time of purchase of three months or less. Cash equivalents include cash held in money market accounts for operating and reinvestment purposes held by long-term investment managers and deposits with bond trustees. Cash equivalents exclude deposits held with bond trustees held for construction purposes. Cash equivalents are valued at one dollar per share in the money market fund and one dollar plus earned interest in certificates of deposit. These assets are categorized as Level 1.

(d) Deposits with Bond Trustees

Deposits with bond trustees are directly owned investments in government money market funds related to the Connecticut Health and Educational Facility Authority (CHEFA) Revenue Bonds, Series T and U. These investments are valued based upon market price quotations and categorized as Level 1.

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Notes to Financial Statements

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(e) Accounts and Student Loans Receivable

Accounts and student loans receivable are stated net of allowances for doubtful accounts. Student loans receivable are principally amounts due from students under federally sponsored loan programs, which are subject to significant restrictions. Accordingly, it is not practicable to determine the fair value of such amounts.

(f) Fair Value Accounting

The University records its applicable assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., exit price) in an orderly transaction between market participants at the measurement date.

GAAP establishes 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 or published prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are as follows:

Level 1 Inputs that reflect unadjusted quoted or published prices in active markets for identical assets or liabilities that the University has the ability to access at the measurement date

Level 2 Inputs other than quoted or published prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active

Level 3 Inputs that are unobservable

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement; however, the determination of what constitutes "observable" requires significant judgment. The University considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the University's perceived risk of that instrument.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the

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Notes to Financial Statements

June 30, 2023 and 2022

fair value measurement falls in its entirety is determined based on the lowest-level input that is significant to the fair value measurement in its entirety.

In determining an instrument's placement within the hierarchy, the University separates the marketable investment portfolio and other fair valued assets and liabilities into the following categories: cash equivalents, certificates of deposit, fixed income, corporate stocks, equity funds, bond investment funds, and deposits with bond trustees.

The University utilizes the "practical expedient" to estimate the fair value of investments in various investment funds that have a calculated value of their capital account or net asset value (NAV) in accordance with, or in a manner consistent with, GAAP whereby there is limited market activity. The practical expedient is permitted under GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with GAAP.

The University performs additional procedures, including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with GAAP. The University has assessed factors, including, but not limited to, managers' compliance with fair value measurement standard, price transparency, and valuation procedures in place; the ability to redeem at NAV at the measurement date; and existence of certain redemption restrictions at the measurement date.

(g) Investments

Investments are reported in the financial statements at fair value. Quoted or published market prices are used to value short-term investments, certificates of deposit, fixed-income securities, corporate stocks, equity funds, and bond investment fund. Values for investments in limited partnerships, which are generally subject to certain withdrawal restrictions, are provided by the general partner and may be based on appraisals, obtainable prices for similar assets, or other estimates. Because of the inherent uncertainty of the valuation for the University's investments in investment partnerships and for certain underlying investments held by the investment partnerships, values for those investments may differ significantly from values that would have been used had a ready market for the investments existed. Unrealized gains or losses are determined by comparison of cost to fair value at the beginning and end of the reporting period. Purchases and sales of securities are reflected on a trade-date basis. Gains or losses on sales of securities are based on average cost.

(i) Corporate Stocks

Corporate stocks include investments in actively traded equity securities and exchange-traded funds, which are listed on a national exchange are valued at the last price quoted by the exchange and are generally categorized as Level 1. The fair values of other equity securities are based upon market price quotations and are generally categorized as Level 1.

(ii) Fixed-Income Securities

Fixed-income securities include investments in various U.S. Treasury instruments, corporate debt, structured products (such as mortgage-backed securities, asset-backed securities, and bank debt). Fixed-income securities values are estimated based upon market price quotations and are generally categorized as Level 2.

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(iii) Bond Investment Fund (Registered)

Bonds in investment fund include a mutual fund (registered under the Investors' 1940 Act). Mutual funds are principally invested in fixed income securities and trade in over the counter markets. The fair value is based upon published prices and are generally categorized as Level 1.

(iv) Private Equity and Other

Private equity and other include equity positions in a variety of private equity funds with various strategies, private real estate funds that hold real property holdings, and direct investments in real estate funds through partnership interests. These securities are valued by the investment managers and the NAVs are recorded under GAAP utilizing the practical expedient.

