

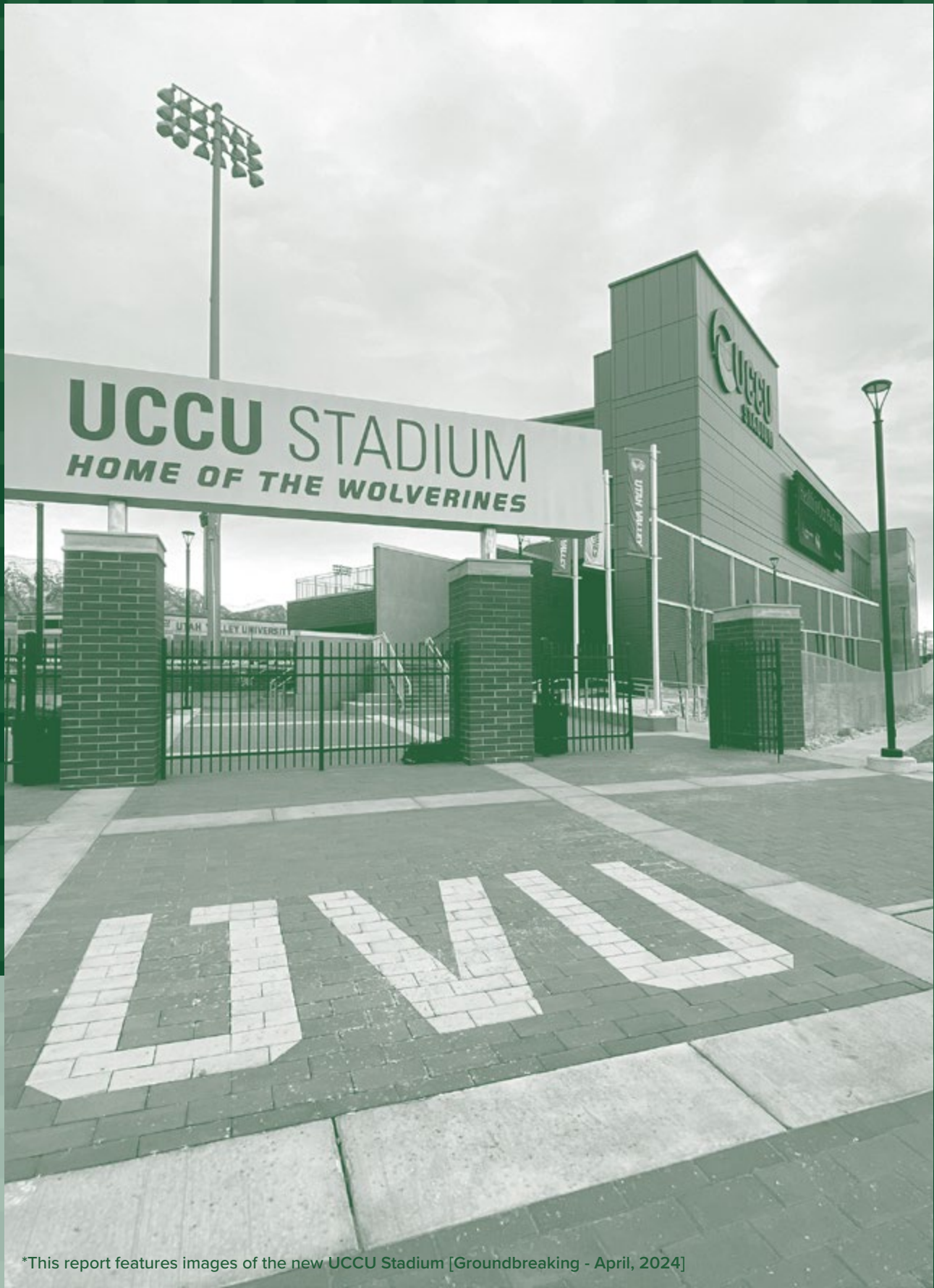


A COMPONENT UNIT OF THE STATE OF UTAH

# UVU 2025 ANNUAL FINANCIAL REPORT



JUNE 30, 2025



\*This report features images of the new UCCU Stadium [Groundbreaking - April, 2024]

# UVU 2025 ANNUAL FINANCIAL REPORT



Independent State Auditor’s Report . . . . .	2
Management’s Discussion and Analysis . . . . .	6
Statement of Net Position . . . . .	16
Statement of Revenues, Expenses, and Changes in Net Position . . . . .	18
Statement of Cash Flows . . . . .	20
Notes to the Financial Statements . . . . .	22
Schedule of the Proportionate Share of the Net Pension Liability (Asset) . . . . .	58
Schedule of the Contributions to the Utah State Retirement Systems . . . . .	59
Notes to Required Supplemental Information . . . . .	60
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards . . . . .	62



TINA M. CANNON  
UTAH STATE AUDITOR

# Independent Auditor's Report

To the Board of Trustees, Audit Committee

and

Dr. Astrid Tuminez, President

Utah Valley University

## Report on the Audit of the Financial Statements

### Opinions

We have audited the accompanying financial statements of Utah Valley University (University) and its discretely presented component unit foundation, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors the financial statements referred to above present fairly, in all material respects, the respective financial position of the University and its discretely presented component unit foundation, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Utah Valley University Foundation (the Foundation), a discretely presented component unit, as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our 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 opinions.

## **Key Audit Matters**

We have determined that there are no key audit matters to communicate in our report.

## **Emphasis of Matter**

As described in Note 1 and note 21, the University implemented Governmental Accounting Standards Board (GASB) Statement 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether

due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2026 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in

accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*Office of the State Auditor*

Office of the Utah State Auditor

Salt Lake City, Utah

January 28, 2026



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Introduction

This Management's Discussion and Analysis (MD&A) provides an overview of the financial position and operating results for Utah Valley University (the University) for the fiscal year ended June 30, 2025, with comparative information for 2024. This discussion is prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow these sections.

The Utah Valley University Foundation (the Foundation) is a separate but affiliated non-profit corporation. The accounts of the Foundation are reported as a discretely presented component unit in the University's financial statements.

## Financial Highlights

- The University's net position increased by \$18.4 million during the fiscal year. Net position at June 30, 2025, was \$768.1 million.
- The University added \$33.3 million in capital assets and construction in progress, primarily on the Engineering Building and Soccer Stadium.
- The University adopted GASB Statement 101, Compensated Absences during fiscal year 2025.

## Overview of the Financial Statements and Financial Analysis

The financial statements are prepared in accordance with GASB principles. Three financial statements are presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

## Statement of Net Position

The Statement of Net Position presents financial information on the University's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the University is improving or deteriorating. The Statement of Net Position is a point-in-time financial statement. This statement presents a fiscal snapshot of the University to the readers of the financial statements. It presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), deferred inflows and outflows, and net position.

From the data presented, readers can determine the assets available for continued operations of the University. A determination can also be made as to the liabilities owed to vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of resources available for expenditure by the University.

Net position is divided into three major categories: net investment in capital assets, restricted, and unrestricted. The first category, net investment in capital assets, provides the University's equity in property, plant, and equipment owned by the University. The second net position category is restricted, which is divided into two subcategories, nonexpendable and expendable. The corpus of nonexpendable restricted net position is only available for investment purposes. Net position resources categorized as expendable restricted are

available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available for expenditure for any lawful purpose of the University.

**Statement of Net Position, Condensed**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>	<u>% Change</u>
<b>ASSETS</b>				
Current assets	\$ 107,236,903	\$ 164,485,127	\$ (57,248,224)	(34.8%)
Noncurrent assets	130,644,760	88,185,860	42,458,900	48.1%
Capital assets, net	642,749,464	609,488,211	33,261,253	5.5%
<b>Total assets</b>	<b><u>880,631,127</u></b>	<b><u>862,159,198</u></b>	<b><u>18,471,929</u></b>	<b><u>2.1%</u></b>
Deferred Outflows of Resources	8,983,410	8,603,108	380,302	4.4%
<b>LIABILITIES</b>				
Current liabilities	58,669,168	55,104,003	3,565,165	6.5%
Noncurrent liabilities	59,779,629	61,303,030	(1,523,401)	(2.5%)
<b>Total liabilities</b>	<b><u>118,448,797</u></b>	<b><u>116,407,033</u></b>	<b><u>2,041,764</u></b>	<b><u>1.8%</u></b>
Deferred Inflows of Resources	3,060,254	4,634,237	(1,573,983)	(34.0%)
<b>NET POSITION</b>				
Net invested in capital assets	582,796,844	548,857,775	33,939,069	6.2%
Restricted	20,183,336	15,513,124	4,670,212	30.1%
Unrestricted	165,125,306	185,350,137	(20,224,831)	(10.9%)
<b>Total net position</b>	<b><u>\$ 768,105,486</u></b>	<b><u>\$ 749,721,036</u></b>	<b><u>\$ 18,384,450</u></b>	<b><u>2.5%</u></b>

The University's current assets decreased by \$57.2 million compared to the prior year. The largest factor was a \$37.5 million decline in current investments due to a lower portion of investments maturing within the next year. Grant receivables decreased \$5.1 million, primarily due to the conclusion of UVU's role as Perkins fiscal agent. Cash decreased by \$17.2 million largely due to additional outflows for construction.

Noncurrent assets increased by \$42.5 million from the prior year. This growth was primarily due to a \$38.9 million increase in long-term investments, reflecting a shift from current to noncurrent investments as more holdings mature after one year. The total change in investments from 2024 to 2025 was \$1.4 million, with changes mainly representing this reclassification between current and noncurrent. Additionally, the University's net pension asset increased by \$4.1 million.

The University participates in Utah Retirement Systems (URS) and reports its portion of the assets, deferred outflows, liabilities, and deferred inflows as calculated and provided by URS. The University's portion of the net pension asset reported by URS increased \$4.1 million, from \$8.4 million in 2024 to \$12.5 million in 2025. The increase in the pension asset is due to the performance of the URS portfolio. To record these changes, it was necessary for the University to record a reduction in benefit expense of \$4.1 million.

Total capital assets, net of depreciation, increased by \$33.3 million during the fiscal year. Most of this increase was related to construction in progress, including \$15.1 million for the Engineering Building, \$18.1 million for the Soccer Stadium, and \$2 million for various other projects. An additional \$12 million increase was due to the acquisition of the Center for Leadership in Sundance along with an adjacent property. The McKay Education Building addition was completed during FY 2025 at a cost of \$3.4 million. Equipment additions totaled \$6.4 million. These increases were partially offset by \$25.6 million in depreciation expense.

Current liabilities increased by \$3.6 million or 6.5% compared to the prior year. Accounts payable increased by \$1.5 million. Accrued liabilities increased by another \$1.1 million. Accrued liabilities is composed mainly of payroll and related benefit costs. This increase was due to a \$0.6 million increase in compensated absences due to the implementation of GASB 101, which requires an accrual for sick leave expected to be used in the future, and a larger end-of-year payroll accrual due to more employees and increased earnings. Unearned revenue increased by \$1.1 million, mostly due to an increase in deferred tuition driven by higher tuition and enrollment growth.

In total, noncurrent liabilities decreased by \$1.5 million or 2.5%. This is composed of a reduction of \$3.4 million due to scheduled debt repayments, offset by an increase in noncurrent accrued liabilities of \$0.7 million for payroll and related benefit costs, and a \$0.9 increase in unearned revenue, which is largely funding for scholarships that UVU receives in the first year of each cohort then defers the unused balance.

During fiscal year 2025, the University adopted GASB Statement No. 101, *Compensated Absences*, which requires governments to recognize a liability for leave that accumulates and is more likely than not to be used for time off or otherwise paid. Previously, the University accrued only vacation and compensatory leave payable upon termination. Under the new standard, the University now includes sick leave expected to be used during employment, even though it is not paid upon termination. The University restated the beginning net position due to implementing this standard. See Note 21.

## Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position shown on the Statement of Net Position are based on activity in the Statement of Revenues, Expenses, and Changes in Net Position. This statement presents operating and nonoperating revenues received by the University, operating and nonoperating expenses paid by the University, and any other revenues, expenses, gains, or losses of the University.

