

AUDITED CONSOLIDATED FINANCIAL
STATEMENTS, SUPPLEMENTARY INFORMATION
AND REPORTS AND SCHEDULES REQUIRED
BY THE UNIFORM GUIDANCE AND CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL

Nova Southeastern University, Inc.
Year Ended June 30, 2025
With Reports of Independent Auditors



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Nova Southeastern University, Inc.

Audited Consolidated Financial Statements, Supplementary
Information and Reports and Schedules Required by the Uniform Guidance
and Chapter 10.650, *Rules of the Auditor General*

Year Ended June 30, 2025

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Report of Independent Auditors

Management and the Board of Trustees
Nova Southeastern University, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Nova Southeastern University, Inc. (the University), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements).

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 opinion.

Responsibilities of Management for the Financial Statements

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

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



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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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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.



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Report on Summarized Comparative Information

We have previously audited the University's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 1, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audit consolidated financial statements subsequent to October 14, 2025. The Schedule of Expenditures of Federal Awards and State Financial assistance as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Chapter 10.650, *Rule of the Auditor General* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2025, 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.

Ernst + Young LLP

October 14, 2025, except for our report on the Schedule of Expenditures of Federal Awards and State Financial Assistance for which the date is December 24, 2025.

Consolidated Statements of Financial Position

June 30, 2025 and 2024

(\$ in thousands)

ASSETS	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash and cash equivalents	\$ 39,552	\$ 21,719
Restricted cash	7,931	7,904
Investments	459,657	389,116
Tuition and other receivables, net	43,245	47,928
Pledges receivable, current portion, net	8,659	18,669
Prepaid expenses and other current assets	<u>14,399</u>	<u>22,578</u>
Total current assets	573,443	507,914
Pledges receivable, net	25,755	25,209
Contributions receivable from remainder trusts	221	224
Scholarship funds held in trust by others	3,105	2,943
Designated investments	77,018	66,451
Restricted investments	165,884	138,332
Other investments	346,997	322,563
Restricted cash and cash equivalents	7,126	21,290
Land, buildings, and equipment, net	914,437	897,721
Operating lease right-of-use assets	65,507	85,062
Other assets	<u>12,063</u>	<u>23,132</u>
Total assets	<u>\$ 2,191,556</u>	<u>\$ 2,090,841</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 53,606	\$ 54,064
Deferred revenue	85,099	80,577
Current portion of long-term debt	16,455	15,915
Operating lease liabilities, current	22,758	21,124
Other current liabilities	<u>31,262</u>	<u>28,670</u>
Total current liabilities	209,180	200,350
Long-term debt	543,618	562,041
Due to beneficiaries under remainder trusts and annuities	89	96
Accrued insurance cost	20,273	15,384
Deferred revenue	18,029	14,785
Operating lease liabilities	44,940	65,961
Other liabilities	<u>16,325</u>	<u>19,146</u>
Total liabilities	<u>852,454</u>	<u>877,763</u>
Net assets:		
Without donor restrictions	\$ 1,095,934	\$ 980,099
With donor restrictions	<u>243,168</u>	<u>232,979</u>
Total net assets	<u>1,339,102</u>	<u>1,213,078</u>
Total liabilities and net assets	<u>\$ 2,191,556</u>	<u>\$ 2,090,841</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Activities

Years Ended June 30, 2025 and 2024

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

(\$ in thousands)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
REVENUES AND RELEASES				
Net tuition and fees	\$ 688,898	\$ -	\$ 688,898	\$ 648,400
Contributions and private grants	1,804	14,492	16,296	36,361
Government grants and contracts	-	47,539	47,539	49,036
Auxiliary operations	65,797	-	65,797	61,197
Interest and dividends	24,451	2,936	27,387	21,705
Net unrealized gain on investments	45,120	17,135	62,255	31,307
Net realized gain on sale of investments	507	1,321	1,828	15,553
Other revenues	37,736	7,290	45,026	30,903
Net assets released from restrictions	80,524	(80,524)	-	-
Total revenues and releases	<u>944,837</u>	<u>10,189</u>	<u>955,026</u>	<u>894,462</u>
EXPENSES				
Salaries and wages	366,727	-	366,727	354,325
Employee benefits	93,055	-	93,055	88,863
Supplies and services	144,763	-	144,763	143,091
Space and occupancy	76,660	-	76,660	80,322
Depreciation and amortization	44,162	-	44,162	45,530
Interest	21,851	-	21,851	22,394
Other	81,784	-	81,784	62,252
Total expenses	<u>829,002</u>	<u>-</u>	<u>829,002</u>	<u>796,777</u>
CHANGE IN NET ASSETS	115,835	10,189	126,024	97,685
Net assets, beginning of year	<u>980,099</u>	<u>232,979</u>	<u>1,213,078</u>	<u>1,115,393</u>
NET ASSETS, END OF YEAR	<u>\$ 1,095,934</u>	<u>\$ 243,168</u>	<u>\$ 1,339,102</u>	<u>\$ 1,213,078</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years Ended June 30, 2025 and 2024

(\$ in thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 126,024	\$ 97,685
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation expense and amortization of finance lease right-of-use assets	44,162	45,530
Amortization of premiums and issuance costs related to bonds payable	(1,968)	(2,080)
Noncash lease expense	22,946	22,293
Provision for credit losses	7,686	8,802
Loss on disposal of equipment and buildings	593	325
Gain on sale of buildings and land	(13,117)	(675)
Net realized gain on sale of investments	(1,828)	(15,553)
Net unrealized gain on investments	(62,255)	(31,307)
Contributions for investment and capital purchases	(6,403)	(19,917)
<i>Decrease (increase) in assets from prior year:</i>		
Tuition and other receivables	(1,344)	(9,318)
Pledges receivable	7,804	(1,023)
Prepaid expenses and other current assets	27	(433)
Contributions receivable from remainder trust and scholarship funds held in trust by others	3	1
Other assets	11,070	917
<i>Increase (decrease) in liabilities from prior year:</i>		
Accounts payable and accrued liabilities	715	(983)
Accrued insurance costs and other current liabilities	7,614	100
Deferred revenue	7,766	7,123
Operating lease liabilities	(22,779)	(22,427)
Other liabilities	(1,501)	(2,700)
Due to beneficiaries under remainder trusts and annuities	(5)	(3)
Net cash provided by operating activities	125,210	76,357
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(62,282)	(56,592)
Sale of buildings and land	21,269	1,768
Sales and maturities of investments	520,593	658,346
Purchases of investments	(589,767)	(688,681)
Net cash used in investing activities	(110,187)	(85,159)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt	(15,915)	(13,940)
Lease payments	(1,815)	(1,656)
Contributions for investment and capital purchases	6,403	19,917
Net cash (used in) provided by financing activities	(11,327)	4,321
Net increase (decrease) in cash, cash equivalents, and restricted cash	3,696	(4,481)
Cash, cash equivalents, and restricted cash, beginning of year	50,913	55,394
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	\$ 54,609	\$ 50,913
Supplemental information:		
Interest paid, net of amounts capitalized	\$ 23,970	\$ 24,600
Accrued capital expenditures	\$ 7,044	\$ 8,217

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

1. University Organization

Nova Southeastern University, Inc. (NSU, or the university) is a not-for-profit, private institution and is exempt from federal income taxes on related income under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Founded in 1964, the university offers undergraduate degrees, graduate and first-professional degrees, and certificate programs to more than 20,000 full-time and part-time students in a wide range of academic programs. In addition to the main Fort Lauderdale/Davie and Oceanographic campuses in South Florida, courses are taught at 9 regional campuses across Florida, in Puerto Rico, and Colorado; and at limited sites in other states and foreign countries. NSU serves the residents of its community with various health care and law centers. The NSU University School offers innovative primary and secondary education to children from preschool through grade 12.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The accompanying consolidated financial statements include the university and its wholly owned subsidiaries, NSU Guaranty Insurance Company, Ltd.; NSU Grande Oaks, LLC; NSU Park Plaza, LLC; NSU Health, LLC; and The Pointe Corporate Office Park Property Owners Association, Inc. The latter two legal entities have no financial activity to date. All significant intercompany balances and transactions have been eliminated in consolidation. NSU classifies its transactions and balances into two categories of net assets according to the absence or existence of donor-imposed restrictions: (1) net assets without donor restrictions and (2) net assets with donor restrictions. Net assets without donor restrictions include transactions and balances without donor-imposed stipulations and may be used to achieve any institutional purpose; however, the Board of Trustees may designate net assets without donor restrictions for a specific purpose. Net assets with donor restrictions include transactions and balances with donor-imposed stipulations that normally expire in time, or can be fulfilled by actions of the university. However, certain donor restrictions are perpetual as they neither expire over time, nor can be fulfilled by actions of the university, requiring the related net assets to be permanently retained. Such permanently retained net assets are included within the net assets with donor restrictions category.

The consolidated financial statements include prior-year comparative information summarized in total, but not by net asset class. As this summarized information lacks sufficient detail for presentation in accordance with accounting principles generally accepted in the United States of America, the data should be read in conjunction with the prior year's consolidated financial statements.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires NSU to make estimates and assumptions about the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash equivalents are investments with maturities of 90 days or less when purchased and are carried at cost, which approximates fair value.

Restricted Cash

Current restricted cash represents funds related to federal revolving student loan programs (see Note 10) and funds held on behalf of student clubs or organizations in which the university is serving in an agent capacity.

Approximately \$2.5 million and \$2.3 million of long-term restricted cash at June 30, 2025 and 2024, respectively, represents funds contributed in accordance with the joint-use library facility agreement (see Note 14) by NSU and Broward County for capital repair, replacement, and renewal. In accordance with this agreement, these funds are maintained in an interest-bearing account. These funds are reflected as a long-term asset on the Consolidated Statements of Financial Position since they are restricted for long-term capital expenditures. Additionally, long-term restricted cash at June 30, 2024 included approximately \$9.7 million received in fiscal 2020 from bond proceeds that were restricted for projects included in the university's capital improvement plan (see Note 9), as well as \$4.6 million

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

and \$9.3 million at June 30, 2025 and 2024, respectively, that is part of the university's endowment, and therefore, deemed long-term in nature.

NSU has cash balances with banks in excess of FDIC-insured limits, which therefore bear risk, including concentration of credit risk with respect to NSU's primary banking institutions. The university has not experienced any loss due to this risk.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Statements of Financial Position that sum to the total of the same such amounts shown in the Consolidated Statements of Cash Flows (in thousands).

	2025	2024
Cash and cash equivalents	\$ 39,552	\$ 21,719
Restricted cash	7,931	7,904
Long-term restricted cash and cash equivalents	7,126	21,290
Total	<u>\$ 54,609</u>	<u>\$ 50,913</u>

Investments

Investments in equity securities with readily determinable market values, debt securities, and assets held in trust are stated at fair value. Investments received as gifts are recorded at fair value at the date of donation.

Investments included in current assets have a maturity of three months to five years from the purchase date and are bought and held primarily for the purpose of selling in the near future to fund current operations. Investments are recorded at fair value using the market approach method; unrealized gains and losses are reflected in net unrealized gain or loss on investments.

Investments included in long-term assets comprise endowment investments, reported as designated and restricted investments, and other investments. Other investments include those made pursuant to a long-term investment horizon or are intended to support future capital expenditures (including bond proceeds received during fiscal 2022, see Note 9), and therefore, deemed long-term in nature.

Investments are subject to market and credit risks customarily associated with debt, equity, and real estate. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the Consolidated Statements of Financial Position.

Tuition and Other Receivables and Allowance for Credit Losses

Tuition receivables consist of amounts billed to students for tuition, fees, housing, and other auxiliary charges. Clinic receivables consist of amounts billed to patients for services provided at NSU Health clinics. Tuition and clinic receivables are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The university calculates the allowance for credit losses by separating receivables by type of receivable and into risk pools based on their aging. Loss rates are developed for each risk pool based on historical write-off experience, net of subsequent recoveries, and adjusted for management's expectations about current and future economic conditions.

