

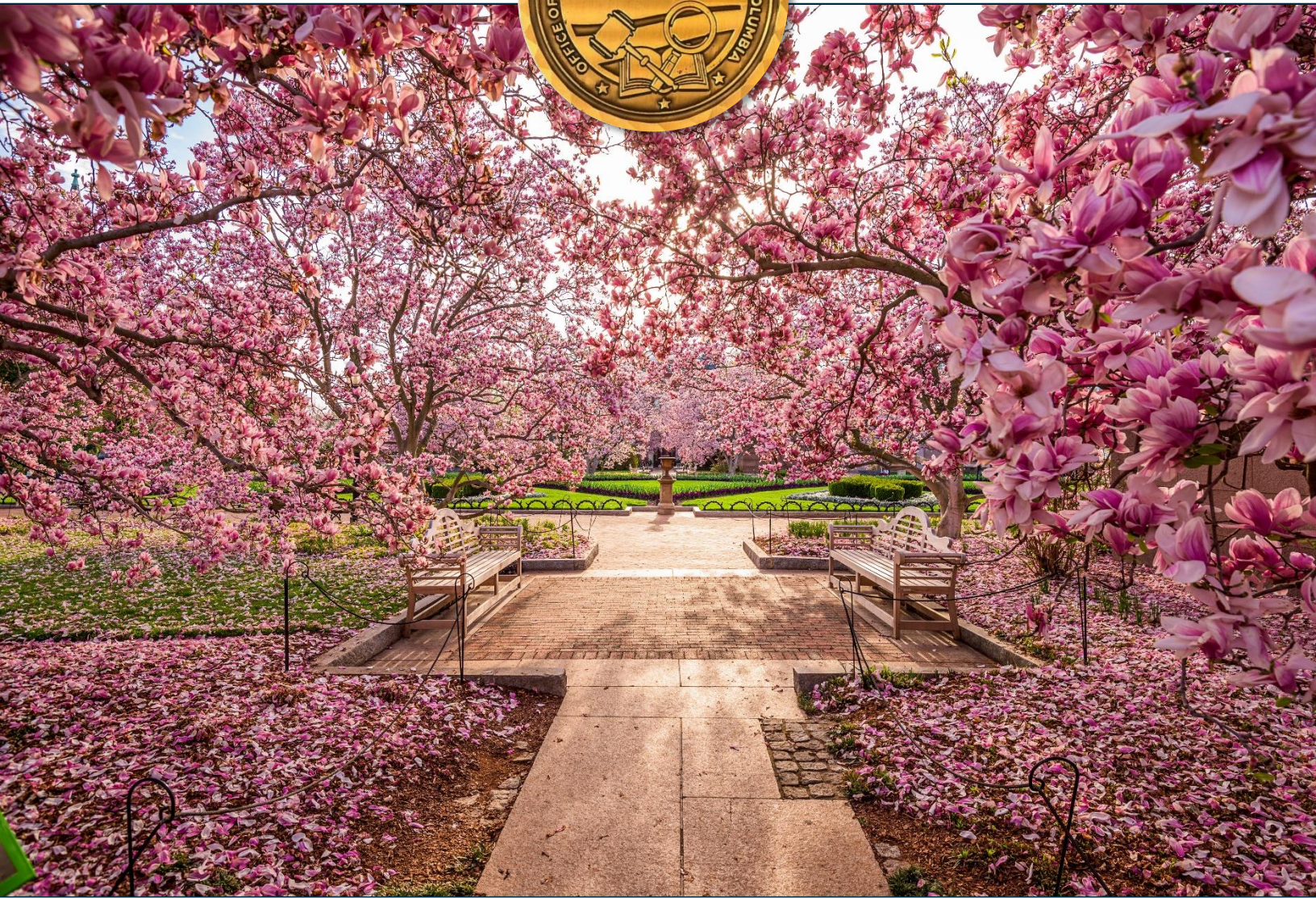
AUDIT REPORT

University of the District of Columbia

Annual Financial Statements and Independent Auditor's Reports for
Fiscal Year 2025

OIG No. 25-1-10GG

January 30, 2026



DANIEL W. LUCAS
INSPECTOR GENERAL

OUR MISSION

We independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.



OUR VISION

We strive to be a world-class Office of the Inspector General that is customer focused and sets the standard for oversight excellence!

OUR VALUES

Accountability: We recognize that our duty extends beyond oversight; it encompasses responsibility. By holding ourselves accountable, we ensure that every action we take contributes to the greater good of the District.

Continuous Improvement: We view challenges not as obstacles, but as opportunities for growth. Our commitment to continuous improvement drives us to evolve, adapt, and enhance our practices.

Excellence: Mediocrity has no place in our lexicon. We strive for excellence in every facet of our work.

Integrity: Our integrity is non-negotiable. We act with honesty, transparency, and unwavering ethics. Upholding the public's trust demands nothing less.

Professionalism: As stewards of oversight, we maintain the utmost professionalism. Our interactions, decisions, and conduct exemplify the dignity of our role.


Transparency: Sunlight is our ally. Transparency illuminates our processes, decisions, and outcomes. By sharing information openly, we empower stakeholders, promote understanding, and reinforce our commitment to accountability.



MEMORANDUM

To: The Honorable Muriel Bowser
Mayor of the District of Columbia

The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

From: Daniel W. Lucas 
Inspector General

Date: January 30, 2026

Subject: **University of the District of Columbia Annual Financial Statements |**
OIG No. 25-1-10GG

This memorandum transmits the final *University of the District of Columbia Financial Statements and Independent Auditor's Reports* for fiscal year 2025. CliftonLarsonAllen LLP (CLA) conducted the audit and submitted these reports as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2025.

On January 6, 2026, CLA issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. CLA found no material weaknesses in internal control over financial reporting.

Should you have questions or concerns, please contact me or Dr. Slemo Warigon, Assistant Inspector General for Audits, at (202) 792-5684.