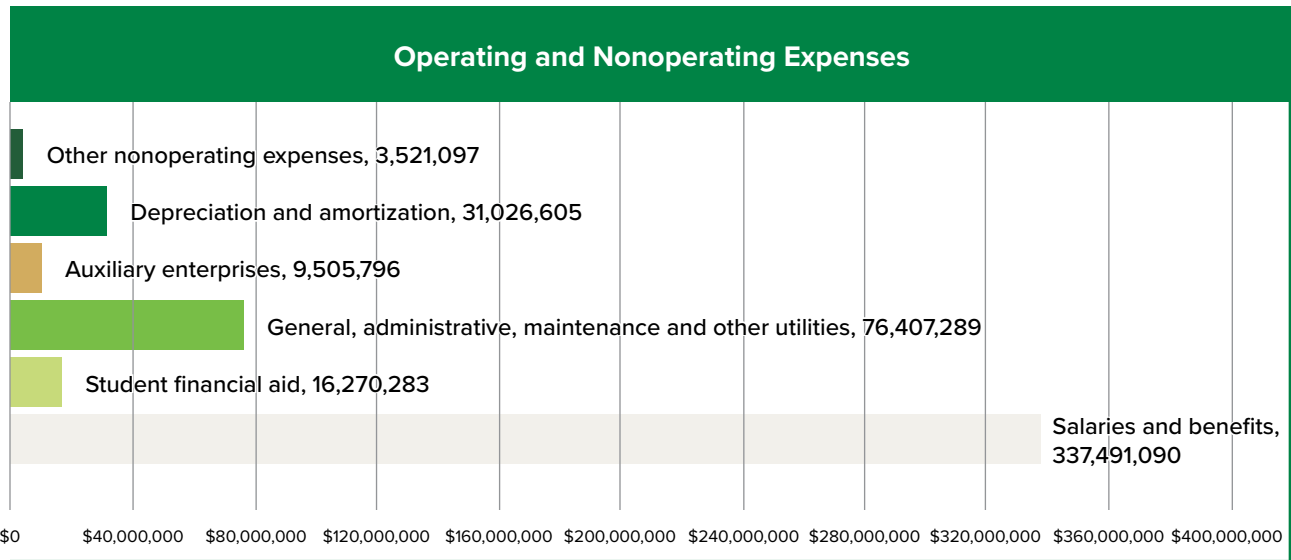
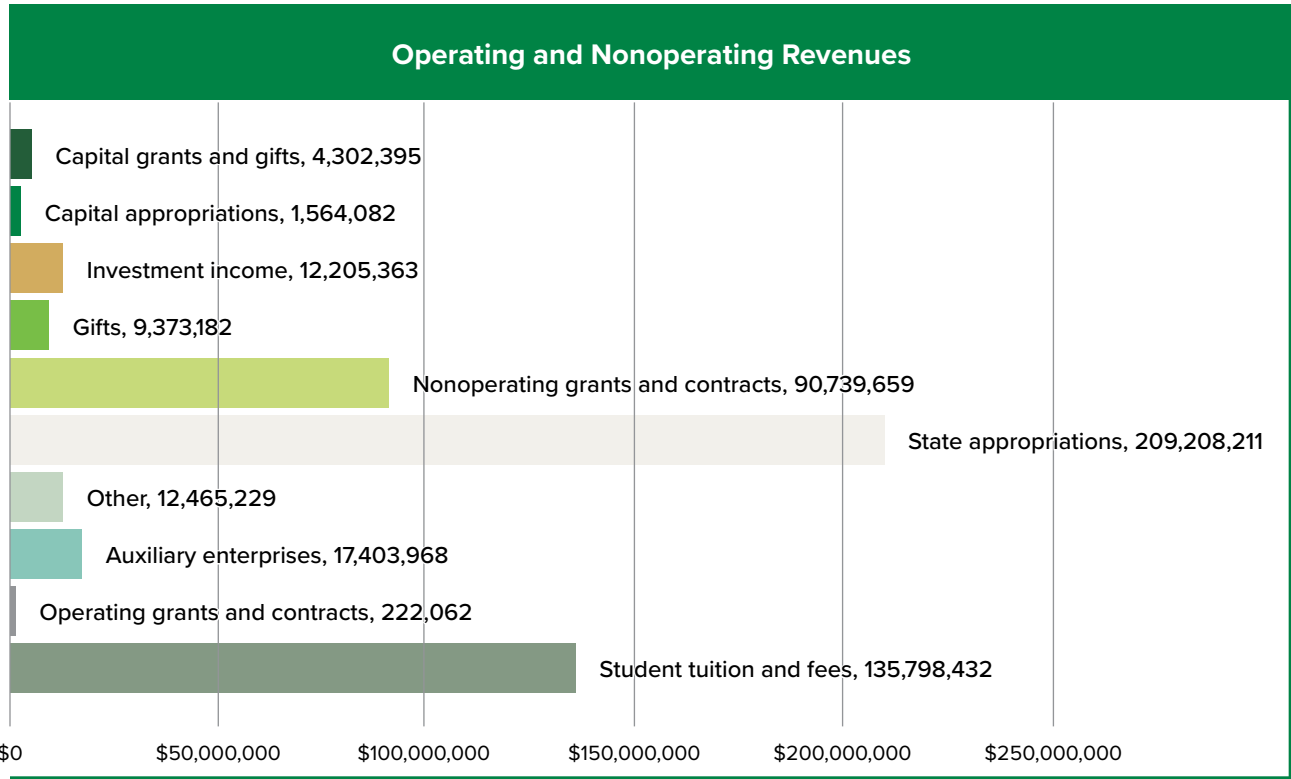
Operating revenues are revenues received for providing goods and services to the various customers and constituencies of the University. Operating expenses are expenses incurred to acquire or produce goods and services. These expenses support the University's mission and generate operating revenues. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating revenues because they are provided by the State Legislature to the University without the Legislature directly receiving commensurate goods or services for those revenues.

## Statement of Revenues, Expenses, and Changes in Net Position, Condensed

	June 30, 2025	June 30, 2024	Change	% Change
<b>REVENUES</b>				
<i>Operating revenues</i>				
Student tuition and fees	\$ 135,798,432	\$ 159,534,164	\$ (23,735,732)	(14.9%)
Grants and contracts	222,062	286,201	(64,139)	(22.4%)
Auxiliary enterprises	17,403,968	12,827,181	4,576,787	35.7%
Other	12,465,229	13,838,711	(1,373,482)	(9.9%)
<b>Total operating revenues</b>	<b>165,889,691</b>	<b>186,486,257</b>	<b>(20,596,566)</b>	<b>(11.0%)</b>
<b>EXPENSES</b>				
<i>Operating expenses</i>				
Salaries and benefits	337,491,090	318,728,557	18,762,533	5.9%
Student financial aid	16,270,283	36,092,960	(19,822,677)	(54.9%)
General and administrative, maintenance and utilities	76,407,289	83,675,584	(7,268,295)	(8.7%)
Auxiliary enterprises	9,505,796	5,329,786	4,176,010	78.4%
Depreciation and amortization	31,026,605	30,535,401	491,204	1.6%
Total operating expenses	470,701,063	474,362,288	(3,661,225)	(0.8%)
<b>Operating loss</b>	<b>(304,811,372)</b>	<b>(287,876,031)</b>	<b>(16,935,341)</b>	<b>5.9%</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	209,208,211	200,314,645	8,893,566	4.4%
Grants and contracts	90,739,659	78,794,946	11,944,713	15.2%
Gifts	9,373,182	8,604,474	768,708	8.9%
Investment income	12,205,363	14,286,850	(2,081,487)	(14.6%)
Other nonoperating revenues (expenses)	(3,521,097)	(2,056,694)	(1,464,403)	(71.2%)
Net nonoperating revenues	318,005,318	299,944,221	18,061,097	6.0%
<b>Income before other revenues</b>	<b>13,193,946</b>	<b>12,068,190</b>	<b>1,125,756</b>	<b>9.3%</b>
Capital appropriations	1,564,082	1,918,089	(354,007)	(18.5%)
Capital grants and gifts	4,302,395	19,747,150	(15,444,755)	(78.2%)
<b>Other revenues</b>	<b>5,866,477</b>	<b>21,665,239</b>	<b>(15,798,762)</b>	<b>(72.9%)</b>
<b>Increase in net position</b>	<b>19,060,423</b>	<b>33,733,429</b>	<b>(14,673,006)</b>	<b>(43.5%)</b>
Net position – beginning	749,721,036	715,987,607	33,733,429	4.7%
Restatement*	(675,973)	-	(675,973)	0.0%
Net position – beginning	749,045,063	715,987,607	33,057,456	4.7%
Net position – ending	<b>\$ 768,105,486</b>	<b>\$ 749,721,036</b>	<b>\$ 18,384,450</b>	<b>2.5%</b>

\*GASB 101 implementation

The following graphs illustrate operating and nonoperating revenues and expenses for the year ended June 30, 2025.



The Statement of Revenues, Expenses, and Changes in Net Position shows an increase of \$18.4 million in net position. During fiscal year 2025, the University experienced growth in both student enrollment and staffing compared to the prior year. The following paragraphs discuss the significant changes from the prior year.

Operating revenues are comprised of various sources of income. The most significant portion of operating revenue is tuition and fees (\$135.8 million), which makes up 81.9% of operating revenues and 27.5% of total revenues. Net tuition and fee revenue decreased \$23.7 million from the prior year, largely due to the change in measurement methodology for tuition discounts and allowances prescribed by NACUBO. See Note 1, Change in Accounting Estimate.

Total operating expenses decreased from the prior year by \$3.7 million or 0.8%. Salaries and benefits increased by \$18.8 million (5.9%) due to hiring more faculty and staff, equity and retention increases, and a cost-of-living increase. Auxiliary enterprises expenses increased by \$4.2 million due to an increase in sales. Student financial aid shows a decrease of \$19.8 million, largely because of the change in measurement methodology for tuition discounts and allowances referred to in the preceding paragraph. General and administrative expenses decreased by \$3.7 million. These expenses were higher in 2024 because of noncapitalizable furniture and equipment expenses related to the completed remodels. Maintenance and utilities decreased by \$3.6 million, returning to the previous level in 2023.

Net nonoperating revenues increased from the prior year by \$18.1 million or 6.0%. State appropriations make up the biggest share of nonoperating revenues at 65.4% or \$209.2 million. State appropriations increased by \$8.9 million or 4.4% from the prior year. Federal grants make up the next highest portion of nonoperating revenues at \$85.0 million or 26.6%. Federal grants increased by \$11.1 million or 15.1% because of an increase in Pell grants. State grants increased by \$0.8 million. These increases were partially offset by a decrease of \$2.1 in investment income due to lower interest rates. The University intends to receive the par value of investments by holding them to maturity.

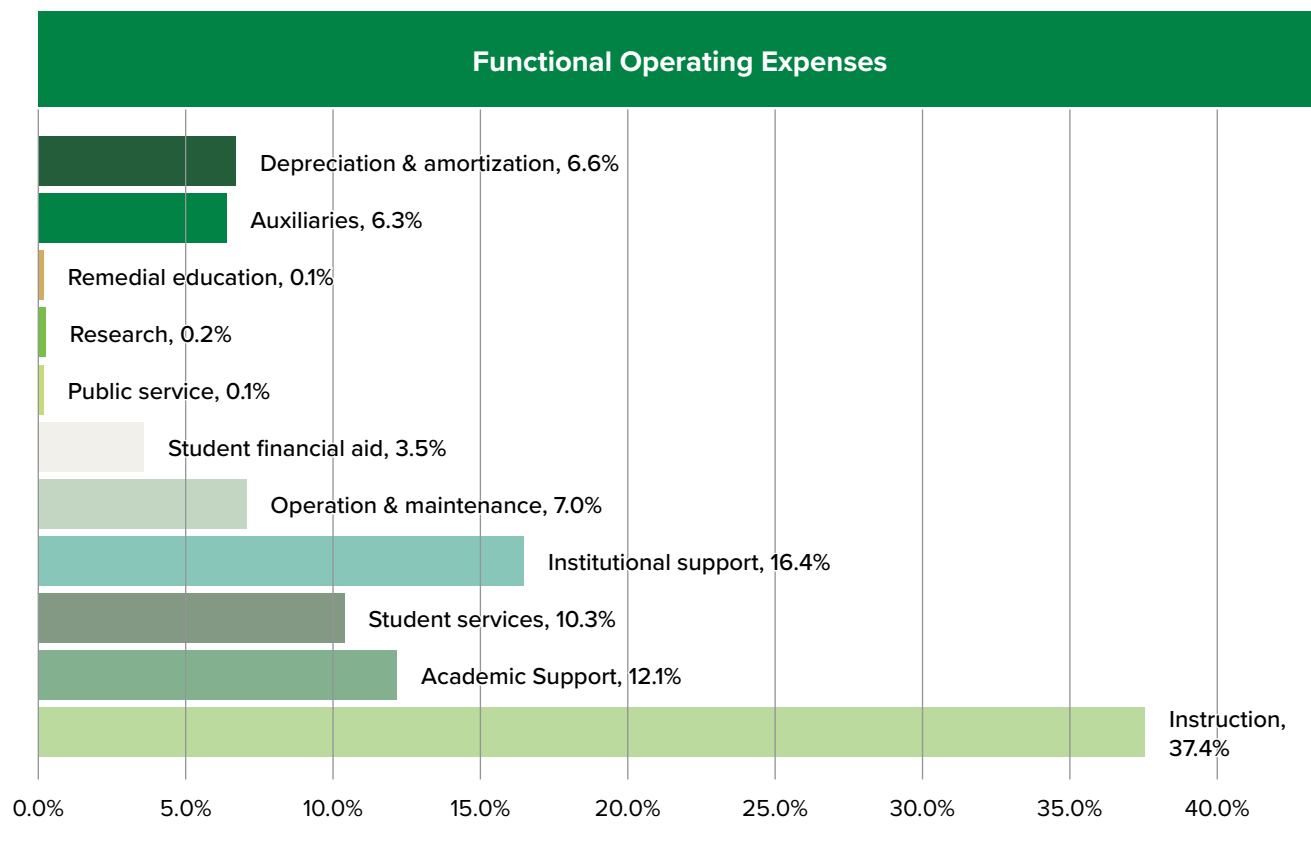
The University received \$4.3 million in capital gifts and grants in 2025 compared to \$19.7 million in 2024, a decrease of \$15.4 million. This decrease is because the remodels funded in 2024 by the donations were all completed in 2024 – Woodbury School of Business, Institutional Advancement and Alumni Center, performing arts buildings, and dental hygienist training lab.