Changes in the allowance for credit losses for the years ended June 30 are as follows (in thousands):

	2025	2024
Beginning Balance, July 1	\$ 5,179	\$ 4,750
Provision for credit losses	5,723	7,962
Write-offs, net of recoveries	(4,923)	(7,533)
Ending Balance, June 30	<u>\$ 5,979</u>	<u>\$ 5,179</u>

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Deferred Debt Issue Costs

Costs related to the issuance of debt (\$3.8 million at June 30, 2025, and \$4.0 million at June 30, 2024) are being amortized over the term of the related debt instrument using the bonds outstanding method, which approximates the effective interest method. In accordance with the Financial Accounting Standards Board's (FASB's) Accounting Standards Update (ASU) 2015-03, Interest—Imputation of Interest (Subtopic 835-30), debt issuance costs are presented in the Consolidated Statements of Financial Position as a direct deduction from the carrying amount of the related debt, consistent with the presentation of debt discounts and premiums.

Split Interest Agreements

These agreements with donors consist primarily of charitable remainder annuity trusts, unitrusts, and gift annuities.

Contributions receivable from remainder trusts:

The university is the beneficiary of trusts held and administered by others. The current values of estimated future cash receipts from the trusts are recognized in accordance with donor stipulations as assets and contributions with donor restrictions when NSU is notified of the establishment of the trust. Changes in the fair values of the trusts are recorded as other revenue with donor restrictions within the Consolidated Statements of Activities.

Due to beneficiaries under remainder trusts and annuities:

NSU is a trustee for trust assets, which are included in investments. Contribution revenues are recognized, in accordance with donor stipulations, when the trusts are established, after recording liabilities for estimated future payments (discounted over the donor's or other beneficiary's life expectancy using published mortality tables). These liabilities are adjusted annually for changes in asset values and estimated future benefits.

The university has entered into arrangements whereby assets are transferred from a donor, with purpose restrictions, to the university in exchange for a promise by the university to pay fixed amounts for a specified period of time to the donor or to other donor designees. The difference between the assets received and the estimated future payments (discounted over the specified period of time the payments are to be made) is recognized as contributions with donor restrictions.

Changes in split interest agreements, which are reflected as other revenue in the Consolidated Statements of Activities, increased by approximately \$4,000 and \$2,000, respectively, for fiscal 2025 and fiscal 2024.

At June 30, 2025 and 2024, amounts due to beneficiaries under annuity agreements were approximately \$89,000 and \$96,000, respectively. No amounts were due to beneficiaries under remainder trusts at June 30, 2025 and 2024.

Land, Buildings, and Equipment

Land, buildings, and equipment (including library books) are recorded at acquisition cost or fair value at the date of donation and are subsequently carried net of accumulated depreciation. Equipment expenditures in excess of \$5,000 with an estimated useful life of two or more years are capitalized. Property and equipment under finance leases are initially valued and recorded based on the present value of the minimum lease payments. Depreciation is calculated using the straight-line method over the assets' estimated useful lives, ranging from 4 to 50 years, except for leasehold improvements and property and equipment under finance leases, which are amortized over the shorter of the expected useful life of the asset or the term of the related lease. NSU reviews long-lived assets for impairment when events or circumstances indicate the carrying amount will not be fully recoverable, based on estimated future cash flows. Interest on capital projects is capitalized during the construction period.

Insurance Programs

The university is partially self-insured for workers' compensation benefits, wholly owns an offshore captive insurance company (see Note 16), and maintains claims-made insurance policies with respect to certain other coverage. Liabilities for these claims are recorded based on actual loss history and actuarial calculations that include provisions for estimated losses incurred, but not reported, and the portion of insurance risk that has not been transferred to insurance carriers. Accrued insurance costs, net of 3.5 percent discount, approximated \$26.7 million at June 30, 2025, and \$20.7 million at June 30, 2024, of which \$6.4 million and \$5.3 million is included in other current liabilities as of June 30, 2025 and 2024, respectively. Undiscounted costs at June 30, 2025 and 2024, were \$27.9 million and \$21.6 million, respectively.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The university is a member of insurance and benefit associations. These associations assist universities in Florida in controlling insurance costs. Total expenditures to these associations of approximately \$48.6 million and \$44.8 million in fiscal 2025 and 2024, respectively, are recognized within other expenses and employee benefits expenses based on the nature of the underlying insurance program, in the accompanying Consolidated Statements of Activities.

Endowment Payout and Value

The university's investment policy provides that up to 5 percent of the market value of NSU's endowment fund be made available annually for expenditure. Absent donor stipulations to the contrary, no distributions are made from an individual endowment until the account reaches a minimum of \$25,000. Until that time, all earnings are reinvested. In addition, there is a one-year holding period from the time an individual endowment is funded until it is available for distribution.

NSU's endowment assets include the endowment fund, consisting of cash and investments, as well as endowment-related pledges receivable. At June 30, 2025, endowment-related pledges receivable were \$27.5 million, and the fair value of the endowment fund was \$249.5 million, representing total endowment assets of \$277.0 million. At June 30, 2024, endowment-related pledges receivable were \$34.0 million, and the fair value of the endowment fund was \$218.1 million, representing total endowment assets of \$252.1 million. The endowment fund includes donor-restricted and board-designated endowments. Any declines in the fair value of donor-restricted endowments below their respective historical cost value are recorded as reductions in net assets with donor restrictions.

Tuition and Fees

Tuition and fees are reported net of scholarships and discounts. For fiscal 2025 and 2024, total scholarships and discounts were \$169.1 million and \$160.5 million, respectively. Tuition and fee revenue is recognized on a pro rata daily basis over the term of instruction. Unearned student tuition and fees relating to future instructional periods are recorded as current deferred revenue. Deferred tuition revenue was \$78.6 million at June 30, 2025, and \$75.8 million at June 30, 2024.

Contributions

Unconditional contributions without donor restrictions are recorded as increases in net assets without donor restrictions. Unconditional contributions with donor-imposed stipulations are reported as increases to net assets with donor restrictions, and reclassified to net assets without donor restrictions when stipulations are satisfied. Contributed assets to be maintained in perpetuity are classified as net assets with donor restrictions. Income from donor-restricted assets is classified according to the terms of the contribution. Conditional pledges are not recognized until the conditions are met.

Contributions to be received more than one year in the future are discounted based on a risk-adjusted discount rate. Amortization of the discount is recorded as contribution revenue and used in accordance with donor-imposed stipulations, if any. Any additional allowance made for uncollectible contributions is based on management's judgment, past collection experience, and other relevant factors.

Contributions of nonfinancial assets (such as land, buildings, equipment, or use thereof, materials and supplies, intangible assets or services) meeting criteria established by the university pursuant to U.S. generally accepted accounting principles (GAAP) are recognized at fair value. For the fiscal years ended June 30, 2025 and 2024, such contributions were individually, and in the aggregate, immaterial to the university's consolidated financial statements and therefore have not been recognized therein.

Government Grants

Revenue from grants is recognized as the related expenses are incurred. Grant revenue recognized and expended within the same fiscal year is included as revenue with donor restrictions and net assets released from restrictions in the accompanying Consolidated Statements of Activities.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Leases

NSU recognizes and measures its leases in accordance with FASB Accounting Standards Codification (ASC) Topic 842, *Leases*. The university is the lessee of property and equipment under operating and finance leases. Upon execution of a new contract, NSU determines whether an arrangement is or contains a lease. Right of use assets represent NSU's right to use leased assets over the term of the lease. Lease liabilities represent NSU's contractual obligation to make lease payments over the lease term. Right-of-use assets and lease liabilities are measured, categorized, and recognized at lease commencement. The commencement date is when the university either takes possession of the asset, or in the case of real estate leases, when the landlord makes the building available for use. Operating leases as lessee are included in operating lease right-of-use assets and operating lease liabilities on the Consolidated Statements of Financial Position. The assets and liabilities associated with finance leases are included within land, buildings, and equipment, net and other liabilities, respectively, on the Consolidated Statements of Financial Position.

NSU has elected not to recognize right-of-use assets and obligations for leases with an initial term of 12 months or less, as well as certain leases consisting of generally low value (under \$5,000) equipment. To the extent a lease arrangement includes both lease and non-lease components, the components are combined as one component.

Operating and finance lease right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term. NSU uses the rate implicit in a lease, if it is determinable. When the rate implicit in the lease is not determinable, NSU uses its incremental borrowing rate as of the commencement date to determine the present value of the lease payments. The lease term may include renewal or extension options to the extent they are reasonably certain to be exercised; this assessment is made at lease commencement. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases. Variable lease payments that do not depend on an index or rate are expensed as incurred (such as the pro rata share of actual real estate taxes, insurance, and common area maintenance costs associated with real estate leases).

The university leases property, primarily space within university facilities, under agreements that are classified as operating leases. The university's lessor arrangements are all operating leases and do not include any sales-type or direct finance leases. Property leased to others is included in land, buildings, and equipment, net on the Consolidated Statements of Financial Position. Short-term rental revenues and lessor operating lease income are recognized to the extent that amounts are determined to be collectible and included within other revenues in the Consolidated Statements of Activities, totaling \$3.5 million and \$2.6 million for fiscal 2025 and 2024, respectively.

NSU Museum of Art Fort Lauderdale

On July 1, 2008, the university merged with the Museum of Art, Inc. (the Museum), a not-for-profit organization, with NSU as the surviving organization. The Museum acquires art for its collection through purchase or by gift. As permitted by the FASB's Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, the Museum does not include its collection items as assets in the Consolidated Statements of Financial Position. Accordingly, no value has been assigned to the Museum's art collection. As of June 30, 2025, the collection is insured for \$55.0 million. The university's policy requires any proceeds from the sale of collection items to be used to acquire other items for the collection or for the direct care of its collection (expenditures that enhance the life, usefulness, or quality of an object, and improve the physical impact and condition of an item). Proceeds from the sale of collection items and expenditures for collection items purchased are reflected in the accompanying Consolidated Statements of Activities within other revenues and expenses, respectively. For fiscal 2025 and 2024, expenditures for collection items purchased but not capitalized were \$138,000 and \$172,000, respectively. There were no sales of collection items in either fiscal year.

When the Museum receives contributions of works of art with the donor's stipulation that they will be sold rather than added to the collection, such works of art are recognized as increases to net assets without donor restrictions at their fair value.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Fair Value of Financial Instruments

ASC 820, Fair Value Measurements and Disclosures, sets forth a framework for measuring fair value, which includes a hierarchy based on the observability of inputs used to measure fair value and provides for specific disclosure requirements based on the hierarchy.

Fair Value Hierarchy

ASC 820 requires the categorization of financial assets and liabilities, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to the quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable inputs. The various levels of the ASC 820 fair value hierarchy are described as follows:

Level 1—Financial assets and liabilities with values that are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the university has the ability to access

Level 2—Financial assets and liabilities with values that are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability

Level 3—Financial assets and liabilities with values that are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

Investments are carried at fair value. The fair value of alternative investments that contain certain provisions has been estimated using the Net Asset Value (NAV), as reported by the management of the respective alternative investment fund. Accounting guidance provides for the use of NAV as a practical expedient for estimating fair value of alternative investments that contain certain provisions. Accordingly, NAV reported by each alternative investment fund is used to estimate the fair value of the university's interest.

Accounting for Uncertainty in Income Taxes

The university follows the guidance contained in ASC 740, Income Taxes. ASC 740 addresses the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a threshold of more-likely-than-not for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. There were no uncertain tax positions recorded in the consolidated financial statements for fiscal years 2025 or 2024.

