

2025

FINANCIAL REPORT

CWRU



CASE WESTERN RESERVE
UNIVERSITY

TABLE OF CONTENTS

Letter from the President	1
Letter from the Executive VP for Finance and CFO and Associate VP for Finance and Controller	2
Discussion of Financial Results (unaudited)	3
Selected Financial Data (unaudited)	10
Report of Independent Auditors	11
Statements of Financial Position	13
Statement of Activities	14
Statements of Cash Flows	15
Notes to Financial Statements	16



Office of the President

To the Case Western Reserve University community,

The University's ongoing investment in learning, research and in our people is made possible by our commitment to prudent fiscal stewardship.

With strategy and discipline leading the way, Case Western Reserve University continues to be a force that translates ideas into impact, prepares leaders for tomorrow and advances health and wellbeing. We are making a positive difference in the world.

As you will see on the following pages, our results for Fiscal 2025 are strong. We have met or exceeded targets across many areas. This positions us favorably for the bright future we envision across the University.

Despite the changing landscape for higher education, we will remain laser-focused on financial sustainability and work to create a financial model that is resilient, adaptable and capable of supporting our mission for the long term. This is an approach that has served us well for nearly 200 years, and one we believe will serve us for many, many more.

We look forward to celebrating our bicentennial in 2026 and we thank you for your continued support for Case Western Reserve University.

Eric W. Kaler, PhD

President



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Case Western Reserve University for the years ended June 30, 2025 and 2024 were prepared by the University's management in conformity with accounting principles generally accepted in the United States of America.

The management of the University is responsible for the integrity and objectivity of these financial statements, which are presented on the accrual basis of accounting and, accordingly, include some amounts based upon judgement. Other financial information in the report is consistent with that in the financial statements. Our system of internal accounting controls is designed to help ensure that the financial reports and the books properly reflect the transactions of the institution, in accordance with established policies and procedures as implemented by qualified personnel.

The Board of Trustees of the University, through its Audit Committee and Finance Committee, monitors the financial and accounting operations of the institution, including the review and discussion of annual financial statements and the evaluation and adoption of budgets. The Board, through its Audit Committee, monitors the basis of engagement and reporting of independent auditors.

A handwritten signature in blue ink, appearing to read "B. Burnett".

Brian D. Burnett, PhD

Executive Vice President and CFO

A handwritten signature in blue ink, appearing to read "R. Kelly".

Rose Kelly, CPA

Associate VP for Finance and Controller

DISCUSSION OF FINANCIAL RESULTS

For the fiscal year ended June 30, 2025, Case Western Reserve University (the “University”) continued to thrive in a complex and evolving environment. We ended the year with a strong balance sheet, increased net assets, and a healthy operating surplus—all while investing in the people, programs, and infrastructure that define our future. The University achieved an 18th consecutive year of positive operating activity on a Generally Accepted Accounting Principles (“GAAP”) basis using the *Statement of Activities*. Net operating activity of \$41.5 million, representing a 3.0% operating margin, combined with non-operating activity of \$146.0 million to increase net assets by \$187.5 million, providing a 13.7% margin. The University further maintained strength through growth in its *Statement of Financial Position*, with total assets reaching \$4.7 billion, an increase of 4.1%.

All categories of revenue totaled \$1.4 billion, an increase of \$32.5 million or 2.4%. Notable revenue increases over the prior year came from *Student tuition and fees, net of student aid*, of \$15.1 million and grants and contracts activity of \$39.8 million.

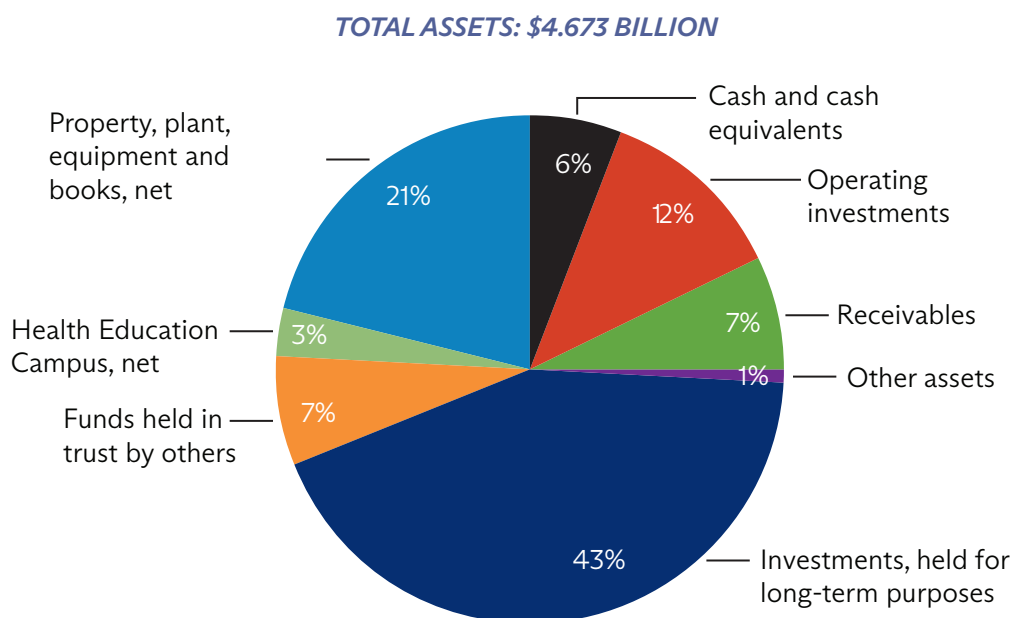
All categories of expense totaled \$1.3 billion, an increase of \$83.3 million or 6.7%. Notable expense increases over the prior year were *Instructional* of \$75.8 million and sponsored projects activity of \$22.4 million.

Non-operating activities totaled \$146.0 million, an increase of \$8.5 million or 6.2% over the prior year. The increase was due primarily to *Investment income* from long-term investment activities.

The financial results were similarly positive on a modified cash basis using the Statement of Operations (operating budget). The University’s surplus was \$15.9 million without the use of reserves. These results, and our ability to operate within our budget, underscore the University’s continued financial resilience, strategic investment in its mission, and continued pursuit of academic excellence.

TOTAL ASSETS

Total assets of \$4.7 billion increased by \$185.7 million, or 4.1%, over the prior fiscal year. Long-term investments represented \$2.0 billion, or 43.2%, and *Property, plant, equipment and books, net* represented \$961.2 million, or 20.6%. The year-over-year growth in these two largest asset classes, increasing 5.1% and 9.8% respectively, were the predominant contributors to the University’s increase in total assets. The University benefited from strong investment returns, campus improvements to undergraduate student housing, and continued work on the Interdisciplinary Science and Engineering Building (“ISEB”), a major research facility which is scheduled to open in 2026, the University’s bicentennial year.



COMBINED ENDOWMENT ASSETS AND DISTRIBUTION

The University’s combined endowment continues to be a cornerstone of its financial strength and long-term sustainability. During FY25, combined endowment assets increased \$123.4 million, or 5.1%, to \$2.5 billion. This growth was driven by a combination of strong investment performance, new contributions, and disciplined spending aligned with the University’s strategic priorities.

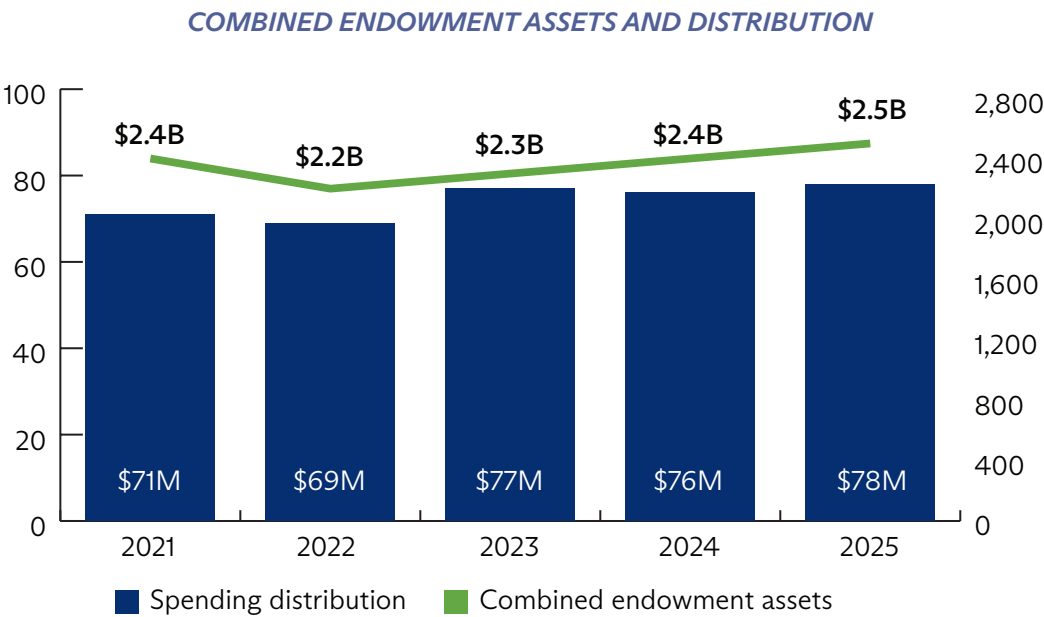
The University’s combined endowment, the purpose of which is to generate revenue in perpetuity, is comprised of funds invested and managed by the University, that includes endowment funds and quasi-endowments (referred to as the *endowment pool*) and funds invested and managed outside the University (referred to as *Funds held in trust by others*). The combined endowment assets comprise of a large number of separate funds, the income from some of which is restricted to specified uses in certain programs of the University, while the income from other of these funds can be used without restriction, providing valuable flexibility in the allocation of resources.

The investment pool consist of a group of funds, including the endowment funds, funds functioning as endowments (also referred to as *quasi-endowments*), Board-designated funds, and operating funds, that are invested in a broadly diversified portfolio. This portfolio is designed to preserve intergenerational equity, generate consistent returns, and support academic programs, scholarships, research initiatives, and administrative operations.

The total investment return for the investment pool, net of external manager fees, approximated 8.53% (2025) and 8.08% (2024). Additional detail on the investment pool is shown in *Footnote 7*.

The University’s spending policy, based on a rolling ten-year and twenty-quarter average methodology, ensures stability in funding while protecting the corpus of the endowment, which is proactively preserved and grown over time to provide long-term support for the University. The spendable distribution for FY25 increased 1.8% to \$77.6 million, providing additional support for a wide range of initiatives, including student financial aid, endowed faculty positions, and strategic research programs. Additional detail on the spending policy is shown in *Footnote 7*.