University of the District of Columbia

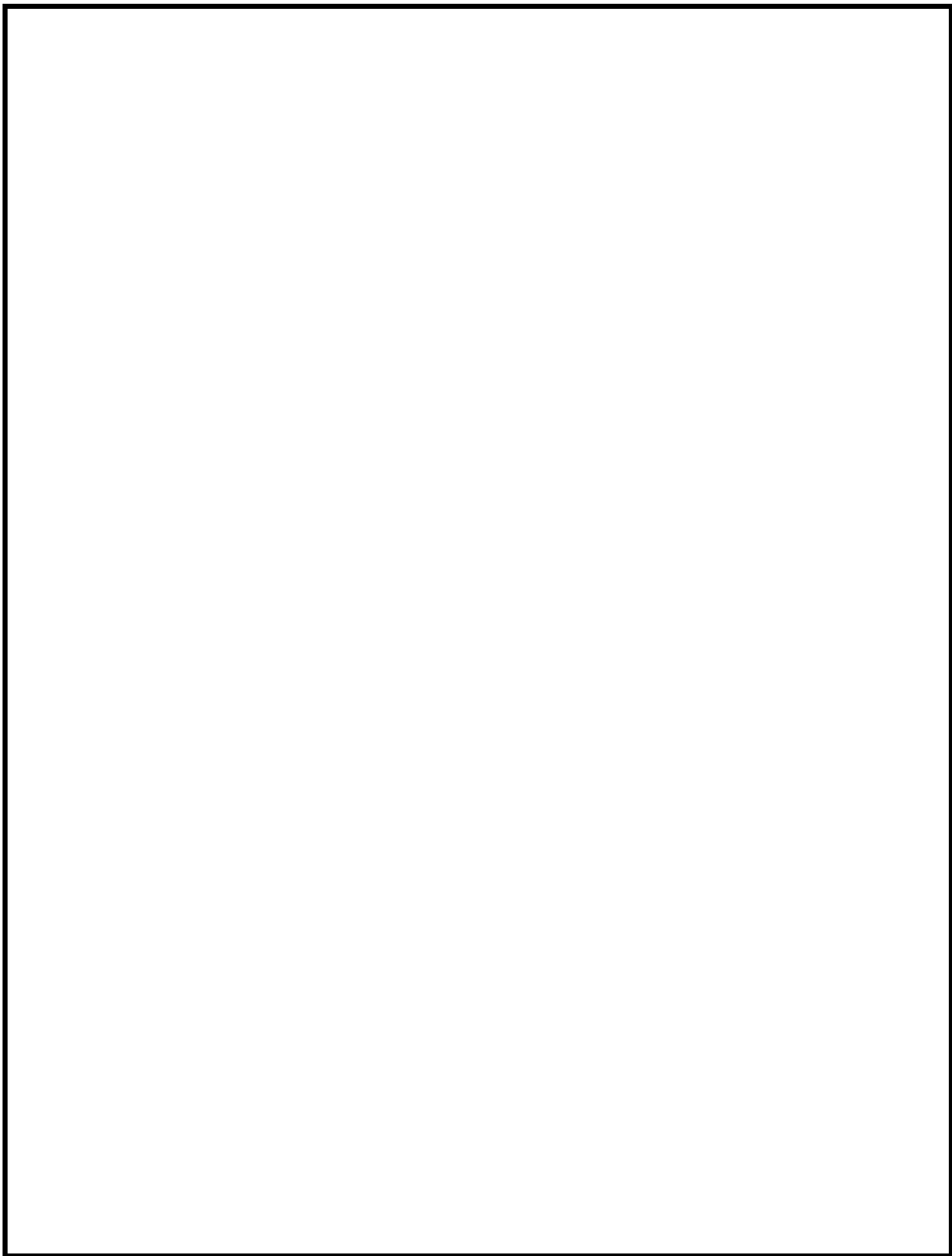
Basic Financial Statements

For the Fiscal Years Ended September 30, 2025 and 2024
(With Independent Auditors' Report Therein)

A Component Unit of the Government of the District of Columbia



UNIVERSITY^{OF}
THE
DISTRICT OF
COLUMBIA
—1851



UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

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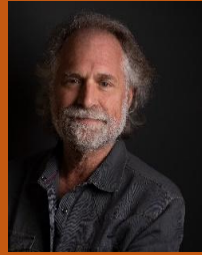
UNIVERSITY OF THE DISTRICT OF COLUMBIA
MEMBERS OF THE BOARD OF TRUSTEES



Warner Session, Esq.
(Chair)



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(Vice Chair)



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(Elected Alumni Trustee)



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(Elected Alumni Trustee)



Kiran Terrelonge
(Elected Student Trustee)



Maurice Edington, Ph.D..
President (Ex-Officio)

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Kimberly Williams
Deputy Chief Financial Officer
Financial Operations and Systems

Glen Lee
Chief Financial Officer

Paris Saunders
Associate Chief Financial Officer
Education Cluster

UNIVERSITY OF THE DISTRICT OF COLUMBIA FINANCE STAFF

Roy Layne
Chief Financial Officer

Wycheil Briscoe
Administrative Support

Brian Connell
Budget Officer

Mitiku Shifa
Controller

Director of Student Accounts

Raamonda Massie
Jacob Mendez
Peter Obalade
Amber Hyman-Wright

Dionne Regis
Accounting Manager

Judith Bridges
Max Fano
Cassandra Matthews
Maureen Taylor

Eduardo Bernal
Gloria Betts
Shantae Jones
Erick Myrick

Marie Nkumbe
Financial Systems Manager

Princess Lipscomb

Emmanuel Amoako-Boateng
Grants Program Manager

Daniel Temesgen

Brian Searcy
Lead Customer Service Representative

Robin Sharps
Accounts Payable Supervisor

Cheryl Jones-Ables
Kennesha Walsh

Joseph Alale
Internal Auditor

Special appreciation to:

All fiscal and accounting personnel at the University and the District and its Component Units whose continuous efforts and cooperation to submit accurate, timely financial data made this report possible.