Recent Accounting Pronouncements

In March 2022, the FASB issued ASU 2022-02, Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures. ASU 2022-02 eliminates the accounting guidance on troubled debt restructurings for creditors and amends the guidance on "vintage disclosures" to require disclosure of current-period gross write-offs by year of origination. The updated guidance is effective concurrently with the adoption of ASC 2016-13 (see below), no later than the fiscal year beginning after December 15, 2022. The university adopted ASU 2022-02 in fiscal 2024, as required, resulting in no material impact on the university's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which requires timelier recording of credit losses on financial instruments by effectively replacing the current incurred loss methodology with one that reflects current expected credit losses (CECL) and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The CECL methodology is applicable to trade receivables, net investments in leases, loan receivables, held-to-maturity debt securities, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. The university adopted ASU 2016-13 in fiscal 2024, as required, using the modified retrospective method for all financial assets measured at amortized cost, including trade receivables, without adjusting prior comparative periods. The adoption resulted in no material impact on the university's consolidated financial statements.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

3. Liquidity and Availability of Resources

As of June 30, 2025 and 2024, financial assets available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt and other current obligations, and capital construction costs not financed with debt, were as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 31,646	\$ 12,530
Investments	432,773	362,733
Tuition and other receivables, net	43,245	47,928
Pledges receivable, current portion, net	4,090	5,180
Endowment investments appropriated for spending in the following year	4,916	5,226
Financial assets available within one year for general expenditures	<u>\$ 516,670</u>	<u>\$ 433,597</u>

Assets with purpose restrictions or designations that may be satisfied through general expenditure within the next year are considered available. In addition to these available financial assets, a significant portion of the university's annual expenditures will be funded by current year operating revenues including tuition, grants and contracts, and auxiliary operations. As part of the university's liquidity management strategy, the university structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the university invests cash in excess of daily requirements in short-term working capital investments.

Additionally, the university has board-designated endowment funds of \$79.2 million and \$70.5 million as of June 30, 2025 and 2024, respectively. Although the university does not intend to spend from its board-designated endowment funds, other than amounts appropriated annually for expenditure in accordance with the university's investment and spending policy, amounts from its board-designated endowment could be made available if necessary. However, both the board-designated and donor-restricted endowments contain investments with lock-up provisions that reduce the total investments that could be made available (see Note 8 for disclosures about investments).

The university also has \$33.9 million and \$33.5 million in cash and investments as of June 30, 2025 and June 30, 2024, respectively, held by its wholly-owned captive insurance company (see Note 16) which are designated for insurance-related reserves, the total of which exceeds actuarially determined accrued insurance costs.

Finally, not included in the table above, are other cash and investments of \$345.4 million and \$320.4 million as of June 30, 2025 and 2024, respectively, which could be made available in part for general expenditure. However, these investments are either subject to a long-term investment strategy (containing investments with lock-up provisions that reduce the total that could be liquidated, see Note 8) or are intended to support future capital expenditures (including bond proceeds received during fiscal 2022, see Note 9).

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

4. Tuition and Other Receivables

Tuition and other receivables at June 30 consist of the following (in thousands):

	2025	2024
Student accounts, net of allowance of \$1,967 in 2025 and \$2,605 in 2024	\$ 15,277	\$ 18,696
Unreimbursed grant and contract expenditures	15,544	16,819
Health centers' patient accounts, net of allowance of \$4,013 in 2025 and \$2,628 in 2024	-	-
Accrued interest	5,474	4,190
Other	6,950	8,223
Total	\$ 43,245	\$ 47,928

5. Pledges Receivable

Unconditional promises to give to the university are included in the consolidated financial statements as pledges receivable and contribution revenue in the appropriate net asset category. In accordance with ASC 820, the university applies a present value technique to new pledges received, whereby the estimated future cash flows are discounted based on a risk-adjusted discount rate in order to determine the fair value of the pledge to be recorded as of the date the pledge was made. The risk-adjusted discount rates applied ranged from 0.8 to 14.4 percent.

Pledges are expected to be collected as follows as of June 30 (in thousands):

	2025	2024
Current:		
In one year or less	\$ 11,109	\$ 21,119
Less allowance	(2,450)	(2,450)
	8,659	18,669
Future:		
Between one and five years	26,746	34,318
More than five years	11,615	2,072
Less discount and allowance	(12,606)	(11,181)
	25,755	25,209
Total	\$ 34,414	\$ 43,878

At June 30, pledges receivable had the following donor stipulations (in thousands):

	2025	2024
Endowments	\$ 40,283	\$ 44,655
Property, plant, and equipment	580	691
Scholarships and other	8,607	12,163
Subtotal	49,470	57,509
Less discount and allowance	(15,056)	(13,631)
Total	\$ 34,414	\$ 43,878

The university received unconditional pledges from a related party and its associated organizations representing approximately 51.7 percent and 45.2 percent of the balance of outstanding pledges receivable as of June 30, 2025 and 2024, respectively. These pledges are payable in annual installments ranging from approximately \$1.9 million to \$3.8 million through fiscal 2033.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

6. Investments

Investments at June 30 consist of (in thousands):

	2025	2024
Pooled investments:		
Mutual funds	\$ 157,267	\$ 139,325
Commingled funds	63,644	50,203
Private capital	17,807	12,197
Corporate obligations	483	347
Government-related obligations	3,536	2,556
Total	242,737	204,628
Other investments:		
Mutual funds	132,923	121,189
Equity securities	91	69
Commingled funds	60,238	46,570
Corporate obligations	388,966	300,072
Government-related obligations	224,601	243,934
Total	806,819	711,834
Total investments	\$ 1,049,556	\$ 916,462

Investments at June 30 are classified in the Consolidated Statements of Financial Position as follows (in thousands):

	2025	2024
Investments	\$ 459,657	\$ 389,116
Designated investments	77,018	66,451
Restricted investments	165,884	138,332
Other investments	346,997	322,563
Total	\$ 1,049,556	\$ 916,462

Investments at June 30, 2025 and 2024, include amounts received under split-interest agreements of approximately \$0.2 million.

Mutual funds consist of investments in (i) domestic equity funds, including small and large capitalization and high dividend yield indexes; (ii) international equity funds, including developed and emerging markets; (iii) fixed income funds, including U.S. Government and mortgage-backed securities, and high to medium quality investment-grade corporate bonds with various maturities; and (iv) real assets, including domestic and international real estate indexes.

Commingled funds consist of (i) mixed asset funds which include commodity indexes, natural resource indexes, infrastructure indexes, real estate investment trusts (REITS), and treasury inflation-protected securities (TIPS) totaling \$22.6 million and \$12.8 million at June 30, 2025 and 2024, respectively; (ii) select strategy funds in global equity markets, global hedge and long-only equity funds, and domestic long-only equity funds totaling \$69.9 million and \$55.8 million at June 30, 2025 and 2024, respectively; (iii) absolute return/credit funds in distressed debt-oriented products and alternative strategies totaling \$21.2 million and \$18.5 million at June 30, 2025 and 2024, respectively; and of (iv) credit-oriented hedge funds that invest across varying asset classes, including bank debt, high yield, distressed and special situation securities, securitized assets, equities, convertible arbitrage, and risk arbitrage, totaling \$10.2 million and \$9.6 million at June 30, 2025 and 2024, respectively.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Private capital funds consist of investments in (i) private equity funds where the firm makes direct investments to private companies and/or investments in fund-of-funds that may target buyout funds or participate in venture growth funds across a variety of sectors in the U.S. and globally; and (ii) private real estate funds targeting traditional and non-traditional real estate projects which may also include distressed opportunities, debt, and property ownership.

Corporate obligations consist primarily of domestic investment-grade corporate bonds with fixed interest rates.

Government-related obligations consist primarily of U.S. Treasury notes, U.S. Treasury bonds and other U.S. Federal debt obligations with fixed interest rates.

7. Land, Buildings, and Equipment

Land, buildings, and equipment at June 30 consist of (in thousands):

	2025	2024
Land	\$ 77,429	\$ 75,030
Land improvements	113,549	90,745
Leasehold improvements	45,173	41,985
Buildings	992,331	976,534
Equipment	232,844	227,638
Library books	43,756	47,299
Construction in progress	60,488	59,030
Finance lease right-of-use assets	9,794	9,907
Total	1,575,364	1,528,168
Less accumulated depreciation and amortization	(660,927)	(630,447)
Net	<u>\$ 914,437</u>	<u>\$ 897,721</u>

Finance lease right-of-use assets includes buildings and equipment under finance leases. Amortization of these leased assets totaled \$1.8 million and \$1.7 million for fiscal 2025 and 2024, respectively, and accumulated amortization totaled \$7.1 million and \$5.8 million as of June 30, 2025 and 2024, respectively.

For fiscal 2025 and 2024, total depreciation and amortization expense was approximately \$44.2 million and \$45.5 million, respectively.

As of June 30, 2024, two properties totaling \$8.2 million were categorized as assets held for sale and included in other current assets on the accompanying Consolidated Statement of Financial Position. During fiscal 2025, these properties were sold resulting in a gain of approximately \$13.1 million included in other revenues on the accompanying Consolidated Statement of Activities.

At June 30, 2025, the university had approximately \$2.4 million of unsecured letters of credit relating to construction projects. Outstanding commitments on uncompleted construction contracts approximated \$25.3 million at June 30, 2025.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

8. Fair Value Measurements

Fair Value on a Recurring Basis

The following tables present the fair value measurement for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2025, grouped by fair value hierarchy (in thousands):

	2025 Total	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	\$ 5,990	\$ 5,990	\$ -	\$ -
Mutual funds	6,562	6,562	-	-
Subtotal	<u>12,552</u>	<u>12,552</u>	<u>-</u>	<u>-</u>
Current investments:				
Mutual funds	36	36	-	-
Equity securities	91	91	-	-
Corporate obligations	290,399	-	290,399	-
Government-related obligations	169,131	-	169,131	-
Subtotal	<u>459,657</u>	<u>127</u>	<u>459,530</u>	<u>-</u>
Designated and restricted investments:				
Mutual funds	157,433	157,433	-	-
Commingled funds ¹	63,644	-	-	-
Private capital ¹	17,807	-	-	-
Corporate obligations	482	-	482	-
Government-related obligations	3,536	-	3,536	-
Subtotal	<u>242,902</u>	<u>157,433</u>	<u>4,018</u>	<u>-</u>
Other investments:				
Mutual funds	132,721	132,721	-	-
Commingled funds ¹	60,238	-	-	-
Corporate obligations	98,567	-	98,567	-
Government-related obligations	55,471	-	55,471	-
Subtotal	<u>346,997</u>	<u>132,721</u>	<u>154,038</u>	<u>-</u>
Scholarship funds held in trust:				
Money market funds	8	8	-	-
Equity securities	2,253	535	1,718	-
Corporate obligations	844	-	844	-
Subtotal	<u>3,105</u>	<u>543</u>	<u>2,562</u>	<u>-</u>
Contributions receivable from remainder trusts				
	221	-	-	221
Total	<u>\$ 1,065,434</u>	<u>\$ 303,376</u>	<u>\$ 620,148</u>	<u>\$ 221</u>

¹In accordance with ASC 820, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Financial Position.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The following tables present the fair value measurement for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2024, grouped by fair value hierarchy (in thousands):

	2024			
	Total	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	\$ 6,379	\$ 6,379	\$ -	\$ -
Mutual funds	12,143	12,143	-	-
Subtotal	<u>18,522</u>	<u>18,522</u>	<u>-</u>	<u>-</u>
Current investments:				
Mutual funds	52	52	-	-
Equity securities	69	69	-	-
Corporate obligations	218,876	-	218,876	-
Government-related obligations	170,119	-	170,119	-
Subtotal	<u>389,116</u>	<u>121</u>	<u>388,995</u>	<u>-</u>
Designated and restricted investments:				
Mutual funds	139,480	139,480	-	-
Equity securities	50,203	-	-	-
Commingled funds ¹	12,197	-	-	-
Private capital ¹	347	-	347	-
Government-related obligations	2,556	-	2,556	-
Subtotal	<u>204,783</u>	<u>139,480</u>	<u>2,903</u>	<u>-</u>
Other investments:				
Mutual funds	120,981	120,981	-	-
Commingled funds ¹	46,570	-	-	-
Corporate obligations	81,196	-	81,196	-
Government-related obligations	73,816	-	73,816	-
Subtotal	<u>322,563</u>	<u>120,981</u>	<u>155,012</u>	<u>-</u>
Scholarship funds held in trust:				
Money market funds	18	18	-	-
Equity securities	2,164	492	1,672	-
Corporate obligations	761	-	761	-
Subtotal	<u>2,943</u>	<u>510</u>	<u>2,433</u>	<u>-</u>
Contributions receivable from remainder trusts				
	224	-	-	224
Total	<u>\$ 938,151</u>	<u>\$ 279,614</u>	<u>\$ 549,343</u>	<u>\$ 224</u>

¹In accordance with ASC 820, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Financial Position.