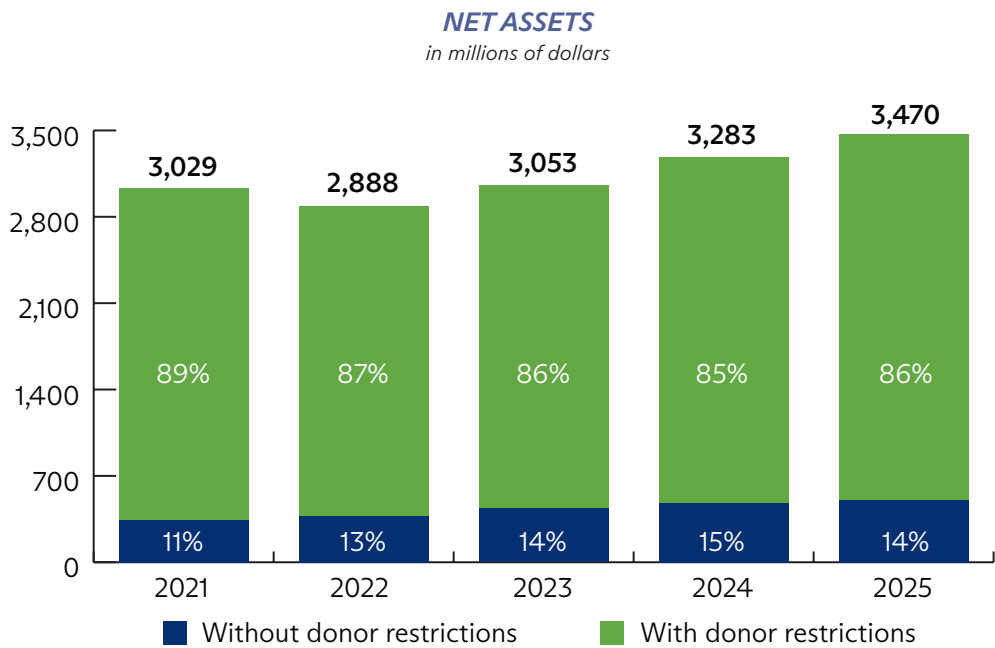
Looking ahead, the University remains focused on growing its endowment through targeted fundraising, strategic investment management, and continued engagement with donors. The opening of the ISEB in 2026 is expected to continue to catalyze additional philanthropic interest, particularly in support of interdisciplinary research and innovation.



NET ASSETS

The University’s net assets continued to grow in FY25, largely as a result of strong investment returns and positive net operating gains. Total net assets increased \$187.5 million, or 5.7%, over the prior year to \$3.5 billion. Since FY21, total net assets have grown more than \$442.0 million, or 14.6%.

Net assets without donor restrictions increased \$23.6 million, or 4.9%, over the prior year to \$503.3 million. Net assets with donor restrictions increased \$164.0 million, or 5.8%, over the prior year to \$3.0 billion, driven by \$168.3 million in *Investment income* and *Net appreciation*. The University received \$95.7 million of new restricted gifts and pledges in FY25.



LIQUIDITY AND DEBT

The University actively manages and maintains robust liquidity and reserves to achieve levels sufficient to meet operating requirements for the year and to attentively steward our endowment. The end of each fiscal year traditionally represents a low point in the University’s liquidity, consistent with the timing of tuition payments and the traditional university business cycle. As of June 30, 2025, the University had unrestricted liquidity of \$837.1 million available within one year. To provide supplemental liquidity support, the University maintains \$200.0 million in committed bank lines of credit.

The University’s net *Notes and bonds payable* as of FY25 totaled \$953.1 million, an increase of \$25.1 million, or 2.7%, over the prior year. While there was no new debt issued in FY25, the increase was due to line of credit borrowings partly offset by scheduled principal payments. The University’s entire variable rate debt of \$35.0 million is synthetically fixed with one floating-to-fixed rate swap. The University periodically evaluates the opportunity to refinance existing debt for savings as well as reviews the need to borrow for future capital projects.

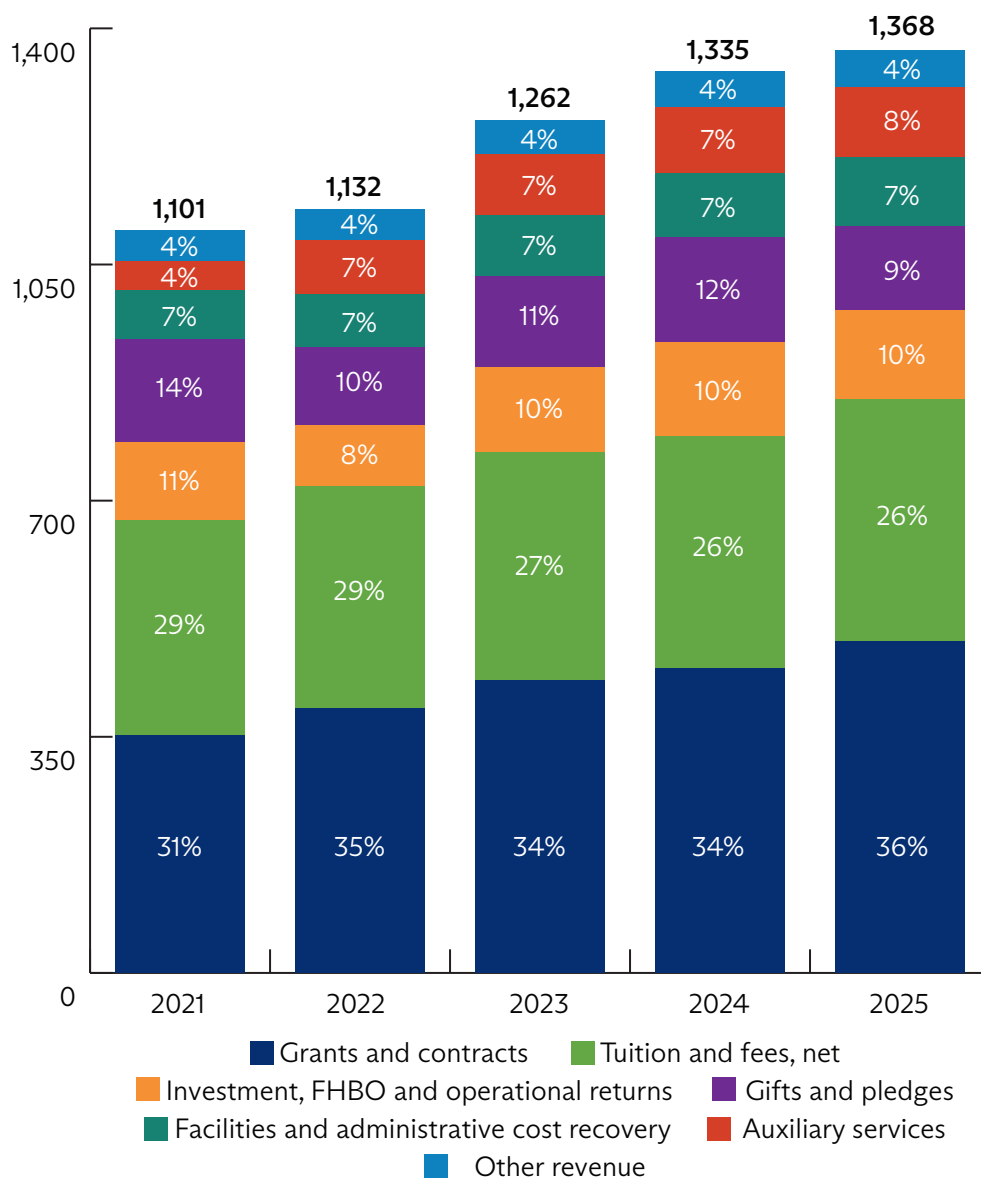
Credit ratings are a reflection of the University’s financial health, creditworthiness, and ability to meet its financial obligations. Our financial ratios and credit ratings remain strong and stable with an S&P rating of (AA-) and an (Aa3) rating from Moody’s. This continues to reflect the strength and stability of Ohio’s largest private research university.

OPERATING REVENUES

Operating revenues and other support, net of financial aid, totaled \$1.4 billion in FY25, increasing \$32.5 million, or 2.4%, over the prior fiscal year.

OPERATING REVENUES 5-YEAR TREND

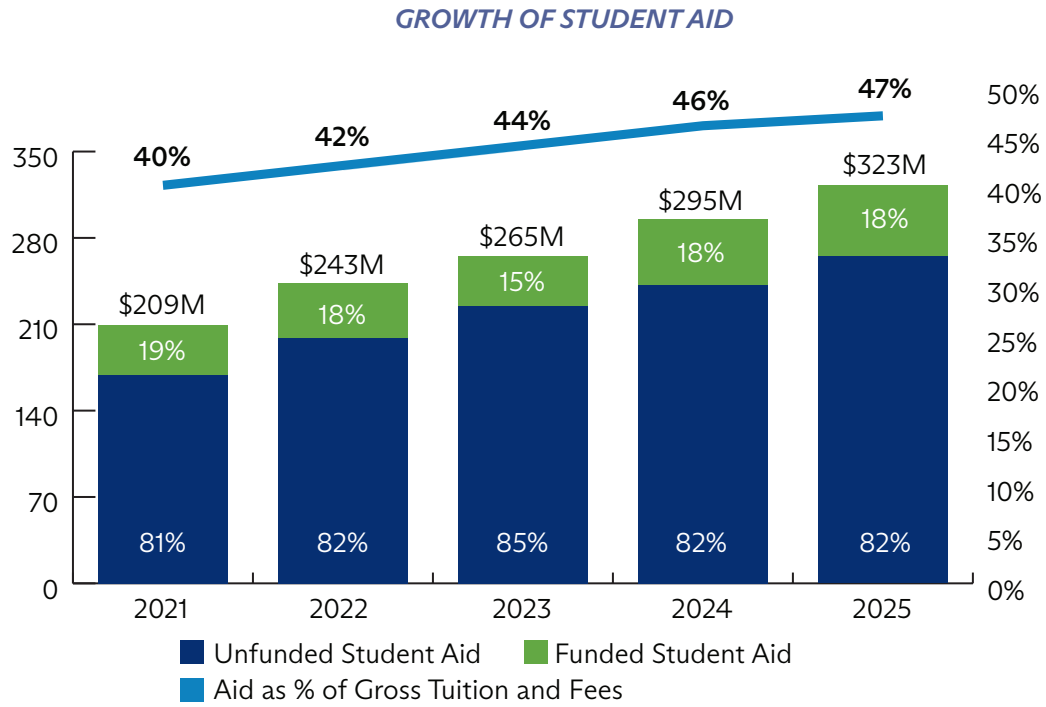
in millions of dollars



The primary drivers in the increase of operating revenues are *Student tuition and fees, net of student aid*, and grants and contracts activity. *Student tuition and fees, net of student aid*, of \$359.7 million represent 26% of total operating revenues and an increase of \$15.1 million, or 4.4%, over the prior year. Student tuition and fees includes fees and undergraduate, graduate, summer, and professional tuition. The increase was primarily driven by an increase in tuition rates as well as an increase in undergraduate student enrollment. *Grants and contracts* revenue of \$490.7 million represents 36% of total operating revenues and an increase of \$39.8 million, or 8.8%, over the prior year. *Grants and contracts* revenue includes awards to the University and also its affiliates, most notably the Cleveland Clinic Lerner College of Medicine (“CCLCM”), which had a total of \$148.9 million in awards.

In FY25, the University welcomed its largest undergraduate class in history, with enrollment increasing by 5.4% over the prior year and by 21.0% since FY21. This growth was fueled by expanded recruitment efforts, new academic programs in essential fields, and enhanced student support services. The incoming class is notable not only for its size but also for its academic strength.