INDEPENDENT AUDITORS' REPORT

Board of Trustees of the University of the
District of Columbia and Inspector General
of the Government of the District of Columbia
Washington, D.C.

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the University of the District of Columbia (the University), a component unit of the Government of the District of Columbia, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of the University of the District of Columbia Foundation, Inc, and the District of Columbia School of Law Foundation were not audited in accordance with *Government Auditing Standards*.

Other Matter

The financial statements of the university for the year ended September 30, 2024, were audited by another auditor, who expressed an unmodified opinion on those statements on January 3, 2025.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 to the financial statements, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. The standard defines liabilities for certain types of compensated absences. Comparative information has been restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Members of the Board of Trustees and Finance Staff but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2026, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Washington, D.C.
January 6, 2026

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Management's Discussion and Analysis

September 30, 2025 and 2024

Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the University of the District of Columbia (the University) as of and for the fiscal years ended September 30, 2025, and 2024, with 2023 for comparative purposes. This discussion and analysis should be read in conjunction with the University's basic financial statements and the related note disclosures. The financial statements, disclosures, and management's discussion and analysis are the responsibility of management.

Basic Financial Statements

The University is a component unit of the Government of the District of Columbia and an integral part of the District's *Annual Comprehensive Financial Report*. The basic financial statements of the University consist of the University and its component units. The financial position and results of operations of the component units are discretely presented. The treatment of each component unit is governed by pronouncements issued by the Governmental Accounting Standards Board (GASB).

The University has two component units, the University of the District of Columbia Foundation, Inc. (the Foundation) and the District of Columbia School of Law Foundation (the School of Law Foundation). The Foundation and the School of Law Foundation were determined to be discretely presented component units of the University because resources were significant and required presentation in accordance with GASB Statement Number (No.) 14, *The Financial Reporting Entity*; No. 39 *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*; and No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The two component units follow the Financial Accounting Standards Board (FASB) reporting standards for not-for-profit entities. Separate financial statements are issued for each of the component units and can be obtained from each Foundation. Note 2 (a) provides detailed information on the University's financial reporting entity.

Additionally, the basic financial statements of the University are prepared in accordance with Generally Accepted Accounting Principles (GAAP), *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. These financial statements focus on the financial condition, the results of operations, and cash flows of the University as a whole.

The Statements of Net Position present the financial position of the University and include all assets, liabilities, deferred inflows of resources, and the various categories of net position. Net position is defined as assets, less liabilities, and deferred inflows of resources, and represents the institutional equity of the University.

Net position is presented in three major categories. The first category, net investment in capital assets, represents the equity in property, plant, equipment, and intangible assets owned and/or controlled by the University. The University does not have any debt related to its capital assets. The main University campus resides on property owned by the Federal government. The University uses several buildings owned by the District and Federal governments, as well as several privately-owned buildings. The second category is restricted net position. The nonexpendable restricted net position represents the endowment corpus from the Federal government in lieu of land and other private donors. Expendable restricted net position represents funds received from grantors and contracts, which are available for expenditure, but have not been obligated as of the reporting date. The third category is unrestricted net position, which is available to the University for any lawful purpose determined by the Board of Trustees of the University.

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Management's Discussion and Analysis

September 30, 2025 and 2024

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the year, both operating and non-operating. These statements also reconcile the amount of beginning net position to the amount of ending net position as presented in the Statements of Net Position.

Operating revenues are received for goods and services provided to the various customers, students, and other constituents of the University. Operating expenses are those expenses paid or accrued to acquire or produce the goods and services in return for the operating revenues and to carry out the mission of the University. Non-operating revenues are received from legislative and/or investment sources in order to carry out the mission and goals set by the Board of Trustees. For example, appropriations from the Government of the District of Columbia (the District) are non-operating revenues because they are provided by the District to the University, and the District does not directly receive commensurate goods and/or services for those revenues.

The Statements of Cash Flows present the inflows and outflows of cash and cash equivalents during the year. The cash flow activity is summarized by operating, noncapital, capital, and related financing activities and investing activities. The statements reconcile the amount of beginning cash and cash equivalents to the ending amount of cash and cash equivalents, which is shown on the Statements of Net Position. These statements also reconcile the operating income or loss as shown in the Statements of Revenues, Expenses, and Changes in Net Position to the net cash used in operating activities.

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Management's Discussion and Analysis

September 30, 2025 and 2024

Financial Highlights

Condensed Financial Information

Table 1 – Condensed Statements of Net Position as of September 30, 2025, 2024 and 2023 (in \$000):

	<u>2025</u>	<u>Restated 2024</u>	<u>Restated 2023</u>
Assets:			
Current assets	\$ 63,117	\$ 75,097	\$ 72,366
Noncurrent assets:			
Investments	75,254	63,660	53,979
Capital assets, net	267,469	284,803	283,767
Long-term lease receivables	9,552	7,385	11,413
Other	55	55	55
Total assets	<u>415,447</u>	<u>431,000</u>	<u>421,580</u>
Liabilities:			
Current liabilities	41,526	45,533	49,085
Noncurrent liabilities:			
Long-term liabilities	25,389	30,531	27,960
Total liabilities	<u>66,915</u>	<u>76,064</u>	<u>77,045</u>
Deferred Inflows of Resources:			
Lease related	14,254	12,006	15,884
Total Deferred Inflows of Resources	<u>14,254</u>	<u>12,006</u>	<u>15,884</u>
Net position:			
Net investment in capital assets	246,467	256,755	247,606
Restricted: Nonexpendable	7,568	7,568	7,568
Expendable	3,208	3,776	3,594
Unrestricted	77,035	74,830	69,883
Total net position	<u>\$ 334,278</u>	<u>\$ 342,929</u>	<u>\$ 328,651</u>

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Management's Discussion and Analysis