During the years ended June 30, 2025 and 2024, there were no transfers between Level 2 and Level 3 investments.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value (in thousands):

	2025	2024
Beginning balance, July 1	\$ 224	\$ 225
Net unrealized loss	(3)	(1)
Ending balance, June 30	\$ 221	\$ 224

All net unrealized gains or losses in the above table are reflected in the Consolidated Statements of Activities. Net unrealized gains or losses are determined based on changes in fair value of the instrument related to future expected cash flow associated with investments.

The fair value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective funds. The fair values of the investments held by funds that do not have readily determinable fair values are determined by each fund's investment manager and are based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the investments, the fair value is determined by the investment manager taking into consideration, among other things, the cost of the investment, prices of recent significant placements of similar investments of the same issuer, and subsequent developments concerning the companies to which the investments relate. The university has performed due diligence regarding these investments and believes that the NAV of its alternative investments is a reasonable estimate of fair value as of June 30, 2025 and 2024.

The following table presents additional information pertaining to alternative investments as of June 30, 2025 (in thousands), the fair values of which have been estimated using the NAV of the investment funds:

	Designated and Restricted Investments	Other Investments	Total Fair Value	Unfunded Commitments	Redemption Frequency (Subject to Restrictions Noted)	Redemption Notice in Days
Commingled funds (1)	\$ 30,193	\$ 37,979	\$ 68,172	\$ -	D/M/Q (2)	1-60
	11,515	9,175	20,690	-	A (Rolling Locks) (3)	90
	15,609	8,550	24,159	-	V (Rolling Locks) (4)	60-120
	5,630	4,534	10,164	-	Q (Gate Restrictions) (5)	60-75
	697	-	697	-	Illiquid (6)	N/A
Subtotal	63,644	60,238	123,882	-		
Private capital:						
Private equity	15,109	-	15,109	13,459	Illiquid (7)	N/A
Private real estate	2,698	-	2,698	5,842	Illiquid (7)	N/A
Subtotal	17,807	-	17,807	19,301		
	\$ 81,451	\$ 60,238	\$ 141,689	\$ 19,301		

D: Daily M: Monthly Q: Quarterly A: Annually V: Varies

- (1) Includes investments that may pursue alternative strategies to diversify risks, reduce volatility, and enhance returns. See Note 6.
- (2) Investments totaling \$11.7 million within this category contain restrictions with respect to partial redemptions, which require that the minimum balance for each investment remain at \$1.0 million. Full redemptions are permitted.
- (3) Investments are subject to rolling annual lock-up provisions permitting full liquidation on June 30 or December 31 each year depending on the particular investment. Investments totaling \$10.3 million in this category include an additional soft lock provision that permits redemption for quarters ending other than June 30 with a 3.0 percent early withdrawal fee.
- (4) Investments are subject to either one time two-year, rolling two-year, or rolling three-year lock-up provisions with full liquidation permitted upon the expiration of the respective lock-up period. Investments with rolling two-year lock provision allow for partial redemptions on a declining percentage scale over time prior to the end of the lock-up period. A rolling three-year lock allows for annual, early redemptions up to 10% per year during the lock-up period without penalty. The next possible full redemption dates vary, ranging from approximately 10 to 24 months after June 30, 2025.
- (5) Investments may be redeemed subject to gate of 25 percent per quarter with full redemption after four quarters.
- (6) Investments represent side pockets or other illiquid positions after all liquid capital has been returned. These illiquid holdings will be paid out as capital becomes available.
- (7) These investments cannot be redeemed. Capital invested is committed at the beginning of the fund term for approximately 10 years. Private equity and private real estate firms enter into value-enhancing transactions and distribute capital as these transactions are liquidated. The underlying investments in the funds are expected to be liquidated over the next 12 years.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Fair Value on a Nonrecurring Basis

As of June 30, 2025 and 2024, there were no financial assets or liabilities measured at fair value on a nonrecurring basis.

9. Long-Term Debt

Long-term debt at June 30 is summarized below (in thousands):

	2025	2024
HEFFA tax exempt Series 2016 bonds	\$ 82,325	\$ 86,770
Town of Davie tax exempt Series 2018 bonds	133,825	135,070
FDFC tax exempt Series 2020A bonds	14,265	17,495
FDFC taxable Series 2020B bonds	161,355	168,350
NSU taxable Series 2022 bonds	150,000	150,000
Par amount of bonds	<u>541,770</u>	<u>557,685</u>
Net unamortized premium	22,086	24,317
Net unamortized deferred issuance costs	<u>(3,783)</u>	<u>(4,046)</u>
Total	\$ 560,073	\$ 577,956
Current portion	<u>(16,455)</u>	<u>(15,915)</u>
Long-term debt	<u>\$ 543,618</u>	<u>\$ 562,041</u>

The university has entered into an Amended and Restated Master Trust Indenture (originally dated as of October 1, 2008, as previously amended, and as amended and restated as of June 1, 2020) with U.S. Bank Trust Company National Association, as successor Master Trustee (the Amended and Restated Master Trust Indenture). The Amended and Restated Master Indenture provides for notes issued and outstanding thereunder from time to time (collectively, the Notes, and, individually, a Note) to be secured by Pledged Revenues composed, generally, of (i) Tuition and Fees and (ii) Dormitory Revenues (as all such terms are defined in the Amended and Restated Master Trust Indenture).

As of June 30, 2025, the university had issued and outstanding four Notes under the Amended and Restated Master Trust Indenture relating to (1) bonds issued in 2016 (the 2016 Bonds) on behalf of the university by the Higher Education Facilities Financing Authority, created pursuant to the provisions of Chapter 243, Part II, Florida Statutes (HEFFA), (2) bonds issued in 2018 (the 2018 Bonds) on behalf of the university by the Town of Davie, Florida, a municipal corporation of the State of Florida (Town of Davie), (3) bonds issued in 2020, consisting of two series (the 2020A Bonds and the 2020B Bonds, respectively, and collectively the 2020 Bonds) issued on behalf of the university by the Florida Development Finance Corporation, created pursuant to Chapter 288, Part X, Florida Statutes (FDFC), and (4) bonds issued in 2022 directly by NSU (the 2022 Bonds). The 2016 Bonds, 2018 Bonds and 2020A Bonds were issued as tax-exempt bonds and the 2020B Bonds and 2022 Bonds were issued as taxable bonds.

The applicable Note issued with respect to the 2016 Bonds, 2018 Bonds, and 2020 Bonds secures the university's obligations under the respective loan agreement between the university and HEFFA, Town of Davie, or FDFC, as applicable. The Note issued with respect to the 2022 Bonds secures the university's obligations as issuer under a related indenture of trust.

Bonds

2022 Bonds—The 2022 Bonds were issued in March 2022 by NSU in the principal amount of \$150,000,000. Proceeds from the issuance will be used by the university for general corporate purposes, including capital projects from the university's capital improvement plan. The 2022 Bonds bear interest at 4.8 percent per annum, payable

Notes to Consolidated Financial Statements

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semiannually on April 1 and October 1. The 2022 Bonds are due in annual installments of \$3,700,000 to \$30,880,000 from 2044 through 2053.

2020A Bonds—The 2020A Bonds were issued in June 2020 through the FDFC, in the principal amount of \$39,030,000. Proceeds from the issuance and other available funds were used to refund the outstanding Town of Davie Series 2009 Bonds and outstanding HEFFA Series 2012B Bonds. The 2020A Bonds bear interest at 5.0 percent per annum, payable semiannually on April 1 and October 1. The 2020A Bonds are due in annual installments of \$3,390,000 to \$3,740,000 through 2029.

2020B Bonds—The 2020B Bonds were issued in June 2020 through the FDFC, in the principal amount of \$195,720,000. Proceeds from the issuance were used to refund the outstanding HEFFA Series 2011 Bonds, outstanding HEFFA Series 2012A Bonds, outstanding Town of Davie Series 2013A Bonds, and outstanding Town of Davie Series 2013B Bonds; redeem the outstanding Note Payable to a bank; and to finance capital projects that are part of the university's capital improvement plan. The 2020B Bonds bear interest at rates ranging from 1.6 percent to 4.1 percent per annum, payable semiannually on April 1 and October 1. The 2020B Bonds are due in annual installments of \$1,285,000 to \$19,655,000 through 2050.

2018 Bonds—The 2018 Bonds were issued in July 2018 through the Town of Davie, in the principal amount of \$140,740,000. Proceeds from the issuance were used to finance a new residence hall and parking garage and to refund the outstanding BCEFA Series 2008A bonds. The 2018 Bonds bear interest at rates ranging from 4.0 percent to 5.0 percent per annum, payable semiannually on April 1 and October 1. The 2018 Bonds are due in annual installments of \$1,330,000 to \$19,990,000 through 2048.

2016 Bonds—The 2016 Bonds were issued in May 2016 through HEFFA, in the principal amount of \$86,870,000. Proceeds from the issuance were used to refund the outstanding BCEFA Series 2006 bonds and a portion of the outstanding HEFFA 2011 bonds. The 2016 Bonds bear interest at 5.0 percent per annum, payable semiannually on April 1 and October 1. The 2016 Bonds are due in annual installments of \$4,665,000 to \$13,870,000 through 2036.

As previously described, all bonds outstanding as of June 30, 2025, representing the 2022 Bonds, 2020A Bonds, 2020B Bonds, 2018 Bonds, and 2016 Bonds, are secured by the applicable Notes issued and outstanding under the Amended and Restated Master Trust Indenture.

Future maturities of the university's long-term debt at June 30, 2025, are as follows (in thousands):

	Long -Term Debt
2026	\$ 16,455
2027	17,045
2028	16,835
2029	16,465
2030	13,940
Thereafter through 2053	461,030
	<u>\$ 541,770</u>

The Amended and Restated Master Trust Indenture contains customary conditions, provisions, and non-financial covenants. In the opinion of management, the university is in compliance with all such covenants as of June 30, 2025.

The university incurred interest charges for fiscal 2025 and fiscal 2024 of \$23.5 million and \$23.9 million, respectively. During fiscal 2025 and 2024, the university capitalized interest of \$1.6 million and \$1.5 million, respectively, resulting in net interest expense reflected in the accompanying Consolidated Statements of Activities of \$21.9 million and \$22.4 million at June 30, 2025 and 2024, respectively.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

10. Federal Revolving Student Loans

NSU participated in certain federal revolving loan programs under which loans were made to qualified students from federal and institutional contributions as well as prior borrowers' repayments. At June 30, 2025 and 2024, these student loans totaled \$2.9 million and \$3.4 million, respectively, and are included in the accompanying Consolidated Statements of Financial Position in other assets. Liabilities for refundable student loans of \$3.2 million and \$3.7 million at June 30, 2025 and 2024, respectively, are included in the accompanying Consolidated Statements of Financial Position in other liabilities.

11. Net Assets

Net assets released from restrictions were satisfied through grant or other operating expenditures, capital expenditures, and scholarships.