(v) Equity Funds (Registered and Nonregistered)

Equities in investment funds include mutual funds (registered under the Investors' 1940 Act) and hedge funds (nonregistered under the Investors' 1940 Act). Mutual funds are principally invested in exchange-traded securities, have readily determinable fair values, and are generally categorized as Level 1. The hedge funds are invested principally in exchange-traded and over-the-counter securities. The University utilizes the NAV practical expedient for nonregistered hedge fund investments fair value.

(vi) Hedge Fund of Funds

Hedge fund of funds are nonregistered funds whereby the investment managers are investing in various underlying hedge funds that principally invest in exchange-traded and over-the-counter securities. These securities are valued by the investment manager and NAVs are recorded under GAAP utilizing the practical expedient.

(h) Land, Buildings, and Equipment

Land, buildings, and equipment, net is stated at cost less accumulated depreciation, computed on a straight-line basis over the estimated useful lives of buildings (40–60 years), building improvements (15–30 years), and equipment and library books (3–7 years). Depreciation expense is \$25,257,729 and \$23,405,994 for the years ended June 30, 2023 and 2022, respectively. Conditional asset retirement obligations included in accrued liabilities are \$2,003,316 and \$2,297,479 as of June 30, 2023 and 2022, respectively.

(i) Student Services Revenue Recognition

The University recognizes revenues from student tuition and fees and room and board revenues in the fiscal year in which the academic programs and residential services are delivered. Institutional scholarships awarded to students reduce the amount of tuition and fees revenue recognized. Room and board revenues are reported in auxiliary services in the accompanying statements of activities. Payments for tuition and fees and residential services are due prior to the start of the academic term in accordance with the University's due dates. Generally, students who adjust their course load or withdraw completely within five weeks of the academic term may receive a full or partial refund in accordance with the University's refund policy. Refunds issued reduce the amount of revenue recognized. Student advance payments for tuition, room, and board are deferred and then recorded as revenue without donor restrictions when earned.

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(j) Government Grants and Contracts

Revenues associated with government grants for educational purposes and contracts are recognized as the related direct costs are incurred and are accounted for in net assets without donor restrictions. The University records reimbursement of indirect costs relating to such grants and contracts at authorized rates for each fiscal year as revenue without donor restrictions.

In response to COVID-19, the United States Congress passed the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) on December 27, 2020, and the American Rescue Plan (ARP) on March 11, 2021. The University recognized \$150,984 and \$9,837,055 in grant revenue in fiscal years 2023 and 2022, respectively, as a result of the CRRSAA and ARP Acts. The funds were used to award COVID-19 relief aid to students, as well as, to offset costs incurred by the University related to COVID-19.

(k) Government Grants Refundable – Student Loans

Funds provided by the U.S. government under the Federal Health Professions Student Loan program are loaned to qualified students and may be reloaned after collection. These funds, in addition to funds provided under the Federal Perkins Loan and Federal Nursing Loan programs, are ultimately refundable to the U.S. government and are presented in the accompanying statements of financial position as a liability.

(l) Leases

The University assesses contracts at inception to determine whether an arrangement includes a lease. Right of use operating lease assets represents the University's right to use the underlying assets and right of use operating lease liability represents the University's obligation to make lease payments for the use of the leased asset. The University has elected the short-term lease exemption for leases with a term of twelve months or less. The University recognizes right of use assets and lease liabilities based on the present value of lease payments over the lease term at commencement date. The rate implicit in the University's leases typically is not readily determinable. As a result, a risk free rate of a comparable time period is used.

(m) Tax Status

The University is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes on related income pursuant to Section 501(a) of the Code. The University recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The University evaluates, on an annual basis, the effects of any uncertain tax positions on its financial statements. As of June 30, 2023 and 2022, the University has not identified or provided for any such positions.

(n) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimate is the valuation of investments. Actual results could differ from those estimates.

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(o) Reclassifications

Certain reclassifications have been made to the 2022 amounts to conform to the current year presentation.