September 30, 2025 and 2024

Table 2 – Condensed Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended September 30, 2025, 2024 and 2023 (in \$000):

	<u>2025</u>	<u>Restated 2024</u>	<u>Restated 2023</u>
Operating revenues:			
Tuition and fees	\$ 25,665	\$ 23,828	\$ 22,578
Federal, local and private grants and contracts	29,849	25,625	49,232
Auxiliary enterprises and other sales and services	532	461	413
Other	1,169	967	1,410
Total operating revenues	<u>57,215</u>	<u>50,881</u>	<u>73,633</u>
Less operating expenses	<u>(219,840)</u>	<u>(199,131)</u>	<u>(193,183)</u>
Operating Loss	<u>(162,625)</u>	<u>(148,250)</u>	<u>(119,550)</u>
Non-operating revenues net:			
District of Columbia appropriations	101,109	101,463	96,502
Investment income (net of investment expenses)	10,746	13,565	5,163
Other gifts/grants	10,047	9,134	5,918
Lease interest	347	135	173
Lease revenue	4,624	4,481	4,351
Total non-operating revenues, net	<u>126,873</u>	<u>128,778</u>	<u>112,107</u>
Decrease in net position before capital appropriations	(35,752)	(19,472)	(7,443)
Capital appropriations	<u>27,101</u>	<u>35,668</u>	<u>22,893</u>
Increase (Decrease) in net position	<u>(8,651)</u>	<u>16,196</u>	<u>15,450</u>
Net position, beginning of year	342,929	328,651	313,113
GASB 101 adjustment - compensated absences		(1,918)	88
Net position, end of year	<u>\$ 334,278</u>	<u>\$ 342,929</u>	<u>\$ 328,651</u>

The University's net position decreased by \$8.7 million, or 2.5%, from \$342.9 million in fiscal year (FY) 2024 to \$334.3 million in FY 2025. This decline reflects several factors affecting both operating and non-operating revenues. The most significant decrease was a \$2.8 million reduction in investment income, driven by unfavorable market conditions during the fiscal year. Additionally, capital appropriations also decreased by \$8.6 million, consistent with reduced capital project activity in FY 2025. These reductions were partially offset by a \$2.2 million increase in Federal Pell Grant funding, reflecting higher awards to eligible students. Despite this increase, the overall impact of the declines in investment income and capital appropriations resulted in a net decrease in the University's financial position for the year.

The net position increased by \$14.2 million or 4.4%, from \$328.6 million in FY 2023 to \$342.9 million in FY 2024. The change was mainly due to a \$5.0 million increase in the District of Columbia appropriations, a \$2.5 million increase in Federal Pell Grants awarded to students, a \$1.6 million increase in investment revenue generated from sweep investment accounts, and a \$6.8 million increase in investment income resulting from strong market performance in FY 2024. The FY 2024 net position also reflects a \$1.8 million prior period adjustment related to the implementation of the GASB Statement No. 101, Compensated Absences, which reduced the beginning unrestricted net position.

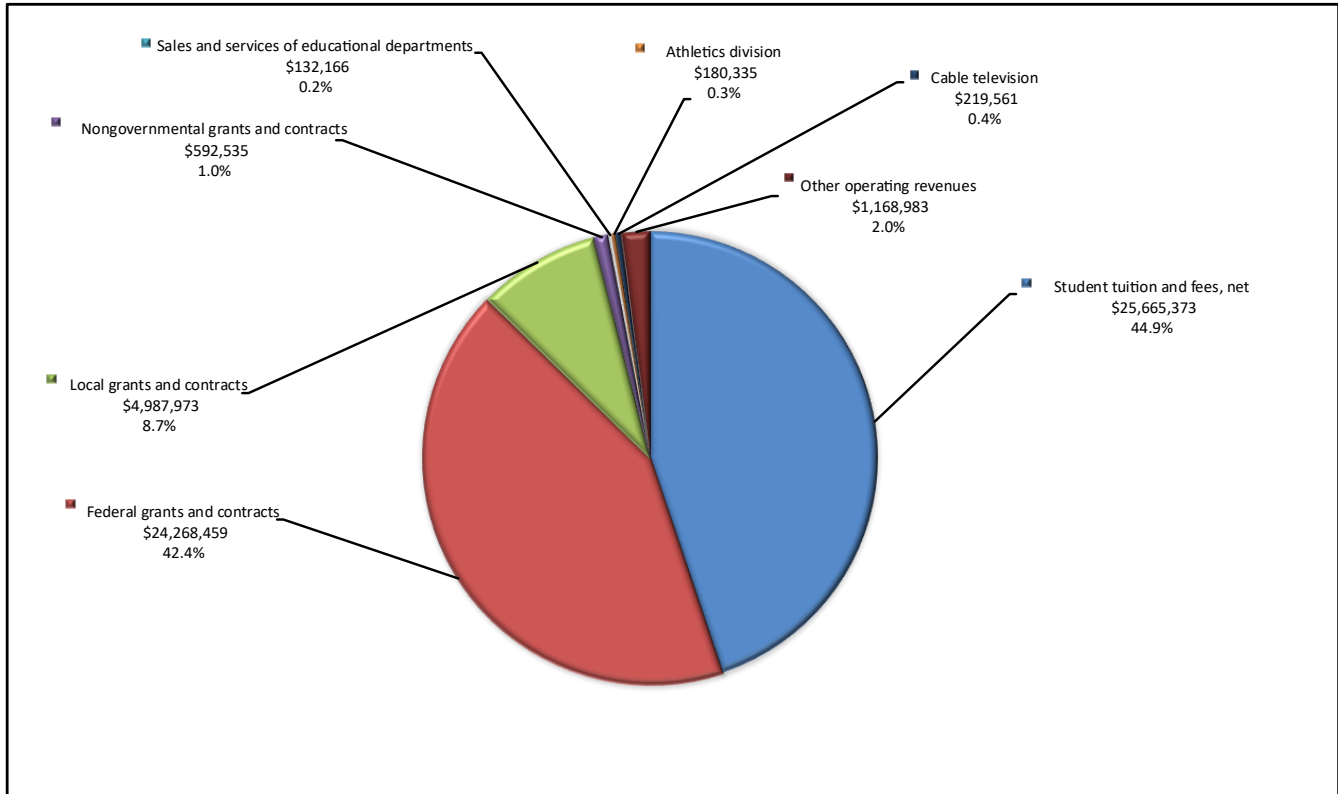
UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Management's Discussion and Analysis

