2026

FINANCIAL REPORT



CASE WESTERN RESERVE UNIVERSITY

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This document may also be found at: case.edu/finance

CASE WESTERN RESERVE UNIVERSITY

Office of the President

To the Case Western Reserve University community,

Our historic roots in the liberal arts, and in science and engineering—followed by our evolution into one of the country's leading research universities—reflect two centuries of excellence across all we do. And central to our ability to deliver transformative education and groundbreaking research is a fiscal approach that is disciplined and strategic, year after year.

In that spirit, we present this annual financial report for Fiscal 2026. Our statements of financial position indicate continued growth in total assets and, for the 19th year in a row, a positive operating margin. Both of these factors contribute significantly to our financial stability. This matters a great deal, particularly in these times of shifting federal policies and shrinking research budgets, both of which impact higher education writ large.

I am proud of the skillful work by everyone on the Division of Finance team. Their ability to execute on a thoughtful budget that balances our long-term goals with near-term disruptions is exceptional.

Indeed, Case Western Reserve University is positioned to remain competitive and is well-prepared for a bright future ahead.



Eric W. Kaler, PhD
President and Morton L. Mandel Presidential Chair
Case Western Reserve University

CASE WESTERN RESERVE UNIVERSITY

Office of the Executive Vice President for Finance and CFO

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Case Western Reserve University for the years ended June 30, 2026 and 2025 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. Management regularly evaluates and enhances internal control processes to address the evolving operational, regulatory, and technological environment in which the University operates. These efforts support the University's commitment to sound financial stewardship and responsible management of institutional resources.

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.



Brian D. Burnett, PhD
Executive Vice President for Finance and CFO



Rose Kelly, CPA
Associate VP for Finance and Controller

DISCUSSION OF FINANCIAL RESULTS

For the fiscal year ended June 30, 2026, 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 a 19th consecutive year of positive operating activity on a Generally Accepted Accounting Principles ("GAAP") basis using the *Statement of Activities*. Net operating activity of $139.5 million, representing a 9.8% operating margin, combined with non-operating activity of $220.3 million to increase net assets by $359.8 million, providing a 25.2% margin. The University further maintained strength through growth in its *Statement of Financial Position*, with total assets reaching $5.0 billion, an increase of 7.9%.

All categories of revenue totaled $1.4 billion, an increase of $60.9 million or 4.5%. Notable revenue increases over the prior year came from *Student tuition and fees, net of student aid*, of $7.2 million and *Gifts and pledges* activity of $102.0 million.

All categories of expense totaled $1.3 billion, a decrease of $37.1 million or 2.8%. Notable expense decreases over the prior year came from sponsored projects activity of $40.1 million.

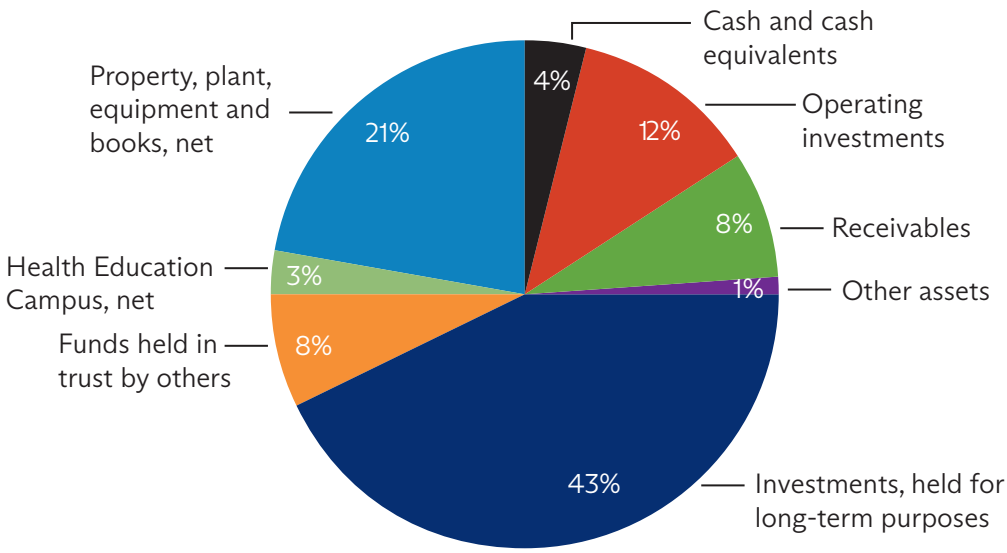
Non-operating activities totaled $220.3 million, an increase of $74.3 million or 50.9% over the prior year. The increase was due primarily to *Investment income* from long-term investment activities.

The financial results were similarly positive on a modified cash basis using the Statement of Operations (operating budget). The University's surplus was $20.4 million. 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 during a challenging time for higher education.

TOTAL ASSETS

Total assets of $5.0 billion increased by $368.1 million, or 7.9%, over the prior fiscal year. Long-term investments represented $2.2 billion, or 43.3%, and *Property, plant, equipment and books, net* represented $1.1 billion, or 21.4%. The year-over-year growth in these two largest asset classes, increasing 7.9% and 12.5% 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 later this fall in 2026, the University's bicentennial year.

TOTAL ASSETS: $5.041 BILLION



COMBINED ENDOWMENT ASSETS AND DISTRIBUTION

The University's combined endowment continues to be a cornerstone of its financial strength and long-term sustainability. During FY26, combined endowment assets increased $198.2 million, or 7.9%, to $2.7 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.

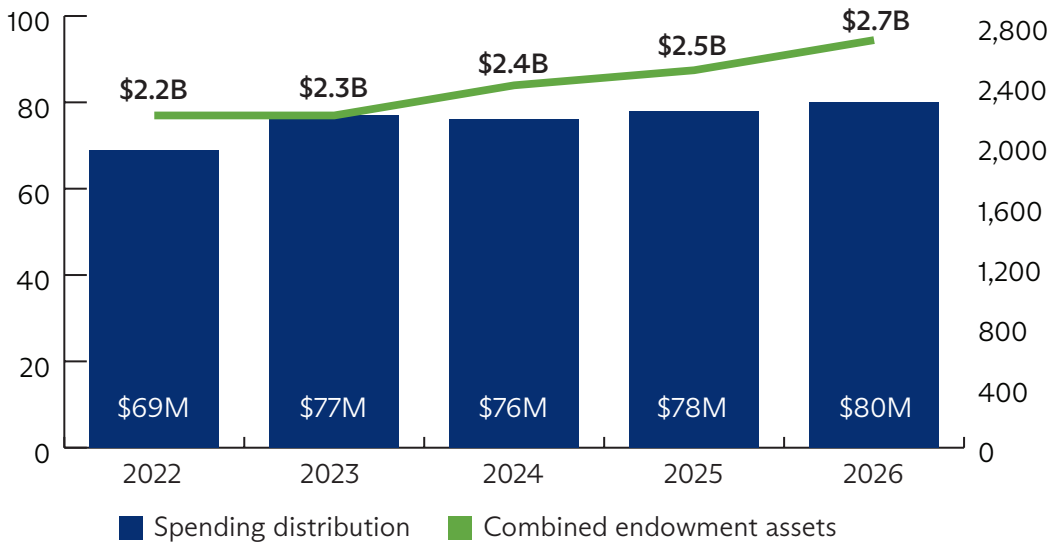
The investment pool consist of a group of funds, including the endowment funds, funds functioning as endowments (also referred to as *quasi-endowments*), Board-designated funds, and operating funds, that are invested in a broadly diversified portfolio. This portfolio is designed to preserve intergenerational 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 9.76% (2026) and 8.53% (2025). 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 FY26 increased 2.6% to $79.7 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 later this year is expected to continue to catalyze additional philanthropic interest, particularly in support of interdisciplinary research and innovation.