Net assets at June 30 were available for the following purposes or periods (in thousands):

	2025	2024
<u>Without Donor Restrictions</u>		
Board designated for:		
Preschool programs	\$ 6,539	\$ 5,871
Student scholarships	27,517	23,851
Faculty research and development	2,075	2,070
College of Law	12,397	11,110
Healthcare Colleges	26,176	23,609
Museum of Art	2,643	2,439
Research initiatives	1,820	1,585
Total Board designated	79,167	70,535
Physical plant equity	619,058	601,043
Other unrestricted amounts	397,709	308,521
Total without donor restrictions	\$ 1,095,934	\$ 980,099
<u>With Donor Restrictions</u>		
Endowments	170,323	147,581
Endowment-related pledges receivable	27,484	33,961
Gifts restricted by purpose	37,302	41,951
Scholarship funds held by trustees and restricted by purpose	3,105	2,943
Other restrictions	4,954	6,543
Total with donor restrictions	\$ 243,168	\$ 232,979
Total net assets	\$ 1,339,102	\$ 1,213,078

Endowment Net Assets

ASC 958, Not-for-Profit Entities, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and additional disclosures about an organization's endowment funds. The state of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) effective July 1, 2012.

The university's endowment consists of approximately 455 individual endowments established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The Board of Trustees of the university has interpreted the FUPMIFA 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 university classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) if applicable, accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of the gift. Also classified as net assets with donor restrictions is the accumulated appreciation on donor-restricted endowment funds until those amounts are appropriated for expenditure by the university in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the university considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: restrictions, if any, placed upon the endowment fund by the donors; the duration and preservation of the endowment fund; the purpose of the university and the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the university; and the university's investment policy.

The university has adopted an investment and spending policy for endowment assets that provides a predictable stream of funding to programs supported by its endowment, while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the university must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs. Actual returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, the university relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The university targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Changes in endowment net assets, including endowment-related pledges receivable of \$27.5 million, for the fiscal year ended June 30, 2025, consisted of the following (in thousands):

	Without Donor Restrictions	With Donor Restrictions	2025 Total
Net assets, beginning of year	\$ 70,535	\$ 181,542	252,077
Investment return:			
Investment income	1,247	2,668	3,915
Net appreciation (realized and unrealized)	8,923	18,062	26,985
Total investment return	10,170	20,730	30,900
Contributions, net of discounts	635	(1,012)	(377)
Appropriation of endowment assets for expenditure	(2,173)	(3,453)	(5,626)
Net assets, end of year	\$ 79,167	\$ 197,807	\$ 276,974

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Changes in endowment net assets, including endowment-related pledges receivable of \$34.0 million for the fiscal year ended June 30, 2024, consisted of the following (in thousands):

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Net assets, beginning of year	\$ 63,605	\$ 161,336	\$ 224,941
Investment return:			
Investment income	1,212	2,466	3,678
Net appreciation (realized and unrealized)	6,257	12,085	18,342
Total investment return	7,469	14,551	22,020
Contributions, net of discounts	506	8,728	9,234
Appropriation of endowment assets for expenditure	(1,045)	(3,073)	(4,118)
Net assets, end of year	\$ 70,535	\$ 181,542	\$ 252,077

The composition of endowment net assets, including endowment-related pledges receivable of \$27.5 million, by type as of June 30, 2025, was as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	2025 Total
Donor-restricted:			
Portion of perpetual funds that is required to be retained permanently by explicit donor stipulation ¹	\$ -	\$ 125,671	\$ 125,671
Term endowment funds subject to a time or purpose restriction	-	72,136	72,136
Board-designated	79,167	-	79,167
Total net assets	\$ 79,167	\$ 197,807	\$ 276,974

¹includes endowment-related pledges of \$27.5 million

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The composition of endowment net assets, including endowment-related pledges receivable of \$34.0 million, by type as of June 30, 2024, was as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Donor-restricted:			
Portion of perpetual funds that is required to be retained permanently by explicit donor stipulation ¹	\$ -	\$ 126,977	\$ 126,977
Term endowment funds subject to a time or purpose restriction ²	-	54,565	54,565
Board-designated	70,535	-	70,535
Total net assets	\$ 70,535	\$ 181,542	\$ 252,077

¹includes endowment-related pledges of \$33.9 million

²includes endowment-related pledges of \$0.1 million

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the university to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that may occur. As of June 30, 2024, donor-restricted endowment funds with an original gift value of \$52,000 had a market value of \$51,000, resulting in a deficiency of \$1,000. There were no such deficiencies at June 30, 2025.

12. Expenses by Functional and Natural Classification

Expenses are presented by functional classification in alignment with the overall mission of the university. The university's primary service mission is academic instruction and research, which includes program services and directly supporting functions such as the university's library system and art museum. Student services and support include various student-supporting functions such as admissions and enrollment services, and athletics, as well as health care clinics and other auxiliary enterprises. General administrative and operations include fundraising and other institutional support.

Natural expenses attributable to more than one functional expense category are allocated using reasonable cost allocation techniques. Depreciation and plant operations and maintenance expenses are allocated on a square footage basis. Interest expense on indebtedness is allocated to the functional categories which have benefited from that associated debt.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Expenses by functional and natural classification for the year ended June 30, 2025, were as follows (in thousands):

	Academic and Research	Student Services and Support	General Administrative and Operations	Total
Salaries and wages	\$ 258,930	\$ 56,903	\$ 50,894	\$ 366,727
Employee benefits	62,865	10,798	19,392	93,055
Supplies and services	76,648	38,727	29,388	144,763
Space and occupancy	50,286	13,638	12,736	76,660
Other	23,038	16,122	42,624	81,784
Allocations:				
Depreciation	25,412	12,745	6,005	44,162
Interest	5,437	9,404	7,010	21,851
Operations and maintenance	10,178	8,717	(18,895)	-
	<u>\$ 512,794</u>	<u>\$ 167,054</u>	<u>\$ 149,154</u>	<u>\$ 829,002</u>

Expenses by functional and natural classification for the year ended June 30, 2024, were as follows (in thousands):

	Academic and Research	Student Services and Support	General Administrative and Operations	Total
Salaries and wages	\$ 251,546	\$ 55,550	\$ 47,229	\$ 354,325
Employee benefits	61,421	10,402	17,040	88,863
Supplies and services	76,655	37,037	29,399	143,091
Space and occupancy	54,660	13,391	12,271	80,322
Other	22,419	14,076	25,757	62,252
Allocations:				
Depreciation	27,063	12,174	6,293	45,530
Interest	5,696	9,628	7,070	22,394
Operations and maintenance	10,095	8,592	(18,687)	-
	<u>\$ 509,555</u>	<u>\$ 160,850</u>	<u>\$ 126,372</u>	<u>\$ 796,777</u>

Advertising costs are charged to expenses as incurred and totaled approximately \$9.7 and \$10.3 million for fiscal 2025 and 2024, respectively, and are included in the respective functional categories above.

13. Broward County Agreements

The following Broward County grant funds were received and expended during the year ended June 30, 2025 (in thousands):

<u>Broward County</u>	<u>Agreement #</u>	<u>Description</u>	<u>Funds Received</u>	<u>Funds Expended</u>
Human Services Department	21-CP-HCS-8228-RW-01-FY24	Ryan White Part A	\$ 1,255	\$ 1,129
Human Services Department	26-CP-HCS-0961-RW-01-FY25	Ryan White Part A	\$ 519	\$ 519

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

14. Alvin Sherman Library, Research, and Information Technology Center

In December 2001, the university commenced operations of a library, research, and information technology center and parking garage (collectively the Center). The design, construction, and operation of the Center were provided for under the terms of an agreement entered into with Broward County (the County) in fiscal 2000 (the Agreement). The Agreement stipulated that NSU would be the sole owner and operator of the Center, while County residents would have full access to the Center and full use of its databases and information resources.

Revenue from the County under the Agreement is recognized on a pro rata basis over the term of the Agreement (commencing in December 2001 with the opening of the Center). Funds of \$13.7 million for the construction of the Center received from the County prior to fiscal year 2002 have been recorded as deferred revenue and are being amortized into income over the term of the Agreement. The County continues to provide funding for the Center. Based on the specified purpose of the funds received, these amounts are either recognized into income upon receipt or recorded as deferred revenue and subsequently amortized into income over the term of the Agreement. At June 30, 2025 and 2024, \$10.0 million and \$10.4 million were recorded as deferred revenue related to these funds, respectively, of which \$0.5 million was classified as current at June 30, 2025 and 2024. During fiscal 2025 and 2024, \$0.4 million and \$0.5 million of revenue was recognized, respectively.

Funds received from the County for certain operating expenses of the Center are recognized as revenue in the period earned and totaled approximately \$5.3 million and \$5.0 million during fiscal 2025 and 2024, respectively, and are included in other revenue on the Consolidated Statements of Activities.

15. University Park Plaza

In October 2001, the university acquired an interest in a limited partnership that owns and operates the University Park Plaza Shopping Center located in Davie, Florida. The partnership will continue until November 1, 2081, unless it is terminated as expressly provided in the agreement. NSU's capital contribution was \$5.0 million for a 50 percent ownership in the partnership.

The university's partnership interest is being accounted for under the equity method. During both fiscal 2025 and fiscal 2024, NSU's investment balance was increased by contributions made of \$0.2 million and reduced by NSU's proportionate share of net loss of \$0.2 million. The investment balance, which is reflected in other assets, was \$2.8 million at June 30, 2025 and 2024.

16. NSU Guaranty Insurance Company

NSU formed a wholly owned, offshore captive insurance company in November 2003, NSU Guaranty Insurance Company, LTD. (the Captive), in the Cayman Islands to fund the deductible portion of claims filed under insurance carried to cover professional liability for medical malpractice and educators legal liability. The Captive also provides coverage for named windstorm property damage to the university.

The insurance contracts between the Captive and NSU do not transfer significant underwriting risk. The claims liabilities, as determined by independent actuaries, are included in accrued insurance cost in the accompanying Consolidated Statements of Financial Position.

17. Retirement Benefits

Effective January 1, 2012, NSU's 403(b) plan was frozen for participation and future contribution and the university adopted a 401(k) plan. NSU and plan participants contribute to the plan. The university recorded expenses related to these benefits of \$25.3 million and \$24.2 million during fiscal 2025 and 2024, respectively.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

18. Leases and Other Commitments

The university has operating and finance leases for facilities, equipment, and vehicles. Asset and liability balances related to operating and finance leases on the Consolidated Statements of Financial Position as of June 30 are as follows (in thousands):

Classification on the Consolidated Statement of Financial Position	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Operating leases				
Operating lease right-of-use assets	\$ 65,507		\$ 85,062	
Operating lease liabilities		\$ 22,758		\$ 21,124
Current		44,940		65,961
Long-term		67,698		87,085
Finance leases				
Land, buildings, and equipment, net	2,721		4,126	
Other liabilities		1,611		1,750
Current		1,337		2,656
Long-term		2,948		4,406
Total	\$ 68,228	\$ 70,646	\$ 89,188	\$ 91,491

The components of lease expense for the year ended June 30 are as follows (in thousands):

Component	Classification on the Statement of Activities	2025	2024
Operating lease expense	Space and occupancy	\$ 22,946	\$ 22,320
Short-term lease expense	Space and occupancy	2,197	890
Variable lease expense	Space and occupancy	3,464	3,726
Finance lease expense:			
Amortization of right-of-use assets	Depreciation and amortization	1,767	1,657
Interest on lease liabilities	Interest	154	159
Total lease expenses		\$ 30,528	\$ 28,752

Supplemental cash flow information related to leases as of and for the year ended June 30 is as follows (in thousands):

	2025	2024
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 1,532	\$ 30,667
Finance leases	367	1,542

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The university's operating leases generally have terms that range from two to ten years, with optional renewals. The university's finance leases generally have terms that range from two to seven years. Average lease terms and discount rates as of June 30 are as follows:

	2025	2024
Weighted average remaining lease term (years):		
Operating leases	3.3 years	4.3 years
Finance leases	2.3 years	2.8 years
Weighted average discount rate:		
Operating leases	2.5%	2.5%
Finance leases	4.9%	4.3%

Future minimum lease payments under operating and finance leases as of June 30, 2025, expiring at various dates through 2031, are as follows (in thousands):

	Operating Leases	Finance Leases
2026	\$ 23,881	\$ 1,718
2027	20,754	783
2028	12,936	406
2029	11,844	184
2030	851	67
Thereafter	329	-
Total lease payments	70,595	3,158
Imputed interest	(2,897)	(210)
Present value of lease liabilities	\$ 67,698	\$ 2,948

Open purchasing commitments related to supplies and equipment were approximately \$3.0 million as of June 30, 2025. Also, see Note 7 for outstanding commitments on uncompleted construction contracts and Note 8 for outstanding commitments to private capital investments.