September 30, 2025 and 2024

OPERATING REVENUES BY SOURCE

\$57.2 million in FY 2025



Total operating revenues increased by \$6.3 million, or 12.4%, rising from \$50.9 million in FY 2024 to \$57.2 million in FY 2025. This growth reflects strong performance across several key revenue categories. Student tuition and fees increased by \$1.8 million, or 7.7%, driven by higher enrollment across graduate, undergraduate, and associate degree programs. Other operating revenues increased by \$0.2 million or 20.8%, attributable to higher bookstore commission and Student Center revenues. Federal grants and contracts grew by \$2.3 million or 10.2% as federal grant activity expanded during the fiscal year, while local grants and contracts increased by \$1.9 million or 63.0% due to additional funding for programs such as Dual Enrollment, Perkins, and PATHS.

Total non-operating revenue decreased by \$1.9 million, or 1.5%, from \$128.8 million in FY 2024 to \$126.9 million in FY 2025. The decline was driven primarily by a \$2.8 million, or 20.8%, reduction in investment income resulting from unfavorable market performance. Gifts for scholarships also decreased by \$1.3 million, or 43.2%, reflecting fewer scholarship contributions received during the year. These declines were partially offset by a \$2.2 million, or 36.7%, increase in Federal Pell Grant awards to students in FY 2025.

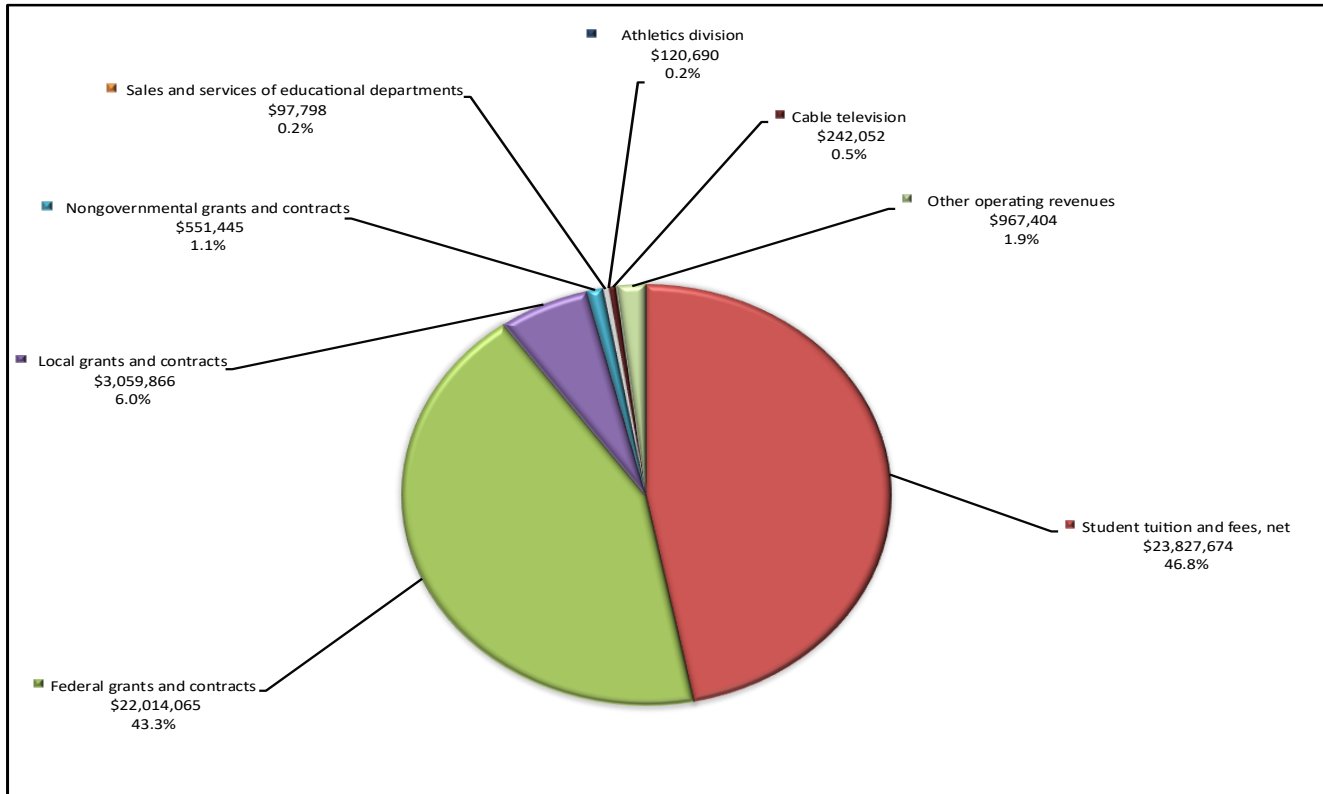
UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Management's Discussion and Analysis

September 30, 2025 and 2024

OPERATING REVENUES BY SOURCE

\$50.9 million in FY 2024



Total operating revenues decreased by \$22.8 million or 30.9%, from \$73.6 million in FY 2023 to \$50.9 million in FY 2024. The change was mainly due to a decrease in Federal grants and contracts. Federal grants and contracts decreased by \$23.2 million or 51.3% primarily due to a decrease in federal grant activity resulting from the CARES/HEERF grant awards ending in FY 2023.