(p) Related Parties

Members of the Board of Trustees, officers, and employees are subject to the University's conflict of interest policies, under which business and financial relationships must be disclosed and are subject to review and approval. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the University, and in accordance with applicable conflict of interest laws. No such associations are considered to be significant as of and for the fiscal years ended June 30, 2023 and 2022.

(q) Subsequent Events

The University evaluated events and transactions subsequent to the statements of financial position date of June 30, 2023 and through September 28, 2023 which is the date that the University's financial statements were available to be issued, and determined that, except as otherwise disclosed in these financial statements, there were no additional matters requiring disclosure.

(2) Functional and Natural Classification of Expenses

The University's primary program service is instruction. Expenses reported as research, public service, academic support, auxiliary services, and student services are incurred in support of this primary program activity.

The University allocates expenses relating to the operation and maintenance of plant, depreciation, and interest using building square footage based on functional use.

Included in institutional support expenses are fundraising costs of \$7,704,480 and \$7,120,412 in fiscal years 2023 and 2022, respectively.

Student services expenses include approximately \$0.1 million and \$1.0 million of expenses in fiscal years 2023 and 2022 for COVID-19 related costs for testing, PPE, cleaning and disinfecting campus facilities, and quarantining of students that were close contacts of students testing positive for COVID-19.

FAIRFIELD UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

The composition of expenses for the years ended June 30, 2023 and 2022 (in thousands) is as follows:

	June 30, 2023							Total 2023
	Instruction	Research	Public service	Academic support	Institutional support	Student services	Auxiliary services	
Compensation	\$ 59,864	522	420	10,003	22,538	17,967	6,184	117,498
Benefits and payroll taxes	14,330	60	472	2,854	15,434	5,561	582	39,293
Food and beverage	260	13	14	160	1,216	1,146	16,954	19,763
Utilities	1,254	—	—	576	265	835	2,001	4,931
Study abroad tuition and housing	3,603	—	—	10	—	—	—	3,613
Professional fees and consulting	2,084	10	83	776	5,409	1,588	325	10,275
Other services	2,109	21	22	1,012	5,790	886	464	10,304
Materials and supplies	4,276	49	22	2,064	1,926	4,864	7,292	20,493
Travel and team transportation	478	388	45	341	456	3,349	219	5,276
Other	878	569	405	—	617	1,796	401	4,666
Depreciation	5,950	—	—	1,487	1,159	3,981	9,297	21,874
Interest	2,879	—	—	720	585	1,926	4,497	10,607
Total operating expenses	97,965	1,632	1,483	20,003	55,395	43,899	48,216	268,593
Total nonoperating expenses	952	—	50	237	1,131	636	1,489	4,495
Total expenses	\$ 98,917	1,632	1,533	20,240	56,526	44,535	49,705	273,088

	June 30, 2022							Total 2022
	Instruction	Research	Public service	Academic support	Institutional support	Student services	Auxiliary services	
Compensation	\$ 55,350	486	586	8,793	19,669	16,532	5,437	106,853
Benefits and payroll taxes	14,668	54	487	2,828	13,738	4,777	591	37,143
Food and beverage	195	3	3	96	1,167	1,290	14,620	17,374
Utilities	1,246	—	—	556	267	839	1,992	4,900
Study abroad tuition and housing	2,890	—	—	—	—	—	—	2,890
Professional fees and consulting	1,785	6	1,232	478	4,504	1,460	179	9,644
Other services	2,425	6	27	891	3,513	976	390	8,228
Materials and supplies	3,633	59	18	1,877	1,914	5,303	6,821	19,625
Travel and team transportation	334	44	29	141	346	2,589	122	3,605
Other	817	404	441	—	—	3,810	128	5,600
Depreciation	5,579	—	—	1,395	1,087	3,713	8,738	20,512
Interest	2,628	—	—	657	531	1,749	4,116	9,681
Total operating expenses	91,550	1,062	2,823	17,712	46,736	43,038	43,134	246,055
Total nonoperating expenses	818	—	—	203	411	657	1,372	3,461
Total expenses	\$ 92,368	1,062	2,823	17,915	47,147	43,695	44,506	249,516

FAIRFIELD UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

(3) Contributions Receivable

Contributions receivable at June 30, 2023 and 2022 are expected to be collected as follows:

	<u>2023</u>	<u>2022</u>
2023	\$ —	13,999,725
2024	10,342,841	6,758,102
2025	7,489,377	6,643,662
2026	6,615,494	5,069,938
2027	3,162,243	2,183,596
2028	2,369,726	1,709,013
Thereafter	<u>4,586,767</u>	<u>3,483,900</u>
	34,566,448	39,847,936
Less:		
Present value discount (at rates ranging from 1.29% to 5.13%)	(2,851,757)	(2,650,852)
Allowance for doubtful collections	<u>(400,002)</u>	<u>(545,442)</u>
Contributions receivable, net	<u>\$ 31,314,689</u>	<u>\$ 36,651,642</u>

Amounts receivable from three donors represented 38% and 30% of gross contributions receivable for the years ended June 30, 2023 and 2022, respectively. During 2023 and 2022, 18% and 25%, respectively, of gross contributions revenue was recognized from three donors in each year.

(4) Investments

The following tables present the University's investments that were measured at fair value on a recurring basis as of June 30, 2023 and 2022:

	<u>Assets at fair value as of June 30, 2023</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments:			
Cash equivalents held for reinvestment	\$ 1,461,977	—	1,461,977
Certificates of deposit	—	22,250,000	22,250,000
Fixed income	—	7,653,568	7,653,568
Corporate stocks	183,214,059	—	183,214,059
Equity funds	95,651,230	—	95,651,230
Bond investment fund	<u>48,340,308</u>	<u>—</u>	<u>48,340,308</u>
	<u>\$ 328,667,574</u>	<u>29,903,568</u>	358,571,142
Investment funds:			
Measured at NAV (or its equivalent)			<u>94,526,291</u>
Total investments			<u>\$ 453,097,433</u>

FAIRFIELD UNIVERSITY
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				Assets at fair value as of June 30, 2022		
				Level 1	Level 2	Total
Investments:						
Cash equivalents held for reinvestment	\$	3,796,263		—		3,796,263
Fixed income		—		6,689,540		6,689,540
Corporate stocks		190,066,964		—		190,066,964
Equity funds		85,436,697		—		85,436,697
Bond investment fund		36,234,471		—		36,234,471
	\$	315,534,395		6,689,540		322,223,935
Investment funds:						
Measured at NAV (or its equivalent)						83,158,606
Total investments						\$ 405,382,541

The University uses the NAV to determine the fair value of all the investments, which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables list investments in other investment companies by major category:

		June 30, 2023					
Strategy	NAV in funds	Number of funds	Remaining life	Amount of unfunded commitments	Timing of draw down commitments	Redemption terms	
Private equity and other							
Equity positions in funds with various strategies and private real estate funds and partnerships holding real estate	\$ 53,353,178	18	1–13 years	\$ 34,405,076	1–2 years	N/A*	
Hedge fund of funds							
Investment in various underlying hedge funds principally invested in exchange traded and over the counter securities	41,173,113	1	N/A	—	N/A	On last day of quarter with 90 days written notice. Restrictions may limit withdrawal to 25%	
	\$ 94,526,291	19		\$ 34,405,076			

* These funds are in private equity structure, with no ability to be redeemed.

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		June 30, 2022					
Strategy	NAV in funds	Number of funds	Remaining life	Amount of unfunded commitments	Timing of draw down commitments	Redemption terms	
Private equity and other	Equity positions in funds with various strategies and private real estate funds and partnerships holding real estate	\$ 43,363,196	20	1–11 years	\$ 26,925,947	1–2 years	NA*
Equity funds (nonregistered)	Equities in investment funds (nonregistered)	3,972	1	NA	—	NA	Liquidating fund
Hedge fund of funds	Investment in various underlying hedge funds principally invested in exchange traded and over the counter securities	39,791,438	1	NA	—	NA	On last day of quarter with 90 days written notice. Restrictions may limit withdrawal to 25%
		<u>\$ 83,158,606</u>	<u>22</u>		<u>\$ 26,925,947</u>		

* These funds are in private equity structure, with no ability to be redeemed.