The following is a summary of the University’s expenses by programmatic (functional) classification for the years ended June 30, 2025, and 2024:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>	<u>% Change</u>
<b>Operating Expenses</b>				
Instruction	\$ 175,958,479	\$ 167,298,172	\$ 8,660,307	5.2%
Academic support	57,185,202	55,671,410	1,513,792	2.7%
Student services	48,546,631	45,851,926	2,694,705	5.9%
Institutional support	77,153,870	75,734,039	1,419,831	1.9%
Operation & maintenance	32,823,941	37,324,201	(4,500,260)	(12.1%)
Student financial aid	16,270,283	36,092,960	(19,822,677)	(54.9%)
Public service	551,456	385,932	165,524	42.9%
Research	727,717	968,139	(240,422)	(24.8%)
Remedial education	262,650	479,035	(216,385)	(45.2%)
Auxiliaries	30,194,229	24,021,073	6,173,156	25.7%
Depreciation and amortization	31,026,605	30,535,401	491,204	1.6%
<b>Total Operating Expenses</b>	<b><u>\$ 470,701,063</u></b>	<b><u>\$ 474,362,288</u></b>	<b><u>\$ (3,661,225)</u></b>	<b><u>(0.8%)</u></b>

The following graph illustrates functional operating expenses as a percent of the total for the year ended June 30, 2025.



## Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows provides detailed information about the University's cash activity during the year. It is divided into five sections. The first section covers operating cash flows and shows net cash used by operating activities. The second section reports cash flows from noncapital financing activities, including cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section addresses cash used for the acquisition and construction of capital-related items. The fourth section details investing activities, including purchases, proceeds, and interest received. The fifth section reconciles the net cash used in operating activities with operating income or loss reported on the Statement of Revenues, Expenses, and Changes in Net Position.

### Statement of Cash Flows, Condensed

	June 30, 2025	June 30, 2024	Change	% Change
Cash provided (used) by:				
Operating activities	\$ (276,140,722)	\$ (257,768,695)	\$ (18,372,027)	7.1%
Noncapital financing activities	310,934,622	281,452,310	29,482,312	10.5%
Capital and related financing activities	(61,525,937)	(30,276,297)	(31,249,640)	103.2%
Investing activities	10,631,501	14,213,000	(3,581,499)	(25.2%)
Change in cash	(16,100,536)	7,620,318	(23,720,854)	(311.3%)
Cash - beginning of year	87,925,775	80,305,457	7,620,318	9.5%
<b>Cash – end of year</b>	<b>\$ 71,825,239</b>	<b>\$ 87,925,775</b>	<b>\$ (16,100,536)</b>	<b>(18.3%)</b>

The University's cash decreased by \$16.1 million for the year. Operating activities include cash inflows from tuition and fees received (\$136.8 million) and sales from auxiliary and educational services (\$21 million), as well as cash outflows from payments related to employee salaries and benefits (\$340.3 million), payments to suppliers (\$85.9 million), and student aid in the form of scholarships and fellowships (\$21.4 million). Cash outflows from operating activities increased \$18.4 million compared to 2024. Cash outflows for payments related to employee services and benefits increased by \$13.7 million. Cash outflows for payments to suppliers increased by \$3.6 million.

Inflows for the fiscal year from noncapital financing activities were \$310.9 million, an increase of \$29.5 million from the prior year. State appropriations were the largest portion of noncapital financing activities at \$204.7 million. Cash flows from State appropriations increased by \$11 million over the prior year. Cash flows from Federal, State, and private grants totaled \$96.9 million, an increase of \$17.4 million. The largest portion of this was an increase in Pell grants of \$14.6 million.

Cash outflows related to capital and related financing activities were \$61.5 million for the year, an increase in outflows of \$31.2 million from the prior year. Most of these outflows related to the construction of the Engineering Building and Soccer Stadium.

Cash inflows from investing activities totaled \$10.6 million, primarily from the receipt of interest on investments. Investments of \$82.5 million matured, and investments of \$82.9 million were purchased.

## Outlook

Utah Valley University continues to navigate a dynamic higher education environment with cautious optimism. In fiscal year 2026, the University faces ongoing directives to streamline academic offerings and reinvest in programs aligned with Utah's workforce needs. UVU has implemented an \$8.9 million budget reallocation by consolidating academic programs, while directing resources toward high-demand areas such as applied artificial intelligence, computer science, and engineering.

Enrollment growth remains strong, with a record number of 48,670 students for Fall 2025 compared to 46,809 for Fall 2024, an increase of 3.98%. Tuition increased 3.4% for Fall 2025. This adjustment helps offset rising operational costs while UVU continues to maintain one of the lowest tuition rates in the state, underscoring its commitment to affordability even amid inflationary pressures.

Looking ahead, UVU will maintain a conservative approach to capital projects while advancing strategic initiatives that strengthen student success and workforce readiness. The University's focus on efficiency, affordability, and targeted program investments positions it to meet the needs of Utah's growing economy and diverse student population.





<b>Statement of Net Position</b> June 30, 2025	<b>Utah Valley University</b>	<b>UVU Foundation</b>
<b>ASSETS</b>		
<i>Current assets</i>		
Cash and cash equivalents	\$ 58,756,950	\$ 3,917,683
Restricted cash, cash equivalents	10,336,546	-
Investments	20,021,348	-
Accounts and contributions receivable, net	13,636,620	9,074,878
Notes receivable	-	1,271,474
Prepaid expenses	2,540,142	-
Inventories	1,945,297	-
<b>Total current assets</b>	<b>107,236,903</b>	<b>14,264,035</b>
<i>Noncurrent assets</i>		
Restricted cash, cash equivalents	2,731,743	65,874,915
Investments	112,279,809	106,906,846
Accounts and contributions receivable, net	3,116,221	14,257,682
Notes receivable	-	3,799,416
Other long term assets	-	1,586,831
Net pension asset	12,516,987	-
<i>Capital Assets</i>		
Non depreciable capital assets	128,929,216	-
Depreciable capital assets, net	503,899,182	-
Right-to-use assets, net	9,921,066	-
<b>Total noncurrent assets</b>	<b>773,394,224</b>	<b>192,425,690</b>
<b>Total assets</b>	<b>880,631,127</b>	<b>206,689,725</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>8,983,410</b>	
<b>LIABILITIES</b>		
<i>Current liabilities</i>		
Accounts payable	13,391,479	-
Accrued liabilities	23,885,766	-
Other liabilities	282,607	-
Unearned revenue	13,798,041	-
Current portion of bonds, notes, leases, and SBITA's payable	7,283,139	-
Funds held for others	28,136	-
<b>Total current liabilities</b>	<b>58,669,168</b>	<b>-</b>
<i>Noncurrent liabilities</i>		
Accrued liabilities	6,509,473	53,967
Unearned revenue	2,731,743	-
Net pension liability	793,500	-
Bonds, notes, leases, and SBITA's payable	49,744,913	-
<b>Total noncurrent liabilities</b>	<b>59,779,629</b>	<b>53,967</b>
<b>Total liabilities</b>	<b>118,448,797</b>	<b>53,967</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>3,060,254</b>	<b>1,549,031</b>
<b>NET POSITION</b>		
Net investment in capital assets	582,796,844	-
Restricted:		
Nonexpendable: scholarships	-	135,633,340
Expendable:		
Pensions	12,516,987	-
Grants and contracts	6,615,227	-
Scholarships and loans	1,051,122	65,522,904
Unrestricted	165,125,306	3,930,483
<b>Total net position</b>	<b>\$ 768,105,486</b>	<b>\$ 205,086,727</b>

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



<b>Statement of Revenues, Expenses, and Changes in Net Position</b>	<b>Utah Valley University</b>	<b>UVU Foundation</b>
<b>For the Year Ended June 30, 2025</b>		
<b>REVENUES</b>		
<i>Operating revenues</i>		
Student tuition and fees (net of scholarships and allowances of \$94,904,528)	\$ 135,798,432	\$ -
Private grants and contributions	219,378	13,907,598
Grants and contracts	2,684	-
Sales and services of education departments	3,649,384	-
Auxiliary enterprises (net of scholarships and allowances of \$1,782,988)	17,403,968	-
Other operating revenues	8,815,845	152,222
<b>Total operating revenues</b>	<b>165,889,691</b>	<b>14,059,820</b>
<b>EXPENSES</b>		
<i>Operating expenses</i>		
Salaries	243,445,193	-
Fringe benefits	94,045,897	-
Student financial aid	16,270,283	2,593,277
Maintenance and utilities	19,957,477	-
General and administrative	56,449,812	13,323,299
Cost of goods sold - auxiliary enterprises	9,505,796	-
Depreciation and amortization	31,026,605	-
<b>Total operating expenses</b>	<b>470,701,063</b>	<b>15,916,576</b>
<b>Operating income (loss)</b>	<b>(304,811,372)</b>	<b>(1,856,756)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	209,208,211	-
Federal grants and contracts	84,974,597	-
State grants and contracts	5,765,062	-
Gifts	9,373,182	-
Investment Income	12,205,363	12,618,217
Interest on capital asset-related debt	(1,815,409)	-
Other nonoperating revenues (expenses)	(1,705,688)	-
<b>Net nonoperating revenues (expenses)</b>	<b>318,005,318</b>	<b>12,618,217</b>
<b>Income before other revenues, expenses, gains, or losses</b>	<b>13,193,946</b>	<b>10,761,461</b>
Capital appropriations	1,564,082	-
Contributions to endowments	-	5,503,466
Capital grants and gifts	4,302,395	-
<b>Total other revenues</b>	<b>5,866,477</b>	<b>5,503,466</b>
<b>Increase in net position</b>	<b>19,060,423</b>	<b>16,264,927</b>
<b>NET POSITION</b>		
Net position--beginning of year, restated	749,045,063	188,821,800
<b>Net position--end of year</b>	<b>\$ 768,105,486</b>	<b>\$ 205,086,727</b>

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

# Statement of Cash Flows

For the Year Ended June 30, 2025

## CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tuition and fees	\$ 136,818,334
Receipts from grants and contracts	222,062
Receipts from auxiliary and educational sales and services	20,952,556
Payments to suppliers	(85,935,359)
Payments for employee services and benefits	(340,303,598)
Payments for student aid: scholarships and fellowships	(21,393,613)
Other operating receipts	13,498,896

**Net cash used by operating activities** **(276,140,722)**

## CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	204,671,797
Receipt of direct loans from lenders	52,759,094
Disbursement of direct loans to students	(52,759,094)
Federal, state and private grants and contracts	96,949,732
Gifts	9,313,093

**Net cash provided by noncapital financing activities** **310,934,622**

## CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants and gifts received	374,746
Purchases of capital assets	(50,441,190)
Proceeds from sales of capital assets	68,778
Principal paid on capital debt and leases	(9,558,484)
Interest paid on capital related debt	(1,969,787)

**Net cash used by capital and related financing activities** **(61,525,937)**

## CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	82,500,000
Receipt of interest on investments	10,992,211
Purchase of investments	(82,860,710)

**Net cash provided by investing activities** **10,631,501**

**Net decrease in cash** **(16,100,536)**

**Cash and cash equivalents - beginning of year** **87,925,775**

**Cash and cash equivalents - end of year** **\$ 71,825,239**



# Statement of Cash Flows

For the Year Ended June 30, 2025

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
<b>Operating loss</b>	<b>\$ (304,811,372)</b>
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation and amortization expense	31,026,605
DFCM projects not capitalized	4,536,414
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Receivables, net	(551,433)
Inventories	(278,151)
Prepaid expenses, deferred charges	89,590
Accounts payable	(2,561,655)
Accrued liabilities	1,164,498
Unearned revenue	1,103,285
Funds held for others	(93,530)
Other liabilities	(22,538)
Net Pension Asset	(4,074,133)
Deferred outflows of resources	(380,302)
Net Pension Liability	257,951
Deferred Inflows of Resources	(1,545,951)
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ ( 276,140,722)</u></b>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Donated assets	\$ 3,987,738
Assets contributed by DFCM	1,564,082
Net unrealized increase in fair value of investments	929,215
<b>Total Noncash Activities</b>	<b><u>\$ 6,481,035</u></b>





# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Presentation**

Utah Valley University (the University) is a component unit of the State of Utah. It is considered a component unit because it was established under Utah statute, receives funding appropriations from the State, and is financially accountable to the State. The financial activity of the University is included in the State's Annual Comprehensive Financial Report.

The accompanying financial statements include all activities that are directly controlled by the University. In addition, the financial statements include the financial position and activities of the Utah Valley University Foundation (the Foundation), as a discretely presented component unit. The accounts of the Foundation are reported under the heading "UVU Foundation" in the financial statements.

The Foundation is a separate but affiliated non-profit corporation that operates to promote the University. The Foundation's economic resources are mostly used for the benefit of the University. It is administered by a Board of Directors comprised of 18-24 members of the local community and the University. The President of the University and two other key University personnel are permanent members of the Board.

The Foundation issues separate financial statements which are audited by independent auditors. A copy of the financial statements can be obtained from the University's Institutional Advancement Office at 800 West University Parkway, Orem, Utah 84058.

### **Basis of Accounting**

For financial reporting purposes, the University is considered a special purpose government entity engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

### **Cash and Cash Equivalents**

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date. Funds invested through the Utah Public Treasurers' Investment Fund (PTIF) are considered cash equivalents.

### **Investments**

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The University distributes earnings from pooled investments based on the average daily investment of each participating account.

### **Accounts Receivable**

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of Utah. Accounts receivable also include

amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

### **Inventories**

Inventories are carried at the lower of cost or market on either the first-in, first-out (FIFO) basis or on the average cost basis.

### **Capital Assets**

Capital assets are recorded at historical cost on the date of acquisition or in the case of gifts, acquisition value at the date of donation. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of at least two years. Buildings, building additions, and building improvements that extend the useful life of the asset or infrastructure, and leasehold and depreciable land improvements are capitalized if the cost is over \$250,000. Library books are capitalized and depreciated over their useful lives. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets: 40 years for buildings and improvements, 30 years for infrastructure and aircraft less than 15 years old when acquired, 20 years for the library collection, 15 years for aircraft greater than 15 years old when acquired, 10 years for land improvements and depreciable works of art, and 3 to 5 years for equipment. Leasehold improvements are amortized over the lesser of the useful life of the improvement or the lease term.