Total non-operating revenues increased by \$16.7 million or 14.9%, from \$112.1 million in FY 2023 to \$128.8 million in FY 2024. The change was mainly due to a \$5.0 million or 5.1% increase in the District of Columbia appropriations, a \$2.5 million or 71.8% increase in Federal Pell Grants awarded to students, and a \$8.4 million or 162.8% increase in investment income resulting from strong market performance in FY 2024.

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Management's Discussion and Analysis

September 30, 2025 and 2024

OPERATING EXPENSES BY FUNCTION

\$219.8 million in FY 2025

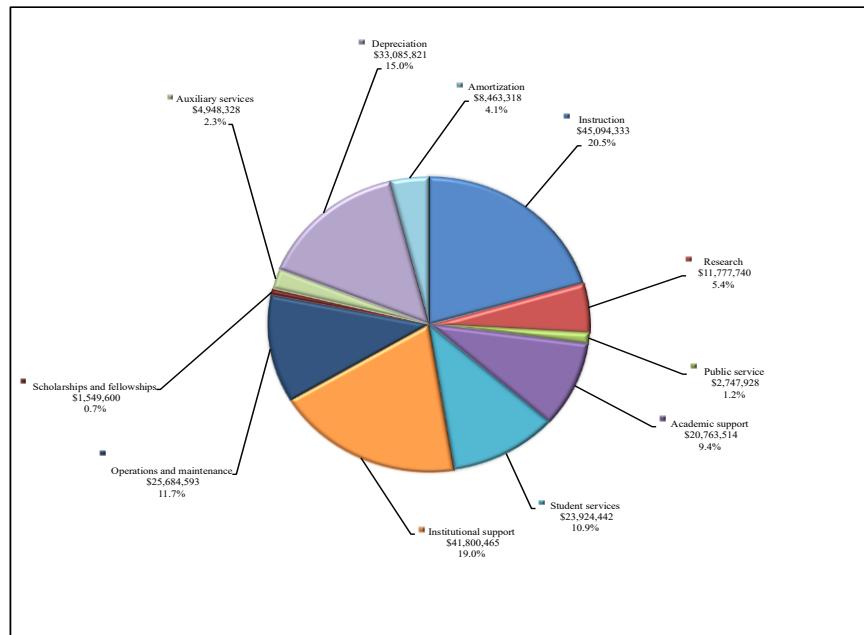


Table 3 – Expenses by Function for the Years Ended September 30, 2025 and 2024 (in \$000):

Expenses by function	FY 2025		FY 2024		Increase/(Decrease)	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent change
Instruction	\$ 45,094	20.5%	\$ 38,910	19.5%	\$ 6,184	15.9%
Research	11,778	5.4%	11,320	5.7%	458	4.0
Public service	2,748	1.3%	2,341	1.2%	407	17.4
Academic support	20,764	9.4%	20,250	10.2%	514	2.5
Student services	23,924	10.9%	25,915	13.0%	(1,991)	-7.7
Institutional support	41,800	19.0%	36,024	18.1%	5,776	16.0
Operations and maintenance	25,685	11.7%	24,630	12.4%	1,055	4.3
Scholarships and fellowships	1,550	0.7%	2,220	1.1%	(670)	-30.2
Auxiliary services	4,948	2.3%	5,130	2.6%	(182)	-3.5
Depreciation	33,086	15.1%	24,119	12.1%	8,967	37.2
Amortization	8,463	3.8%	8,272	4.2%	191	2.3
	<u>\$ 219,840</u>	<u>100.0%</u>	<u>\$ 199,131</u>	<u>100.0%</u>	<u>\$ 20,709</u>	<u>10.4%</u>

The \$20.7 million or 10.4% increase in expense by functional activities from FY 2024 to FY 2025 was primarily due to an increase in instruction by \$6.2 million or 15.9%, institutional support by \$5.8 million or 16.0%, and depreciation by \$9.0 million or 37.2%.

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Management's Discussion and Analysis

September 30, 2025 and 2024

OPERATING EXPENSES BY FUNCTION

\$199.1 million in FY 2024

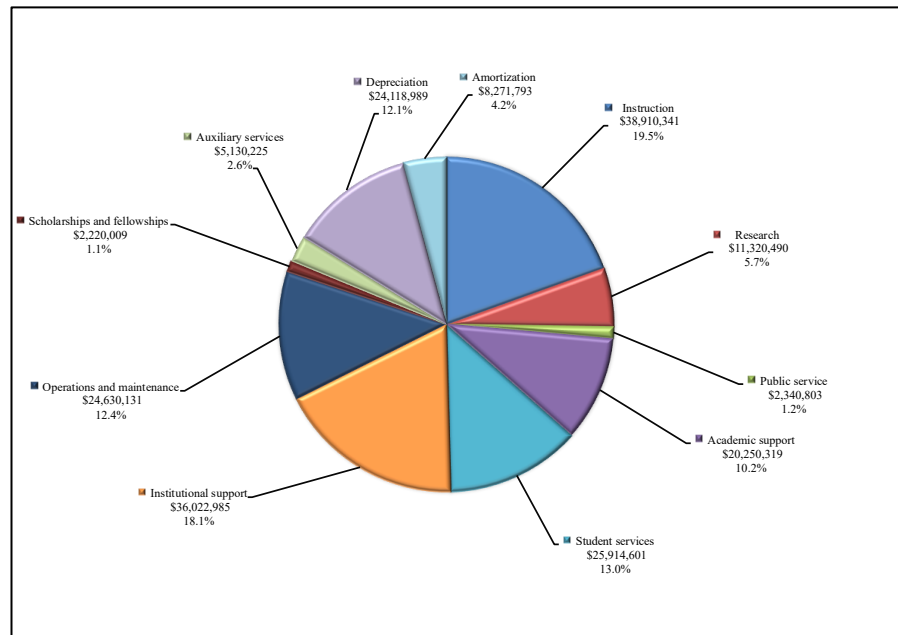


Table 4 – Expenses by Function for the Years Ended September 30, 2024 and 2023 (in \$000):