(5) Land, Buildings, and Equipment

The University's investments in land, buildings, and equipment, net are stated at cost at date of acquisition or fair market value at date of donation in the case of gifts. Land, buildings, and equipment, net at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 23,703,463	23,167,310
Buildings	711,117,396	647,765,615
Equipment and library books	104,621,896	90,764,141
Construction in progress	39,317,758	53,075,533
	878,760,513	814,772,599
Less accumulated depreciation	<u>(327,162,639)</u>	<u>(318,798,158)</u>
Land, buildings, and equipment, net	<u>\$ 551,597,874</u>	<u>495,974,441</u>

At June 30, 2023 and 2022, construction in progress represents ongoing construction costs associated with new construction and improvements to various University facilities on campus.

At June 30, 2023 and 2022, net investment in plant included in net assets without donor restrictions totaled \$271,093,919 and \$196,897,643, respectively.

FAIRFIELD UNIVERSITY
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(6) Long-Term Debt

Bonds and notes payable at June 30, 2023 and 2022 consisted of the following:

Type of financing	Average interest rate	June 30, 2023		June 30, 2022	
		Unamortized amounts	Outstanding balances*	Unamortized amounts	Outstanding balances*
CHEFA Bonds 2016-Q-1, due 2046	4.16	\$ 4,884,657	51,484,657	5,097,235	51,697,235
CHEFA Bonds 2016-Q-2, due 2034	2.96	1,239,752	13,769,752	1,352,814	14,987,814
CHEFA Bonds 2017-R, due 2047	3.75	2,700,929	120,045,929	2,914,339	120,259,339
CHEFA Bonds 2018-S, due 2034	2.92	2,619,836	47,474,836	3,495,265	54,305,265
CHEFA Bonds 2020-T, due 2055	3.42	1,979,349	24,934,349	2,168,792	25,808,792
CHEFA Bonds 2022-U, due 2052	3.68	1,566,104	29,956,104	1,600,240	29,990,239
Capital Leases, due 2025	Variable	—	836,303	—	825,512
		<u>\$ 14,990,627</u>	<u>288,501,930</u>	<u>16,628,685</u>	<u>297,874,196</u>

* For the CHEFA bonds, amounts are net of unamortized premiums and bond issuance costs.

The above listed CHEFA bonds financed for various campus facilities are payable in annual installments on a graduating scale.

The premiums will be amortized as reductions in interest expense over the remaining life of the bonds. The University amortized \$1,638,058 and \$2,115,504 of debt premiums and bond issuance costs to interest expense in the years ended June 30, 2023 and 2022, respectively.

The Series Q-1 bonds were issued in February 2016 and the proceeds were used for the renovation and expansion of the Health Sciences Building and other various University facilities on campus. The Series Q-2 bonds were issued in March 2016 to advance refund a portion of the Series M bonds. The Series R bonds were issued in December 2017 to advance refund the outstanding balance of Series O bonds and to generate funds for the construction of a new resident hall facility and the renovation of dormitory and academic facilities. The Series S bonds were issued in April 2018 to refund the outstanding balance of Series M and N bonds. The Series T bonds were issued in September 2020 to refund the outstanding balance of Series P and to generate funds for the construction of a new convocation center and renovate various campus facilities. The Series U bonds were issued in March of 2022 to generate funds for the construction of a new resident hall.

Interest expense and amortization of bond premium for the years ended June 30, 2023 and 2022 was \$10,606,788 and \$9,680,590, respectively.

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The aggregate amount of principal due with respect to long-term debt (not including unamortized premiums and bond issuance costs) within each of the five fiscal years subsequent to June 30, 2023 and in total thereafter is as follows:

2024	\$	8,449,521
2025		8,764,389
2026		9,071,768
2027		9,519,827
2028		9,856,595
Thereafter		<u>227,849,203</u>
		273,511,303
Plus unamortized premiums		17,138,698
Less unamortization bond issuance costs		<u>(2,148,071)</u>
	\$	<u><u>288,501,930</u></u>

(7) Retirement Benefits

The University has a 403(b) defined-contribution retirement plan, which covers substantially all of its employees, other than those of the Jesuit Community, and which is funded through direct payments to the Teachers' Insurance and Annuity Association and College Retirement Equities Fund for the purchase of individual annuities. For each eligible employee, the University generally contributes an amount equal to between 8% and 10% of the employee's salary or base compensation and the employee contributes 2.5%. With respect to faculty and administrative members of the Jesuit Community, an equivalent between 8% and 10% of their salaries are paid directly to the Jesuit Community. Retirement contributions paid by the University and charged to operations for the years ended June 30, 2023 and 2022 were \$7,317,415 and \$6,802,103, respectively.