COMBINED ENDOWMENT ASSETS AND DISTRIBUTION



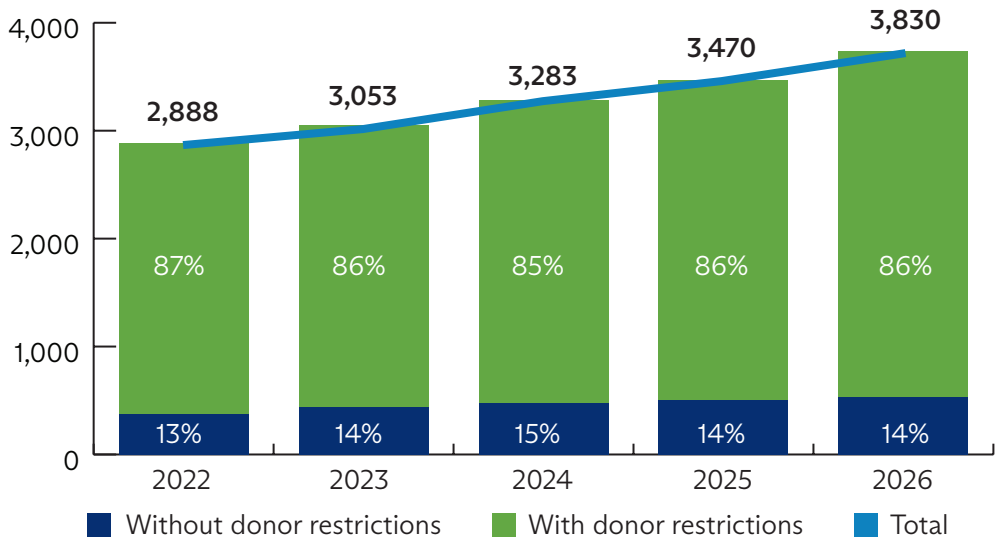
NET ASSETS

The University's net assets continued to grow in FY26, largely as a result of strong investment returns and positive net operating gains. Total net assets increased $359.8 million, or 10.4%, over the prior year to $3.8 billion. Since FY22, total net assets have grown more than $942.3 million, or 32.6%.

Net assets without donor restrictions increased $36.8 million, or 7.3%, over the prior year to $540.1 million. Net assets with donor restrictions increased $323.0 million, or 10.9%, over the prior year to $3.3 billion, driven by $229.5 million in *Investment income* and *Net appreciation*. The University received $177.0 million of new restricted gifts and pledges in FY26, including an historic $125 million commitment from the Jack, Joseph and Morton Mandel Foundation to expand student scholarships, advance ethical innovation, and champion humanities and leadership initiatives.

NET ASSETS

in millions of dollars



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, 2026, the University had unrestricted liquidity of $822.4 million available within one year. To provide supplemental liquidity support, the University maintains $225.0 million in committed bank lines of credit.

The University's net *Notes and bonds payable* as of FY26 totaled $962.8 million, an increase of $9.8 million, or 1.0%, over the prior year. While there was no new debt issued in FY26, 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.

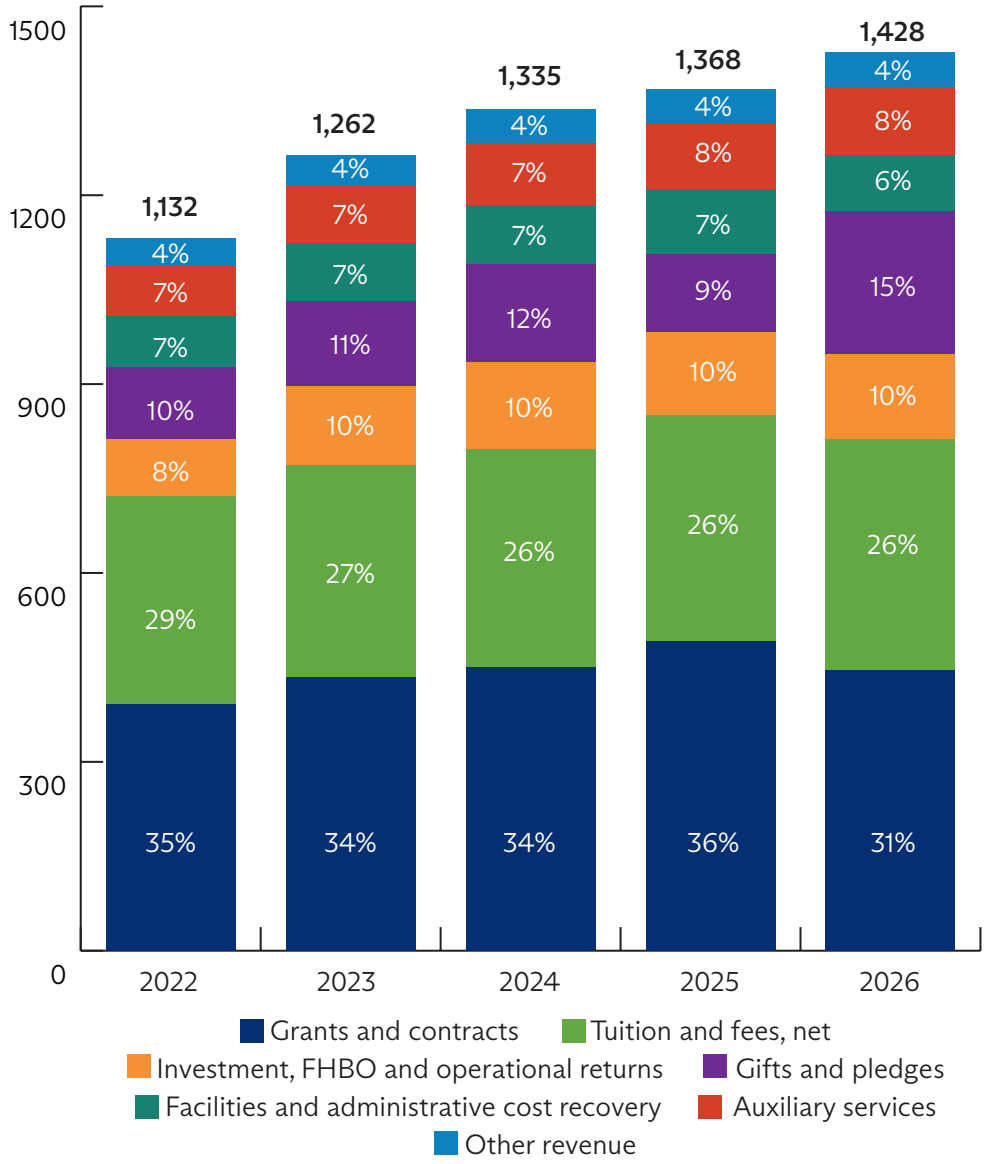
Credit ratings are a reflection of the University's financial health, creditworthiness, and ability to meet its financial obligations. Our financial ratios and credit ratings remain strong and stable with an S&P rating of (AA-) and an (Aa3) rating from Moody's. This continues to reflect the strength 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 FY26, increasing $60.9 million, or 4.5%, over the prior fiscal year.