Expenses by function	FY 2024		FY 2023		Increase/(Decrease)	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent change
Instruction	\$ 38,910	19.5%	\$ 28,419	14.7%	\$ 10,491	36.9%
Research	11,320	5.7	9,224	4.8	2,096	22.7
Public service	2,341	1.2	1,951	1.0	390	20.0
Academic support	20,250	10.2	17,727	9.1	2,523	14.2
Student services	25,915	13.0	22,873	11.8	3,042	13.3
Institutional support	36,024	18.1	55,996	28.9	(19,972)	-35.7
Operations and maintenance	24,630	12.4	22,374	11.5	2,256	10.1
Scholarships and fellowships	2,220	1.1	2,071	1.1	149	7.2
Auxiliary services	5,130	2.6	4,536	2.3	594	13.1
Depreciation	24,119	12.1	20,063	10.4	4,056	20.2
Amortization	8,272	4.1	7,949	4.1	323	4.1
	<u>\$ 199,131</u>	<u>100.0%</u>	<u>\$ 193,183</u>	<u>100.0%</u>	<u>\$ 5,948</u>	<u>3.1%</u>

The \$5.9 million or 3.1% increase in expense by functional activities from FY 2023 to FY 2024 was primarily due to an increase in instruction by \$10.5 million or 36.9%, research by \$2.1 million or 22.7%, academic support by \$2.5 million or 14.2%, student service by \$3.0 million or 13.3%, operation and maintenance by \$2.3 million or 10.1% and depreciation by \$4.1 million or 20.2%. The increases were offset by a decrease in institutional support of \$20.0 million or 35.7%.

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Management's Discussion and Analysis

September 30, 2025 and 2024

Enrollment

The University maintains an open admissions policy for its Community College and a rolling admission policy for the Flagship (Van Ness Campus). The undergraduate programs at the University include the Community College and its Flagship. The total official student enrollment for the Fall 2025 and Fall 2024 semesters was 4,008 and 4,202 students, respectively, representing a decrease of 4.6%. In Fall 2025 and Fall 2024, the student body was comprised of 75% and 80% District residents, 9% and 9% Metro area residents, and 16% and 20% non-residents, respectively. Full-time equivalent enrollments are 3,024 for Fall 2025 and 3,211 for Fall 2024.

Total student tuition and fees, net revenues increased by \$1.8 million or 7.7% from \$23.8 million in FY 2024 to \$25.7 million in FY 2025. Total student tuition and fees revenues increased by \$1.2 million or 5.5% from \$22.6 million in FY 2023 to \$23.8 million in FY 2024.

Capital Improvement Program

The University participates in the District's Capital Improvement Program. Accordingly, the University trustees, the District Council, and the Congress of the United States have approved a six-year capital improvement plan totaling \$271.0 million, for FY 2025 through FY 2030, financed through funding sources provided by the District. The execution of the University's capital improvement plan is contingent upon sufficient funding being received from the District since the University has no separate long-term borrowing authority.

Factors Impacting Future Periods

There are a number of factors that could impact future financial periods for the University of the District of Columbia. Many of these factors relate to the sources of the University's funding including the District's appropriation, tuition revenues, grants received, contracts earned, and gifts received. The appropriations from the District provide 45% of the University's total funding and are therefore a key factor in determining the extent of the programs that the University can offer. Tuition rates are determined pursuant to the University's mission to provide affordable higher education. The level of support that the University is able to obtain from its funding sources determines its ability to maintain or expand programs that meet its mission and ongoing operational needs.

After last year's 9% growth and continued rebound from the effects of the pandemic, enrollment stabilized in Fall 2025 with a 1% increase (45 students) over Fall 2024. The University is projecting that Fall 2026 enrollment will increase by 4%. These increases are attributed to targeted marketing and recruitment efforts and expanded academic program offerings. It is expected that the University will see increases in both its tuition and student fee revenue as a result of these enrollment increases. Meanwhile, revenues from other sources, such as facility rentals and lease revenue, are projected to continue to increase in future periods.

Requests for Information

Management's Discussion and Analysis is designed to provide a general overview of the University's finances. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to the Office of the Chief Financial Officer, University of the District of Columbia, 4200 Connecticut Avenue NW, Building 39, 2nd floor, Washington, D.C. 20008.

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Statements of Net Position
As of September 30, 2025 and 2024