### **Noncurrent Liabilities**

Noncurrent liabilities include: (1) principal amounts of revenue bonds payable, notes payable, lease and SBITA obligations with contractual maturities greater than one year; (2) estimated amounts for accrued liabilities that will not be paid within the next fiscal year; (3) unearned revenue; and (4) the University's share of any unfunded liability associated with its participation in the defined benefit plans managed by Utah Retirement Systems.

### **Unearned Revenues**

Unearned revenues include amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grants and contract sponsors and prepaid rental income that have not yet been earned.

### **Compensated Absences**

Full-time, salaried non-faculty employees may accrue up to 30 days of annual vacation leave, which can be carried forward at calendar year-end. Upon termination, employees are paid for any unused vacation leave or compensatory leave but receive no payment for unused sick leave. Sick leave may accumulate without limit and is available for use during employment.

During the year ended June 30, 2025, UVU adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The new standard requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized if the leave is attributable to services already rendered,

accumulates, and is more likely than not to be used for time off or paid out upon termination or retirement. The University restated beginning net position due to implementing this standard, see Note 21.

The compensated absences liability includes accrued vacation leave, earned compensatory overtime, and sick leave for which employees are entitled to paid time off or payment upon termination. The University calculates this liability based on recorded unused leave balances expected to result in paid time off or cash payments at termination. Sick leave is valued using a last-in, first-out assumption. The most recently accrued leave is considered to be used first. The calculation uses current fiscal year-end salary rates and related benefit costs. Changes in the liability are recorded in the current year under the applicable functional expenditure category.

### **Classification of Revenues and Expenses**

The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating Revenues:* Operating revenues include student tuition and fees, grants and contracts, and revenue from various auxiliary and public service functions.

*Nonoperating Revenues:* Nonoperating revenues include state appropriations, Pell grants and certain government grants, gifts, and investment income.

*Operating Expenses:* With the exception of interest expense and losses on the disposal of capital assets, all expense transactions are classified as operating expenses.

### **Deferred Outflows/Inflows of Resources**

The University records its share of any unfunded liability associated with participation in the defined benefit plans of the Utah Retirement Systems (URS). For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense; information about the fiduciary net position of the URS pension plan and additions to/deductions from URS's fiduciary net position are determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

A deferred outflow/inflow of resources related to refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

### **Restricted and Unrestricted Resources**

When expenses are incurred for purposes for which both restricted and unrestricted resources are available, it is the University's general policy to use restricted resources first.

### **Net Position**

The University's net position is classified as follows:

*Net investment in capital assets:* This amount represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but

not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

*Restricted net position – nonexpendable:* Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to the principal.

*Restricted net position – expendable:* Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

*Unrestricted net position:* Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of educational departments, and auxiliary enterprises. These resources are used for educational and general operations of the University and may be used for any purpose at the discretion of the governing board to meet current expenses. Auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff.

### **Subscription-Based Information Technology Arrangements (SBITA)**

At the commencement of a SBITA, the subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. The subscription asset is measured as the sum of the initial subscription liability amount, the payments made to the SBITA vendor before commencement of the subscription term, and the capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The University recognizes subscription liabilities with an initial, individual value of \$100,000 or more. The subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying subscription asset.

Key estimates and judgments related to SBITAs include how the University determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The University uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the University uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription payable are composed of fixed payments and other payments the university is reasonably certain will be required to be made to the SBITA vendor.

### **Leases**

*Lessee* – The University is a lessee for noncancellable leases of equipment, land, and buildings. The University recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statement of net position. The University recognizes lease liabilities with an initial, individual value of \$100,000 or more.

At the commencement of a lease, the University initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the

principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the University determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments.

- The University uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the University uses an estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the University is reasonably certain to exercise.

The University monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

*Lessor* – The University is a lessor for noncancellable leases of various facilities. The University recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the University determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) the lease term, and (3) lease receipts.

- The University uses its expected rate of return as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The University monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

## **Income Taxes**

The University is a political subdivision of the State of Utah and is consequently exempt from federal and state income taxes. The University also qualifies as an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

The Utah Valley University Foundation, a discretely presented component unit of the University, qualifies as an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code. Consequently, it is also exempt from federal and state income tax.

### **Scholarship Allowance**

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

### **Change in Accounting Estimate – Tuition Discounts and Allowances**

During fiscal year 2025, the University changed the measurement methodology used to estimate tuition discounts and allowances. This change was made because the National Association of College and University Business Officers (NACUBO) no longer endorses the Alternate Method and recommends using a methodology that more accurately reflects the institution's specific facts and circumstances. The previously used Alternate Method tends to understate tuition and fee discounts and overstate both auxiliary discounts and financial aid expense. The new methodology is considered preferable because it improves the relevance and reliability of the University's financial reporting.

This change has been applied prospectively and does not result in any adjustment to beginning net position. As a result of this change, net student tuition and fee revenue for fiscal year 2025 decreased by approximately \$23.7 million and student financial aid decreased by \$19.8 million.

## **NOTE 2. DEPOSITS AND INVESTMENTS**

### *Deposits*

#### **Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the entity's deposits may not be returned. The University does not have a formal deposit policy for custodial credit risk. As of June 30, 2025, \$16,787,170 of the University's bank balances of \$17,287,170 were uninsured and uncollateralized.

### *Investments*

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

Except for endowment funds, the University follows the requirements of the Utah Money Management Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of entity funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. The Money Management Act defines the types of securities authorized as appropriate investments for the University non-endowment funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the University to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; reciprocal deposits and negotiable brokered certificates of deposits in accordance with the Act; and the Utah State Public Treasurers’ Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The UPMIFA and Rule 541 allow the University to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any of the above investments or any of the following subject to satisfying certain criteria: mutual funds registered with the Securities and Exchange Commission, investments sponsored by the Common Fund; any investment made in accordance with the donor’s directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

#### *Fair Value of Investments*

The University measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets
- Level 2: Observable inputs other than quoted market prices.
- Level 3: Unobservable inputs.

At June 30, 2025, the University had the following recurring fair value measurements:

	Fair Value	Fair Value Measurement at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
PTIF	\$ 61,620,072	\$ -	\$ 61,620,072	\$ -
Corporate bonds	132,301,157	-	132,301,157	-
<b>Total debt securities</b>	<b>\$ 193,921,229</b>	<b>\$ -</b>	<b>\$ 193,921,229</b>	<b>\$ -</b>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- Corporate Bonds and Government Sponsored Enterprise Bonds: quoted prices for similar securities in active markets.
- Utah Public Treasurers’ Investment Fund: application of the fair value factor, provided by the Utah State Treasurer, to the University’s June 30 balance in the fund.

Level 3 investments generally do not have readily obtainable market values. The University values these investments using various sources such as financial statements or other financial valuations provided by the external advisor. June 30 valuations are preferred, if available. However, if June 30 valuations are not available, the value is progressed from the most recently available valuation.

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State’s Money Management Act or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 10 years for institutions of higher education. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years. For endowment funds, Rule 541 is more general, requiring only that investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

As of June 30, 2025, investments and maturities were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than One	One to Five	Five to Ten	Ten to Twenty
PTIF	\$ 61,620,072	\$ 61,620,072	\$ -	\$ -	\$ -
Corporate bonds	132,301,157	20,021,348	112,279,809	-	-
<b>Total</b>	<b>\$ 193,921,229</b>	<b>\$ 81,641,420</b>	<b>\$ 112,279,809</b>	<b>\$ -</b>	<b>\$ -</b>

### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for reducing its exposure to credit risk is to comply with the Act, the UPMIFA, and Rule 541, as previously discussed.

At June 30, 2025, the University had investments and quality ratings as follows:

Investment Type	Fair Value	Quality Rating			
		Aaa to AA-	A1 to A-	Baa1 to BBB-	Unrated
PTIF	\$ 61,620,072	\$ -	\$ -	\$ -	\$ 61,620,072
Corporate bonds	132,301,157	-	101,683,107	30,618,050	-
<b>Total</b>	<b>\$ 193,921,229</b>	<b>\$ -</b>	<b>\$ 101,683,107</b>	<b>\$ 30,618,050</b>	<b>\$ 61,620,072</b>

### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council or the UPMIFA and Rule 541, as applicable. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to between 5% and 10% depending upon the total dollar amount held in the portfolio at the time of purchase. For endowment funds, Rule 541 requires that a minimum of 25% of the overall endowment portfolio be invested in fixed income or cash equivalents. Also, the overall endowment portfolio cannot consist of more than 75% equity investments. Rule 541 also limits investments in alternative investment funds, as allowed by Rule 541, to between 0% and 30% based on the size of the University's endowment fund. As of June 30, 2025, the University held more than 5% of its total investments in Citigroup Inc., (6.70%), Fifth Third Bank NA (5.98%), and Toronto-Dominion Bank (7.27%). All investments are in compliance with the Utah Money Management Act.

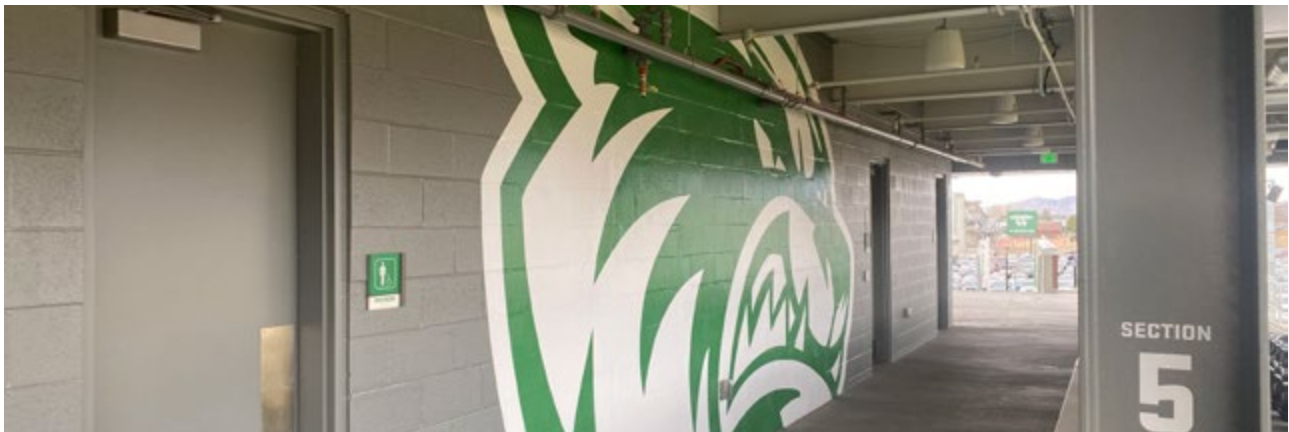
### *Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal policy for custodial credit risk. At June 30, 2025, the University had \$132,301,157 in corporate bonds, which were uninsured and held by the counterparty's trust department, but not in the University's name.

## NOTE 3. ACCOUNTS RECEIVABLE

University accounts receivable consisted of the following at June 30, 2025:

<b>Current accounts receivable, net</b>	
Student tuition and fees	\$ 3,649,406
Interest	1,002,714
Operating activities	2,219,794
Leases	1,305,529
Federal grants and contracts	2,043,727
Other grants and contracts	32,615
Auxiliary enterprises	808,988
Total	<u>11,062,773</u>
Less allowance for doubtful accounts	<u>(650,000)</u>
Total	10,412,773
 <b>Current accounts receivable-state agency</b>	
Operating activities	132,681
Student tuition and fees	207,642
Utah Department of Facilities Construction and Management	2,839,672
Grants and contracts	43,852
Total current accounts receivable - state agency	<u>3,223,847</u>
Total current accounts receivable	13,636,620
 <b>Noncurrent accounts receivable, net</b>	
Leases	1,931,439
Operating activities	1,184,782
Total noncurrent accounts receivable	<u>3,116,221</u>
<b>Total accounts receivable</b>	<b><u><u>\$ 16,752,841</u></u></b>



### Lease Receivable

The University leases various facilities to third parties from 1 to 5 years. For the year ended June 30, 2025, the University recognized lease revenue of \$1,672,693 and interest revenue of \$198,445. At June 30, 2025, the University reports a lease receivable of \$3,236,968 and a deferred inflow of resources related to leases of \$2,719,004.

Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$ 1,305,529	\$ 131,710	\$ 1,437,239
2027	1,003,452	72,126	1,075,578
2028	818,329	25,601	843,930
2029	109,658	1,403	111,061
<b>Total</b>	<b>\$ 3,236,968</b>	<b>\$ 230,840</b>	<b>\$ 3,467,808</b>

### NOTE 4. INVENTORIES

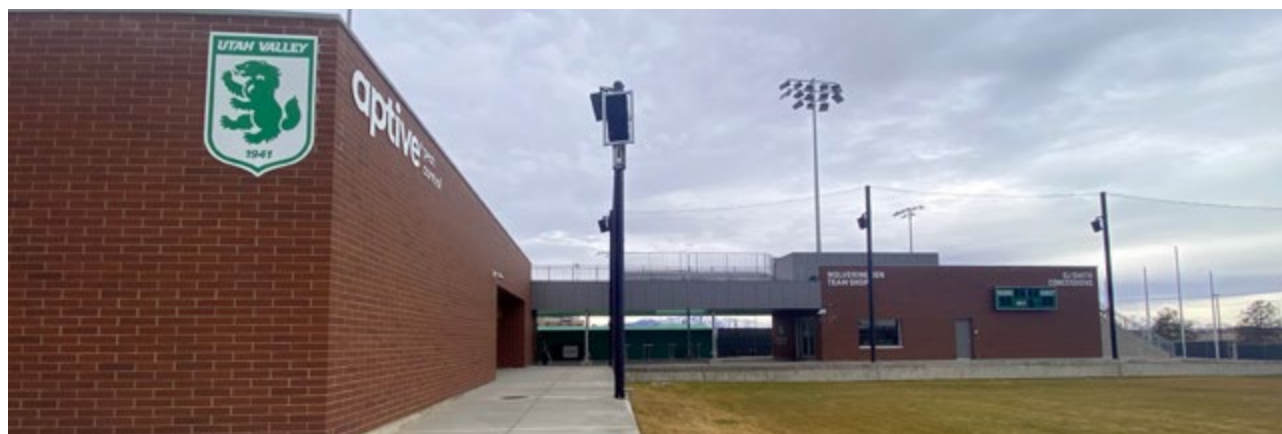
Inventories at June 30, 2025, were as follows:

Auxiliary enterprises	\$ 1,117,954
Supplies and other inventory	827,343
<b>Total</b>	<b>\$ 1,945,297</b>

### NOTE 5. PREPAID EXPENSES

Prepaid expenses at June 30, 2025, were as follows:

Prepaid software maintenance agreements	\$ 2,530,172
Contracts and other	9,970
<b>Total</b>	<b>\$ 2,540,142</b>



## NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

University accounts payable consisted of the following at June 30, 2025:

<b>Current accounts payable</b>	
Interest payable	\$ 391,859
Vendors payable	4,568,043
Grants and contracts	245,044
Wolverine Card deposits	1,054,958
Total	<u>6,259,904</u>
<b>Current accounts payable-related party</b>	
Interest payable	16,118
<b>Current accounts payable-state agency</b>	
State taxes payable	23,825
Other state payable	57,789
Construction payable	7,033,843
Total accounts payable - state agency	<u>7,115,457</u>
<b>Total</b>	<b><u>\$ 13,391,479</u></b>



University accrued liabilities consisted of the following at June 30, 2025:

<b>Current accrued liabilities</b>	
Federal taxes payable	\$ 2,425,092
Wages payable	7,485,558
Early retirement payable	697,038
Accrued leave payable	4,636,399
Medical and dental claims payable	3,422,026
Student reimbursements	172,259
Payroll liabilities	3,146,630
	<hr/>
Total	21,985,002
 <b>Current accrued liabilities-state agency</b>	
State taxes payable	1,240,063
Payroll liabilities	660,701
	<hr/>
Total current accrued liabilities - state agency	1,900,764
	<hr/>
Total current accrued liabilities	23,885,766
 <b>Noncurrent accrued liabilities</b>	
Early retirement payable	745,695
Accrued leave payable	5,763,778
	<hr/>
Total noncurrent accrued liabilities	6,509,473
	<hr/>
<b>Total accrued liabilities</b>	<b>\$ 30,395,239</b>
	<hr/> <hr/>

## NOTE 7. UNEARNED REVENUE

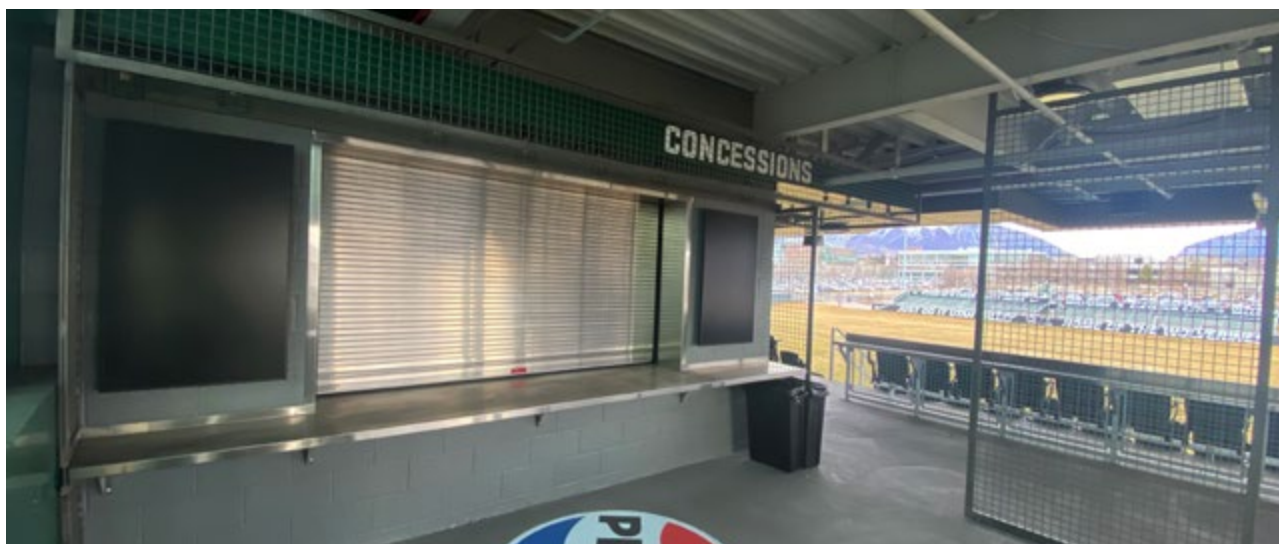
Unearned revenue of the University consisted of the following at June 30, 2025:

<b>Current unearned revenue</b>	
Prepaid tuition and fees	\$ 11,429,389
Grants and contracts - federal	378,277
Grants and contracts - state	1,934,727
Grants and contracts - private	55,648
	<hr/>
Total current unearned revenue	13,798,041
	<hr/>
 <b>Noncurrent unearned revenue</b>	
Grants and contracts - state	2,731,743
	<hr/>
<b>Total unearned revenue</b>	<b>\$ 16,529,784</b>
	<hr/> <hr/>

## NOTE 8. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, is summarized as follows:

	Beginning Book Value	Increases	Decreases	Ending Book Value
<b>Capital assets not being depreciated</b>				
Land	\$ 62,278,448	\$ 6,271,611	\$ -	\$ 68,550,059
Land improvements – nondepreciable	8,718,491	-	-	8,718,491
Works of art and historical treasures	4,854,449	464,049	(36,500)	5,281,998
Construction in process	11,250,346	39,240,314	(4,111,992)	46,378,668
Total not being depreciated	87,101,734	45,975,974	(4,148,492)	128,929,216
<b>Capital assets being depreciated</b>				
Land improvements – depreciable	17,258,418	870,233	-	18,128,651
Infrastructure	26,334,320	-	-	26,334,320
Buildings	664,494,072	10,291,465	(2,737,358)	672,048,179
Leasehold Improvements	3,689,736	-	-	3,689,736
Equipment	91,527,528	6,466,972	(1,318,086)	96,676,414
Library books	7,744,985	138,675	(578,637)	7,305,023
Total being depreciated	811,049,059	17,767,345	(4,634,081)	824,182,323
<b>Less accumulated depreciation</b>				
Land improvements – depreciable	(12,887,912)	(894,661)	-	(13,782,573)
Infrastructure	(14,486,512)	(855,526)	-	(15,342,038)
Buildings	(197,395,380)	(16,358,843)	1,059,481	(212,694,742)
Leasehold Improvements	(1,751,229)	(167,820)	-	(1,919,049)
Equipment	(66,418,535)	(6,986,075)	1,318,086	(72,086,524)
Library books	(4,707,898)	(328,954)	578,637	(4,458,215)
Total accumulated depreciation	(297,647,466)	(25,591,879)	2,956,204	(320,283,141)
Total depreciable capital assets, net	513,401,593	(7,824,534)	(1,677,877)	503,899,182
<b>Total capital assets, net</b>	<b>\$ 600,503,327</b>	<b>\$ 38,151,440</b>	<b>\$ (5,826,369)</b>	<b>\$ 632,828,398</b>



The following are the changes in right-to-use capital assets of the University for the year ended June 30, 2025:

	<b>Beginning Book Value</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Book Value</b>
<b>Leased assets being amortized</b>				
Land improvements	\$ 547,463	\$ -	\$ -	\$ 547,463
Buildings	272,388	-	(272,388)	-
Total being depreciated	819,851	-	(272,388)	547,463
<b>Less accumulated amortization</b>				
Land improvements	(57,945)	(18,296)	-	(76,241)
Buildings	(264,607)	(7,781)	272,388	-
Total accumulated amortization	(322,552)	(26,077)	272,388	(76,241)
Total depreciable leased assets, net	497,299	(26,077)	-	471,222
<b>Subscription-Based Information</b>				
<b>Technology Arrangements</b>	21,918,494	6,370,908	(1,688,445)	26,600,957
Less accumulated amortization	(13,430,909)	(5,408,649)	1,688,445	(17,151,113)
Total depreciable SBITA assets, net	8,487,585	962,259	-	9,449,844
<b>Total right-to-use assets</b>	<b>\$ 8,984,884</b>	<b>\$ 936,182</b>	<b>\$ -</b>	<b>\$ 9,921,066</b>



## NOTE 9. DEFERRED OUTFLOWS / DEFERRED INFLOWS OF RESOURCES

The University has the following deferred outflows and inflows of resources at June 30, 2025:

### Deferred Outflows of Resources

Difference between expected and actual experience	\$ 2,039,675
Changes in assumptions	265,019
Net difference between projected and actual earnings on pension investments	3,494,069
Changes in proportion and differences between contributions and proportionate share of contributions	110,802
Pension contributions made subsequent to the measurement date	3,073,845
<b>Total</b>	<b>\$ 8,983,410</b>

### Deferred Inflows of Resources

Deferred amount on refunding of bonds	\$ 205,564
Difference between expected and actual pension experience	5,467
Change in actuarial assumptions	82
Changes in proportion and differences between contributions and proportionate share of contributions	130,137
Deferred inflows of resources related to leases	2,719,004
<b>Total</b>	<b>\$ 3,060,254</b>

## NOTE 10. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes to the University's long-term liabilities during the fiscal year ended June 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
Revenue bonds	\$ 46,235,000	\$ -	\$ (3,595,000)	\$ 42,640,000	\$ 3,695,000
Premium	2,707,722	-	(181,249)	2,526,473	181,249
Discount	-	-	-	-	-
Total bonds payable	48,942,722	-	(3,776,249)	45,166,473	3,876,249
Right-to-use lease payables	544,763	-	(12,248)	532,515	4,927
Right-to-use SBITA payables	5,505,360	6,370,944	(5,170,705)	6,705,599	2,577,914
Notes payable	-	-	-	-	-
Notes payable-related	5,403,996	-	(780,531)	4,623,465	824,049
Total bonds, notes, leases, and SBITA's payable	60,396,841	6,370,944	(9,739,733)	57,028,052	7,283,139
Net pension liability	535,549	257,951	-	793,500	-
Early retirement	1,319,486	736,089	(612,842)	1,442,733	697,038
Accrued leave	9,760,170	640,007 *	-	10,400,177	4,636,399
<b>Total</b>	<b>\$ 72,012,046</b>	<b>\$ 8,004,991</b>	<b>\$ (10,352,575)</b>	<b>\$ 69,664,462</b>	<b>\$ 12,616,576</b>

\*Net change

## NOTE 11. BONDS PAYABLE

The State Board of Regents of the State of Utah issued Student Center Building Fee and Unified System Revenue and Refunding Bonds, Series 2019A, in the amount of \$21,860,000 and Student Center Building Fee and Unified System Revenue Refunding Bonds, (Federally Taxable) Series 2019B, in the amount of \$31,010,000 for and on behalf of the University on November 5, 2019. The SBR 2019 A&B Bonds were issued for the purpose of (i) financing the remodeling and expansion of the Sorensen Student Center; (ii) refunding certain outstanding bonds; and (iii) paying the costs associated with the issuance of the 2019 A&B Bonds.

The State Board of Regents of the State of Utah, Student Center Building Fee and Unified System Revenue Refunding Bonds, Series 2019B (Federally Taxable) issued on November 5, 2019 for \$31,010,000 and \$132,654 of original issue premium, plus an additional \$1,427,996 from the SBR 2012A Bond Reserve Fund, were used to advance refund \$29,615,000 outstanding on the SBR 2012A Student Center Building Fee and Unified System Revenue Bonds, beginning with the November 1, 2023 payment through the final November 1, 2032 payment. The net proceeds were used to purchase U.S. Government securities and were deposited in an irrevocable trust with an escrow agent for future debt service payments for this portion of the SBR 2012A Bonds. As of June 30, 2025, \$29,615,000 of the SBR 2012A Bonds are considered defeased and the outstanding liability for those bonds has been removed from the Statement of Net Position.