19. Related Parties

The university has transactions with related parties including members of senior management, NSU's Board of Trustees, and their immediate family members. Affiliated entities may include organizations that employ a related party, that the related party owns or has an ownership interest in, or that the related party may have a governing role in. When such relationships exist, the university has policies governing annual disclosure and management of any actual or perceived conflict in the best interest of NSU.

During the years ended June 30, 2025 and 2024, the university incurred expenditures for goods and services provided by entities affiliated with related parties totaling \$18.4 million and \$17.4 million, respectively. These business transactions primarily included legal and consulting services and an operating lease for instructional space. The lease extends through fiscal 2029 with optional renewals thereafter. The operating lease liability was \$31.1 million and \$38.3 million, as of June 30, 2025 and 2024, respectively. Contribution revenues from related parties approximated \$0.7 million and \$4.3 million for the years ended June 30, 2025 and 2024, respectively. As of June 30, 2025 and 2024, pledges receivable from these parties totaled \$23.9 million and \$28.2 million, net of discount, respectively.

Refer to Note 2 for the university's affiliation with insurance and benefit associations.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

20. Litigation and Contingencies

In its normal operations, NSU is a defendant in various legal actions, some of which are covered by insurance. Additionally, NSU has contracts and grants with various governmental agencies subject to audit or review, which could result in adjustment or disallowance of certain expenditures or indirect costs. While final outcomes of pending matters cannot be determined at this time, per consultation with legal counsel, management is of the opinion that, based on currently known facts and circumstances, the outcome of these matters will not have a material effect on NSU's consolidated financial position or consolidated operating results.

The university is subject to various complex federal and state regulations, such as those governing healthcare and student financial assistance programs which are significant to the university's operations. Compliance with such regulations can be subject to future government review and interpretation, and certain violations could result in the imposition of significant fines, penalties, and exclusion from applicable programs. In the normal course of activities pertaining to compliance oversight, there may be internal or external reviews ongoing at any time.

Consistent with the university's commitment to regulatory compliance and close cooperation with oversight agencies, the university voluntarily notified the United States Department of Education (DOE) on October 16, 2024 of a concern pertaining to compliance with a federal student financial assistance regulation. In accordance with guidance received from the DOE, the university has notified its auditor of this matter and has provided information to the auditor to facilitate the auditor's evaluation and determination as to any deficiency to be included in the university's compliance audit report. The university cannot reasonably estimate at this time the likelihood or extent of any potential adverse financial impact that could result from this matter.

The university is a member of the Florida Independent Colleges and Universities Risk Management Association, Inc. (FICURMA) insurance pool which includes, but is not limited to, coverage of property, general and auto liability, workers' compensation, and excess crime. FICURMA was formed to assist universities in the state of Florida in controlling insurance costs. There is a risk that additional assessments could be incurred by the university as the result of this insurance pool. However, management does not believe any material additional assessments exist as of June 30, 2025.

Recent legislative changes have been enacted that will reduce future federal student loan availability, modify repayment plans, and add new accountability measures for universities. Among the changes is the phase-out of a federal student loan program that has historically provided a significant portion of financial aid to the university's graduate and professional student population. As a result of the changes, the university is closely monitoring potential impacts on enrollment patterns as prospective and current students seek alternative sources to fulfil any gaps that may result from lower available federal aid. The administration is evaluating strategies to support accessibility of financing sources and prioritize affordability through various initiatives. The university cannot reasonably estimate at this time the likelihood or extent of any potential adverse financial impact that could result from future federal student loan or other policy changes.

21. Subsequent Events

Pursuant to ASC 855, Subsequent Events, the university has reviewed all subsequent events through October 14, 2025, the date the consolidated financial statements were available to be issued.

Supplementary Information

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2025

Summary	Exhibit	FY25 Total Expenditures
Research and Development – Federal	F-I	\$ 16,249,982
Student Financial Assistance – Federal	F-II	708,442,047
Other Assistance – Federal	F-III	<u>5,535,721</u>
Total Expenditures of Federal Awards		<u>730,227,750</u>
Research and Development – State	S-I	376,624
Student Financial Assistance – State	S-I	18,488,449
Other Assistance – State	S-I	<u>12,480,028</u>
Total Expenditures of State Financial Assistance		<u>31,345,101</u>
Total Expenditures of Federal Awards and State Financial Assistance		<u><u>\$ 761,572,851</u></u>

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2025
(Exhibit F-I)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Research and Development Cluster							
Department of Agriculture							
Agricultural Research Basic and Applied Research	10.001			\$ 28,700	\$ -	\$ 28,700	\$ -
Total Department of Agriculture				28,700	-	28,700	-
Department of Commerce							
Ocean Exploration	11.011	UAF-24-0039	University of Alaska Fairbanks	-	29,805	29,805	-
Build to Scale	11.024			17,031	-	17,031	-
Cooperative Institute (Inter-Agency Funded Activities)	11.405	OS00001649 / SPC-003857	University of Miami		418,279	418,279	154,500
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	OS00000605/SPC-001770	University of Miami	-	131,323	131,323	-
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	OS00000604/SPC-001769	University of Miami	-	383,595	383,595	-
Total for ALN 11.432				-	514,918	514,918	-
Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology	11.451			712,142	-	712,142	182,613
Congressionally Identified Awards and Projects	11.469			936,653	-	936,653	-
Coral Reef Conservation Program	11.482	0302.21.071754	National Fish and Wildlife Fndn	-	(167)	(167)	-
Coral Reef Conservation Program	11.482			262,210	-	262,210	180,497
Total for ALN 11.482				262,210	(167)	262,043	180,497
Congressionally-Identified Projects	11.617			944,221	-	944,221	-
Total Department of Commerce				2,872,257	962,835	3,835,092	517,610
Department of Defense							
Basic and Applied Scientific Research	12.300			1,205,340	-	1,205,340	1,441
Military Medical Research and Development	12.420	W81XWH2210329	Trustees of Boston University, BUMC	-	245,779	245,779	-
Military Medical Research and Development	12.420	4500002890	Trustees of Boston University, BUMC	-	33,803	33,803	-
Military Medical Research and Development	12.420	4500004331	Trustees of Boston University, BUMC	-	41,261	41,261	-
Military Medical Research and Development	12.420	000533462-SC001	University of Alabama at Birmingham	-	64,366	64,366	-
Military Medical Research and Development	12.420	P116Z220081	American University	-	29,503	29,503	-
Military Medical Research and Development	12.420	4500004108	Trustees of Boston University, BUMC	-	54,133	54,133	-
Military Medical Research and Development	12.420	R10543	Roskamp Institute, Inc.	-	19,221	19,221	-
Military Medical Research and Development	12.420	M2002760	Texas A&M University	-	4,704	4,704	-
Military Medical Research and Development	12.420	W81XWH-22-1-0720	The University of Adelaide	-	10,946	10,946	-
Military Medical Research and Development	12.420			1,590,580	-	1,590,580	598,281
Total for ALN 12.420				1,590,580	503,716	2,094,296	598,281

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2025
(Exhibit F-I)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Research and Development Cluster (continued)							
Department of Defense (continued)							
Basic Scientific Research	12.431			\$ 285,557	\$ -	\$ 285,557	\$ -
Basic, Applied, and Advanced Research in Science and Engineering	12.630			7,078	-	7,078	-
CyberSecurity Core Curriculum	12.905			8,193	-	8,193	-
CyberSecurity Core Curriculum	12.905	H98230-21-1-0175	Towson University	-	47,329	47,329	-
Total for ALN 12.905				8,193	47,329	55,522	-
Total Department of Defense				3,096,748	551,045	3,647,793	599,722
Department of the Interior							
U.S. Geological Survey_ Research and Data Collection	15.808			1,066,217	-	1,066,217	-
Economic, Social, and Political Development of the Territories	15.875			233,519	-	233,519	-
Total Department of the Interior				1,299,736	-	1,299,736	-
Department of Justice							
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	504636-78050	Northeastern University	-	10,185	10,185	-
Total Department Justice				-	10,185	10,185	-
National Science Foundation							
Engineering	47.041			(210)	-	(210)	-
Mathematical and Physical Sciences	47.049			9,604	-	9,604	-
Geosciences	47.050			107,075	-	107,075	-
Computer and Information Science and Engineering	47.070			260,098	-	260,098	-
Social, Behavioral, and Economic Sciences	47.075			295,143	-	295,143	-
STEM Education (formerly Education and Human Resources)	47.076			290,134	-	290,134	-
Office of International Science and Engineering	47.079			6,980	-	6,980	-
Integrative Activities	47.083			21,935	-	21,935	6,190
Total National Science Foundation				990,759	-	990,759	6,190
Department of Environmental Protection							
Geographic Programs – South Florida Geographic Initiatives Program	66.484			68,944	-	68,944	-
Total Department of Environmental Protection				68,944	-	68,944	-

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2025
(Exhibit F-I)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Research and Development Cluster (continued)							
Department of Education							
Higher Education – Institutional Aid	84.031	P031C210035	Miami Dade College	\$ –	\$ 11,301	\$ 11,301	\$ –
Developing Hispanic-Serving Institutions Program – Title V	84.031S			769,565	–	769,565	–
Fund for the Improvement of Postsecondary Education	84.116Z			1,164,114	–	1,164,114	–
Minority Science and Engineering Improvement	84.120A			109,772	–	109,772	–
Total Department of Education				2,043,451	11,301	2,054,752	–
Department of Health and Human Services							
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	OS00000791	University of Miami	–	48,343	48,343	–
Oral Diseases and Disorders Research	93.121	NSU033090-2875	Forsyth Institute	–	79,461	79,461	–
Oral Diseases and Disorders Research	93.121			2,018,818	–	2,018,818	160,206
Total for ALN 93.121				2,018,818	79,461	2,098,279	160,206
Mental Health Research Grants	93.242	12600SUB	Seattle Children’s Hospital d/b/a Seattle Children’s Research Institute Center for Health Economics of Treatment Interventions for Substance Use Disorder, HCV, and HIV (CHERISH)	–	4,791	4,791	–
Drug Abuse and Addiction Research Programs	93.279	222459-9	Research Triangle Institute Intl	–	778	778	–
Teenage Pregnancy Prevention Program	93.297	10-312-0218755-67131L	Massachusetts General Hospital	–	9,493	9,493	–
Trans-NIH Research Support	93.310	1UF1NS131791-01	Trustees of Indiana University	–	74,802	74,802	–
Research Infrastructure Programs	93.351			371,170	–	371,170	–
Cancer Cause and Prevention Research	93.393	10374	Beckman Research Foundation	–	6,790	6,790	–
Cancer Treatment Research	93.395			(649)	–	(649)	–
Cancer Centers Support Grants	93.397	63931.2010219.669301		–	31,902	31,902	–
Cardiovascular Diseases Research	93.837	OS00000638	University of Miami	–	13,974	13,974	–
Cardiovascular Diseases Research	93.837			101,694	–	101,694	–
Total for ALN 93.837				101,694	13,974	115,668	–
Lung Diseases Research	93.838	FY19.240.002	University of Colorado	–	65,164	65,164	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	P009025201	University of Minnesota	–	23,142	23,142	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	1U01NS136021-01	Massachusetts General Hospital	–	76,157	76,157	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	N/A	Clene Nanomedicine	–	134,228	134,228	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			158,417	–	158,417	–
Total for ALN 93.853				158,417	210,385	368,802	–