(8) Endowment Funds

Connecticut adopted the Uniform Management of Institutional Funds Act effective October 1, 2007 (CUPMIFA). This pronouncement requires disclosures about an organization's endowment funds (both donor-restricted and board-designated endowment funds).

The University's endowment is an aggregation of gifts provided by donors with the requirement they be held in perpetuity to generate earnings now and in future years to support the University's programs of instruction, research, and public service. Funds are also designated by the Board of Trustees to function as endowment. Earnings from endowment investments support scholarships, chairs, professorships, fellowships, basic research, as well as academic and public service programs. The endowment should provide stability since the principal is invested and earnings are generated year after year. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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To accomplish these goals, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The primary investment objective of the endowment is to attain an average annual total return in excess of the spending rate (currently at 3.25% of the average fair market value of total endowment assets for the preceding twelve quarters, prior to the special appropriation of \$3.0 million to fund strategic initiatives in fiscal year 2023); over the long term, defined as rolling five-year periods that should be achieved within acceptable risk levels, while avoiding large short-term declines in market value. Actual returns in any given year may vary from this amount. The University targets a diversified asset allocation that places a greater emphasis on equity-based and alternative investments to achieve its long-term objective within prudent risk constraints.

The Board of Trustees, after consideration of the factors provided in CUPMIFA, approved a policy that, absent specific donor-imposed directions; University management may decide to spend a portion of or the entire spending amount on funds which are underwater. For the years ended June 30, 2023 and 2022, funds were distributed in total according to the spending formula. As of June 30, 2023, there were 22 endowments with an original value of \$4,283,091 that were underwater. As of June 30, 2023, the fair value of those endowments was \$3,899,232, and the underwater amount was \$383,859. As of June 30, 2022, there were 29 endowments with an original value of \$4,961,022 that were underwater. As of June 30, 2022, the fair value of those endowments was \$4,364,984, and the underwater amount was \$596,038.

Assets of the endowment and quasi-endowment are pooled on a market value basis, with each individual asset subscribing to or disposing of units on the basis of the market value per unit at the end of the quarter within which the transaction takes place.

At June 30, 2023, the endowment net asset composition by type of fund consisted of the following:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted funds	\$ —	269,361,092	269,361,092
Board-designated funds	<u>164,248,037</u>	<u>—</u>	<u>164,248,037</u>
Total endowment funds	<u>\$ 164,248,037</u>	<u>269,361,092</u>	<u>433,609,129</u>

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Changes in endowment net assets for the fiscal year ended June 30, 2023 consisted of the following:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets at June 30, 2022	\$ 156,544,396	250,800,591	407,344,987
Investment return:			
Investment income	3,734,493	5,834,979	9,569,472
Realized and unrealized losses, net	<u>9,371,120</u>	<u>15,161,457</u>	<u>24,532,577</u>
Total investment return	13,105,613	20,996,436	34,102,049
Contributions	2,652,108	5,838,261	8,490,369
Appropriation of endowment assets for expenditure	(8,054,080)	(8,143,210)	(16,197,290)
Other changes:			
Change in value split-interest agreement	<u>—</u>	<u>(130,986)</u>	<u>(130,986)</u>
Endowment net assets at June 30, 2023	<u>\$ 164,248,037</u>	<u>269,361,092</u>	<u>433,609,129</u>

At June 30, 2022, the endowment net asset composition by type of fund consisted of the following:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted funds	\$ —	250,800,591	250,800,591
Board-designated funds	<u>156,544,396</u>	<u>—</u>	<u>156,544,396</u>
Total endowment funds	<u>\$ 156,544,396</u>	<u>250,800,591</u>	<u>407,344,987</u>