Bonds payable at June 30, 2025, consisted of the following:

	<u>Original Issue</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
SBR 2019A Student Center Building Fee and Unified System Tax-Exempt Revenue and Refunding Bonds, due in annual installments through 2040, interest rates 3% to 5%	\$ 21,860,000	\$ 18,120,000	\$ 870,000
Plus premium	<u>3,420,897</u>	<u>2,451,643</u>	<u>171,045</u>
Total net SBR 2019A	<u>25,280,897</u>	<u>20,571,643</u>	<u>1,041,045</u>
SBR 2019B Student Center Building Fee and Unified System Taxable Refunding Bonds, due in annual installments through 2033, interest rates 1.99% to 2.60%	31,010,000	24,520,000	2,825,000
Plus premium	<u>132,654</u>	<u>74,830</u>	<u>10,204</u>
Total net SBR 2019B	<u>31,142,654</u>	<u>24,594,830</u>	<u>2,835,204</u>
<b>Total net bonds</b>	<b><u>\$ 56,423,551</u></b>	<b><u>\$ 45,166,473</u></b>	<b><u>\$ 3,876,249</u></b>

Principal and interest on the SBR 2019A Bonds and the SBR 2019B Bonds are secured by pledged revenues. Pledged revenues consist of all net operating revenues of (1) the Bookstore, the Student Center, and all University Food Services; (2) the Student Life and Wellness Center building, parking, and related facilities; and (3) all other facilities which may be hereafter added to the Unified System by the Board or financed with proceeds of Bonds; together with interest earnings on all funds and accounts created under the bond indentures, and the Student Center building fees. The revenues are pledged until fiscal year 2040 when the last bond is retired. The total pledged revenues are estimated to be equal to future debt service payments of \$50,417,581.

The following is a summary of the pledged revenues for fiscal year 2025 and the bond payments due in fiscal year 2026:

<b>Pledged revenues</b>	
Building fee – Spring	\$ 2,261,646
Building fee – Summer	708,573
Building fee – Fall	2,371,820
Total building fees	<u>5,342,039</u>
Interest income	28,102
Unified system revenues	<u>2,281,064</u>
Total pledged revenues	<u><u>\$ 7,651,205</u></u>
 <b>Principal and interest payments for fiscal year 2026</b>	
SBR 2019A Bonds	\$ 1,559,950
SBR 2019B Bonds	<u>3,388,648</u>
Total principal and interest payments to be covered by pledged revenues	<u><u>\$ 4,948,598</u></u>

A Reserve Policy from Assured Guaranty Municipal Corp was purchased with respect to the Series 2019 A&B Bonds. Under the terms of the Reserve Policy, Assured Guaranty Municipal Corp will unconditionally and irrevocably guarantee to pay that portion of the scheduled principal and interest on the Series 2019 A&B Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the University.

The scheduled maturities of bonds payable at June 30, 2025, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,695,000	\$ 1,253,598	\$ 4,948,598
2027	3,795,000	1,144,845	4,939,845
2028	3,910,000	1,030,255	4,940,255
2029	4,030,000	910,102	4,940,102
2030	4,150,000	784,260	4,934,260
2031-2035	15,825,000	2,098,846	17,923,846
2036-2040	<u>7,235,000</u>	<u>555,675</u>	<u>7,790,675</u>
<b>Total</b>	<u><u>\$ 42,640,000</u></u>	<u><u>\$ 7,777,581</u></u>	<u><u>\$ 50,417,581</u></u>

## NOTE 12. NOTES PAYABLE

### Related Party Transactions

The University entered into various agreements involving the Foundation:

During the year ended June 30, 2020, the University borrowed \$3,201,970 to acquire a building at Thanksgiving Point. The note carries a term of 7 years and bears an interest rate of 5.5% with semi-annual payments of \$278,650. This note matures in May 2027. The amount owed as of June 30, 2025, was \$1,041,991 with an additional \$9,552 of accrued interest.

During the year ended June 30, 2014, the University borrowed \$6,138,268 to acquire land. The note carries a term of 20 years and bears an interest rate of 5.5% with semi-annual payments of \$254,932. This note matures in June 2034. The amount owed as of June 30, 2025, was \$3,581,474 with an additional \$6,566 of accrued interest.

The principal maturities on these notes as of June 30, 2025, are as follows:

<b>Fiscal Year Ending</b>				
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2026	\$ 824,049	\$ 243,114	\$ 1,067,163	
2027	869,997	197,168	1,067,165	
2028	353,540	156,323	509,863	
2029	373,252	136,611	509,863	
2030	394,063	115,800	509,863	
2031-2034	1,808,564	230,888	2,039,452	
<b>Total</b>	<b>\$ 4,623,465</b>	<b>\$ 1,079,904</b>	<b>\$ 5,703,369</b>	

During the year ended June 30, 2025, the Foundation had certain additional transactions with the University in its capacity to support the University. The Foundation forwarded donated in-kind materials and equipment to the University totaling \$3,560,089. The Foundation provided \$2,593,277 for scholarships, and an additional \$7,077,391 for awards, departments, and general use. Funds forwarded to departments were used towards wages and purchases of items to enhance University programs. The University provides facilities and services to the Foundation, the value of which is undetermined and is not recorded on the financial statements.

## NOTE 13. LEASES

The University has entered into lease agreements as lessee for the acquisition and use of buildings, land, and equipment. As of June 30, 2025, the value of the lease liability was \$532,515. The University is required to make annual principal and interest payments of various amounts. The lease has an interest rate of 4.29%. The value of the right-to-use asset as of the end of the current fiscal year was \$547,463 with accumulated amortization of \$76,241.

The following is a schedule of future debt service requirements on the leases:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$ 4,927	\$ 22,754	\$ 27,681
2027	5,707	22,527	28,234
2028	6,471	22,328	28,799
2029	7,403	21,972	29,375
2030	8,327	21,636	29,963
2031-2035	57,339	101,708	159,047
2036-2040	89,386	86,214	175,600
2041-2045	131,111	62,765	193,876
2046-2050	184,858	29,198	214,056
2051	36,986	733	37,719
<b>Total</b>	<b>\$ 532,515</b>	<b>\$ 391,835</b>	<b>\$ 924,350</b>

## NOTE 14. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The University has entered into subscription-based information technology agreements (SBITA's). The University is required to make annual principal and interest payments of various amounts. The SBITA's have an average interest rate of 4.8%. The subscription assets have an estimated useful life over the estimated terms of the agreement ranging from 2-5 years. The value of the right-to-use assets as of the end of the current fiscal year was \$26,600,955 with accumulated amortization of \$17,151,111.

The following is a schedule of future obligations related to SBITA's:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$ 2,577,914	\$ 359,062	\$ 2,936,976
2027	2,502,523	223,927	2,726,450
2028	1,441,766	89,918	1,531,684
2029	183,396	10,243	193,639
<b>Total</b>	<b>\$ 6,705,599</b>	<b>\$ 683,150</b>	<b>\$ 7,388,749</b>

## **NOTE 15. EARLY RETIREMENT LIABILITY**

The University provides an early retirement option to qualified employees who are approved by the administration in accordance with University policy as approved by the Utah Board of Higher Education. Employees who retire from the University on or after age 57 and whose combined total of age and years of service is 75 or greater may be qualified to receive benefits.

Benefits are payable for five years or until the retiree reaches age 65, whichever occurs first. The benefits include a stipend equal to 20% of the retiree's salary at the time of active employment along with medical and dental insurance. The stipend is paid semi-monthly. During the fiscal year ended June 30, 2025, a total of 35 employees participated in the early retirement plan. Most of these individuals received both stipends and medical benefits; 24 participants received medical and dental insurance benefits, and 20 participants received stipends.

The projected future costs of these stipends, and medical and dental insurance benefits have been calculated based on current payments plus projected increases expected of 6.43% and 1.78% respectively, based on historical data. The amount recognized on the financial statements was calculated at the discounted present value of the projected future costs.

The discount rate used of 4.82% was based on the estimated yield expected to be earned on the investments of the University. These benefits are funded on a pay-as-you-go basis from current funds each year. For the year ended June 30, 2025, the expenses for the 20% incentive stipend were \$380,757 and the expenses for medical and dental insurance were \$232,085.

## **NOTE 16. PENSION PLANS AND RETIREMENT BENEFITS**

In compliance with State law, eligible employees of the University are covered by either defined benefit plans and/or defined contribution plans sponsored by the Utah Retirement Systems (URS) or the University's 401(a) defined contribution plan with investment options through Teachers Insurance and Annuity Association (TIAA) and Fidelity Investments (Fidelity). Employees may also participate in defined contribution plans consisting of 401(k), 403(b) and 457 plans managed by URS.

### **Defined Benefit Plans**

Eligible employees of the University are provided with the following plans administered by Utah Retirement Systems (the Systems):

- Tier 1 Public Employees Noncontributory Retirement System (Noncontributory System) and the Public Employees Contributory Retirement System (Contributory System) are multiple employer cost-sharing, public employee retirement systems.
- Tier 2 Public Employees Hybrid Retirement System (Tier 2 Public Employee System) is a multiple employer, cost-sharing, public employee retirement system.

The Tier 2 Public Employee System became effective July 1, 2011. All eligible employees who have no previous service credit with any of the Utah Retirement Systems prior to that date, are members of the Tier 2 Retirement Systems.

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated, 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds and are a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that includes financial statements and required supplementary information. A copy of the report may be obtained by writing to the Utah Retirement Systems at 560 East 200 South, Salt Lake City, UT 84102 or visiting the website [www.urs.org/general/publications](http://www.urs.org/general/publications).

*Benefits provided:* URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans. Retirement benefits for each defined benefit plan are as follows:

<b>System</b>	<b>Final Average Salary</b>	<b>Years of Service Age of Eligibility</b>	<b>Benefit % Per Year</b>	<b>COLA**</b>
Noncontributory System	Highest 3 Years	30 Years any age 25 Years any age* 20 Years age 60* 10 Years age 62* 4 Years age 65	2% per year all years	up to 4%
Contributory System	Highest 5 Years	30 Years any age 20 Years age 60* 10 Years age 62* 4 Years age 65	1.25% per year to June 1975 2% per year July 1975 to present	up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 Years any age 20 Years age 60* 10 Years age 62* 4 Years age 65	1.5% per year all years	up to 2.5%

\* Actuarial reductions are applied.

\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

*Contributions:* As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

For the year ended June 30, 2025, the University's required contribution rates for the plans were as follows:

	<u>Employee</u>	<u>Employer Contribution Rates</u>
Contributory System		
Higher Education - Tier 1	6.00%	17.70%
Noncontributory System		
Higher Education - Tier 1	-	22.19%
Higher Education - Tier 2*	0.70%	20.02%

\*Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For the year ended June 30, 2025, the University and employee contributions to the plans were as follows:

<u>System</u>	<u>Employer Paid</u>	<u>Employee Paid</u>
Noncontributory System	\$ 4,345,038	NA
Contributory System	45,583	\$ 15,452
Tier 2 Public Employees System	1,556,050	52,204
<b>Total Contributions</b>	<b>\$ 5,946,671</b>	<b>\$ 67,656</b>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

*Pension assets, liabilities, pension expense, and deferred outflows of resources, and deferred inflows of resources related to pensions:* The net pension asset and liability were measured as of December 31, 2024. The total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024, and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year. At December 31, 2024, the University's proportionate shares in the defined benefit pension plans were as follows:

	<u>Proportionate Share December 31, 2024</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share December 31, 2023</u>	<u>Change</u>
Noncontributory System	9.8350072%	\$ 10,134,654	\$ -	9.5085960%	0.3264112%
Contributory System	13.9513873%	2,382,333	-	13.3588284%	0.5925589%
Tier 2 Public Employees System	0.2660620%	-	793,500	0.2751509%	-0.0090889%
<b>Total Net Pension Asset/Liability</b>		<b>\$ 12,516,987</b>	<b>\$ 793,500</b>		

For the year ended June 30, 2025, the University reported pension expense of \$1,971,196. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,039,675	\$ 5,467
Change in assumptions	265,019	82
Net difference between projected and actual earnings on pension plan investments	3,494,069	-
Changes in proportion and differences between contributions and proportionate share of contributions	110,802	130,137
Contributions subsequent to the measurement date	3,073,845	-
	<b>\$ 8,983,410</b>	<b>\$ 135,686</b>

Contributions made between January 1, 2025, and June 30, 2025, of \$3,073,845 are reported as deferred outflows of resources related to pensions. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 1,949,919
2026	4,889,461
2027	(1,290,089)
2028	(163,719)
2029	173,603
Thereafter	214,703
	<b>\$ 5,773,878</b>

*Actuarial assumptions:* The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.5% - 9.5%, average, including inflation
Investment rate return	6.85%, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022. There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	0.49%	0%
Totals	100%		5.80%
Inflation			2.50%
Expected arithmetic nominal return			8.30%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

*Discount rate:* The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current, active and inactive employees. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

*Sensitivity of the University’s proportionate share of the net pension asset and liability to changes in the discount rate:* The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 6.85%, as well as what the proportionate share would be if calculated using a discount rate that is one percentage point lower (5.85%) or one percentage point higher (7.85%) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 18,369,135	\$ (10,134,654)	\$ (34,099,357)
Contributory System	(546,961)	(2,382,333)	(3,972,839)
Tier 2 Public Employees System	2,369,994	793,500	(432,855)
<b>Total</b>	<b>\$ 20,192,168</b>	<b>\$ (11,723,487)</b>	<b>\$ (38,505,051)</b>

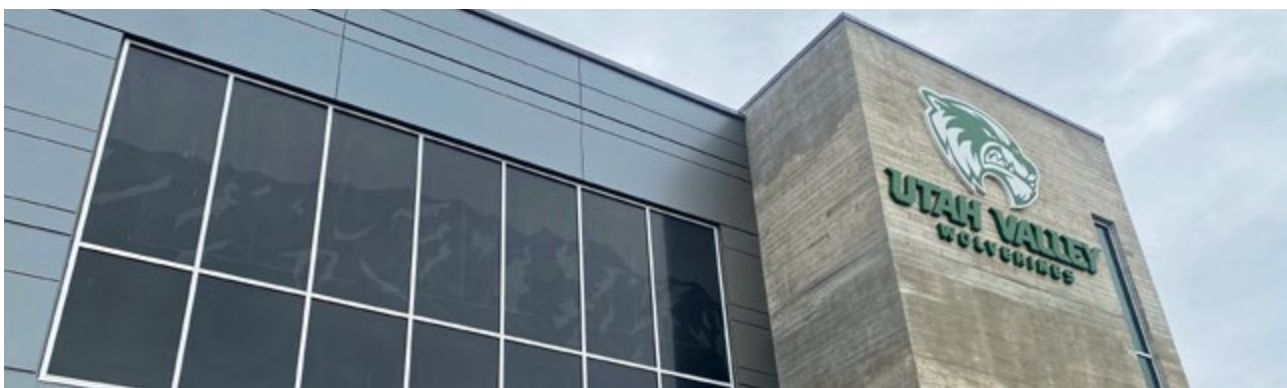
*Pension plan fiduciary net position:* Detailed information about the fiduciary net position of the pension plans is available in the separately issued URS financial report.