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2025
(Exhibit F-I)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
<i>Research and Development Cluster (continued)</i>							
Department of Health and Human Services (continued)							
Allergy and Infectious Diseases	93.855			\$ 160,596	\$ –	\$ 160,596	\$ 87,279
Biomedical Research and Research Training	93.859	3200006633-25-104	University of Kentucky	–	33,716	33,716	–
Biomedical Research and Research Training	93.859	NR-K216	Florida Atlantic University	–	(360)	(360)	–
Biomedical Research and Research Training	93.859			735,805	–	735,805	–
Total for ALN 93.859				735,805	33,356	769,161	–
Aging Research	93.866			163,829	–	163,829	–
Vision Research	93.867	N/A	JAEB Center for Health Research	–	1,960	1,960	–
Total Department of Health and Human Services				3,709,680	604,341	4,314,021	247,485
Total Research and Development				\$ 14,110,275	\$ 2,139,707	\$ 16,249,982	\$ 1,371,007

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2025
(Exhibit F-II)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Student Financial Assistance Cluster							
Department of Education							
Federal Supplemental Educational Opportunity Grants	84.007			\$ 1,623,452	\$ —	\$ 1,623,452	\$ —
Federal Work-Study Program	84.033			4,032,927	—	4,032,927	—
Federal Pell Grant Program	84.063			19,525,365	—	19,525,365	—
Federal Direct Student Loans	84.268			679,591,247	—	679,591,247	—
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			85,328	—	85,328	—
Federal Perkins Loan Program <i>(Note 2)</i>				1,108,761	—	1,108,761	—
Loans Outstanding as of July 1, 2024				—	—	—	—
New Loans Issued in Fiscal Year 2025				—	—	—	—
Federal Perkins Loan Program	84.038			1,108,761	—	1,108,761	—
Total Department of Education				705,967,080	—	705,967,080	—
Department of Health and Human Services							
Nurse Faculty Loan Program (NFLP) <i>(Note 2)</i>				1,590,031	—	1,590,031	—
NFLP Loans Outstanding as of July 1, 2024				146,125	—	146,125	—
New Loans Issued in Fiscal Year 2025				—	—	—	—
Nurse Faculty Loan Program (NFLP)	93.264			1,736,156	—	1,736,156	—
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students <i>(Note 2)</i>				738,811	—	738,811	—
Loans Outstanding as of July 1, 2024				—	—	—	—
New Loans Issued in Fiscal Year 2025				—	—	—	—
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342			738,811	—	738,811	—
Total Department of Health and Human Services				2,474,958	—	2,474,958	—
Total Student Financial Assistance				\$ 708,442,047	\$ —	\$ 708,442,047	\$ —

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2025
(Exhibit F-III)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
<i>Other Assistance</i>							
Department of Agriculture							
Distance Learning and Telemedicine Grants	10.855			\$ (1,130)	\$ —	\$ (1,130)	\$ —
Total Department of Agriculture				(1,130)	—	(1,130)	—
Department of Defense							
Information Security Grants	12.902			92,884	—	92,884	—
Total Department of Defense				92,884	—	92,884	—
Department of Justice							
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-22-GG-04081- LEMH	Broward County Sheriff's Office	—	17,366	17,366	—
Total Department of Justice				—	17,366	17,366	—
Department of Transportation							
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			156,747	—	156,747	—
Total Department of Transportation				156,747	—	156,747	—
Institute of Museum and Library Services or National Endowment for the Arts or National Endowment for the Humanities							
Promotion of the Humanities – Federal/State Partnership	45.129	GR_1023_5292_2810	Florida Humanities Council	—	3,859	3,859	—
Promotion of the Humanities – Federal/State Partnership	45.129	GR_0723_5260_2792	Florida Humanities Council	—	148	148	—
Total Institute of Museum and Library Services or National Endowment for the Arts or National Endowment for the Humanities				—	4,007	4,007	—
Department of Veterans Affairs							
Yellow Ribbon Scholarships	64.UNKNOWN			138,817	—	138,817	—
Total Department of Veterans Affairs				138,817	—	138,817	—

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2025
(Exhibit F-III)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
<i>Other Assistance (continued)</i>							
Department of Education							
Promoting Postbaccalaureate Opportunities for Hispanic Americans (PPOHA)	84.031M			\$ 200,128	\$ -	\$ 200,128	\$ -
Hispanic-Serving Institutions Program	84.031S			473,052	-	473,052	-
Total for ALN 84.031				673,180	-	673,180	-
Fund for the Improvement of Postsecondary Education	84.116Z			599,377	-	599,377	-
Total Department of Education				1,272,557	-	1,272,557	-
Department of Health and Human Services							
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	90HSSG0001-04-01	Jewish Federations of North America	-	86,659	86,659	-
Training in General, Pediatric, and Public Health Dentistry	93.059			665,042	-	665,042	78,542
Area Health Education Centers	93.107	U7703051	University of Florida	-	81,032	81,032	66,801
NIEHS Hazardous Waste Worker Health and Safety Training	93.142			648,069	-	648,069	37,000
HIV – Related Training and Technical Assistance	93.145	OS00001688	University of Miami	-	67,194	67,194	-
HIV Emergency Relief Project Grants	93.914	26-CP-HCS-0961-RW-01- FY25	Broward County	-	1,874,975	1,874,975	-
Ryan White HIV/Aids Dental Reimbursement and Community Based Dental Partnership Grants	93.924			283,380	-	283,380	134,807
PPHF Geriatric Education Centers	93.969			86,518	-	86,518	1,645
CCDF CLUSTER							
Child Care and Development Block Grant	93.575	LC932	FL Dept of Children and Families	-	61,604	61,604	-
Total for CCDF CLUSTER				-	61,604	61,604	-
Total Department of Health and Human Services				1,683,009	2,171,464	3,854,473	318,795
Total Other Assistance				3,342,884	2,192,837	5,535,721	318,795
Total Federal Awards				\$ 725,895,206	\$ 4,332,544	\$ 730,227,750	\$ 1,689,802

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2025
(Exhibit S-I)

State Grantor/State Project Title	CSFA Number	Contract/ Grant Identifying Number	Pass-Through Entity	Direct Expenditures	Indirect Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Research and Development							
Florida Department of Children and Families							
Florida Alliance for Healthy Communities Opioid Project	60.Unknown	R000003323	Florida Alliance for Healthy Communities, Inc./Florida State University	\$ -	\$ 40,499	\$ 40,499	\$ -
Total Florida Department of Children and Families				-	40,499	40,499	-
Florida Department of Environmental Protection							
Osborne Tire Reef	APPROP			8,398	-	8,398	-
Total Florida Department of Environmental Protection				8,398	-	8,398	-
Florida Department of Health							
William G. "Bill" Bankhead,Jr. and David Coley Cancer Research Program	64.078	OS00001296	University of Miami	-	10,115	10,115	-
William G. "Bill" Bankhead,Jr. and David Coley Cancer Research Program	64.078	22B09		217,930	-	217,930	-
William G. "Bill" Bankhead,Jr. and David Coley Cancer Research Program	64.078	24B09		64,546	-	64,546	9,999
Total for CSFA 64.078				282,476	10,115	292,591	9,999
Ed and Ethel Moore Alzheimer's Disease Research Program	64.135			35,136	-	35,136	-
Total Florida Department of Health				317,612	10,115	327,727	9,999
Total Research and Development				326,010	50,614	376,624	9,999
Student Financial Aid							
Florida Department of Education							
Jose Marti Scholarship Challenge Grant Program	48.052			6,000	-	6,000	-
Florida Student Assistance Grant	48.054	99970		1,740,183	-	1,740,183	-
Scholarships for Children and Spouses of Deceased or Disabled Veterans and Service Members	48.055	99970		154,241	-	154,241	-
The Florida Bright Futures Scholarship Program	48.059	97040		4,916,000	-	4,916,000	-
Florida Resident Access Grant	48.064	93420		11,672,025	-	11,672,025	-
Total Florida Department of Education				18,488,449	-	18,488,449	-
Total Student Financial Aid				18,488,449	-	18,488,449	-
Other Assistance							
Florida Department of Children and Families							
Florida Institute for Child Welfare Hope Court Grant	60.Unknown	N/A	Flite Center, Inc.	-	11,813	11,813	-
Total Florida Department of Children and Families				-	11,813	11,813	-

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2025
(Exhibit S-I)

State Grantor/State Project Title	CSFA Number	Contract/ Grant Identifying Number	Pass-Through Entity	Direct Expenditures	Indirect Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
<i>Other Assistance (continued)</i>							
Florida Department of State							
Library Cooperative Grants	45.018			\$ 5,322	\$ -	\$ 5,322	\$ -
Total Florida Department of State				5,322	-	5,322	-
Florida Department of Education							
Florida Diagnostic and Learning Resource Centers	48.031	OS00001713 / SPC-003911	University of Miami		426,906	426,906	
Linking Industry to Nursing Education (LINE) Fund	48.199	068-91130-4PL01		881,382	-	881,382	-
Linking Industry to Nursing Education (LINE) Fund	APPROP	068-91130-5PL01		435,509	-	435,509	-
Private Colleges and Universities-Grants and Aids	48.206	068-90940-4PN01		276,817	-	276,817	-
Total Florida Department of Education				1,593,708	426,906	2,020,614	-
Florida Department of Health							
Community Health Promotion – Contracted Services	64.157			5,752,017	-	5,752,017	-
State and Community Interventions-AHEC	64.112	COTHH		1,961,421	-	1,961,421	940,690
Cessation Interventions and Cessation Interventions – AHEC	64.097	COTHH		2,682,047	-	2,682,047	1,447,128
Total Florida Department of Health				10,395,485	-	10,395,485	2,387,818
Florida Department of Highway Safety and Motor Vehicles							
Nova Southeastern University License Plate Project	76.053			46,794	-	46,794	-
Total Florida Department of Highway Safety and Motor Vehicles				46,794	-	46,794	-
Total Other Assistance				12,041,309	438,719	12,480,028	2,387,818
Total State Financial Assistance				\$ 30,855,768	\$ 489,333	\$ 31,345,101	\$ 2,397,817

See accompanying notes to the Schedule.

Nova Southeastern University, Inc.

Notes to Schedule of Expenditures of
Federal Awards and State Financial Assistance

Year Ended June 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of Nova Southeastern University, Inc. (the University) for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the University.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures for federal awards are recognized following the cost principles contained in 2 CFR Chapter I and Chapter II Parts 200, 215, 220, 225, and 230, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Pass-through entity identifying numbers are presented where available.

2. Loan Programs

During the year ended June 30, 2025, the University administered new loans related to the various federal loan programs which are reported in the Schedule. As there are continuing compliance requirements with respect to the following loan programs, loans outstanding at the beginning of the year and new loans made during the year are included in the Schedule. Outstanding balances at June 30, 2025 are summarized as follows:

	ALN Number	Total Loans Outstanding as of June 30, 2025
Federal Perkins Loan Program	84.038	\$ 769,845
Nurse Faculty Loan Program	93.264	1,531,736
Health Professions Student Loan Program	93.342	556,987

Nova Southeastern University, Inc.

Notes to Schedule of Expenditures of
Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2025

During the year ended June 30, 2025, the University processed new loans under the Federal Direct Student Loans Program (ALN 84.268) of \$679,591,247 as reported in the Schedule. Only new loans made during the fiscal year are reported as federal awards expended.

3. Indirect Cost Rate

The University did not elect to use the 10% de minimis cost rate to calculate the University's indirect (F&A) costs.

4. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the University. In the opinion of management, grant expenditures are in compliance in all material respects with the terms of the respective grant agreements and applicable federal and state laws and regulations.