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Changes in endowment net assets for the fiscal year ended June 30, 2022 consisted of the following:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets at June 30, 2021	\$ 181,175,932	283,428,232	464,604,164
Investment return:			
Investment income	2,213,556	3,440,154	5,653,710
Realized and unrealized losses, net	<u>(22,068,458)</u>	<u>(35,411,565)</u>	<u>(57,480,023)</u>
Total investment return	(19,854,902)	(31,971,411)	(51,826,313)
Contributions	—	7,030,767	7,030,767
Appropriation of endowment assets for expenditure	(4,776,634)	(7,556,285)	(12,332,919)
Other changes:			
Change in value split-interest agreement	<u>—</u>	<u>(130,712)</u>	<u>(130,712)</u>
Endowment net assets at June 30, 2022	<u>\$ 156,544,396</u>	<u>250,800,591</u>	<u>407,344,987</u>

(9) Net Assets

Net assets without donor restrictions at June 30, 2023 and 2022 were available for the following purposes:

	<u>2023</u>	<u>2022</u>
Board-designated endowment	\$ 164,248,037	156,544,396
Net investment in plant	271,093,919	196,897,643
Undesignated	<u>12,612,065</u>	<u>21,916,182</u>
Total net assets without donor restrictions	<u>\$ 447,954,021</u>	<u>375,358,221</u>

Net assets with donor restrictions at June 30, 2023 and 2022 were available for the following purposes:

	<u>2023</u>	<u>2022</u>
Time or purpose, primarily for capital, mission related programs and scholarships	\$ 60,401,560	97,580,108
Perpetual in nature, primarily for scholarships	180,533,363	174,328,550
Accumulated return on donor-restricted endowment, net, primarily for scholarships	<u>88,827,729</u>	<u>76,472,041</u>
Total net assets with donor restrictions	<u>\$ 329,762,652</u>	<u>348,380,699</u>

FAIRFIELD UNIVERSITY
Notes to Financial Statements
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(10) Student Financial Aid

Student financial aid reported in the statements of activities as a reduction of tuition and fees were funded in fiscal years 2023 and 2022 from the following revenue sources:

	<u>2023</u>	<u>2022</u>
Institutional operating funds	\$ 105,049,850	99,085,359
Endowment distribution	4,989,938	4,392,904
Contributions	1,839,357	1,462,512
Government grants	<u>665,422</u>	<u>496,002</u>
Total student financial aid	<u>\$ 112,544,567</u>	<u>105,436,777</u>

(11) Liquidity and Availability of Resources

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, including capital. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing mission-related activities as well as other services undertaken to support mission-related activities, including scheduled principal payments on debt and capital construction costs not financed with debt. The University includes in this analysis, the amount of funds authorized by the Board of Trustees to be distributed from the endowment. Student loans receivable are not considered to be available to meet general expenditures since principal and interest collected on these loans are used to make new loans.

In addition to financial assets available to meet general expenditures over the next 12 months, the University operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not otherwise covered by donor-restricted resources. Refer to the statements of cash flows, which identifies the sources and uses of the University's cash and shows positive cash flows from operations for fiscal years 2023 and 2022.

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June 30, 2023 and 2022

At June 30, 2023 and 2022, available financial assets and liquidity resources within one year were as follows:

	Total financial assets at June 30, 2023	Less financial assets not available at June 30, 2023	Planned endowment drawdown in 2024	Total
Financial assets available:				
Cash and cash equivalents	\$ 66,520,300	(20,603,977)	—	45,916,323
Accounts receivable, net	1,213,281	—	—	1,213,281
Contribution receivable, net due within 1 year or less	10,342,841	(5,694,950)	—	4,647,891
Payout on donor-restricted endowments	—	—	8,477,100	8,477,100
Payout on board-designated endowments	—	—	5,164,317	5,164,317
Investments not subject to donor restrictions or board designations	2,500,000	—	—	2,500,000
Total financial assets available	80,576,422	(26,298,927)	13,641,417	67,918,912
Liquidity resources:				
Bank line of credit (no balance outstanding at June 30, 2023)	40,000,000	—	—	40,000,000
Total financial assets and other liquidity resources	\$ 120,576,422	(26,298,927)	13,641,417	107,918,912