### Defined Contribution Plans

*TIAA and Fidelity:* Under the University's 401(a) plan, TIAA and Fidelity provide eligible employees 401(a) retirement accounts and investment options. Participating employees allocate employer provided contributions to the investment options of their choosing through TIAA and/or Fidelity. Contributions are vested at the time the contribution is made. Employees are eligible to participate from the date of eligible employment and no employee contributions are required. Benefits provided to retired employees are based on employer contributions and investment performance. For the year ended June 30, 2025, the University's contribution to these defined contribution plans was 14.20% of the employees' eligible employment earnings. The University has no further liability once contributions are made.

*Tier 2 Employees System, 401(k), 457 and 403(b) Plans:* Employees are also eligible (under certain IRS and plan restrictions) to make individual contributions on a tax-deferred and after-tax bases to 401(k), 457, 403(b), Traditional IRA, Roth IRA, and Roth 457 & 403(b) defined contribution plans. These plans are available as supplemental plans to the basic retirement plans offered by the University but may also be used as a primary retirement plan. Under certain IRS and plan restrictions, employees can make additional contributions. Employer contributions may be made into the plans at rates determined by the employer and according to Utah Title 49. Participant contributions are fully vested when contributions are made. Employer contributions and associated earnings are vested after the first four years of employment.

The Contributory and Noncontributory Systems require the University to contribute 0.18% to 1.50% of the employee's salary into a 401(k)/457 plan. For employees who participate in the Systems Tier 2 retirement and elect the defined contribution option (instead of the defined benefit option, Hybrid Retirement System), the University is required to contribute 20.02% of the employees' salary of which 10% is paid into a 401(k)/457 plan while the remainder is contributed to the non-Tier 2 Public Employee System, as required by law.



Contributions to the defined contributions plans for the fiscal year ending June 30, 2025, were as follows:

Defined Contribution Plans	Employer Paid	Employee Paid
Tier 2 DC Public Employees Plan	\$ 153,373	\$ -
TIAA and Fidelity	23,435,585	3,433,492
401(k) Plan	567,605	513,299
457 Plan	-	49,679
Roth IRA Plan	NA	137,180
	<b>\$ 24,156,563</b>	<b>\$ 4,133,650</b>

## **NOTE 17. RISK MANAGEMENT**

Due to the diverse risk exposure of the University, the insurance portfolio contains a full variety of coverage. The University participates in basic general liability, tort claim coverage, directors' and officers' liability, and property and casualty programs provided by the State of Utah Department of Risk Management. The University's liabilities for this policy are limited to the cost of premiums. In addition to these basic policies, the University's Department of Risk, Plant, and Property Management establishes guidelines in risk assessment, risk avoidance, risk transfer, and risk acceptance. The University's buildings and contents are insured for replacement value. Each loss incident is subject to a \$1,000 deductible.

## **NOTE 18. SELF-INSURANCE FOR EMPLOYEE HEALTH AND DENTAL CARE**

On July 1, 2006, the University established a self-funded insurance plan for employee health and dental care costs. As part of the plan, the University has established a reserve fund. Also, the University has purchased excess insurance coverage (stop-loss coverage) to pay specific claims exceeding \$400,000 and \$300,000 aggregate. The University has a contract with Regence Blue Cross Blue Shield to provide excess insurance and certain administrative and management services such as the evaluation and payment of claims for dental and health, respectively. Amounts of settlements have not exceeded insurance coverage in the past three years. In addition, a consulting firm has been hired by the University to advise the University with regards to the plan. The estimated claims liability was based upon past experience adjusted for current trends. The estimate reflects the ultimate cost of settling the claims.

Changes in the University's estimated self-insurance claims as of June 30, 2025, are as follows:

	2025	2024
Estimated claims liability - beginning of year	\$ 3,108,313	\$ 3,412,795
Current year claims and changes in estimates	50,301,661	45,546,684
Claim payments and administrative expenses	(49,987,948)	(45,851,166)
<b>Estimated claims liability - end of year</b>	<b>\$ 3,422,026</b>	<b>\$ 3,108,313</b>

## NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES

The University, through an Inter-Local Cooperation Agreement (the Agreement), is a participant with Utah County (the County) in a joint venture to operate the UCCU Center (the Center) located on the University’s campus. The Agreement provides that the title to the Center be held by the University and neither the County nor any other party may obtain any property interest in the land or the facility. The agreement also provides that in consideration of the financial contribution made by the County, at least 40% of the usage of the Center be for public and/or community use. The investment in the Center and the operating results are accounted for in the University’s financial statements. There are no separately issued financial statements for this joint venture.

The University participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. It is highly unlikely that any disallowances would be material.

The Division of Facilities Construction and Management (DFCM) administers most of the construction of facilities for State institutions, maintains records, and furnishes cost information for recording capital assets on the books of the University. Construction projects are recorded on the books of the University as funds are expensed, or when projects are substantially completed if funded through State Appropriations administered through DFCM.

As of June 30, 2025, the University had the following outstanding commitments to DFCM for various projects:

Engineering Building	\$ 7,032,303
Soccer Stadium	4,470,825
Student Athletic Center	<u>14,500,000</u>
<b>Total</b>	<b><u>\$ 26,003,128</u></b>

These commitments represent funds needed in the future and are not recorded.



## NOTE 20. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The University's operating expenses by functional classification for June 30, 2025, were as follows:

Functional Classification	Compensation		Benefits		Financial Aid		Maintenance		General and Administrative		Auxiliary		Depreciation		Total	
Instruction	\$	119,525,530	\$	44,712,614	\$	-	\$	359,893	\$	11,360,442	\$	-	\$	-	\$	175,958,479
Academic Support		34,020,786		12,679,054		-		230,024		10,255,338		-		-		57,185,202
Student Services		29,181,990		12,248,357		-		195,075		6,921,209		-		-		48,546,631
Institutional Support		40,093,277		16,766,587		-		3,689,924		16,604,082		-		-		77,153,870
Operation and Maintenance of Plant		11,274,127		5,252,479		-		14,284,700		2,012,635		-		-		32,823,941
Student Financial Aid		-		-		16,270,283		-		-		-		-		16,270,283
Public Service		397,054		91,654		-		1,252		61,496		-		-		551,456
Research		370,426		70,837		-		2,877		283,577		-		-		727,717
Remedial Education		200,740		61,910		-		-		-		-		-		262,650
Auxiliaries		8,381,263		2,162,405		-		1,193,732		8,951,033		9,505,796		-		30,194,229
Depreciation and amortization		-		-		-		-		-		-		31,026,605		31,026,605
<b>Total Expenses</b>	<b>\$</b>	<b>243,445,193</b>	<b>\$</b>	<b>94,045,897</b>	<b>\$</b>	<b>16,270,283</b>	<b>\$</b>	<b>19,957,477</b>	<b>\$</b>	<b>56,449,812</b>	<b>\$</b>	<b>9,505,796</b>	<b>\$</b>	<b>31,026,605</b>	<b>\$</b>	<b>470,701,063</b>

## NOTE 21. RESTATEMENT

During the year ended June 30, 2025, UVU adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences* and restated the beginning balance for compensated absences and net position.

Beginning net position, as previously stated	\$ 749,721,036
Net adjustment from implementing GASB 101	<u>(675,973)</u>
Beginning net position, as restated	<u>\$ 749,045,063</u>

## NOTE 22. SELECTED NOTES FROM THE UVU FOUNDATION

### **Contributions Receivable** (see UVU Foundation Note 4)

Contributions are recorded when collection of the unconditional promise to give is expected in the near term and is probable. An allowance for uncollectible contributions is estimated as a percentage of contributions receivable at year end based on the Foundation's historical collection experience. As of June 30, 2025, the Foundation has recorded an allowance of \$5,830,399.

All contributions receivable (at their net present value and net of an allowance for uncollectible amounts) are restricted for various purposes at June 30, 2025, as follows:

UCCU Center	\$ 9,223,895
Scholarships	173,497
School of business	1,304,272
Performing arts building	533,398
Engineering building	1,974,987
Business building	4,307,082
Center for Constitutional Studies	402,537
Women's Success Center	7,692
Other	5,394,236
<b>Contributions receivable, net</b>	<b><u><u>\$ 23,321,596</u></u></b>

Unconditional promises to give will be received (depending on the donor) from within one year to ten years. Contributions to be received after June 30, 2025, have been discounted to their net present value using the June 2025 Applicable Federal Rates for the anticipated collection period. The Applicable Federal Rates discount rate ranged from 3.93 to 4.77 percent.

Contributions receivable are as follows at June 30, 2025:

Receivable within one year	\$ 9,063,914
Receivable from one to five years	18,699,096
Receivable in more than five years	12,583,000
Total contributions receivable	40,346,010
Discount contributions to net present value	(11,194,015)
Allowance for uncollectible contributions	(5,830,399)
<b>Contributions receivable, net</b>	<b><u><u>\$ 23,321,596</u></u></b>

**Investments** (see UVU Foundation Note 5)

Investments consist of the following at June 30, 2025:

PTIF	\$ 69,792,598
Common and preferred stocks	68,277,163
Mutual funds	8,483,130
Money market accounts	2,535,235
Alternatives	20,920,456
<b>Total</b>	<b><u><u>\$ 170,008,582</u></u></b>

The Foundation's investments have the following maturities at June 30, 2025:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	5 to 10	10 to 20
PTIF	\$ 69,792,598	\$ 69,792,598	\$ -	\$ -	\$ -
Mutual funds	8,483,130	8,483,130	-	-	-
Money market accounts	2,535,235	2,535,235	-	-	-
Total investments with a maturity	80,810,963	\$ 80,810,963	\$ -	\$ -	\$ -
Common and preferred stocks	68,277,163				
Alternatives	20,920,456				
<b>Total investments</b>	<b>\$ 170,008,582</b>				

Credit quality ratings for investments are as follows at June 30, 2025:

	Fair Value	Credit Rating			
		AAA to A+	A to A-	B or Lower	Unrated
PTIF	\$ 69,792,598	\$ -	\$ -	\$ -	\$ 69,792,598
Mutual funds	8,483,130	-	-	-	8,483,130
Money market accounts	2,535,235	-	-	-	2,535,235
Total investments with a maturity	80,810,963	\$ -	\$ -	\$ -	\$ 80,810,963
Common and preferred stocks	68,277,163				
Alternatives	20,920,456				
<b>Total investments</b>	<b>\$ 170,008,582</b>				

*Credit Risk* - Credit quality can be a depiction of potential variable cash flows and credit risk. The credit rating reported is a weighted average of the Standard & Poor's ratings of all Foundation holdings. The Foundation does not have a formal investment policy that limits its investment choices in regard to credit quality ratings.

*Interest Rate Risk* - Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. The Foundation's investment policy limits investing in any issuance with a maturity of over 30 years and requires the overall portfolio average life to be less than 15 years as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Custodial Credit Risk* - Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Foundation will not be able to recover the value of the investments that are in the possession of an outside party. The Foundation does not have a formal investment policy for custodial credit risk in regard to the custody of the Foundation's investments.

*Concentration of Credit Risk* - Although investments intrinsically carry credit risk, when investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The Foundation's investment policy limits to 3 percent of the total portfolio fair value the amount the Foundation may invest in any one issuer.

*Uniform Prudent Management of Institutional Funds Act (UPMIFA)* - The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the

donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies* - The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that includes equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4-5 percent, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Spending Policy* - The Foundation has a policy of appropriating for distribution each year up to 4 percent of its endowment fund's moving-average fair value for the preceding three fiscal years. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 3 percent annually, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

#### **Fair Value Measurements** (See UVU Foundation Note 6)

A description of the valuation methodologies used to determine fair value for the assets measured is as follows:

Debt and equity securities classified in Level 1 – Valued using prices quoted in active markets for those securities.

Debt and equity securities classified in Level 2 – Valued using the published fair value per share (unit) for each Equity or Mutual fund. These investments typically trade in inactive markets but are valued based on significant other observable inputs, such as quoted market prices.

Equity securities classified as Level 3 – Valued manually using various sources of significant unobservable inputs, such as issuer, investment manager, or default price if a price is not provided.