OPERATING REVENUES 5-YEAR TREND

in millions of dollars

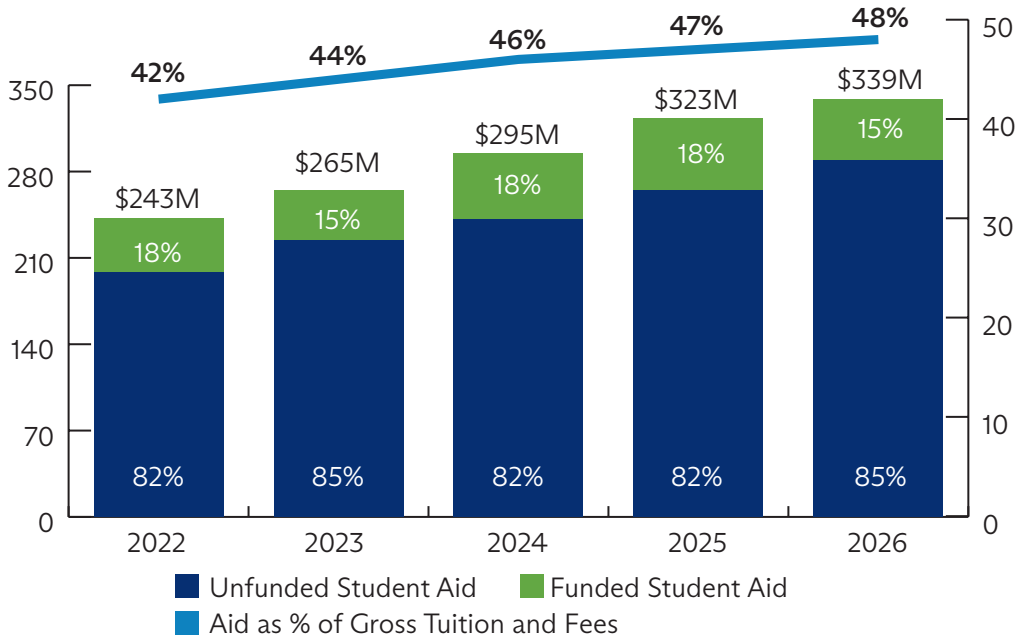


The primary drivers in the increase of operating revenues are *Student tuition and fees, net of student aid*, and *Gifts and pledges* activity. *Student tuition and fees, net of student aid*, of $366.9 million represent 26% of total operating revenues and an increase of $7.2 million, or 2.0%, over the 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. *Gifts and pledges* revenue of $217.8 million represents 15% of total operating revenues and an increase of $102.0 million, or 88.1%, over the prior year. *Gifts and pledges* revenue includes gifts and pledges made to the University, most notably an historic $125 million commitment from the Jack, Joseph and Morton Mandel Foundation to expand student scholarships, advance ethical innovation, and champion humanities and leadership initiatives.

In FY26, the University once again welcomed one of its largest undergraduate classes, with enrollment increasing 13.0% since FY22. This continued 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 maintained our commitment to affordability and access for the student body. Student aid given in FY26 was $338.7 million, an increase of $15.5 million, or 4.8%, over the prior year. Of this total, 14.6% was funded while 85.4% was unfunded. Student aid as a percentage of gross tuition and fees was 48.0% for the year. Overall, student aid has grown more than $96.2 million, or 39.6%, since FY22.

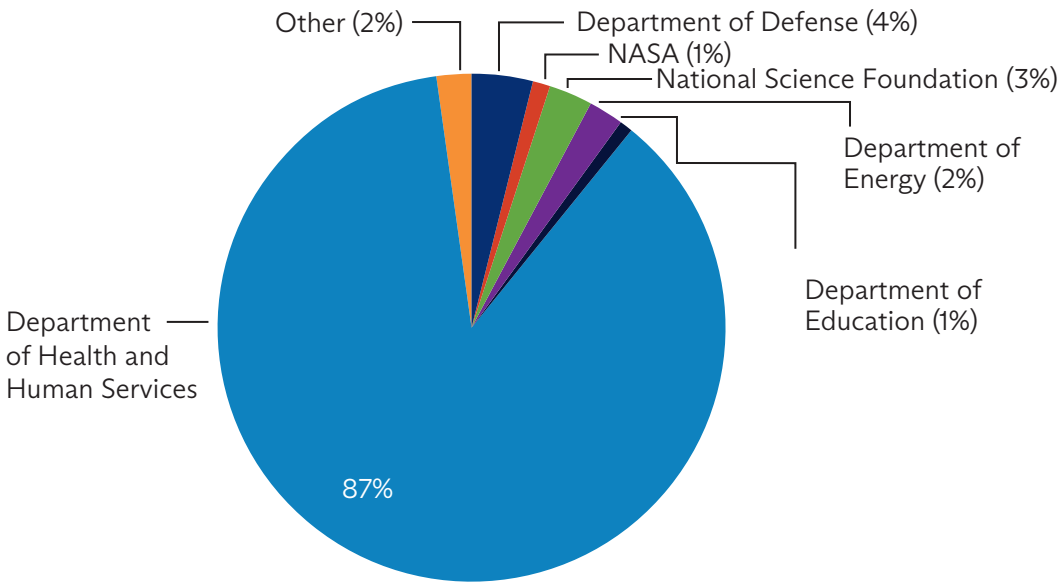
GROWTH OF STUDENT AID



SPONSORED PROGRAMS

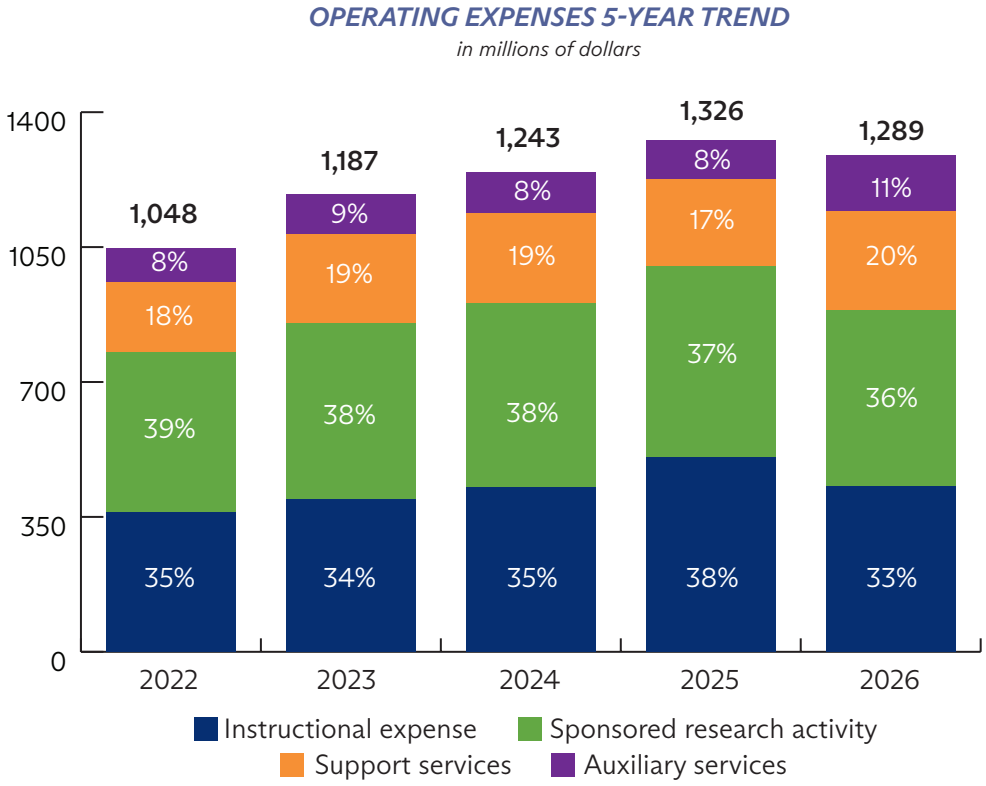
Research continues to be a cornerstone of the University's identity as a very high research activity R1 designated institution. This past year saw a complex research ecosystem for grant and contract revenue, and while we saw decreases in activity, the strength of our faculty and the relevance of their work continued to demonstrate ongoing excellence. Grants and contracts revenue of $444.8 million represent 31% of total operating revenues and a decrease of $45.8 million, or 9.3%, over the prior year. Research activity continued to be driven by awards in biomedical engineering, energy systems, public health, and data science. While federal research funding declined during the year amid a challenging and evolving landscape for higher education institutions nationwide, the University's faculty continued to demonstrate their strength and resilience. Their commitment to interdisciplinary collaboration and research excellence positions the University to remain competitive for external support and well-prepared to capitalize on future opportunities. The U.S. government, at 80.5%, was the largest source of grant and contract revenue for the University, with 87.2% 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 FY26, decreasing $37.1 million, or 2.8%, over the prior fiscal year.