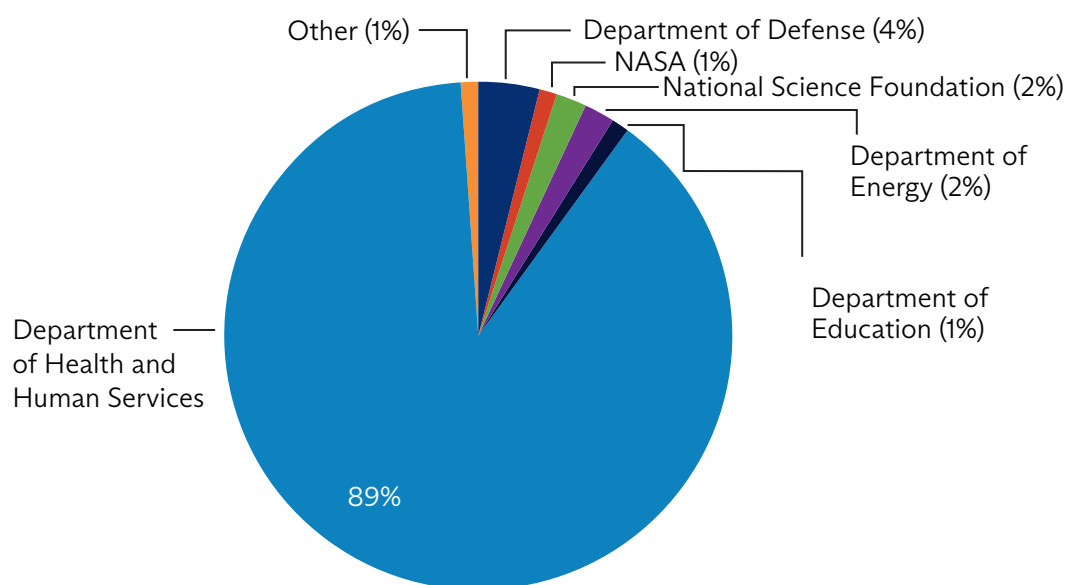
The University has also consciously increased financial aid in our commitment to affordability and access for the student body. Student aid given in FY25 was \$323.2 million, an increase of \$28.1 million, or 9.5%, over the prior year. Of this total, 18.1% was funded while 81.9% was unfunded. Student aid as a percentage of gross tuition and fees was 47.3% for the year. Overall, student aid has grown more than \$113.8 million, or 54.3%, since FY21.



SPONSORED PROGRAMS

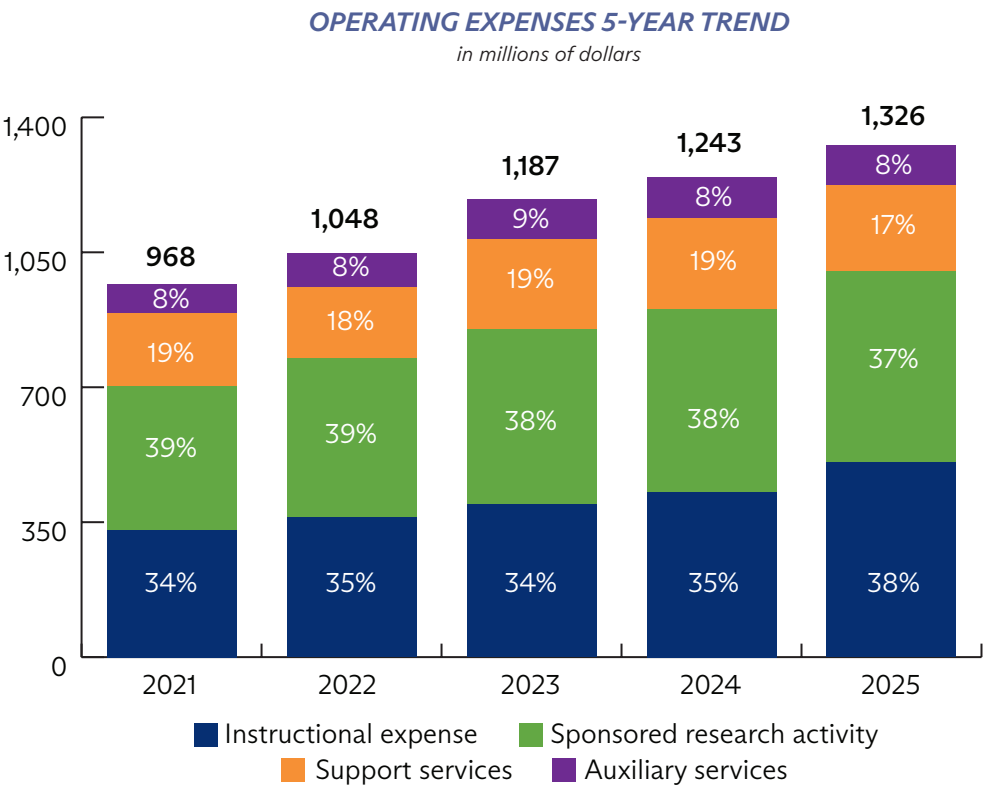
Research continues to be a cornerstone of the University's identity as a very high research activity R1 designated institution. This past year saw significant growth in grant and contract revenue, underscoring the strength of our faculty and the relevance of their work. Grants and contracts revenue of \$490.7 million represent 36% of total operating revenues and an increase of \$39.8 million, or 8.8%, over the prior year. Research was driven in part by new awards in biomedical engineering, energy systems, public health, and data science. This growth reflects the strength of the University's faculty and its commitment to interdisciplinary collaboration, as well as being a strong indicator of the faculty's success in the intense national competition for federal support. The U.S. government, at 80.4%, was the largest source of grant and contract revenue for the University, with 89.3% of federal support coming from the Department of Health and Human Services, the University's cognizant agency.

SOURCES OF FEDERAL GOVERNMENT GRANTS AND CONTRACTS



OPERATING EXPENSES

Operating expenses totaled \$1.3 billion in FY25, increasing \$83.3 million, or 6.7%, over the prior fiscal year.



The primary drivers in the increase of operating expenses are instructional costs and sponsored research activity. Instructional costs of \$503.5 million represent 38% of total operating expenses and an increase of \$75.8 million, or 17.7%, over the prior year. The increase was primarily driven by the creation of new positions, the filling of previously vacant positions, and higher labor costs driven by market conditions. Included in direct instructional costs are faculty and staff salaries and benefits. Sponsored research activity costs of \$497.1 million represent 37% of total operating expenses and an increase of \$22.4 million, or 4.7%, over the prior year. Sponsored research activity includes *Sponsored research and training*, *Other sponsored projects*, and *CCLCM research and training* expenses.

LOOKING AHEAD

As the University looks to our bicentennial year in 2026, University leaders continue to work toward elevating academic excellence, expanding our research enterprise, and enhancing community engagement.

We actively anticipate the opening of the ISEB in the fall of 2026, which will serve as a 189,000 square foot hub for collaborative research across disciplines, bringing together over 500 faculty, staff and students from engineering, natural sciences, medicine, and beyond. The ISEB represents our belief that the most pressing challenges of our time require integrated solutions and bold thinking and will be a cornerstone of the University’s strategic plan to advance research and attract top talent.

The University expects to maintain a positive operating position as reflected in its FY26 operating budget surplus of \$23.6 million. The emphasis remains on focused strategic investment and unrestricted expense management. We continue to be focused on ensuring that every dollar we spend advances our mission and supports our campus community. While the coming year will bring new opportunities and challenges, the University is well-positioned to continue to contribute to the intellectual talent base and economic development of our region and nation.

SELECTED FINANCIAL DATA *unaudited*

Fiscal Years Ended June 30

in thousands of dollars

	2025	2024	2023	2022	2021
STATEMENT OF OPERATIONS HIGHLIGHTS – Management View					
Total revenue	\$ 1,594,514	\$ 1,502,365	\$ 1,402,631	\$ 1,277,711	\$ 1,140,767
Total expense	1,578,630	1,489,409	1,388,764	1,263,317	1,131,527
Operating margin	15,884	12,956	13,867	14,394	9,240
Retained surplus use	-	5,015	3,103	-	2,428
Surplus	\$ 15,884	\$ 17,971	\$ 16,970	\$ 14,394	\$ 11,668

STATEMENT OF ACTIVITIES HIGHLIGHTS – GAAP Basis

Tuition and fees, net of student aid	\$ 359,728	\$ 344,601	\$ 336,719	\$ 329,362	\$ 318,662
Investment, FHBO, and operational returns	131,593	138,930	125,722	91,484	115,658
Grants and contracts	490,662	450,910	434,168	391,690	351,668
Facilities and administrative cost recovery	101,969	94,908	90,510	79,994	73,334
Gifts and pledges	125,026	154,542	135,019	114,840	151,848
Other revenue	54,752	53,213	49,000	45,234	46,471
Auxiliary services	103,861	98,011	90,880	79,679	43,436
Total operating revenues and other support	1,367,591	1,335,115	1,262,018	1,132,283	1,101,077
Instructional expenses	503,547	427,703	395,945	363,047	330,401
Sponsored research activity	497,073	474,726	454,942	412,901	372,899
Support services	223,836	236,232	230,765	184,041	187,800
Auxiliary services	101,613	104,150	104,697	88,074	76,733
Total operating expense	1,326,069	1,242,811	1,186,349	1,048,063	967,833
Net operating activity	\$ 41,522	\$ 92,304	\$ 75,669	\$ 84,220	\$ 133,244
Long-term investment activities	217,171	204,025	146,560	(191,847)	575,295
Other non-operating activities	(71,172)	(66,550)	(57,005)	(32,914)	(29,408)
Net non-operating activities	\$ 145,999	\$ 137,475	\$ 89,555	\$ (224,761)	\$ 545,887
Change in net assets	\$ 187,521	\$ 229,779	\$ 165,224	\$ (140,541)	\$ 679,131

FINANCIAL POSITION HIGHLIGHTS

Cash and cash equivalents	\$ 282,586	\$ 278,654	\$ 352,722	\$ 551,939	\$ 145,314
Operating investments, at market	559,853	603,604	574,138	260,961	287,818
Receivables, net	326,182	304,240	273,643	247,213	269,636
Investments, held for long-term purposes	2,020,460	1,921,654	1,819,441	1,764,237	1,915,558
Funds held in trust by others	350,998	328,810	303,992	297,453	349,816
Health Education Campus	142,099	145,494	149,088	146,202	148,663
Property, plant, equipment, and books, net of depreciation	961,217	875,799	761,747	717,407	736,443
Prepaid expenses and other assets	29,255	28,656	27,045	20,619	19,739
Total assets	\$ 4,672,650	\$ 4,486,911	\$ 4,261,816	\$ 4,006,031	\$ 3,872,987
Total liabilities	\$ 1,202,136	\$ 1,203,918	\$ 1,208,602	\$ 1,118,041	\$ 844,456
Total net assets	\$ 3,470,514	\$ 3,282,993	\$ 3,053,214	\$ 2,887,990	\$ 3,028,531

OTHER FINANCIAL INFORMATION

Net investments (including FHBO), at fair value	\$ 2,931,311	\$ 2,854,068	\$ 2,697,571	\$ 2,322,651	\$ 2,553,192
Investments payout in support of operations	\$ 96,436	\$ 97,185	\$ 89,215	\$ 84,094	\$ 81,428

STUDENTS

Enrollment**					
Undergraduate	6,454	6,124	5,943	5,705	5,334
Post-Baccalaureate	5,333	5,390	6,184	5,760	5,458

**Enrollment for fall semester of fiscal year in FTEs



Report of Independent Auditors

To the Board of Trustees
Case Western Reserve University

Opinion

We have audited the accompanying financial statements of Case Western Reserve University (the “University”), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities for the year ended June 30, 2025 and of cash flows for the years ended June 30, 2025 and 2024, including the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2025 and 2024, the changes in its net assets for the year ended June 30, 2025, and its cash flows for the years ended June 30, 2025 and 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

We previously audited the statement of financial position as of June 30, 2024, and the related statements of activities and of cash flows for the year then ended (the statement of activities is not presented herein), and in our report dated October 25, 2024, we expressed an unmodified opinion on those financial statements. In our opinion, the information set forth in the accompanying summarized financial information for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Discussion of Financial Results and Selected Financial Data, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Cleveland, Ohio
October 24, 2025

STATEMENTS OF FINANCIAL POSITION

<i>In thousands of dollars</i>	June 30	
	2025	2024
ASSETS		
Cash and cash equivalents	\$ 282,586	\$ 278,654
Operating investments	559,853	603,604
Accounts and loans receivable, net	111,219	103,626
Pledges receivable, net	214,963	200,614
Prepaid expenses and other assets	9,125	8,680
Right-of-use assets – operating leases	20,130	19,976
Investments, held for long-term purposes	2,020,460	1,921,654
Funds held in trust by others (“FHBO”)	350,998	328,810
Health Education Campus, net	142,099	145,494
Property, plant, equipment and books, net	961,217	875,799
TOTAL ASSETS	\$ 4,672,650	\$ 4,486,911
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 101,410	\$ 107,614
Deferred income and other liabilities	50,983	57,093
Operating lease obligations	20,130	19,976
Annuities payable	31,817	29,428
Refundable advances	23,858	20,117
Accrued pension liability	6,442	26,316
Notes and bonds payable	953,060	928,003
Refundable federal student loans	14,436	15,371
TOTAL LIABILITIES	\$ 1,202,136	\$ 1,203,918
NET ASSETS		
Without donor restrictions	\$ 503,302	\$ 479,735
With donor restrictions	2,967,212	2,803,258
TOTAL NET ASSETS	\$ 3,470,514	\$ 3,282,993
TOTAL LIABILITIES AND NET ASSETS	\$ 4,672,650	\$ 4,486,911

The accompanying notes are an integral part of the financial statements.