5. Florida Specialty License Plate

The June 30, 2025, Florida specialty license fee endowment fund balance totaled \$1,929,955.

Reports and Schedules Required by the
Uniform Guidance and Chapter 10.650,
Rules of the Auditor General



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Report of Independent Auditors 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*

Management and the Board of Trustees
Nova Southeastern University, Inc.

We have audited, in accordance with 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 (*Government Auditing Standards*), the consolidated financial statements Nova Southeastern University, Inc. (the University), which comprise the consolidated statement of financial position as of June 30, 2025 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements), and have issued our report thereon dated October 14, 2025.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 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 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.



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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of 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 financial statements. 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.

Ernst & Young LLP

October 14, 2025



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**Report of Independent Auditors on Compliance for Each Major
Federal Program and State Financial Assistance Project and Report on
Internal Control Over Compliance Required by the Uniform Guidance and
Chapter 10.650, *Rules of the Auditor General***

Management and The Board of Trustees
Nova Southeastern University, Inc.

**Report of Independent Auditors on Compliance for Each Major Federal program and
State Financial Assistance Project**

Opinion on Each Major Federal Program and State Financial Assistance Project

We have audited Nova Southeastern University, Inc. (the University)'s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and in the Florida Department of Financial Services State Compliance Supplement that could have a direct and material effect on each of the University's major federal programs and state financial assistance projects for the year ended June 30, 2025. The University's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



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We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program and state financial assistance project. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to University's federal programs and state financial assistance projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.



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- Obtain an understanding of the University’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

We performed audit procedures with respect to the Student Financial Assistance Cluster major federal program related to compliance requirements in Special Tests and Provisions N10, *the Gramm-Leach Bliley Act – Student Information Security* as outlined in the *OMB Compliance Supplement* for the year ended June 30, 2025. We determined whether the University has designated a “Qualified Individual,” as described in the *OMB Compliance Supplement*, to be responsible for implementing and monitoring the information security program in accordance with 16 CFR 314.4(a). We determined whether the University has a written information security program and that the written information security program documents the seven minimum elements required by 16 CFR 314.4(a)-(g). Our audit procedures did not evaluate whether the designated Qualified Individual is competent to oversee the implementation and monitoring of the information security program nor whether the Qualified Individual possessed the adequate authority to carry out those duties. Our audit procedures also did not determine whether the written information security program sufficiently and completely addressed the seven minimum elements required by 16 CFR 314.4(a)-(g).

Our opinion on the Student Financial Assistance Cluster major federal program is not modified with respect to this matter.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as



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discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 related to the Student Financial Assistance Cluster Special Tests and Provisions N8 Incentive Compensation to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Ernst + Young LLP

December 24, 2025

Nova Southeastern University, Inc.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X **No**

Significant deficiency(ies) identified?

 Yes X **None reported**

Noncompliance material to financial statements noted?

 Yes X **No**

Federal Awards and State Projects

Internal control over major federal programs and state financial assistance projects:

Material weakness(es) identified?

 Yes X **No**

Significant deficiency(ies) identified?

 X **Yes** **None reported**

Type of auditor’s report issued on compliance for major federal programs and state financial assistance projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

 X **Yes** **No**

Any items related to state financial assistance disclosed in the management letter that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General*?

 Yes X **No**

Nova Southeastern University, Inc.

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2025

Section I – Summary of Auditor’s Results (continued)

Identification of Major Federal Programs:

Assistance Listing (ALN) Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342	Student Financial Assistance Cluster

Identification of Major State Financial Assistance Programs:

CSFA Numbers	Name of State Project
48.052	Jose Marti Scholarship Challenge Grant Program
48.054	Florida Student Assistance Grant
48.055	Scholarships for Children and Spouses of Deceased or Disabled Veterans and Service Members
48.059	Florida Bright Futures Scholarship Program
48.064	Florida Resident Access Grant
48.199	Linking Nursing to Education (LINE) Fund

Dollar threshold used to distinguish between Type A and Type B programs:

Federal Programs	\$	750,000
State Programs	\$	750,000

Auditee qualified as low-risk auditee? X **Yes** **No**

Section II – Financial Statement Findings

No matters reported.

Nova Southeastern University, Inc.

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2025

Section III – Federal Award Findings and Questioned Costs

Finding No. 2025-001 – Special Tests and Provisions N8 Incentive Compensation

Identification of the Program:

<u>Program Name</u>	<u>Federal Agency</u>	<u>Assistance Listing #</u>
Student Financial Assistance Cluster	Department of Education	Various

Criteria or Specific Requirements (Including Statutory, Regulatory, or Other Citations):

According to 34 CFR 668.14(b)(22)(i), an institution agrees in its Program Participation Agreement that “[i]t will not provide any commission, bonus, or other incentive payment based in any part, directly or indirectly, upon success in securing enrollments or the award of financial aid, to any person or entity who is engaged in any student recruitment or admission activity, or in making decisions regarding the award of Title IV, HEA program funds”.

Condition:

During fiscal year 2025, the University self-identified potential concerns regarding past compliance with the rules prohibiting payment of incentive compensation in connection with achieving enrollment targets for the University’s student affairs and admissions personnel pursuant to 34 CFR 668.14(b)(22)(i) (“incentive compensation rule”). The University immediately conducted its own investigation into this matter, including engaging legal counsel to conduct and assist with this investigation. The investigation included review of documents, communications with various University personnel in all areas, and review of University policies regarding related incentive compensation practices over the past 10 years. The investigation covered three main areas: merit adjustments in base salaries each year, undergraduate admissions promotion policy and undergraduate admissions office-wide bonuses.

With respect to merit adjustments in base salaries, we inquired of various University personnel including management and student affairs and admissions department personnel, reviewed email correspondence among student affairs and admissions department personnel as well as employee job descriptions and performance reviews over this 10 year period of time. We noted that enrollment goals/targets seemed to be a significant portion of staff performance evaluations, however, this was only one of a number of other criteria considered in annual merit increases. We

Nova Southeastern University, Inc.

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2025

Section III – Federal Award Findings and Questioned Costs (continued)

Finding No. 2025-001 – Special Tests and Provisions N8 Incentive Compensation (continued)

also noted that merit increases were awarded to the department as a whole within a range of percentage increases that appeared in line with cost-of-living increases and university-wide standards, including those employees with no direct interaction with student recruitment (such as the department receptionist and administrative assistants). There did not appear to be a direct correlation between solely achieving recruitment goals and merit increases as these other factors played a role in determining overall merit adjustments each year.

Undergraduate admissions personnel promotions were similarly based on a number of factors, including achievement of recruitment targets and goals, mentoring new undergraduate students, leadership activities, attending “career-type” events and participating in various on-campus events and activities. We reviewed the University’s promotion policies for these personnel, email correspondence and performance reviews for a sample of employees in the undergraduate admissions area, as well as made inquiries of various University management and admissions department personnel. Similarly, there did not seem to be a direct linkage between only achieving enrollment recruiting targets and promotions as many other factors were involved in determining promotions for employees in this area.

Bonuses were observed in certain prior years for undergraduate admissions personnel and appeared to be paid to the entire undergraduate admissions department, including those not directly involved in student recruitment activities and were for the exact same amount for all personnel in the department (usually \$1,000 per employee, including receptionists, administrative assistants and others with no direct responsibility for recruiting students). Once again, we inquired of various University personnel, reviewed email correspondence and University policies and procedures in this area. Bonuses appeared to be awarded to all department employees whether they had a recruiting role or not and were for the same amount. Therefore, it does not appear that bonuses were provided to undergraduate admissions personnel based solely on the achievement of enrollment targets.

Notwithstanding the above, the University initiated the following remedial actions upon self-identification of these items to ensure compliance with the incentive compensation rule in 34 CFR 668.14(b)(22)(i).

Nova Southeastern University, Inc.

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2025

Section III – Federal Award Findings and Questioned Costs (continued)

Finding No. 2025-001 – Special Tests and Provisions N8 Incentive Compensation (continued)

1. Updated its policies to specifically prohibit any form of compensation (including payment of bonuses and other forms of incentive compensation) or promotions for admissions department personnel to be based on the achievement of enrollment goals.
2. Discontinued the prior practice of awarding office-wide bonuses for undergraduate admissions personnel.
3. Engaged higher-education industry compliance experts to consult and assist the University with the development and implementation of stronger policies and procedures in the area of personnel compensation philosophy, including job levels and standardized promotional criteria.
4. Certain management-level employees responsible for oversight of enrollment recruitment and human resources departments within the University are no longer employed by the University.
5. Enhanced competencies of its internal compliance department and strengthened the program structure and operating model, supporting improved communication and oversight.

Cause:

Internal controls over the monitoring of compliance with the incentive compensation rule were not effective. In addition, policies and procedures in this area were unclear and not specific enough.

Effect or Potential Effect:

This could result in noncompliance with the incentive compensation rule, as well as potential fines and penalties being assessed by the Department of Education.

Questioned Costs:

None.

Nova Southeastern University, Inc.

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2025

Section III – Federal Award Findings and Questioned Costs (continued)

**Finding No. 2025-001 – Special Tests and Provisions N8 Incentive Compensation
(continued)**

Context:

As described above, we made inquiries of financial management personnel, admissions department personnel and the attorneys who performed the investigation into this matter. We also reviewed the University's policies and procedures related to compensation, in general, employee promotions, incentive compensation and specifically those policies and procedures for the admissions department of both undergraduate and graduate students. We also reviewed employee performance reviews for a sample of employees within the undergraduate admissions department. Lastly, we reviewed email correspondence between and among various University admissions department personnel and those responsible for overseeing, compensating and promoting those working in those departments.

Identification as a Repeat Finding:

Not applicable.

Recommendation:

While the University has strengthened controls and safeguards for monitoring compliance, management should continue to review and monitor its internal controls related to compensation, incentive compensation and promoting employees responsible for enrollment and admissions to ensure that the University is in continuing compliance with the incentive compensation rule. Note that management has already implemented improved policies and procedures in this area as previously described.

View of Responsible Officials:

Management has implemented the remedial actions previously described to ensure compliance with the incentive compensation rule.

Nova Southeastern University, Inc.

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2025

Section IV – Management Letter and Summary Schedule of Prior Audit Findings

This section identifies the auditor’s comments and recommendations required to be reported by Sections 215.97(10)(f), and 215.97(11)(d), Florida Statutes and Chapter 10.650 Rules of the Auditor General, in the management letter as well as noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but that warrants the attention of those charged with governance. A summary schedule of prior audit findings is not presented as there were no prior audit findings in either of the prior two years to be reported on.

No matters reported.

Nova Southeastern University, Inc.

State of Florida Student Financial Assistance Projects –
Schedule of Populations, Samples Tested, and Questioned Costs

	<u>Award Population</u>		<u>Award Sample</u>				<u>Questioned Costs</u>			
	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>	<u>% of Population Amount</u>	<u>Recipients</u>	<u>% of Population Recipients</u>	<u>Amount</u>	<u>% of Sample Amount</u>	<u>Recipients</u>	<u>% of Sample Recipients</u>
Florida Bright Futures Program:										
Florida Academic Scholarship	\$ 3,170,021	531	\$ 311,004	10%	50	9.4%	\$ –	–	–	–
Florida Medallion Scholarship	1,745,979	403	220,056	13%	50	12.4%	–	–	–	–
Total Florida Bright Futures Scholarship Program	4,916,000	934	531,060	11%	100					
Florida Resident Access Grant	11,672,025	3,631	154,650	1%	50	1.4%	–	–	–	–
Scholarships for Children and Spouses of Deceased or Disabled Veterans and Service Members	154,241	25	64,566	42%	10	40.0%	–	–	–	–
Florida Student Assistance Grant Program	1,740,183	966	90,000	5%	50	5.2%	–	–	–	–
Jose Marti Scholarship Challenge Grant Program	6,000	3	6,000	100%	3	100.0%	–	–	–	–

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