Investments valued using the net asset value (NAV) per share (or its equivalent) – GASB Statement 72 allows for the use of net asset value to “establish the fair value of an investment that does not have a readily determinable fair value”. These are considered Alternative Investments and, generally do not have readily obtainable market values, and take the form of limited partnerships. The Foundation values these investments based on information provided by investment managers, such as the audited financial statements of these partnerships. If June 30 valuations are not available, the value is progressed from the most recent available valuation, taking into account subsequent calls and distributions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation 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 fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation’s assets at fair value at June 30, 2025:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PTIF	\$ 69,792,598	\$ -	\$ 69,792,598	\$ -
Money market accounts	2,535,235	2,535,235	-	-
Common and preferred stocks	68,277,163	15,712,672	52,564,491	-
Mutual funds	8,483,130	4,341,315	4,141,815	-
Total investments by fair value level	149,088,126	\$ 22,589,222	\$ 126,498,904	\$ -
Investments Measured at Net Asset Value (NAV)				
Hedge funds	\$ 9,399,145			
Private equity	9,535,965			
Private natural resources	165,789			
Private real estate	1,819,557			
Total investments measured at NAV	20,920,456			
<b>Total investments</b>	<b>\$ 170,008,582</b>			

Alternative investments, managed by external advisors, include investments in partnerships with investments focused on fixed income, natural resources, and various hedging investments. These investments are not readily marketable and are reported at fair value utilizing the most current information provided by the external advisor, subject to assessments that the information is representative of fair value.

Alternative investments generally have limited redemption options for the Foundation. Most of these investments require 14 to 60 days' notice prior to any amount being redeemed. Six investments have no redemption option and may make future capital contribution calls and/or make distributions to the

Foundation. These six funds' maturities/liquidations are currently unknown as are the amounts of any future capital contributions calls or distributions. The Foundation's total amount held in these six investments, at fair value, is \$11,521,311 at June 30, 2025.

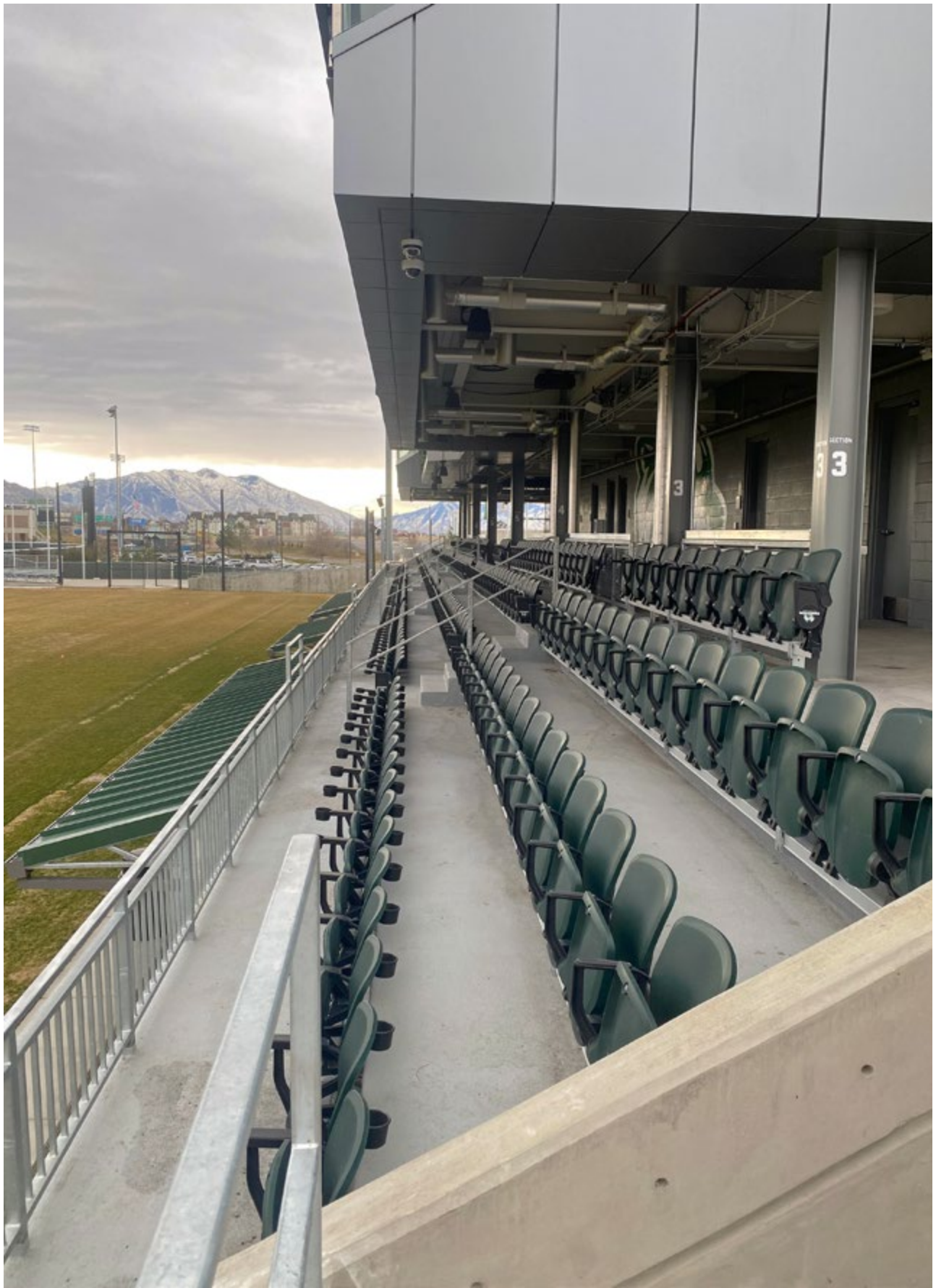
The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the Foundation's alternative investments measured at NAV, as of June 30, 2025:

	Fair Value	Investments Measured at Net Asset Value (NAV)		
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	\$ 9,399,145	\$ -	Daily, Monthly, 4Yr Rolling	1-60 Days
Private equity	9,535,965	2,292,336	N/A	N/A
Private natural resources	165,789	-	N/A	N/A
Private real estate	1,819,557	1,047,278	N/A	N/A
	<b>\$ 20,920,456</b>	<b>\$ 3,339,614</b>	<b>\$ -</b>	<b>\$ -</b>

**Investment in UVU Student Housing LLC** (see UVU Foundation Note 9)

In fiscal year 2017, the Foundation invested \$2,000,000 for a 43.245 percent interest in Palos Verdes Drive, LLC. In Fiscal Year 2020, this interest was reinvested in a new entity, UVU Student Housing, LLC dba The Green LLC, in which the Foundation holds a 9.657% ownership interest. This investment is increased or decreased with the Foundation's proportionate share of the profits or losses, as well as distributions, using the equity method of accounting. The Foundation recorded a loss of \$715,717 related to this investment for the year ended June 30, 2025. The current value is \$6,690,862 as of June 30, 2025.





### Schedule of the Proportionate Share of the Net Pension Liability (Asset)

Utah Valley University -Utah Retirement Systems - Measurement Date of December 31, Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Noncontributory System</b>										
Proportion of the net pension liability (asset)	9.8350072%	9.5085960%	9.3924097%	9.5799320%	9.5799320%	9.5149793%	0.7284342%	0.7504796%	0.7670871%	0.8118658%
Proportionate share of the net pension liability (asset)	\$ (10,134,654)	\$ (7,525,819)	\$ (164,419)	\$ (23,546,522)	\$ (9,448,557)	\$ 11,161,357	\$ 27,101,519	\$ 18,351,944	\$ 24,860,655	\$ 25,503,030
Covered payroll	\$ 22,182,081	\$ 20,630,521	\$ 19,886,091	\$ 20,818,235	\$ 19,437,123	\$ 19,737,214	\$ 19,625,680	\$ 19,450,412	\$ 19,485,686	\$ 20,299,268
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-45.69%	-36.48%	-0.83%	-113.11%	-48.61%	56.55%	138.09%	94.35%	127.58%	125.64%
Plan fiduciary net position as a percentage of the total pension liability	104.29%	103.46%	100.10%	111.80%	104.70%	94.20%	84.10%	89.20%	84.90%	84.50%
<b>Contributory Retirement System</b>										
Proportion of the net pension liability (asset)	13.9513873%	13.3588284%	12.8179547%	13.1783063%	10.2377312%	8.9578702%	2.3477838%	2.6921090%	2.6063328%	2.7210978%
Proportionate share of the net pension liability (asset)	\$ (2,382,333)	\$ (917,035)	\$ (118,436)	\$ (3,712,116)	\$ (2,174,794)	\$ (505,073)	\$ 1,666,936	\$ 149,323	\$ 1,428,160	\$ 1,705,182
Covered payroll	\$ 347,655	\$ 390,842	\$ 412,368	\$ 477,651	\$ 455,200	\$ 465,505	\$ 455,645	\$ 516,311	\$ 698,671	\$ 861,981
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-685.26%	-234.63%	-28.72%	-777.16%	-477.77%	-108.50%	365.84%	28.92%	204.41%	197.82%
Plan fiduciary net position as a percentage of the total pension liability	111.02%	104.40%	100.60%	117.60%	113.10%	103.60%	91.40%	99.20%	93.40%	92.40%
<b>Tier 2 Public Employees System</b>										
Proportion of the net pension liability (asset)	0.2660620%	0.2751509%	0.2780763%	0.3068593%	0.3431398%	0.3752653%	0.4539268%	0.5661958%	0.7665995%	1.0192718%
Proportionate share of the net pension liability (asset)	\$ 793,500	\$ 535,549	\$ 302,796	\$ (129,874)	\$ 49,353	\$ 84,400	\$ 194,407	\$ 49,920	\$ 85,514	\$ (2,225)
Covered payroll	\$ 7,885,644	\$ 7,113,591	\$ 6,066,167	\$ 5,703,739	\$ 5,488,502	\$ -	\$ 5,307,041	\$ 5,546,305	\$ 6,286,698	\$ 6,584,988
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	10.06%	7.53%	4.99%	-2.28%	0.90%	0.00%	3.66%	0.90%	1.36%	(0.03%)
Plan fiduciary net position as a percentage of the total pension liability	87.44%	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%

\* In 2019, URS created a separate division for Higher Education which significantly changed the University's reported proportionate share of Net Pension Liability (Asset).

## Schedule of the Contributions to the Utah State Retirement Systems

Utah Valley University - Utah Retirement Systems - June 30, Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Noncontributory System</b>										
Contractually required contribution	\$ 4,345,038	\$ 4,354,064	\$ 3,970,922	\$ 3,966,786	\$ 4,373,228	\$ 4,255,315	\$ 4,295,432	\$ 4,288,812	\$ 4,263,696	\$ 4,317,851
Contributions in relation to the contractually required contribution	(4,345,038)	(4,354,064)	(3,970,922)	(3,966,786)	(4,373,228)	(4,255,315)	(4,295,432)	(4,288,812)	(4,263,696)	(4,317,851)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 21,942,762	\$ 21,897,088	\$ 20,133,199	\$ 19,781,608	\$ 20,622,127	\$ 19,702,795	\$ 19,691,429	\$ 19,539,022	\$ 19,394,236	\$ 19,650,773
Contributions as a percentage of covered employee payroll	19.80%	19.88%	19.72%	20.05%	21.21%	21.60%	21.81%	21.95%	21.98%	21.97%
<b>Contributory Retirement System</b>										
Contractually required contribution	\$ 45,583	\$ 75,176	\$ 64,453	\$ 80,286	\$ 83,909	\$ 81,634	\$ 81,377	\$ 86,260	\$ 99,355	\$ 141,988
Contributions in relation to the contractually required contribution	(45,583)	(75,176)	(64,453)	(80,286)	(83,909)	(81,634)	(81,377)	(86,260)	(99,355)	(141,988)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 257,471	\$ 428,676	\$ 364,141	\$ 456,357	\$ 474,061	\$ 461,205	\$ 459,760	\$ 487,344	\$ 561,329	\$ 802,191
Contributions as a percentage of covered-employee payroll	17.70%	17.54%	17.70%	17.59%	17.70%	17.70%	17.70%	17.70%	17.70%	17.70%
<b>Tier 2 Public Employees System</b>										
Contractually required contribution	\$ 1,556,050	\$ 1,539,586	\$ 1,303,479	\$ 1,090,263	\$ 1,083,487	\$ 1,040,580	\$ 983,342	\$ 997,933	\$ 1,074,235	\$ 1,255,126
Contributions in relation to the contractually required contribution	(1,556,050)	(1,539,586)	(1,303,479)	(1,090,263)	(1,083,487)	(1,040,580)	(983,342)	(997,933)	(1,074,235)	(1,255,126)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,785,786	\$ 7,765,146	\$ 6,578,190	\$ 5,620,969	\$ 5,665,588	\$ 5,479,612	\$ 5,211,144	\$ 5,411,787	\$ 5,889,438	\$ 6,877,886
Contributions as a percentage of covered-employee payroll	19.99%	19.83%	19.82%	19.40%	19.12%	18.99%	18.87%	18.44%	18.24%	18.25%



# NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

## FOR THE YEAR ENDED JUNE 30, 2025

---

### **Changes in Assumptions:**

There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.





TINA M. CANNON  
UTAH STATE AUDITOR

# Independent Auditor's Report

## On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees, Audit Committee  
and  
Dr. Astrid Tuminez, President  
Utah Valley University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Utah Valley University (University) and its discretely presented component unit foundation, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 28, 2026. Our report includes a reference to other auditors who audited the financial statements of Utah Valley University Foundation, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of

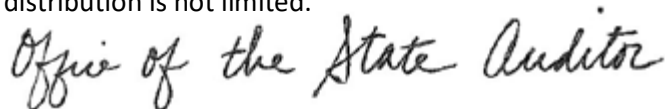
this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.



Office of the Utah State Auditor  
Salt Lake City, Utah  
January 28, 2026

**UVU 2025 ANNUAL  
FINANCIAL REPORT**

A COMPONENT UNIT



OF THE STATE OF UTAH