STATEMENT OF ACTIVITIES

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

			For the year ended June 30	
	Without Donor Restrictions	With Donor Restrictions	2025	2024
<i>In thousands of dollars</i>				
OPERATING REVENUES AND OTHER SUPPORT				
Student tuition and fees, net of student aid of \$323,183 and \$295,071, respectively	\$ 359,728		\$ 359,728	\$ 344,601
Investment returns distributed for operations	80,367		80,367	82,033
FHBO returns distributed	16,069		16,069	15,152
Investment returns on operating investments	35,157		35,157	41,745
Grants and contracts	341,780		341,780	303,075
Cleveland Clinic Lerner College of Medicine (“CCLCM”) grants and contracts	148,882		148,882	147,835
Gifts and pledges	20,095	\$ 95,707	115,802	144,309
Contributed non-financial assets	9,224		9,224	10,233
State of Ohio appropriation	2,690		2,690	2,672
Facilities and administrative cost recovery	101,969		101,969	94,908
Organized activities	13,922		13,922	13,058
Other sources	38,036	104	38,140	37,483
Auxiliary services – students	94,387		94,387	88,846
Auxiliary services – other	9,474		9,474	9,165
Net assets released from restrictions	69,217	(69,217)	-	-
TOTAL OPERATING REVENUES AND OTHER SUPPORT	\$ 1,340,997	\$ 26,594	\$ 1,367,591	\$ 1,335,115
OPERATING EXPENSES				
Instructional	\$ 503,547		\$ 503,547	\$ 427,703
Sponsored research and training	297,571		297,571	291,549
Other sponsored projects	50,620		50,620	35,342
CCLCM research and training	148,882		148,882	147,835
Libraries	20,024		20,024	24,407
Student services	40,557		40,557	41,236
University services	163,255		163,255	170,589
Auxiliary services – students	86,036		86,036	86,461
Auxiliary services – other	15,577		15,577	17,689
TOTAL OPERATING EXPENSES	\$ 1,326,069	\$ -	\$ 1,326,069	\$ 1,242,811
NET OPERATING ACTIVITY	\$ 14,928	\$ 26,594	\$ 41,522	\$ 92,304
NON-OPERATING ACTIVITIES				
Long-term investment activities				
Investment income	\$ 16,703	\$ 107,606	\$ 124,309	\$ 61,443
Net appreciation	32,192	60,670	92,862	142,582
Total long-term investment activities	48,895	168,276	217,171	204,025
Investment returns distributed for operations	(80,367)		(80,367)	(82,033)
Change in liabilities due under life-income agreements		(4,548)	(4,548)	752
Loss on disposal of plant assets	(119)		(119)	(440)
Pension plan changes other than periodic benefit costs	13,862		13,862	15,171
Net assets released from restrictions	26,368	(26,368)	-	-
NET NON-OPERATING ACTIVITY	\$ 8,639	\$ 137,360	\$ 145,999	\$ 137,475
CHANGE IN NET ASSETS				
Beginning net assets	479,735	2,803,258	3,282,993	3,053,214
ENDING NET ASSETS	\$ 503,302	\$ 2,967,212	\$ 3,470,514	\$ 3,282,993

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

<i>In thousands of dollars</i>	For the year ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 187,521	\$ 229,779
<i>Adjustments to reconcile change in net cash used for operating activities:</i>		
Depreciation	85,261	76,675
Amortization of bond issuance costs	323	353
Amortization of bond premiums	(4,593)	(5,542)
Amortization of right-of-use assets - operating leases	3,804	4,117
Realized and unrealized net gains on investments	(213,377)	(197,888)
Realized and unrealized net gains on funds held in trust by others	(22,188)	(24,818)
Increase (decrease) to annuities payable resulting from actuarial adjustments	4,548	(752)
Gifts of property and equipment	-	(574)
Loss on disposal of plant assets	119	440
Contributions for long-term investment	(50,190)	(52,561)
Increase in accounts and loans receivable, net	(10,758)	(2,421)
Increase in pledges receivable, net	(14,349)	(31,723)
(Increase) decrease in prepaid expenses and other assets	(445)	978
(Decrease) increase in accounts payable and accrued expenses	(10,243)	19,345
Increase (decrease) in deferred income and other liabilities	3,890	(14,437)
Decrease in operating lease obligations	(3,804)	(4,117)
Decrease in annuities payable	(119)	-
Increase in refundable advances	3,741	5,519
Decrease in accrued pension liability	(19,874)	(25,709)
NET CASH USED FOR OPERATING ACTIVITIES	\$ (60,733)	\$ (23,336)
CASH FLOWS FROM INVESTING ACTIVITIES		
Student loans		
Collected	\$ 5,106	\$ 5,934
Issued	(1,941)	(2,387)
Increase in cash for long-term investment	(1,100)	(910)
Proceeds from the sale of investments	1,199,727	1,107,121
Purchase of investments	(1,041,405)	(1,040,912)
Increase in Health Education Campus	(11,950)	(11,410)
Proceeds from the sale of plant assets	188	456
Purchases of property, plant, equipment and books	(161,602)	(183,536)
NET CASH USED FOR INVESTING ACTIVITIES	\$ (12,977)	\$ (125,644)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in federal advances for student loans	\$ (935)	\$ (866)
Contributions for long-term investment	32,654	40,733
Proceeds from the sale of investments received as gifts	18,636	12,737
Proceeds from short-term debt	310,500	113,000
Repayment of short-term debt	(262,500)	(68,000)
Repayment of notes and bonds payable	(18,673)	(20,717)
Increase to annuities payable resulting from new gifts	10	141
Decrease to annuities payable resulting from payments	(2,050)	(2,116)
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ 77,642	\$ 74,912
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 3,932	\$ (74,068)
Cash and cash equivalents, beginning of year	278,654	352,722
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 282,586	\$ 278,654
SUPPLEMENTAL DATA:		
Interest paid in cash	\$ 39,051	\$ 39,404
Construction-in-progress payments included in accounts payable	24,601	20,562
Noncash activity:		
Commencement of new operating lease obligation	3,959	6,705

The accompanying notes are an integral part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Case Western Reserve University (“the University”) is an Ohio not-for-profit corporation that operates a private research university in Cleveland, Ohio. The financial statements of the University as of June 30, 2025 and 2024, and for the years then ended, have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Accordingly, the accompanying financial statements have been prepared on the accrual basis of accounting.

Net Asset Categories

Standards for external financial reporting by not-for-profit organizations require that resources be classified for reporting purposes into two net asset categories according to donor-imposed restrictions (Note 17):

Without Donor Restrictions are those net assets not subject to donor-imposed restrictions. All revenues, gains and losses that are not restricted by donors are included in this classification. All operating expenses are reported as decreases in net assets without donor restrictions.

Contributions not subject to donor-imposed restrictions and donor-restricted contributions that are received and either spent, or deemed spent, for the restricted purpose within the same year are reported as increases to net assets without donor restrictions.

Net assets without donor restrictions include certain funds that are Board-designated as functioning as endowment and a liquidity reserve.

With Donor Restrictions are those net assets subject to donor-imposed time or purpose restrictions that are expected to be met and those subject to donor-imposed perpetual restrictions. These net assets include donor-restricted endowment, unconditional pledges, certain funds restricted for capital projects, split-interest agreements, and interests in perpetual trusts held by others.

For donor-imposed time or purpose restrictions, the University meets such donor restrictions through the passage of time, the appropriation of endowment earnings, placing gift-funded capital projects into service, and/or the University incurring expenses. When such restrictions are met, the related net assets are reported as *Net assets released from restrictions* in the statement of activities.

Contributions

Contributions, including unconditional pledges to give and irrevocable trusts held by others with the University as the beneficiary, are recognized as revenues in the period received or promised. They are classified as net assets without donor restrictions or with donor restrictions depending upon the donor’s intent.

Contributions restricted for the acquisition of land, buildings and equipment are reported as revenues with donor restrictions. These contributions are reclassified to net assets without donor restrictions when the assets are placed in service. Promises to give that are subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in net assets with donor restrictions.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value at the date of gift. Contributions scheduled to be received after one year are discounted using a market rate (Note 4).

Grants and Contracts (Government and Private)

Government and private grant contracts are reviewed to determine whether they constitute an exchange transaction or a contribution, and whether conditions are present that would affect the timing of revenue recognition. Those determined to be contributions without conditions will have revenue recognized in the period the grant or contract is entered into and those determined to have conditions will have revenue recognized once the condition has been met. The University had conditional government grants of \$496,054 (2025) and \$287,583 (2024). Those determined to be exchange transactions will have revenue recognized when the performance obligations of the grant or contract funding have been met. Sponsored support for which restrictions are met in the same year are reflected in revenues without donor restrictions. Any payment received prior to qualifying expenses being incurred is recorded as a refundable advance. Once recognition is allowed, projects funded by grants and contracts that incur expenses prior to payment receipts are recorded as revenue with a corresponding receivable.

Investment Returns on Operating Investments

The University has invested excess operating funds and certain Board-designated funds with the University's investment pool. The operating funds are invested alongside other funds and receive a pro-rata portion of income, expenses, gains, and losses of the pool.

Cash and Cash Equivalents

The University considers all highly liquid investments with an original maturity of 90 days or less when purchased as cash and cash equivalents, except those amounts managed by investment managers as part of the investment pool that do not belong to operations, or unspent bond proceeds, which are classified as investments. The University maintains operating cash and reserves for replacement balances in financial institutions which, from time to time, may exceed federally insured limits. The University periodically assesses the financial condition of these institutions and believes that the risk of loss is minimal.

Operating Investments

Operating investments are stated at fair value and include all other current investments with original maturities greater than 90 days that are used to support operations. These investments may include obligations of triple A-rated banks, various United States Government agencies, other investments, and internal operating funds invested in the University's investment pool. Although the pool primarily invests in mid- to long-term investments, the pool maintains a sufficient investment mix that allows operating assets to be liquidated upon demand.

Leases

The University determines if an arrangement is a lease at inception. The University has both leases under which it is obligated as a lessee and leases for which it is a lessor. Operating leases as a lessee are included in *Right-of-use assets – operating leases* and *Operating lease obligations* in the 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 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 and discounted using an appropriate incremental borrowing rate. The incremental borrowing rate is based on the information available at commencement date. The value of an option to extend a lease is reflected to the extent it is reasonably certain management will exercise that option.

Investments

Investments (Note 8) are made within guidelines authorized by the University's Board of Trustees ("the Board"). Investments are initially recorded at cost at date of acquisition or fair value at date of donation in the case of gifts.