The primary driver in the decrease of operating expense is sponsored research activity. Sponsored research activity costs of $457.0 million represent 36% of total operating expenses and a decrease of $40.1 million, or 8.1%, 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 continues our bicentennial year of 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 this year, 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 FY27 operating budget surplus of $17.2 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	2026	2025	2024	2023	2022
STATEMENT OF OPERATIONS HIGHLIGHTS – Management View					
Total revenue	$ 1,554,534	$ 1,594,514	$ 1,502,365	$ 1,402,631	$ 1,277,711
Total expense	1,534,103	1,578,630	1,489,409	1,388,764	1,263,317
Operating margin	20,431	15,884	12,956	13,867	14,394
Retained surplus use	-	-	5,015	3,103	-
Surplus	**$ 20,431**	**$ 15,884**	**$ 17,971**	**$ 16,970**	**$ 14,394**
STATEMENT OF ACTIVITIES HIGHLIGHTS – GAAP Basis					
Tuition and fees, net of student aid	$ 366,932	$ 359,728	$ 344,601	$ 336,719	$ 329,362
Investment, FHBO, and operational returns	137,554	131,593	138,930	125,722	91,484
Grants and contracts	444,837	490,662	450,910	434,168	391,690
Facilities and administrative cost recovery	87,709	101,969	94,908	90,510	79,994
Gifts and pledges	227,021	125,026	154,542	135,019	114,840
Other revenue	55,427	54,752	53,213	49,000	45,234
Auxiliary services	108,980	103,861	98,011	90,880	79,679
Total operating revenues and other support	1,428,460	1,367,591	1,335,115	1,262,018	1,132,283
Instructional expenses	429,397	503,547	427,703	395,945	363,047
Sponsored research activity	457,016	497,073	474,726	454,942	412,901
Support services	257,232	223,836	236,232	230,765	184,041
Auxiliary services	145,281	101,613	104,150	104,697	88,074
Total operating expense	1,288,926	1,326,069	1,242,811	1,186,349	1,048,063
Net operating activity	**$ 139,534**	**$ 41,522**	**$ 92,304**	**$ 75,669**	**$ 84,220**
Long-term investment activities	292,671	217,171	204,025	146,560	(191,847)
Other non-operating activities	(72,403)	(71,172)	(66,550)	(57,005)	(32,914)
Net non-operating activities	**$ 220,268**	**$ 145,999**	**$ 137,475**	**$ 89,555**	**$ (224,761)**
Change in net assets	**$ 359,802**	**$ 187,521**	**$ 229,779**	**$ 165,224**	**$ (140,541)**
FINANCIAL POSITION HIGHLIGHTS					
Cash and cash equivalents	$ 221,318	$ 282,586	$ 278,654	$ 352,722	$ 551,939
Operating investments, at market	584,433	559,853	603,604	574,138	260,961
Receivables, net	397,176	326,182	304,240	273,643	247,213
Investments, held for long-term purposes	2,180,470	2,020,460	1,921,654	1,819,441	1,764,237
Funds held in trust by others	394,723	350,998	328,810	303,992	297,453
Health Education Campus	137,639	142,099	145,494	149,088	146,202
Property, plant, equipment, and books, net of depreciation	1,080,891	961,217	875,799	761,747	717,407
Prepaid expenses and other assets	44,139	29,255	28,656	27,045	20,619
Total assets	**$ 5,040,789**	**$ 4,672,650**	**$ 4,486,911**	**$ 4,261,816**	**$ 4,006,031**
Total liabilities	**$ 1,210,473**	**$ 1,202,136**	**$ 1,203,918**	**$ 1,208,602**	**$ 1,118,041**
Total net assets	**$ 3,830,316**	**$ 3,470,514**	**$ 3,282,993**	**$ 3,053,214**	**$ 2,887,990**
OTHER FINANCIAL INFORMATION					
Net investments (including FHBO), at fair value	$ 3,159,626	$ 2,931,311	$ 2,854,068	$ 2,697,571	$ 2,322,651
Investments payout in support of operations	$ 101,164	$ 96,436	$ 97,185	$ 89,215	$ 84,094
STUDENTS					
Enrollment**					
Undergraduate	6,446	6,454	6,124	5,943	5,705
Post-Baccalaureate	5,194	5,333	5,390	6,184	5,760

***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, 2026 and 2025, and the related statements of activities for the year ended June 30, 2026 and of cash flows for the years ended June 30, 2026 and 2025, 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, 2026 and 2025, and the changes in its net assets for the year ended June 30, 2026 and its cash flows for the years ended June 30, 2026 and 2025 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, 2025, 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 24, 2025, 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, 2025 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.

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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:

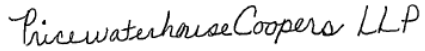
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 23, 2026

STATEMENTS OF FINANCIAL POSITION

In thousands of dollars	June 30 2026	2025
ASSETS		
Cash and cash equivalents	$ 221,318	$ 282,586
Operating investments	584,433	559,853
Accounts and loans receivable, net	106,712	111,219
Pledges receivable, net	290,464	214,963
Prepaid expenses and other assets	8,540	9,125
Pension asset	17,621	-
Right-of-use assets – operating leases	17,978	20,130
Investments, held for long-term purposes	2,180,470	2,020,460
Funds held in trust by others ("FHBO")	394,723	350,998
Health Education Campus, net	137,639	142,099
Property, plant, equipment and books, net	1,080,891	961,217
TOTAL ASSETS	**$ 5,040,789**	**$ 4,672,650**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 106,448	$ 101,410
Deferred income and other liabilities	50,438	50,983
Operating lease obligations	17,978	20,130
Annuities payable	37,104	31,817
Refundable advances	21,768	23,858
Accrued pension liability	-	6,442
Notes and bonds payable	962,823	953,060
Refundable federal student loans	13,914	14,436
TOTAL LIABILITIES	**$ 1,210,473**	**$ 1,202,136**
NET ASSETS		
Without donor restrictions	$ 540,062	$ 503,302
With donor restrictions	3,290,254	2,967,212
TOTAL NET ASSETS	**$ 3,830,316**	**$ 3,470,514**
TOTAL LIABILITIES AND NET ASSETS	**$ 5,040,789**	**$ 4,672,650**