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	Total financial assets at June 30, 2022	Less financial assets not available at June 30, 2022	Planned endowment drawdown in 2023	Total
Financial assets available:				
Cash and cash equivalents	\$ 95,676,608	(38,347,676)	—	57,328,932
Accounts receivable, net	1,754,543	—	—	1,754,543
Contribution receivable, net due within 1 year or less	13,999,725	(8,067,472)	—	5,932,253
Payout on donor-restricted endowments	—	—	8,194,559	8,194,559
Payout on board-designated endowments	—	—	5,002,731	5,002,731
	<u>111,430,876</u>	<u>(46,415,148)</u>	<u>13,197,290</u>	<u>78,213,018</u>
Liquidity resources:				
Bank line of credit (no balance outstanding at June 30, 2022)	<u>40,000,000</u>	<u>—</u>	<u>—</u>	<u>40,000,000</u>
	<u>151,430,876</u>	<u>(46,415,148)</u>	<u>13,197,290</u>	<u>118,213,018</u>

In addition, at June 30, 2023 and 2022, the University had \$164,248,037 and \$156,544,396, respectively, of board-designated endowment funds that, with board approval, could be made available for operations.

(12) Leases

The University has various operating lease agreements, primarily for the bookstore, office and academic space, printers, copiers, and other types of equipment, with obligations that extend through 2033. In November 2021, the University renewed the lease for the University bookstore. The lease space covers 23,100 square feet and expires in October 2031. In May 2022, The University entered into a lease for 11,520 square feet in Austin, Texas for the expansion of the School of Nursing programs. The lease term is 10 years and includes a \$1.5 million tenant improvement allowance and 3 months of free rent.

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The table below presents a maturity analysis of lease liabilities and a reconciliation of the total amount of such liabilities recognized in the consolidated balance sheets at June 30, 2023:

	<u>Operating leases</u>	<u>Finance leases</u>
Year ending June 30:		
2024	\$ 1,961,804	431,579
2025	1,827,260	219,390
2026	1,685,383	101,768
2027	1,739,596	99,827
2028	1,623,920	41,596
Thereafter	6,640,199	—
Total lease payments	15,478,162	894,160
Less discount for net present value	<u>(2,248,500)</u>	<u>(57,857)</u>
Present value of lease liabilities	<u>\$ 13,229,662</u>	<u>836,303</u>

Lease costs and other related information for the year ended June 30, 2023 were as follows:

	<u>2023</u>	<u>2022</u>
Lease cost:		
Operating lease cost	\$ 1,019,178	687,386
Finance lease cost:		
Amortization of right-of-use assets	479,118	413,865
Interest on lease liabilities	<u>37,517</u>	<u>28,212</u>
Total lease cost	<u>\$ 1,535,813</u>	<u>1,129,463</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ (37,517)	(28,212)
Operating cash flows from operating leases	(876,660)	(706,482)
Financing cash flows from finance leases	(467,553)	(442,150)
Weighted average remaining lease term in years – operating leases	8.59 years	9.68 years
Weighted average remaining lease term in years – finance leases	3.71 years	2.39 years
Weighted average discount rate – operating leases	3.68 %	3.71 %
Weighted average discount rate – finance leases	4.07	3.37

FAIRFIELD UNIVERSITY

Notes to Financial Statements

June 30, 2023 and 2022

(13) Commitments and Contingencies

At June 30, 2023, the University had a line of credit agreement, which allows for borrowings up to \$40,000,000. The agreement expires on January 31, 2024. Interest on any borrowings is at the BSBY (Bloomberg's Short-Term Bank Yield Index) rate plus 0.75%. There is an unused commitment fee of 0.15% per annum. There were no borrowings during the year or outstanding at June 30, 2023 or 2022.

In conjunction with the expansion of the School of Nursing program in the State of Texas, the University has provided a surety bond to the Texas Higher Education Coordinating Board for \$3.0 million to ensure the University fulfills obligations to offer enrolled students the opportunity for the completion of the program.

The University has entered into construction-related commitments of approximately \$14,700,000 as of June 30, 2023.

The University is involved in various legal actions arising in the normal course of operations. The University is of the opinion that the resolution of these matters will not have a significant effect on the financial condition of the University.