Ownership of marketable securities is recognized as of the trade date. Endowment returns are calculated net of internal and external investment management expenses.

Investments are stated at fair value as defined by Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures." Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability, i.e., an exit price, in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The fair value of all debt and equity securities with readily determinable fair values are based on quotations obtained from national securities exchanges. As a practical expedient, the alternative investments, which are not readily marketable, are carried at estimated fair values based on the University's proportional share of the net asset value of the total fund as provided by the investment managers. The University reviews and evaluates the values provided by the investment managers including the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. The fair value of investments valued at net asset value as a practical expedient are excluded from the fair value hierarchy.

Realized gains and losses on investments are included in *Investment income* in the statement of activities. Average cost is generally used to determine gains or losses on securities sold. Unrealized changes in the fair value of investments are shown as net unrealized appreciation or depreciation.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 – Quoted unadjusted prices in active markets for identical assets or liabilities. An active market is one in which transactions occur with sufficient frequency and volume to produce pricing information on an ongoing

basis. Market price data are generally obtained from exchange or dealer markets.

Level/ 2 – Pricing inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities. Inputs are obtained from various sources including market participants, dealers and brokers.

Level/ 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Collections

The University's collections of historically significant artifacts, scientific specimens, and art objects are held for education, research, scientific inquiry, and public exhibition. They are neither disposed of for financial gain nor encumbered in any manner. Accordingly, their value is not reflected in the University's financial statements.

Funds Held in Trust by Others

Funds held in trust by others are assets held and administered by outside trustees from which the University derives income or residual interest. Funds held in trust by others are reported at their fair value as of June 30, 2025 and 2024.

Income received from funds held in trust by others is classified as net assets with donor restrictions until those amounts are appropriated and expended by the University. Income appropriated within the same year earned/received is classified as without donor restrictions. Unrealized changes in the fair value of investments are shown as net unrealized appreciation or depreciation in net assets with donor restrictions.

Health Education Campus

The University currently has shared interests in the Health Education Campus ("HEC") with the Cleveland Clinic Foundation ("CCF"). Commencing in fiscal year 2014, the University and CCF began a joint effort to raise funds for the construction of the HEC project. Occupancy of the HEC, which includes an academic building and separate dental clinic, began in spring 2019 and the University's basis is determined on cash transfers toward the HEC project.

Upon the completion of fundraising and final funding of the project, the parties are committed to joint ownership of the above described properties (Note 9).

Fixed Assets

When capital assets are sold or disposed, the carrying value of such assets and any accumulated depreciation are removed from the asset accounts. Any resulting gain or loss on disposal is recognized in the non-operating portion of the statement of activities.

Expenditures for construction-in-progress are capitalized as incurred and depreciated over the estimated life of the asset when placed into service. All identifiable direct costs including other costs incurred to ready the asset for its intended use are included in the cost of the project. The University capitalizes interest on borrowings to finance facilities, net of any investment income earned through the temporary investment of project borrowings, during construction until the project has been substantially completed.

Split-Interest Agreements

The University has split-interest agreements consisting primarily of pooled income funds, charitable gift annuities and charitable remainder unitrusts and annuities. Contributions are recognized at the date the trusts and annuities are established, net of a liability for the present value of the estimated future cash outflows to beneficiaries, using a discount rate of 4.61% and 4.47% for June 30, 2025 and 2024, respectively. These assets are invested and payments are made to donors and beneficiaries in accordance with the respective agreements.

Allocation of Certain Expenses

The statement of activities presents expenses by function. Some expenses – such as depreciation, amortization, and expenses related to the operation of the physical plant – are allocated by square footage. Interest expense is allocated to the functions that derive the greatest benefit from the facilities financed (Note 16).

Retirement Plans

The University accounts for its defined benefit postretirement plan in accordance with ASC 715, "Compensation – Retirement Benefits." The University recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statements of financial position in the year in which

the change occurs, with an offsetting impact to net assets without donor restriction.

Use of Estimates

Financial statements using U.S. GAAP rely on estimates. At June 30, management makes certain estimates and assumptions, which affect assets and liabilities, disclosures of contingent assets and liabilities, and reported revenues and expenses during the period. Actual results may differ from these estimates.

Comparative Information

The statement of activities includes prior year summarized comparative information in total, but not by net asset category. Such information does not include enough detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2024, from which it was derived.

Income Taxes

The University is exempt from federal income tax to the extent provided under section 501(c) (3) of the Internal Revenue Code ("IRC"). The University is classified as an organization that is not a private foundation under section 509(a) of the IRC, and as such, gifts to the University qualify for deduction as charitable contributions. The University is exempt from federal income tax; however, it is required to pay federal income tax on unrelated business income. The University did not have any material income tax liabilities for the years ended June 30, 2025 and 2024. ASC 740, "Income Taxes," prescribes a recognition threshold and measurement requirements for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In addition, ASC 740 provides guidance on recognition, classification and disclosure requirements for uncertain tax provisions. The University has no financial reporting requirements associated with ASC 740 for the years ended June 30, 2025 and 2024.

Revenue Recognition

The University appropriately reflects the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Significant judgments, such as the timing of satisfaction of performance obligation

and associated transaction prices, may be required in the recognition of revenue, and certain economic factors, such as varying student class sizes, may affect revenue recognized in future years. Student tuition and fees are recorded as revenues during the year the related academic services are provided and are displayed net of student aid on the statement of activities. Student tuition and fees received in advance of services provided are recorded as deferred income. The University's significant revenue sources, shown in disaggregated form, for the fiscal years ended June 30, 2025 and 2024 are as follows:

	2025	2024
STUDENT TUITION AND FEES		
Undergraduate tuition	\$ 409,535	\$ 373,610
Less: Student aid	(232,291)	(207,487)
	177,244	166,123
Graduate and professional tuition	258,057	254,495
Less: Student aid	(90,892)	(87,584)
	167,165	166,911
Fees	15,319	11,567
TOTAL NET STUDENT TUITION AND FEES	\$ 359,728	\$ 344,601
AUXILIARY SERVICES REVENUE		
Food Services	\$ 28,823	\$ 27,582
Housing and greek life	56,749	52,899
Health services	7,773	7,621
Parking	6,075	5,652
Other	4,441	4,257
TOTAL AUXILIARY SERVICES REVENUES	\$ 103,861	\$ 98,011

New Pronouncements

In June 2022, the FASB issued ASU 2022-03: "Fair Value Measurement (Topic 820) – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions." The standard looks to clarify guidance when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security and to introduce new disclosure requirements. The standard is effective for fiscal years beginning after December 31, 2024. The University is evaluating the impact this will have on financial statements for the fiscal year ending June 30, 2026, the first year in which the standard is effective.

2. LIQUIDITY

The University manages its financial assets and liquidity resources in order to provide cash for payment of general expenditures, such as operating expenses, construction costs, and obligations related to debt. Financial assets classified below as available for general expenditure within one year are those that are considered both convertible to cash and free of donor-imposed and/or contractual

restrictions that would limit or prevent the use of such cash to fund general expenditures.

As of June 30, 2025 and 2024, the University's financial assets and liquidity resources available for general expenditure within one year are as follows:

	2025	2024
Financial assets available within one year:		
Cash and cash equivalents	\$ 282,586	\$ 278,654
Operating investments	325,320	367,677
Accounts and notes receivable, net	78,209	67,973
Expected pledge payments available for operations	20,944	24,317
Other assets	752	514
Fiscal year 2026 and 2025 pooled endowment and similar funds spending allocation, respectively	79,300	76,700
TOTAL FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR	\$ 787,111	\$ 815,835
Liquidity resources:		
Committed lines of credit (Note 11)	50,000	50,000
Less: current borrowings under lines of credit	-	(45,000)
Total	50,000	5,000
TOTAL FINANCIAL ASSETS AND LIQUIDITY RESOURCES AVAILABLE WITHIN ONE YEAR	\$ 837,111	\$ 820,835

Additionally, the University has Board-designated funds of \$229,504 and \$223,070, including a liquidity reserve of \$88,564 and \$87,324, as of June 30, 2025 and 2024, respectively. Although the University does not intend to spend from these investment funds, other than amounts appropriated by the Board for fiscal year 2026, amounts from its Board-designated funds could be made available, if necessary. The University also has additional committed revolving lines of credit with two financial institutions in the amount of \$150,000 and \$100,000 as of June 30, 2025 and 2024, respectively, to finance working capital. The first \$75,000 line was renewed in March 2025 and is subject to review and renewal in March 2026 and the second \$75,000 line was renewed in April 2025 and is subject to review and renewal in April 2026.

In June 2022, the University issued Series 2022C taxable century bonds. As of June 30, 2025 and 2024, respectively, \$59,400 and \$55,027 were included in *Cash and cash equivalents* and \$213,223 and \$239,632 were in *Operating investments*. The bonds were issued for strategic purposes including partial funding for a new interdisciplinary science

and engineering building and the creation of an internal bank to fund various strategic initiatives.

In addition to the financial assets above, a significant portion of the University's annual expenditures will be funded by current year operating revenues including tuition, grant and contract income and auxiliary services income. The University's cash flows have seasonal variations during the year primarily attributable to student billings and the concentration of contributions received at calendar and fiscal year ends. As part of the University's liquidity management, the University invests cash in excess of daily requirements in various short-term investment instruments.

Under the University's cash management policies, cash received from endowment spending related to either funds functioning as endowment or donor-restricted endowments is available for general expenditure. Endowment spending distributed from donor-restricted endowments is reflected in the University's net assets with donor restrictions until the expenditures actually are incurred; such expenditures are funded by available liquidity resources at the time they are paid.

3. ACCOUNTS AND LOANS RECEIVABLE

Accounts and loans receivable of the University at June 30, 2025 and 2024 were as follows:

	2025	2024
ACCOUNTS RECEIVABLE, NET		
Grants, contracts and others	\$ 77,625	\$ 67,453
Students	3,252	2,825
STUDENT LOANS, NET	30,342	33,348
ACCOUNTS AND LOANS RECEIVABLE, NET	\$ 111,219	\$ 103,626

Allowance for doubtful accounts:

Accounts receivable	\$ 7,043	\$ 5,617
Loans receivable	\$ 1,056	\$ 1,256

The student loans receivable is subject to significant restrictions and, accordingly, is not practicable to determine the fair value of such amounts.

Management regularly assesses the adequacy of the allowance for doubtful accounts by performing ongoing evaluations of the various components of the accounts receivable and student loan portfolios, including such

factors as the differing economic risks associated with each category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, and the past history of the various borrowers and the University.

Factors also considered by management when performing its assessment, in addition to general economic conditions and the other factors described above, included, but were not limited to, a detailed review of the aging of the various receivables and loans, and a review of the default rate by loan category in comparison to prior years. The level of the allowance is adjusted based on the results of management's analysis.

Management considers the allowance for doubtful accounts to be prudent and reasonable. Furthermore, the University's allowance is general in nature and is available to absorb losses from any loan category.

Management believes that the allowance for doubtful accounts at June 30, 2025 is adequate to absorb credit losses inherent in the portfolio as of that date.

4. PLEDGES RECEIVABLE

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Multi-year pledges are recorded after discounting based on the market rate to the present value of expected future cash flows. The discount rate utilized for fiscal 2025 and 2024 was 5%.

Unconditional promises to give at June 30, 2025 and 2024 are expected to be realized in the following periods:

	2025	2024
Less than one year	\$ 72,178	\$ 75,617
Between one year and five years	163,808	149,774
More than five years	35,258	30,981
	271,244	256,372
Less: Discount	(18,296)	(17,667)
Less: Allowance	(37,985)	(38,091)
TOTAL PLEDGES RECEIVABLE, NET	\$ 214,963	\$ 200,614

Management follows a similar approach as described in Note 3 for accounts and loans receivable in evaluating the adequacy of the allowance for doubtful accounts for

pledges receivable. Management considers the allowance for doubtful accounts to be prudent and reasonable. Management believes that the allowance for doubtful accounts at June 30, 2025 is adequate to absorb any uncollectible pledges as of that date.