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

STATEMENT OF ACTIVITIES

with summarized financial information for the year ended June 30, 2025

In thousands of dollars	Without Donor Restrictions	With Donor Restrictions	For the year ended June 30 2026	2025
OPERATING REVENUES AND OTHER SUPPORT				
Student tuition and fees, net of student aid of $338,728 and $323,183, respectively	$ 366,932		$ 366,932	$ 359,728
Investment returns distributed for operations	84,146		84,146	80,367
FHBO returns distributed	16,391	$ 627	17,018	16,069
Investment returns on operating investments	36,390		36,390	35,157
Grants and contracts	305,271		305,271	341,780
Cleveland Clinic Lerner College of Medicine ("CCLCM") grants and contracts	139,566		139,566	148,882
Gifts and pledges	40,848	176,983	217,831	115,802
Contributed non-financial assets	9,190		9,190	9,224
State of Ohio appropriation	2,605		2,605	2,690
Facilities and administrative cost recovery	87,709		87,709	101,969
Organized activities	13,895		13,895	13,922
Other sources	38,687	240	38,927	38,140
Auxiliary services – students	98,987		98,987	94,387
Auxiliary services – other	9,993		9,993	9,474
Net assets released from restrictions	49,450	(49,450)	-	-
TOTAL OPERATING REVENUES AND OTHER SUPPORT	**$ 1,300,060**	**$ 128,400**	**$ 1,428,460**	**$ 1,367,591**
OPERATING EXPENSES				
Instructional	$ 429,397		$ 429,397	$ 503,547
Sponsored research and training	277,106		277,106	297,571
Other sponsored projects	40,344		40,344	50,620
CCLCM research and training	139,566		139,566	148,882
Libraries	20,569		20,569	20,024
Student services	45,412		45,412	40,557
University services	191,251		191,251	163,255
Auxiliary services – students	130,407		130,407	86,036
Auxiliary services – other	14,874		14,874	15,577
TOTAL OPERATING EXPENSES	**$ 1,288,926**	**$ -**	**$ 1,288,926**	**$ 1,326,069**
NET OPERATING ACTIVITY	**$ 11,134**	**$ 128,400**	**$ 139,534**	**$ 41,522**
NON-OPERATING ACTIVITIES				
Long-term investment activities				
Investment income	$ 28,159	$ 218,751	$ 246,910	$ 124,309
Net appreciation	35,060	10,701	45,761	92,862
Total long-term investment activities	63,219	229,452	292,671	217,171
Investment returns distributed for operations	(84,146)		(84,146)	(80,367)
Change in liabilities due under life-income agreements		(6,482)	(6,482)	(4,548)
Loss on disposal of plant assets	(24)		(24)	(119)
Pension plan changes other than periodic benefit costs	18,249		18,249	13,862
Net assets released from restrictions	28,328	(28,328)	-	-
NET NON-OPERATING ACTIVITY	**$ 25,626**	**$ 194,642**	**$ 220,268**	**$ 145,999**
CHANGE IN NET ASSETS	**$ 36,760**	**$ 323,042**	**$ 359,802**	**$ 187,521**
Beginning net assets	503,302	2,967,212	3,470,514	3,282,993
ENDING NET ASSETS	**$ 540,062**	**$ 3,290,254**	**$ 3,830,316**	**$ 3,470,514**

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

STATEMENTS OF CASH FLOWS

In thousands of dollars	For the year ended June 30 2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 359,802	$ 187,521
Adjustments to reconcile change in net cash used for operating activities:		
Depreciation	83,713	85,261
Amortization of bond issuance costs	322	323
Amortization of bond premiums	(4,056)	(4,593)
Amortization of right-of-use assets - operating leases	4,582	3,804
Realized and unrealized net gains on investments	(273,417)	(213,377)
Realized and unrealized net gains on funds held in trust by others	(43,725)	(22,188)
Increase to annuities payable resulting from actuarial adjustments	6,482	4,548
Gifts of property and equipment	(22)	-
Loss on disposal of plant assets	24	119
Contributions for long-term investment	(66,035)	(50,190)
Decrease (increase) in accounts and loans receivable, net	1,362	(10,758)
Increase in pledges receivable, net	(75,501)	(14,349)
Decrease (increase) in prepaid expenses and other assets	585	(445)
Increase in pension asset	(17,621)	-
Increase (decrease) in accounts payable and accrued expenses	14,290	(10,243)
(Decrease) increase in deferred income and other liabilities	(545)	3,890
Decrease in operating lease obligations	(4,582)	(3,804)
Decrease in annuities payable	-	(119)
(Decrease) increase in refundable advances	(2,090)	3,741
Decrease in accrued pension liability	(6,442)	(19,874)
NET CASH USED FOR OPERATING ACTIVITIES	**$ (22,874)**	**$ (60,733)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Student loans		
Collected	$ 4,298	$ 5,106
Issued	(1,153)	(1,941)
Increase in cash for long-term investment	(750)	(1,100)
Proceeds from the sale of investments	2,319,519	1,199,727
Purchase of investments	(2,230,692)	(1,041,405)
Increase in Health Education Campus	(913)	(11,950)
Proceeds from the sale of plant assets	15	188
Purchases of property, plant, equipment and books	(207,283)	(161,602)
NET CASH USED FOR INVESTING ACTIVITIES	**$ (116,959)**	**$ (12,977)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in federal advances for student loans	$ (522)	$ (935)
Contributions for long-term investment	41,316	32,654
Proceeds from the sale of investments received as gifts	25,469	18,636
Proceeds from short-term debt	376,000	310,500
Repayment of short-term debt	(344,000)	(262,500)
Repayment of notes and bonds payable	(18,503)	(18,673)
Increase to annuities payable resulting from new gifts	925	10
Decrease to annuities payable resulting from payments	(2,120)	(2,050)
NET CASH PROVIDED BY FINANCING ACTIVITIES	**$ 78,565**	**$ 77,642**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**$ (61,268)**	**$ 3,932**
Cash and cash equivalents, beginning of year	282,586	278,654
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 221,318**	**$ 282,586**
SUPPLEMENTAL DATA:		
Interest paid in cash	$ 38,241	$ 39,051
Construction-in-progress payments included in accounts payable and accrued expenses	15,352	24,601
Noncash activity:		
Commencement of new operating lease obligation	2,484	3,959
Write-off of existing operating lease obligation	54	-

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

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, 2026 and 2025, 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 $475,056 (2026) and $496,054 (2025), generally for research activities. Those determined to be exchange transactions will have revenue recognized when the performance obligations of the grant or contract funding have been met, therefore becoming unconditional. Revenue from conditional non-exchange agreements is generally recognized as the related costs are incurred. 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, 2026 and 2025.

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).

Property, Plant, Equipment and Books, net

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. The corresponding liability is recognized in the statements of financial position in *Annuities payable*. 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 4.83% and 4.61% for June 30, 2026 and 2025, 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, 2025, 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, 2026 and 2025. 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, 2026 and 2025.

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, 2026 and 2025 are as follows:

	2026	2025
STUDENT TUITION AND FEES		
Undergraduate tuition	$ 429,493	$ 409,535
Less: Student aid	(246,071)	(232,291)
	183,422	177,244
Graduate and professional tuition	259,755	258,057
Less: Student aid	(92,657)	(90,892)
	167,098	167,165
Fees	16,412	15,319
TOTAL NET STUDENT TUITION AND FEES	**$ 366,932**	**$ 359,728**

AUXILIARY SERVICES REVENUE		
Food Services	$ 30,332	$ 28,823
Housing and greek life	59,755	56,749
Health services	7,755	7,773
Parking	6,003	6,075
Other	5,135	4,441
TOTAL AUXILIARY SERVICES REVENUES	**$ 108,980**	**$ 103,861**

Reclassifications

Certain amounts in the 2025 financial statements have been reclassified to conform to the 2026 presentation. Specifically, certain investment categories presented separately in prior-year investment and fair value disclosure tables have been combined to align with the current-year presentation. These reclassifications had no effect on total assets, net assets, or changes in net assets.

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 was effective for fiscal years beginning after December 31, 2024, and has been adopted by the University in the current fiscal year and did not have any material effect on the financial statements.