Pledges receivable at June 30, 2025 and 2024 had the following restrictions:

	2025	2024
Department programs and activities	\$ 75,255	\$ 83,225
Endowments for scholarships and department programs and activities	79,250	56,431
Building construction	60,458	60,958
TOTAL PLEDGES RECEIVABLE, NET	\$ 214,963	\$ 200,614

Uncollectible pledges totaling \$11,646 (2025) and \$3,696 (2024) were written off against the allowance for uncollectible pledges. The University had unsecured related party pledges of \$13,195 (2025) and \$12,903 (2024) and conditional pledge commitments totaling \$13,661 (2025) and \$15,265 (2024).

5. LEASING

The University is committed to minimum annual rent payments under several operating leases for educational and commercial space through fiscal year 2038. The components of lease expense are as follows:

LEASE COST	2025	2024
Operating lease expense	\$ 4,750	\$ 4,886
Short-term lease expense	551	1,023
TOTAL LEASE EXPENSE	\$ 5,301	\$ 5,909

OTHER INFORMATION:

Weighted-average remaining lease term in years – operating leases	6.3 years	7.7 years
Weighted-average discount rate – operating leases	3.91%	3.83%

Payments due include options to extend operating leases through fiscal year 2038 and are summarized as follows as of June 30, 2025:

Year	
2026	\$ 4,915
2027	4,689
2028	3,420
2028	2,835
2030	1,557
Thereafter	5,577
	22,993
Less: amounts representing interest	(2,863)
TOTAL OPERATING LEASE OBLIGATION	\$ 20,130

The University is the lessor in one lease for commercial space through fiscal year 2041 and 32 leases for commercial space through fiscal year 2026. Future minimum rental revenue due is summarized below as of June 30, 2025:

Year	
2026	\$ 1,131
2027	1,032
2028	1,032
2029	1,032
2030	1,032
Thereafter	10,833
TOTAL	\$ 16,092

6. LONG-TERM INVESTMENTS

The University holds long-term investments for endowment funds with donor restrictions, donor-restricted funds, annuity assets, Board-designated funds and excess operating assets that are able to be invested in longer term investments.

The University invests through traditional investments as well as operating an investment pool that works similar to a mutual fund (Note 7). The University's long-term investments at June 30, 2025 and 2024 were as follows:

	2025	2024
Equity securities	\$ 530,624	\$ 444,158
Fixed-income securities	376,308	441,210
Limited partnerships and Other		
Venture capital	21,775	20,228
Private equity	844,656	844,855
Real estate	59,283	56,790
Absolute return	719,114	690,542
Other	28,472	27,394
Equity real estate	81	81
TOTAL INVESTMENTS	\$ 2,580,313	\$ 2,525,258

	2025	2024
Operating investments	\$ 559,853	\$ 603,604
Investments, held for long-term purposes	2,020,460	1,921,654
TOTAL INVESTMENTS	\$ 2,580,313	\$ 2,525,258

7. ENDOWMENT AND SIMILAR FUNDS

Endowment Funds

The purpose of endowment funds is to generate in perpetuity revenue to support specific activities or for general institutional use. Endowments represent only those net assets that are under the control of the University. Gift annuities, interests in funds held in trust by others, and pledges designated for the endowment but not yet received are not considered components of the endowment.

The state of Ohio has enacted legislation that incorporates the provisions outlined in the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). UPMIFA stipulates that unless directed otherwise in the gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for expenditure by the institution. Accordingly, the following items are recorded as net assets with donor restrictions:

- The original value of initial gifts donated to the permanent endowment
- The original value of subsequent gifts to the permanent endowment

- For those endowment funds with donor-specified reinvestment provisions, accumulations to the permanent endowment made in accordance with the gift instrument at the time the accumulation is added to the fund

Similar Funds

The Board has designated certain funds to function as endowments and has co-invested as such. Donor purpose-restricted funds were not given to the University with the understanding that the gift amount would be maintained in perpetuity; these funds are classified as net assets with donor restrictions. Even though the Board has elected to treat these funds in the same fashion as an endowment fund, at its option, the Board may elect to change that treatment and spend these funds in accordance with the intentions of the donor, if any, without the constraints of the University endowment spending formula. All other Board-designated funds are classified as net assets without donor restrictions and include quasi-endowments and a liquidity reserve (Note 17).

The breakdown of these classifications are:

June 30, 2025	Without Donor Restrictions	With Donor Restrictions	Total
Endowments		\$ 1,623,643	\$ 1,623,643
Purpose-restricted funds functioning as endowments		404,476	404,476
Board-designated funds	\$ 140,940		140,940
TOTAL ENDOWMENT AND SIMILAR FUNDS	\$ 140,940	\$ 2,028,119	\$ 2,169,059

June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Endowments		\$ 1,554,130	\$ 1,554,130
Purpose-restricted funds functioning as endowments		377,972	377,972
Board-designated funds	\$ 135,746		135,746
TOTAL ENDOWMENT AND SIMILAR FUNDS	\$ 135,746	\$ 1,932,102	\$ 2,067,848

Investment Pool

The Board’s interpretation of its fiduciary responsibilities for endowment and similar funds is to preserve inter-generational equity to the extent possible. This principle holds that future beneficiaries should receive at least the same level of economic support that the current generation enjoys. To that end, investment goals are formulated to earn returns over the long term that equal or exceed the Board-approved distribution rates plus the impacts of inflation.

The University’s endowment and similar funds are invested in a broadly diversified portfolio designed to produce long-term rates of return that sustain or increase the real spending contribution from endowed and similar assets and to mitigate downturns in a single sector.

Unless otherwise directed in the gift instrument, both endowment and similar funds are pooled for efficient investment purposes.

The pool is accounted for on a dollarized method of accounting similar to a money market fund and accounted for on an account basis. The total investment return for the pooled investments, net of external manager fees, approximated 8.53% (2025) and 8.08% (2024).

Spending Policy

The Board has approved an endowment spending policy for pooled investments based on a rolling ten-year and twenty-quarter average methodology. This approach takes into consideration the long-term effect of total return, spending, university support and inflation. The objective of this approach is to provide support for operations, preserve intergenerational equity, and insulate programming supported by endowment and similar funds from short-term fluctuations in the investment markets.

Specific appropriation for expenditure of funds under the policy occurs each spring when the Board approves both a dollar allocation and spending rate, based on beginning market value, for the following year's operating budget. The fiscal year 2025 and 2024 pooled endowment and similar funds spending allocation and rate approved by the Investment Committee of the Board were \$76,700 at a rate of 4.70% and \$76,500 at a rate of 4.80%, respectively. As new funds, which have met the criteria of the endowment spending policy, are continuously added to the pooled endowment and similar funds throughout the fiscal year, the actual dollar amount allocated to spend will most likely increase from the approved dollar allocation. The fiscal year 2025 and 2024 actual amount allocated was \$77,644 and \$76,304, respectively.

While the policy provides guidance for the level of spending permitted (allocation), the actual spending will vary from the spending allocation based on the timing of actual expenditures. Funds are transferred from the investment pool to the University's operating account after they have been spent in accordance with the endowment and similar funds requirements. The actual movement of cash and investments between the investment pool and operating accounts occurs on a periodic basis as determined by the University and its processes to maintain the proper balance between liquidity and the remaining invested.

For years where actual investment return exceeds actual approved spending, the difference remains in net assets with donor restrictions; years in which the actual endowment and similar funds return is less than distributions under the policy, the shortfall is covered by realized returns from prior years. Both fiscal years 2025 and 2024 pooled endowment and similar funds distribution were funded from a combination of current year investment income and prior year accumulated realized gains.

In addition to the general distribution described above, the Board has authorized a supplemental distribution of previously reinvested income and realized appreciation to support certain administrative-related activities. This distribution totaled \$12,653 in 2025 and \$12,126 in 2024.

Changes in endowment and similar funds net assets for fiscal year 2025 and 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT AND SIMILAR FUNDS NET ASSETS, JUNE 30, 2023	\$ 122,163	\$ 1,834,450	\$ 1,956,613
Investment income and realized gains	4,738	52,444	57,182
Unrealized gains	4,282	77,471	81,753
TOTAL INVESTMENT RETURN	9,020	129,915	138,935
Contributions	9,267	45,066	54,333
Current year expenditures	(4,704)	(77,329)	(82,033)
ENDOWMENT AND SIMILAR FUNDS NET ASSETS, JUNE 30, 2024	\$ 135,746	\$ 1,932,102	\$ 2,067,848
Investment income and realized gains	8,522	105,659	114,181
Unrealized gains	1,997	34,562	36,559
TOTAL INVESTMENT RETURN	10,519	140,221	150,740
Contributions	446	30,908	31,354
Reallocation of contributions	(1,100)	584	(516)
Current year expenditures	(4,671)	(75,696)	(80,367)
ENDOWMENT AND SIMILAR FUNDS NET ASSETS, JUNE 30, 2025	\$ 140,940	\$ 2,028,119	\$ 2,169,059

Occasionally, the fair market value of assets associated with individual donor-restricted endowment funds falls below the value of the original gift amounts. These deficits resulted from unfavorable market fluctuations that occurred after the investment of recently established endowments and additions, and authorized appropriation that was deemed prudent. The aggregate deficiencies in fair value relative to

historical cost for underwater endowments as of June 30 were as follows:

	2025	2024
Aggregate historical value	\$ 19,610	\$ 24,565
Aggregate fair value	17,665	22,296
AGGREGATE DEFICIENCY	\$ (1,945)	\$ (2,269)

8. FAIR VALUE MEASUREMENTS

Financial instruments carried at fair market value as of June 30, 2025 and 2024 by the ASC 820 valuation hierarchy are as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Total
June 30, 2025					
INVESTMENTS					
Equity securities	\$ 304,318	\$ 54		\$ 226,252	\$ 530,624
Fixed-income securities	362,084	14,224			376,308
Limited partnerships and Other					
Venture capital				21,775	21,775
Private equity				844,656	844,656
Real estate				59,283	59,283
Absolute return				719,114	719,114
Other			\$ 22,178	6,294	28,472
Equity real estate			81		81
TOTAL INVESTMENTS	\$ 666,402	\$ 14,278	\$ 22,259	\$ 1,877,374	\$ 2,580,313
FUNDS HELD IN TRUST BY OTHERS	\$ -	\$ -	\$ 350,998	\$ -	\$ 350,998
PENSION PLAN ASSETS					
Cash and cash equivalents	\$ 10,268				\$ 10,268
Equity securities	121,526				121,526
Fixed-income securities	94,580	\$ 2,951			97,531
Limited partnerships and Other					
Absolute return				\$ 24,730	24,730
Other				9,817	9,817
Equity real estate				7,114	7,114
TOTAL PENSION PLAN ASSETS (Note 12)	\$ 226,374	\$ 2,951	\$ -	\$ 41,661	\$ 270,986
ASSETS AT FAIR VALUE	\$ 892,776	\$ 17,229	\$ 373,257	\$ 1,919,035	\$ 3,202,297
Interest rate swaps payable (Note 15)	\$ -	\$ 3,182	\$ -	\$ -	\$ 3,182
LIABILITIES AT FAIR VALUE	\$ -	\$ 3,182	\$ -	\$ -	\$ 3,182

June 30, 2024	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Total
INVESTMENTS					
Equity securities	\$ 332,817	\$ 54		\$ 111,287	\$ 444,158
Fixed-income securities	427,251	13,959			441,210
Limited partnerships and Other					
Venture capital				20,228	20,228
Private equity				844,855	844,855
Real estate				56,790	56,790
Absolute return				690,542	690,542
Other			\$ 21,371	6,023	27,394
Equity real estate			81		81
TOTAL INVESTMENTS	\$ 760,068	\$ 14,013	\$ 21,452	\$ 1,729,725	\$ 2,525,258
FUNDS HELD IN TRUST BY OTHERS	\$ -	\$ -	\$ 328,810	\$ -	\$ 328,810
PENSION PLAN ASSETS					
Cash and cash equivalents	\$ 11,149				\$ 11,149
Equity securities	139,670				139,670
Fixed-income securities	51,637	\$ 1,472			53,109
Limited partnerships and Other					
Absolute return				\$ 22,721	22,721
Other				12,112	12,112
Equity real estate				6,970	6,970
TOTAL PENSION PLAN ASSETS (Note 12)	\$ 202,456	\$ 1,472	\$ -	\$ 41,803	\$ 245,731
ASSETS AT FAIR VALUE	\$ 962,524	\$ 15,485	\$ 350,262	\$ 1,771,528	\$ 3,099,799
Interest rate swaps payable (Note 15)	\$ -	\$ 2,822	\$ -	\$ -	\$ 2,822
LIABILITIES AT FAIR VALUE	\$ -	\$ 2,822	\$ -	\$ -	\$ 2,822

Level 3 Investment Information

Investments included in Level 3 consist primarily of the University's funds held in trust by others that are assets held and administered by outside trustees from which the University derives income or residual interest.

The University's interests are reported at estimated fair value, based on the value of the underlying assets, which approximates the present value of future income from these trusts.

A roll forward of the statements of financial position amounts for financial instruments classified by the University within Level 3 of the fair value hierarchy is as follows:

	Equity Real Estate	Other	Funds Held by Others	Total
June 30, 2023	\$ 81	\$ 19,863	\$ 303,992	\$ 323,936
Investment income		88		88
Unrealized gains		1,467	24,818	26,285
Settlements		(187)		(187)
Transfers		140		140
June 30, 2024	\$ 81	\$ 21,371	\$ 328,810	\$ 350,262
Investment income		306		306
Unrealized gains		1,052	22,188	23,240
Settlements		(193)		(193)
Transfers		(358)		(358)
June 30, 2025	\$ 81	\$ 22,178	\$ 350,998	\$ 373,257

The net realized and unrealized gains in the table above are included in the University's statement of activities in one of two financial statement lines: *Investment income* or *Net appreciation*.

The pricing inputs and methods described above could produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The University is permitted under U.S. GAAP to estimate the fair value of an investment at the measurement date using the reported net asset value ("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 U.S. GAAP. The University's investments in equity securities, certain venture capital, certain private

equity, real estate and certain hedge funds in the absolute return portfolio are fair value based on the most current NAV.

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 U.S. GAAP. The University has assessed factors including, but not limited to, managers' compliance with the Fair Value Measurement standard, price transparency at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

The guidance also requires additional disclosures to enable users of the financial statements to understand the nature and risk of the University's investments.

The table below illustrates the fair value of the University's investments measured at NAV and the commitments that have been made for future purchases:

Category	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments
Equity securities (a)	monthly, quarterly, annually	30-90 days	\$ 226,252	
Limited partnerships and Other				
Venture capital (b)	see below		21,775	\$ 68,484
Private equity (c)	see below		844,656	136,518
Real estate (d)	see below		59,283	54,213
Absolute return (e)	monthly, quarterly, annually	30-90 days	743,844	41,465
Other (f)	see below		16,111	
Equity real estate (g)	quarterly	30-90 days	7,114	
TOTAL			\$ 1,919,035	\$ 300,680

(a) **Equity securities** include funds invested in equity securities domiciled in the United States and countries outside of the United States including developed and emerging markets. Approximately 93% of the net asset value is accessible within one year.

(b) **Venture capital** includes several private equity funds that invest primarily in technology, health care or clean technology industries. While the portfolio is U.S. centric, there are small allocations to companies in foreign markets. The funds typically provide money and resources to entrepreneurs to finance a start-up company or product, with the hope that the company experiences exceptional growth and therefore would produce a successful investment. The funds invest at different stages of a company's growth, some very early and others at a later stage where the company may already produce revenues. It is estimated that the underlying investments within the funds would be fully liquidated over the next 7-12 years.

(c) **Private equity** includes several private equity funds that invest across all industries. While the portfolio is U.S. centric, there has been an increasingly larger allocation to companies in foreign markets. The funds typically invest capital into more mature companies for a minority or majority of ownership and through operational and financial expertise, generate a return of capital greater than the original amount invested. It is estimated that the underlying investments within the funds would be fully liquidated over the next 7-12 years.

(d) **Real estate** includes private real estate funds that invest primarily in the United States. Some of these private partnerships also make investments internationally, primarily in Europe, India and Brazil. The private funds make investments in various real estate types, such as office, industrial, retail and multi-family properties. It is estimated that the underlying investments within the funds would be fully liquidated over the next 5-7 years.

(e) **Absolute return** includes hedge fund investments across a multitude of strategies including long/short equity, long/short commodity, global macro, multi-strategy, event-driven,

credit, fund of hedge funds, and emerging markets. The vast majority of these investments are U.S. based, but some may invest internationally. Investment managers may make investment decisions based on top-down macro-economic analysis or bottom-up company or theme specific analysis; managers may shift portfolios from net long to net short positioning but on balance tend to carry a net long exposure within their portfolios. The estimated fair values of the investments are received on a monthly basis from the fund administrators. Final valuations are typically received around mid-month for most funds, but in some instances funds will report final valuations on a quarterly basis in accordance with the reporting period specified in the fund legal documents. Fund liquidity varies across the absolute return category from monthly, quarterly, annually, and up to a maximum of three years for traditional hedge fund vehicles and 5-10 years for private credit vehicles. Approximately 49% of the net asset value in this asset class is accessible within one year or less and 81% within three years. Over the course of the last twenty four months less liquid, private credit funds with 5-10 year hold periods have been added to the portfolio for diversification purposes. The private credit funds have reduced the liquidity in the absolute return asset class, but portfolio liquidity is still maintained at manageable levels.

(f) **Other** includes various investments that do not fall within the other categories listed. Examples would include liquid multi-asset strategy investments with 5-10 year hold periods.

(g) **Equity real estate** includes liquid real estate securities and indices domiciled in both the United States and countries outside of the United States including developed and emerging markets.

The valuations for the venture capital, private equity and real estate investments have been estimated using the managers' fair market values, which have been vetted to make sure they meet the ASC 820 guidelines. As these investments age in duration, distributions will be received from these funds as the underlying properties, and portfolio companies, are sold at the market.

9. HEALTH EDUCATION CAMPUS

In fiscal year 2014, the University and CCF began a joint effort to raise funds for the construction of the HEC project estimated to be approximately \$509,000 as of June 30, 2025. The University and CCF have entered into an agreement with a perpetual term to provide for the operation and joint use of the HEC, which includes an academic building and a separate dental clinic. The HEC provides a unified educational space for programs of the School of Medicine, including the Cleveland Clinic Lerner College of Medicine (“CCLCM”), the

School of Dental Medicine and the Frances Payne Bolton School of Nursing. Occupancy occurred in spring 2019. CCF provided interim funding of the construction costs, while the University and CCF collaborate on fundraising to cover the capital costs of the HEC. As the total costs of the HEC, were not raised by 2020, the University has agreed to provide up to \$50,000 over the five-year period beginning in 2021, of which \$50,000 was paid as of June 30, 2025. Components of the HEC are as follows:

	2025	2024
Cash transferred to CCF and gift-in-kind	\$ 168,439	\$ 156,489
Less: Accumulated depreciation	(26,340)	(20,995)
	\$ 142,099	\$ 135,494
University obligation	-	10,000
TOTAL HEALTH EDUCATION CAMPUS, NET	\$ 142,099	\$ 145,494

The University has pledges receivable for the HEC project of \$3,767 (2025) and \$4,967 (2024).

As the University occupies approximately 83% of the HEC, but has only transferred cash and gifts for approximately 33% of the total estimated HEC project costs, the

University has free use of a portion of the HEC. The contributed revenue from the free use of space, recorded in *Contributed non-financial assets*, and the corresponding expense, recorded in *Instructional*, was \$9,224 (2025) and \$9,659 (2024).

10. PROPERTY, PLANT, EQUIPMENT AND BOOKS

Property, plant, equipment and books are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of 10 to 30 years for land improvements, 10 to 50 years for building

and building improvements, 5 to 15 years for equipment, and 10 years for books. Components of property, plant, equipment and books are as follows:

	2025	2024
Land and land improvements	\$ 100,189	\$ 90,105
Building and building improvements	1,703,242	1,541,296
Equipment and software	429,039	407,229
Library books	47,169	47,693
Construction-in-progress	186,308	221,815
	2,465,947	2,308,138
Less: Accumulated depreciation	(1,504,730)	(1,432,339)
TOTAL PROPERTY, PLANT, EQUIPMENT AND BOOKS, NET	\$ 961,217	\$ 875,799

The above assets include \$552,401 leased from the Ohio Higher Educational Facility Commission (“OHEFC”). The University may purchase each of the leased assets for a nominal amount at the end of the lease period. Therefore, these assets have been capitalized and are included in the above listing. The corresponding liability is included in *Notes and bonds payable* on the statements of financial position.

Capitalized interest added to construction-in-progress was \$9,064 (2025) and \$11,933 (2024).

The expected cost to complete construction-in-progress was \$312,313 (2025) and \$32,264 (2024).

Depreciation expense included in the statement of activities was \$85,261 (2025) and \$76,675 (2024).

11. NOTES AND BONDS PAYABLE

Notes and bonds payable are as follows:

		Interest Rate(s)	Maturity	2025	2024
OHEFC revenue notes and bonds ¹ :					
Fixed-rate bonds:	Series 2006	5.25%	2025-2027	\$ 6,840	\$ 6,840
	Series 2015A	5.00%	2025-2030	11,320	13,580
	Series 2016	3.00 - 5.00%	2025-2041	106,935	114,680
	Series 2018	5.00%	2025-2031	76,070	81,755
	Series 2019B	5.00%	2032-2041	30,550	30,550
	Series 2019C	1.63%	2027-2035	35,815	35,815
	Series 2021A	4.00%	2026-2045	28,455	28,455
Variable-rate bonds:	Series 2021B	2.15 - 4.11% ²	2027	35,000	35,000
Taxable Notes Payable ³ :	Series 2022A	2.58%	2037	56,040	56,040
	Series 2022B	3.30%	2053	113,490	115,915
Taxable Bonds Payable:	Series 2022C	5.41%	2122	350,000	350,000
Compass Group USA, Inc.		-n/a-	2025-2030	3,904	4,461
TOTAL LIABILITY				\$ 854,419	\$ 873,091
Line of credit				93,000	45,000
Unamortized bond premium				10,833	15,427
Unamortized bond issuance cost				(5,192)	(5,515)
TOTAL NOTES AND BONDS PAYABLE				\$ 953,060	\$ 928,003

¹Terms of the respective bonds are disclosed in the year of issuance.

²The OHEFC Series 2021B beginning and ending rate - the weighted average is 3.30%.

³Taxable Notes Payable includes bonds from New York Life and the Century Bonds.

The University has committed revolving lines of credit with two financial institutions in the amount of \$200,000 to finance working capital. The University entered into a new committed revolving line of credit for \$75,000 in April 2025, which is subject to review and renewal in April 2026. The second \$75,000 line was renewed in March 2025 and is subject to review and renewal in March 2026. The remaining \$50,000 was renewed in August 2025 and is subject to review and renewal in September 2026. The amount outstanding was \$93,000 (2025) and \$45,000 (2024).