In December 2023, the FASB issued ASU 2023-09: "Income Taxes (Topic 740) - Improvements to Income Tax Disclosures." The standard looks to enhance the transparency and decision usefulness of income tax disclosures within financial statements. The standard is effective for fiscal years beginning after December 15, 2025. The University is evaluating the impact this will have on financial statements for the fiscal year ending June 30, 2027, 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, 2026 and 2025 the University's financial assets and liquidity resources available for general expenditure within one year are as follows:

	2026	2025
Financial assets available within one year:		
Cash and cash equivalents	$ 221,318	$ 282,586
Operating investments	330,485	325,320
Accounts and notes receivable, net	73,794	78,209
Expected pledge payments available for operations	18,819	20,944
Other assets	491	752
Fiscal year 2027 and 2026 pooled endowment and similar funds spending allocation, respectively	83,900	79,300
TOTAL FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR	**$ 728,807**	**$ 787,111**
Liquidity resources:		
Committed lines of credit (Note 11)	150,000	50,000
Less: current borrowings under lines of credit	(60,000)	-
Total	90,000	50,000
TOTAL FINANCIAL ASSETS AND LIQUIDITY RESOURCES AVAILABLE WITHIN ONE YEAR	**$ 818,807**	**$ 837,111**

Additionally, the University has Board-designated funds of $252,647 and $229,504, including a liquidity reserve of $104,950 and $88,564, as of June 30, 2026 and 2025, respectively. Although the University does not intend to spend from these investment funds, other than amounts appropriated by the Board for fiscal year 2027, 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 $200,000 and $150,000 as of June 30, 2026 and 2025, respectively, to finance working capital. The first $75,000 line was renewed in March 2026 and is subject to review and renewal in March 2027 and the second $75,000 line was renewed in April 2026 and is subject to review and renewal in April 2028. In September 2026 the University increased the third revolving line of credit with an existing financial institution by the amount of $25,000 to finance working capital, which is included in committed lines of credit above. The result of this is that University has total capacity in revolving lines of credit to finance working capital of $225,000.

In June 2022, the University issued Series 2022C taxable century bonds. As of June 30, 2026 and 2025, respectively, $7,572 and $59,400 were included in *Cash and cash equivalents and $183,864 and $213,223 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, 2026 and 2025 were as follows:

	2026	2025
ACCOUNTS RECEIVABLE, NET		
Grants, contracts and others	$ 77,340	$ 77,625
Students	2,222	3,252
STUDENT LOANS, NET	27,150	30,342
ACCOUNTS AND LOANS RECEIVABLE, NET	**$ 106,712**	**$ 111,219**
Allowance for doubtful accounts:		
Accounts receivable	$ 9,577	$ 7,043
Loans receivable	$ 1,130	$ 1,056

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, 2026 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 2026 and 2025 was 5%.

Unconditional promises to give at June 30, 2026 and 2025 are expected to be realized in the following periods:

	2026	2025
Less than one year	$ 75,612	$ 72,178
Between one year and five years	224,354	163,808
More than five years	82,941	35,258
	382,907	271,244
Less: Discount	(37,999)	(18,296)
Less: Allowance	(54,444)	(37,985)
TOTAL PLEDGES RECEIVABLE, NET	**$ 290,464**	**$ 214,963**

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, 2026 is adequate to absorb any uncollectible pledges as of that date.

Pledges receivable at June 30, 2026 and 2025 had the following restrictions:

	2026	2025
Department programs and activities	$ 77,634	$ 75,255
Endowments for scholarships and department programs and activities	114,000	79,250
Building construction	98,830	60,458
TOTAL PLEDGES RECEIVABLE, NET	**$ 290,464**	**$ 214,963**

Uncollectible pledges totaling $13,338 (2026) and $11,646 (2025) were written off against the allowance for uncollectible pledges. The University had unsecured related party pledges of $13,847 (2026) and $13,195 (2025) and conditional pledge commitments totaling $10,959 (2026) and $13,661 (2025).

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	2026	2025
Operating lease expense	$ 5,329	$ 4,750
Short-term lease expense	374	551
TOTAL LEASE EXPENSE	**$ 5,703**	**$ 5,301**

OTHER INFORMATION:		
Weighted-average remaining lease term in years – operating leases	5.8 years	6.3 years
Weighted-average discount rate – operating leases	3.92%	3.91%

Payments due include options to extend operating leases through fiscal year 2038 and are summarized as follows as of June 30, 2026:

Year	
2027	$ 5,103
2028	3,835
2029	3,254
2030	1,979
2031	1,460
Thereafter	4,726
	20,357
Less: amounts representing interest	(2,379)
TOTAL OPERATING LEASE OBLIGATION	**$ 17,978**

The University is the lessor in one lease for commercial space through fiscal year 2041 and 15 leases for commercial space through fiscal year 2027. Rental revenue for commercial space is included in *Auxiliary services - other* on the statement of activities. Future minimum rental revenue due is summarized below as of June 30, 2026:

Year	
2027	$ 1,179
2028	1,032
2029	1,032
2030	1,032
2031	1,032
Thereafter	9,802
TOTAL	**$ 15,109**

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 operating investments and investments held for long-term purposes at June 30, 2026 and 2025 were as follows:

	2026	2025
Equity securities	$ 256,005	$ 304,372
Fixed-income securities	395,269	376,308
Limited partnerships and Other		
Global equities	873,580	731,543
Absolute return	410,242	398,211
Private capital	809,480	747,620
Other	20,246	22,178
Equity real estate	81	81
TOTAL INVESTMENTS	**$ 2,764,903**	**$ 2,580,313**

	2026	2025
Operating investments	$ 584,433	$ 559,853
Investments, held for long-term purposes	2,180,470	2,020,460
TOTAL INVESTMENTS	**$ 2,764,903**	**$ 2,580,313**

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, 2026	Without Donor Restrictions	With Donor Restrictions	Total
Endowments		$ 1,728,661	$ 1,728,661
Purpose-restricted funds functioning as endowments		447,160	447,160
Board-designated funds	$ 147,697		147,697
TOTAL ENDOWMENT AND SIMILAR FUNDS	**$ 147,697**	**$ 2,175,821**	**$ 2,323,518**

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**

Investment Pool

The Board's interpretation of its fiduciary responsibilities for endowment and similar funds is to preserve intergenerational 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 9.76% (2026) and 8.53% (2025).

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 2026 and 2025 pooled endowment and similar funds spending allocation and rate approved by the Investment Committee of the Board were $79,300 at a rate of 4.60% and $76,700 at a rate of 4.70%, 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 2026 and 2025 actual amount allocated was $79,662 and $77,644, 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 2026 and 2025 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 $13,243 in 2026 and $12,653 in 2025.

Changes in endowment and similar funds net assets for fiscal year 2026 and 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT AND SIMILAR FUNDS NET ASSETS, JUNE 30, 2024	**$ 135,746**	**$ 1,932,102**	**$ 2,067,848**
Investment income	8,522	105,659	114,181
Realized and 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 or quasi-endowments	(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**
Investment income	15,971	213,869	229,840
Realized and unrealized losses	(3,426)	(36,803)	(40,229)
TOTAL INVESTMENT RETURN	12,545	177,066	189,611
Contributions	1,000	53,317	54,317
Reallocation of contributions or quasi-endowments	(1,900)	(3,423)	(5,323)
Current year expenditures	(4,888)	(79,258)	(84,146)
ENDOWMENT AND SIMILAR FUNDS NET ASSETS, JUNE 30, 2026	**$ 147,697**	**$ 2,175,821**	**$ 2,323,518**

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:

	2026	2025
Aggregate historical value	$ 8,392	$ 19,610
Aggregate fair value	6,798	17,665
AGGREGATE DEFICIENCY	**$ (1,594)**	**$ (1,945)**

8. FAIR VALUE MEASUREMENTS

Financial instruments carried at fair market value as of June 30, 2026 and 2025 by the ASC 820 valuation hierarchy are as follows:

June 30, 2026	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
INVESTMENTS, AT FAIR VALUE				
Equity securities	$ 255,951	$ 54		$ 256,005
Fixed-income securities	378,060	17,209		395,269
Other			$ 20,246	20,246
Equity real estate			81	81
Total leveled investments, at fair value	**$ 634,011**	**$ 17,263**	**$ 20,327**	**$ 671,601**
Investments at net asset value				**2,093,302**
TOTAL INVESTMENTS				**$ 2,764,903**
FUNDS HELD IN TRUST BY OTHERS	**$ -**	**$ -**	**$ 394,723**	**$ 394,723**
PENSION PLAN ASSETS, AT FAIR VALUE				
Cash and cash equivalents	$ 1,458			$ 1,458
Equity securities	107,395			107,395
Fixed-income securities	116,564	$ 41,239	$ 1,283	159,086
Total leveled pension plan assets, at fair value	**$ 225,417**	**$ 41,239**	**$ 1,283**	**$ 267,939**
Pension plan assets at net asset value				**31,125**
TOTAL PENSION PLAN ASSETS (Note 12)				**$ 299,064**
Total leveled investments and pension plan assets, at fair value	**$ 859,428**	**$ 58,502**	**$ 416,333**	**$ 1,334,263**
Total investments and pension plan assets at net asset value				**2,124,427**
TOTAL INVESTMENTS AND PENSION PLAN ASSETS				**$ 3,458,690**
Interest rate swaps payable (Note 15)	$ -	$ 2,394	$ -	$ 2,394
LIABILITIES AT FAIR VALUE	**$ -**	**$ 2,394**	**$ -**	**$ 2,394**

June 30, 2025	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
INVESTMENTS, AT FAIR VALUE				
Equity securities	$ 304,318	$ 54		$ 304,372
Fixed-income securities	362,084	14,224		376,308
Other			$ 22,178	22,178
Equity real estate			81	81
Total leveled investments, at fair value	**$ 666,402**	**$ 14,278**	**$ 22,259**	**$ 702,939**
Investments at net asset value				**1,877,374**
TOTAL INVESTMENTS				**$ 2,580,313**
FUNDS HELD IN TRUST BY OTHERS	**$ -**	**$ -**	**$ 350,998**	**$ 350,998**
PENSION PLAN ASSETS, AT FAIR VALUE				
Cash and cash equivalents	$ 10,268			$ 10,268
Equity securities	121,526			121,526
Fixed-income securities	94,580		$ 2,951	97,531
Total leveled pension plan assets, at fair value	**$ 226,374**	**$ -**	**$ 2,951**	**$ 229,325**
Pension plan assets at net asset value				**41,661**
TOTAL PENSION PLAN ASSETS (Note 12)				**$ 270,986**
Total leveled investments and pension plan assets, at fair value	**$ 892,776**	**$ 14,278**	**$ 376,208**	**$ 1,283,262**
Total investments and pension plan assets at net asset value				**1,919,035**
TOTAL INVESTMENTS AND PENSION PLAN ASSETS				**$ 3,202,297**
Interest rate swaps payable (Note 15)	$ -	$ 3,182	$ -	$ 3,182
LIABILITIES AT FAIR VALUE	**$ -**	**$ 3,182**	**$ -**	**$ 3,182**

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 global equities, certain hedge funds in the absolute return portfolio, private capital and equity real estate 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:

June 30, 2026 Category	Redemption Frequency	Redemption Notice Period	Fair Value (at NAV)	Unfunded Commitments
Limited partnerships and Other				
Global equities (a)	monthly, quarterly, annually	30–90 days	$ 873,580	
Absolute return (b)	monthly, quarterly, annually	30–90 days	441,367	$ 49,388
Private capital (c)	see below		809,480	244,095
TOTAL			**$ 2,124,427**	**$ 293,483**

June 30, 2025 Category	Redemption Frequency	Redemption Notice Period	Fair Value (at NAV)	Unfunded Commitments
Limited partnerships and Other				
Global equities (a)	monthly, quarterly, annually	30–90 days	$ 731,543	
Absolute return (b)	monthly, quarterly, annually	30–90 days	432,758	$ 41,465
Private capital (c)	see below		747,620	259,216
Equity real estate (d)	quarterly	30–90 days	7,114	-
TOTAL			**$ 1,919,035**	**$ 300,681**

(a) **Global Equity** includes funds invested in equity securities domiciled in the United States, as well as developed countries and emerging markets outside of the United States. Approximately 96% of the net asset value is accessible within one year. Depending on the exposure, the liquidity can range from daily to two years in length.

(b) **Absolute return** includes hedge fund investments across a broad range of strategies, including long/short equity, relative value, multi-strategy, event-driven, and credit. Traditional hedge fund vehicles offer liquidity ranging from monthly to quarterly or annually, with certain investments subject to lock-up periods of up to three years. Private credit vehicles typically have investment terms of five to ten years. Approximately 63% of the net asset value of the asset class is accessible within one year, and approximately 87% is accessible within three years.

(c) **Private Capital** includes investments in various illiquid strategies such as Private Equity and Real Assets. Within Private Equity, the main strategies include Venture Capital, Growth Equity and Leveraged Buyouts. Within Real Assets, the main strategies include Real Estate, Digital Infrastructure and Energy and Natural Resources. While the portfolio is U.S. centric, there are also investments made overseas in developed countries and emerging markets. It is estimated that the underlying investments within the funds will be fully liquidated over the next 7-12 years across all strategies. The valuations for Private Capital 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 portfolio companies are sold in the markets.

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

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:

	Other	Equity Real Estate	Fixed-Income Securities	Funds Held by Others	Total
June 30, 2024	**$ 21,371**	**$ 81**	**$ 1,472**	**$ 328,810**	**$ 351,734**
Investment income	306		120		426
Unrealized gains	1,052			22,188	23,240
Settlements	(193)				(193)
Transfers	(358)		1,359		1,001
June 30, 2025	**$ 22,178**	**$ 81**	**$ 2,951**	**$ 350,998**	**$ 376,208**
Investment income	81		105		186
Unrealized (losses) gains	(111)			43,725	43,614
Settlements	(1,829)				(1,829)
Transfers	(73)		(1,773)		(1,846)
June 30, 2026	**$ 20,246**	**$ 81**	**$ 1,283**	**$ 394,723**	**$ 416,333**

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*.

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 which was approximately $509,000. 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 agreed to and provided $50,000 over the five-year period beginning in 2021 and ending in 2025. Components of the HEC are as follows:

	2026	2025
Cash transferred to CCF and gift-in-kind	$ 169,352	$ 168,439
Less: Accumulated depreciation	(31,713)	(26,340)
TOTAL HEALTH EDUCATION CAMPUS, NET	**$ 137,639**	**$ 142,099**

The University has pledges receivable for the HEC project of $2,809 (2026) and $3,767 (2025).

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 $9,190 (2026) and $9,224 (2025).

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, 5 years for software, and 10 years for books. Components of property, plant, equipment and books are as follows:

	2026	2025
Land	$ 42,109	$ 40,865
Land and land improvements	60,700	59,324
Building and building improvements	1,740,048	1,703,242
Equipment and software	441,612	429,039
Library books	46,827	47,169
Construction-in-progress	321,593	186,308
	2,652,889	2,465,947
Less: Accumulated depreciation	(1,571,998)	(1,504,730)
TOTAL PROPERTY, PLANT, EQUIPMENT AND BOOKS, NET	**$ 1,080,891**	**$ 961,217**

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 $8,108 (2026) and $9,064 (2025).

The expected cost to complete construction-in-progress was $103,726 (2026) and $312,313 (2025).

Depreciation expense included in the statement of activities was $83,713 (2026) and $85,261 (2025).