The University has one uncommitted line of credit with a financial institution in the amount of \$75,000 to provide short-term liquidity to the investment pool. The line was renewed in January 2024 and is subject to review and

renewal in January 2026 and was not utilized during the fiscal year.

Principal payment requirements for bonds and notes for the next five fiscal years and thereafter are as follows:

Year	Total Scheduled Principal Payments
2026	\$ 111,503
2027	18,418
2028	18,288
2029	18,983
2030	83,578
Thereafter	696,649
TOTAL	\$ 947,419

12. RETIREMENT PLANS

The University has both defined benefit and defined contribution pension plans for its employees. In accordance with provisions of the Employee Retirement Income Security Act of 1974, the University has established a trust to hold plan assets for its defined benefit plan. The funded status of the University's defined benefit plan is as follows:

	2025	2024
Funded status at June 30 of prior fiscal year	\$ (26,316)	\$ (52,025)
Service cost	(6,416)	(6,387)
Interest cost	(15,379)	(14,503)
Expected return on assets	18,250	16,767
Actuarial gain	12,637	13,446
Employer contributions	10,782	16,386
FUNDED STATUS AT JUNE 30	\$(6,442)	\$(26,316)

Accumulated benefit obligation \$277,321 \$271,920

Benefit plan costs for the defined benefit plan are as follows:

	2025	2024
Net periodic benefit cost	\$ 4,770	\$ 5,848
Employer contributions	10,782	16,386
Benefits paid	10,641	10,018

Estimated benefits expected to be paid under the defined benefit plan for the next five fiscal years are as follows:

2026	\$ 11,137
2027	12,179
2028	12,888
2029	14,008
2030	14,783

Amounts expected to be paid between 2031 and 2035 total \$86,277. The University's estimated employer contribution for the defined benefit plan in fiscal 2026 will depend on the results of the July 1, 2025 actuarial valuation and is estimated to be \$11,425.

Weighted-average assumptions used to determine the benefit obligation and benefit plan costs are as follows:

	2025	2024
BENEFIT OBLIGATION		
Discount rate	5.85%	5.70%
Rate of compensation increase	2.50%	3.25%
Measurement date	6/30/25	6/30/24
Census date	7/1/24	7/1/23

NET PERIODIC BENEFIT COST

Discount rate	5.70%	5.45%
Expected return on plan assets	7.50%	7.50%
Rate of compensation increase	3.25%	2.25%

The expected long-term rate of return for the defined benefit plan was estimated using market benchmarks for equities and bonds applied to the plan's target asset allocation. Management estimated the rate by which the plan assets would outperform the market in the future based on historical experience adjusted for changes in asset allocation and expectations compared to past periods.

The investment objective for the defined benefit plan is to maximize total return with tolerance for slightly above average risk, in order to meet the obligations that the University has to its plan beneficiaries. To accomplish this objective, the University has established a broadly-diversified target asset allocation strategy that includes equity investments (45%), fixed income (35%), absolute return strategies (combination of fixed income and equity securities) (10%), private credit (4%), real estate (3%), and cash (3%). The weightings of the investments relative to each other in the total portfolio fluctuate as market conditions vary; they are adjusted regularly to remain within acceptable ranges.

The weighted-average asset allocation for the defined benefit plan is as follows:

	2025	2024
Equity securities	45%	57%
Fixed-income securities	40%	26%
Real estate	2%	3%
Other	13%	14%
TOTAL ASSET ALLOCATION	100%	100%

The amounts recognized in the University's statements of financial position and in net assets without donor restrictions related to the defined benefit plan are as follows:

	2025	2024
Benefit obligation at June 30	\$ 277,428	\$ 272,047
Fair value of plan assets at June 30	270,986	245,731
NET LIABILITY	\$ (6,442)	\$ (26,316)
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Accumulated actuarial losses	20,388	34,250
AMOUNT RECOGNIZED AS REDUCTION OF NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 20,388	\$ 34,250

Components of the net periodic benefit cost and other changes in plan assets that are recognized in the statement of activities are as follows:

	2025	2024
Change in actuarial gain	\$ (13,862)	\$ (15,171)
TOTAL GAIN RECOGNIZED, NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (13,862)	\$ (15,171)
Service cost	6,416	6,387
Interest cost	15,379	14,503
Expected return on assets	(18,250)	(16,767)
Net loss amortization	1,225	1,725
Net periodic benefit cost	\$ 4,770	\$ 5,848
TOTAL GAIN RECOGNIZED, STATEMENT OF ACTIVITIES	\$ (9,092)	\$ (9,323)

Benefit plan costs for the defined contribution plan are \$31,769 (2025) and \$29,133 (2024).

13. COMMITMENTS AND CONTINGENCIES

In its normal operations, the University is subject to various claims and lawsuits. In management's opinion, the resolution of these contingencies will not have a significant adverse effect on the University's financial position, operations, or cash flows.

In May 2002, the University entered into an agreement with CCF to form a new medical education and research program, CCLCM. Beginning in 2004, research grants from the National Institutes of Health to support work by CCF-based investigators were awarded to and administered through the University by CCLCM, which operates as an academic unit of the School of Medicine. Expenditures for research conducted under this joint agreement totaled \$148,882 (2025) and \$147,835 (2024).

In April 2006, the Boards of University Hospitals Health System and the University approved an affiliation agreement

between the School of Medicine and University Hospitals of Cleveland ("UHC"). This agreement created the Case Medical Center, a virtual entity that encompasses certain teaching, research, and clinical activities of the School of Medicine and UHC. In September 2016, the affiliation agreement was renewed with the exception of the Case Medical Center designation. Even though the virtual entity was dissolved, there will be continued collaboration in education and research.

The University is self-insured for workers compensation and employee and student medical coverage. Property is commercially insured with an aggregate deductible of \$700. The University also carries general liability insurance with a deductible of \$500 per occurrence. The University believes its reserves for self-insured risks and the deductible portion of insured risks are sufficient.

14. RELATED PARTY TRANSACTIONS

In 1998, the University entered into a thirty-year agreement with the Medical Center Company (a cooperative utility company formed by and serving institutions in the University Circle area) to purchase steam, chilled water, and other utilities for several University buildings. The amounts purchased were \$19,241 (2025) and \$18,534 (2024). No obligation associated with this agreement is recorded in the accompanying financial statements.

In February 2022, the Medical Center Company approved an additional energy efficiency grant in the amount of \$723 of which \$723 was used. The payback terms related to this project are 36 months beginning February 2023. The obligation related to this project recorded in *Deferred income and other liabilities* is \$221 (2025) and \$442 (2024).

15. DERIVATIVES

The University uses floating-to-fixed interest rate swap agreements of various durations to manage both its funding cost and the interest rate risk associated with variable rate debt. Under these swap agreements, the University pays a fixed rate and receives from its counterparty a variable rate payment, each calculated by reference to specified notional principal amounts during the agreement period. Operations are charged the variable rate interest on the corresponding bonds; the difference between the fixed and variable interest amounts under the swap agreements is recorded in non-operating revenues and expenses as *Investment income*.

The University follows accounting guidance that defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements about fair value measurements, including derivatives. The University's interest rate swaps are valued by an independent swap consultant that uses the mid-market levels, as of the

close of business, to value the agreements. The valuations provided are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions and the University's credit worthiness. The University's interest rate swap arrangements have inputs that can generally be corroborated by market data and are classified as Level 2 in the fair value hierarchy. Under one agreement in effect at June 30, 2025, the counterparty pays a variable interest rate equal to a percentage of the one-month SOFR.

The following table provides detailed information on the interest rate swap at June 30, 2025, with comparative fair values for June 30, 2024. Information related to the interest rate swap agreements and the liability recognized in the statements of financial position in *Deferred income and other liabilities* are as follows:

Notional Amount	Interest Rate	Commencement	Termination Date	Basis	2025	2024
					Level 2 Fair Market Value	
\$ 35,000	3.81%	Aug. 4, 2004	Aug. 1, 2034	SOFR	\$ (3,182)	\$ (2,822)
TOTAL INTEREST RATE SWAP AGREEMENT LIABILITY					\$ (3,182)	\$ (2,822)

Changes in the fair value of derivative instruments are recorded in non-operating revenues and expenses as *Investment income*. The provisions of the swap agreements require that on a weekly basis the University place into an escrow fund collateral sufficient to limit the counterparty's financial exposure to the University to no more than

\$25,000. The University had placed \$0 (2025 and 2024) into such a fund.

Interest expense recorded for the swap agreements in the non-operating activities for the year ended June 30 was \$142 (2025) and \$8 (2024).

16. NATURAL AND FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses are reported in the statement of activities by functional categories and include allocations of depreciation expense, interest on indebtedness and plant operation and maintenance costs.

Operating expenses by nature and function are summarized as follows for the years ended June 30, 2025 and 2024:

June 30, 2025	Instructional	Sponsored projects	Libraries	Student services	University services	Auxiliaries	Total operating expenses
Salaries and wages	\$ 251,022	\$ 182,183	\$ 6,422	\$ 19,870	\$ 71,235	\$ 12,171	\$ 542,903
Fringe benefits	76,857	40,711	2,080	6,263	23,643	3,698	153,252
Other operating expense	80,896	253,420	4,668	12,740	51,728	44,638	448,090
Allocations							
Depreciation	22,283	16,058	6,199	1,206	13,470	26,045	85,261
Interest	13,605	2,752	407	165	1,612	10,807	29,348
Plant operations and maintenance	58,884	1,949	248	313	1,567	4,254	67,215
TOTAL	\$ 503,547	\$ 497,073	\$ 20,024	\$ 40,557	\$ 163,255	\$ 101,613	\$ 1,326,069

June 30, 2024	Instructional	Sponsored projects	Libraries	Student services	University services	Auxiliaries	Total operating expenses
Salaries and wages	\$ 227,738	\$ 179,253	\$ 7,221	\$ 19,877	\$ 68,974	\$ 12,344	\$ 515,407
Fringe benefits	69,686	40,481	2,352	6,300	22,850	3,788	145,457
Other operating expense	88,656	220,330	3,883	12,472	51,126	44,940	421,407
Allocations							
Depreciation	18,756	15,076	6,222	1,180	14,578	20,863	76,675
Interest	2,822	4,570	794	374	3,066	16,005	27,631
Plant operations and maintenance	20,045	15,016	3,935	1,033	9,995	6,210	56,234
TOTAL	\$ 427,703	\$ 474,726	\$ 24,407	\$ 41,236	\$ 170,589	\$ 104,150	\$ 1,242,811

17. NET ASSETS

The University's net assets as of June 30 were as follows:

	2025	2024
Without donor restrictions:		
Board-designated:		
Quasi-endowments	\$ 140,940	\$ 135,746
Liquidity reserve	88,564	87,324
TOTAL BOARD-DESIGNATED	229,504	223,070
Unrestricted	273,798	256,665
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 503,302	\$ 479,735
With donor restrictions:		
Endowments	\$ 1,623,643	\$ 1,554,130
Split-interest agreements	26,023	25,619
Other for purpose or time:		
Purpose-restricted funds functioning as endowments	404,476	377,972
Pledges receivable	195,254	190,366
Funds held in trust by others	356,072	334,281
Student loan funds	40,888	40,805
Purpose-restricted funds	320,856	280,085
TOTAL OTHER FOR PURPOSE OR TIME	1,317,546	1,223,509
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 2,967,212	\$ 2,803,258

18. SUBSEQUENT EVENTS

The University has performed an evaluation of subsequent events through October 24, 2025, the date on which the financial statements were issued. No subsequent events were noted.



CASE WESTERN RESERVE
UNIVERSITY