11. NOTES AND BONDS PAYABLE

Notes and bonds payable are as follows:

		Interest Rate(s)	Maturity	2026	2025
OHEFC revenue notes and bonds[1]:					
Fixed-rate bonds:	Series 2006	5.25%	2026-2027	$ 3,520	$ 6,840
	Series 2015A	5.00%	2026-2030	8,950	11,320
	Series 2016	3.00 - 5.00%	2026-2041	103,250	106,935
	Series 2018	5.00%	2026-2031	70,005	76,070
	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 - 2.90%[2]	2043	35,000	35,000
Taxable Notes Payable[3]:	Series 2022A	2.58%	2037	56,040	56,040
	Series 2022B	3.30%	2053	110,985	113,490
Taxable Bonds Payable:	Series 2022C	5.41%	2122	350,000	350,000
Compass Group USA, Inc.		-n/a-	2026-2030	3,346	3,904
TOTAL LIABILITY				**$ 835,916**	**$ 854,419**
Line of credit				125,000	93,000
Unamortized bond premium				6,777	10,833
Unamortized bond issuance cost				(4,870)	(5,192)
TOTAL NOTES AND BONDS PAYABLE				**$ 962,823**	**$ 953,060**

[1]Terms of the respective bonds are disclosed in the year of issuance.
[2]The OHEFC Series 2021B beginning and ending rate - the weighted average is 2.66%.
[3]Taxable 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. Two $75,000 lines were renewed in March and April 2026, respectively, and are subject to annual review and renewal in March 2027 and April 2028, respectively. The remaining $50,000 was renewed in August 2025 and was subject to review and renewal in September 2026. In September 2026 the University increased this revolving line of credit by the amount of $25,000 to finance working capital. It is now subject to annual review and renewal in September 2027. The amount outstanding was $125,000 (2026) and $93,000 (2025).

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 2026 and is subject to review and renewal in January 2028 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
2027	$ 143,418
2028	18,288
2029	18,983
2030	83,578
2031	22,573
Thereafter	674,076
TOTAL	**$ 960,916**

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:

	2026	2025
Funded status at June 30 of prior fiscal year	$ (6,442)	$ (26,316)
Service cost	(5,074)	(6,416)
Interest cost	(16,071)	(15,379)
Expected return on assets	19,021	18,250
Actuarial gain	18,082	12,637
Employer contributions	8,105	10,782
FUNDED STATUS AT JUNE 30	**$ 17,621**	**$ (6,442)**
Accumulated benefit obligation	$ 281,364	$ 277,321

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

	2026	2025
Net periodic benefit cost	$ 2,292	$ 4,770
Employer contributions	8,105	10,782
Benefits paid	12,773	10,641

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

2027	$ 17,490
2028	16,129
2029	18,177
2030	18,280
2031	19,006

Amounts expected to be paid between 2032 and 2036 total $99,413. The University's estimated employer contribution for the defined benefit plan in fiscal 2027 will depend on the results of the July 1, 2026 actuarial valuation and is estimated to be $6,685.

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

	2026	2025
BENEFIT OBLIGATION		
Discount rate	5.80%	5.85%
Rate of compensation increase	2.50%	2.50%
Measurement date	6/30/26	6/30/25
Census date	7/1/25	7/1/24
NET PERIODIC BENEFIT COST		
Discount rate	5.85%	5.70%
Expected return on plan assets	7.25%	7.50%
Rate of compensation increase	2.50%	3.25%

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 (35%), fixed income (50%), absolute return strategies (combination of fixed income and equity securities) (10%), private credit (2%), 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:

	2026	2025
Equity securities	36%	45%
Fixed-income securities	53%	40%
Real estate	-	2%
Other	11%	13%
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:

	2026	2025
Benefit obligation at June 30	$ 281,443	$ 277,428
Fair value of plan assets at June 30	299,064	270,986
NET ASSET (LIABILITY)	**$ 17,621**	**$ (6,442)**
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Accumulated actuarial losses	2,139	20,388
AMOUNT RECOGNIZED AS REDUCTION OF NET ASSETS WITHOUT DONOR RESTRICTIONS	**$ 2,139**	**$ 20,388**

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

	2026	2025
Change in actuarial gain	$ (18,249)	$ (13,862)
TOTAL GAIN RECOGNIZED, NET ASSETS WITHOUT DONOR RESTRICTIONS	**$ (18,249)**	**$ (13,862)**
Service cost	5,074	6,416
Interest cost	16,071	15,379
Expected return on assets	(19,021)	(18,250)
Net loss amortization	168	1,225
Net periodic benefit cost	**$ 2,292**	**$ 4,770**
TOTAL GAIN RECOGNIZED, STATEMENT OF ACTIVITIES	**$ (15,957)**	**$ (9,092)**

Benefit plan costs for the defined contribution plan are $31,941 (2026) and $31,769 (2025).

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 $139,566 (2026) and $148,882 (2025).

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 $2,000 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 $23,674 (2026) and $19,241 (2025). 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 $0 (2026) and $221 (2025).

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, 2026, 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, 2026, with comparative fair values for June 30, 2025. 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	2026 Level 2 Fair Market Value	2025 Level 2 Fair Market Value
$ 35,000	3.81%	Aug. 4, 2004	Aug. 1, 2034	SOFR	$ (2,394)	$ (3,182)
TOTAL INTEREST RATE SWAP AGREEMENT LIABILITY					**$ (2,394)**	**$ (3,182)**

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 counter-party's financial exposure to the University to no more than $25,000. The University had placed $0 (2026 and 2025) into such a fund.

Interest expense recorded for the swap agreements in the non-operating activities for the year ended June 30 was $329 (2026) and $142 (2025).

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, 2026 and 2025:

June 30, 2026	Instructional	Sponsored projects	Libraries	Student services	University services	Auxiliaries	Total operating expenses
Salaries and wages	$ 239,034	$ 172,043	$ 6,670	$ 19,972	$ 75,180	$ 20,574	$ 533,473
Fringe benefits	72,403	41,756	2,150	6,542	24,339	6,134	153,324
Other operating expense	80,790	210,826	4,325	12,104	68,112	45,286	421,443
Allocations							
Depreciation	17,623	16,671	5,459	3,081	13,466	27,413	83,713
Interest	4,236	4,806	517	982	1,890	17,702	30,133
Plant operations and maintenance	15,311	10,914	1,448	2,731	8,264	28,172	66,840
TOTAL	**$ 429,397**	**$ 457,016**	**$ 20,569**	**$ 45,412**	**$ 191,251**	**$ 145,281**	**$1,288,926**

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**

17. NET ASSETS

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

	2026	2025
Without donor restrictions:		
Board-designated:		
Quasi-endowments	$ 147,697	$ 140,940
Liquidity reserve	104,950	88,564
TOTAL BOARD-DESIGNATED	252,647	229,504
Unrestricted	287,415	273,798
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	**$ 540,062**	**$ 503,302**
With donor restrictions:		
Endowments	$ 1,728,661	$ 1,623,643
Split-interest agreements	27,810	26,023
Other for purpose or time:		
Purpose-restricted funds functioning as endowments	447,160	404,476
Pledges receivable	286,130	195,254
Funds held in trust by others	400,424	356,072
Student loan funds	41,152	40,888
Purpose-restricted funds	358,917	320,856
TOTAL OTHER FOR PURPOSE OR TIME	1,533,783	1,317,546
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 3,290,254**	**$ 2,967,212**

18. SUBSEQUENT EVENTS

The University has performed an evaluation of subsequent events through October 23, 2026, the date on which the financial statements were issued. Certain subsequent events are described in Note 11.

CASE WESTERN RESERVE
UNIVERSITY

UMC_6103-01_2026