	2025		2024	
	University of the District of Columbia	University of the District of Columbia Foundations (Component Units)	Restated University of the District of Columbia	University of the District of Columbia Foundations (Component Units)
Assets				
Current assets:				
Cash and cash equivalents	\$ 19,363,248	\$ -	\$ 34,229,777	\$ -
Cash and cash equivalents (restricted)	3,207,944	1,384,848	3,775,811	718,190
Accounts receivable, net	14,917,320	-	9,571,811	-
Grants and contracts receivable	10,851,026	-	12,262,361	-
Due from the District of Columbia	9,319,741	-	9,511,273	-
Accrued interest receivable	253,810	-	37,588	-
Lease receivable - current portion	4,701,979	-	4,621,336	-
Other receivable	-	1,056,147	-	1,008,309
Other current assets	501,996	270,769	1,087,269	47,237
Total Current Assets	63,117,064	2,711,764	75,097,226	1,773,736
Noncurrent assets:				
Investments	67,685,847	-	56,091,666	-
Investment (restricted)	7,568,086	30,662,384	7,568,086	30,483,895
Depreciable and amortizable capital assets, net	213,783,285	28,993	243,995,398	-
Non-depreciable capital assets	53,686,064	480,492	40,807,658	480,492
Long-term lease receivables	9,551,753	-	7,384,680	-
Other long-term receivables	55,100	-	55,100	-
Other noncurrent assets	-	174,206	-	245,155
Total Noncurrent Assets	352,330,135	31,346,075	355,902,588	31,209,542
Total Assets	415,447,199	34,057,839	430,999,814	32,983,278
Liabilities				
Current liabilities:				
Accounts payable	9,423,215	523,925	11,319,650	109,062
Accrued payroll	8,793,550	-	7,062,829	-
Litigation contingencies	2,205,500	-	2,140,500	-
Compensated absences - current portion	275,544	-	172,043	-
Unearned revenues	10,138,988	-	10,624,814	-
Due to the District of Columbia	837,968	-	21,547	-
Lease liabilities - current portion	5,255,868	-	7,652,223	-
Subscription liabilities - current portion	951,543	-	433,396	-
Other current liabilities	3,643,742	281,077	6,106,137	1,001,338
Total Current Liabilities	41,525,918	805,002	45,533,139	1,110,400
Noncurrent Liabilities:				
Long-term lease liabilities	14,149,427	-	19,405,295	-
Long-term subscription liabilities	645,701	-	557,302	-
Long-term compensated absences	10,574,516	-	10,559,295	-
Other long-term liabilities	19,237	-	9,571	-
Total Noncurrent Liabilities	25,388,881	-	30,531,463	-
Total Liabilities	66,914,799	805,002	76,064,602	1,110,400
Deferred Inflows of Resources:				
Lease related	14,253,732	-	12,006,016	-
Total Deferred Inflows of Resources	14,253,732	-	12,006,016	-
Net Position				
Net investment in capital assets	246,466,810	480,492	256,754,840	480,492
Restricted:				
Nonexpendable endowments	7,568,086	25,407,843	7,568,086	25,157,471
Expendable:				
Pre-K enhancement	3,207,944	-	3,775,811	-
Unrestricted	77,035,828	7,364,502	74,830,459	6,234,915
Total Net Position	\$ 334,278,668	\$ 33,252,837	\$ 342,929,196	\$ 31,872,878

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

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2025 and 2024

	2025		2024	
	University of the District of Columbia	University of the District of Columbia Foundations (Component Units)	Restated University of the District of Columbia	University of the District of Columbia Foundations (Component Units)
Revenues				
Operating revenues:				
Student tuition and fees, net	\$ 25,665,373	\$ -	\$ 23,827,674	\$ -
Federal grants and contracts	24,268,459	-	22,014,065	-
Local grants and contracts	4,987,973	-	3,059,866	-
Nongovernmental grants and contracts	592,535	24,000	551,445	130,000
Sales and services of educational departments	132,166	-	97,798	-
Auxiliary enterprise:				
Athletics division	180,335	-	120,690	-
Cable television	219,561	-	242,052	-
Contributions	-	3,101,212	-	2,649,336
In-kind revenues	-	-	-	6,000
Other operating revenues	1,168,983	6,479,241	967,404	183,103
Total Operating Revenues	57,215,385	9,604,453	50,880,994	2,968,439
Expenses				
Operating expenses:				
Salaries	82,007,248	-	76,175,001	-
Benefits	22,029,416	-	17,572,549	-
Scholarships and fellowships	21,904,132	1,630,046	23,883,523	1,171,348
Contractual services, supplies and other	43,620,902	-	40,999,620	-
Utilities and other	8,729,245	-	8,109,210	-
Program services	-	9,099,014	-	3,129,269
Management & general	-	327,810	-	351,157
Fundraising	-	187,954	-	409,922
Depreciation	33,085,821	-	24,118,989	-
Lease amortization	7,398,394	-	7,398,394	-
Subscription amortization	1,064,925	-	873,400	-
Total Operating Expenses	219,840,083	11,244,824	199,130,686	5,061,696
Operating Loss	(162,624,698)	(1,640,371)	(148,249,692)	(2,093,257)
Non-operating revenues (expenses) net:				
District of Columbia appropriations	101,109,413	-	101,463,185	-
Investment income, (net of investment expenses)	10,746,184	3,020,330	13,565,332	4,711,177
Gifts for scholarships	1,734,647	-	3,054,512	-
Federal non-operating grants	8,311,230	-	6,079,151	-
Lease interest revenue	347,428	-	134,625	-
Lease revenue	4,624,161	-	4,480,958	-
Total Non-operating revenues (expenses), net	126,873,063	3,020,330	128,777,763	4,711,177
Gain/(Loss) before other revenues, expenses, gains, or losses	(35,751,635)	1,379,959	(19,471,929)	2,617,920
Capital appropriations	27,101,107	-	35,667,956	-
Change in Net Position	(8,650,528)	1,379,959	16,196,027	2,617,920
Net position				
Net Position, Beginning	342,929,196	31,872,878	328,651,589	29,254,958
GASB 101 adjustment - compensated absences	-	-	(1,918,420)	-
Net Position, Ending	\$ 334,278,668	\$ 33,252,837	\$ 342,929,196	\$ 31,872,878

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

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Statements of Cash Flows

Years Ended September 30, 2025 and September 30, 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Tuition and fees	\$ 19,656,606	\$ 25,945,848
Grants and contracts	30,822,798	26,080,636
Direct loan receipts	(13,599,902)	(13,515,947)
Direct loan payments	13,599,902	13,515,947
Payments to vendors	(53,771,186)	(45,605,462)
Payments to employees	(104,017,258)	(94,343,770)
Other payments	(21,849,061)	(22,012,804)
Net cash used by operating activities	<u>(129,158,101)</u>	<u>(109,935,552)</u>
Cash flows from non-capital financing activities:		
District of Columbia appropriations - operating	101,109,413	101,463,185
(Distributions to) the District of Columbia	981,347	(1,160,756)
Gifts for scholarships	1,734,647	3,054,512
Federal Pell grant	8,311,230	6,079,151
Net cash provided by non-capital financing activities	<u>112,136,637</u>	<u>109,436,092</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(22,161,693)	(32,779,572)
Capital appropriations	27,101,107	35,667,956
Interest expense	(527,017)	(642,057)
Lease payment	(7,048,749)	(8,103,056)
Lease interest	347,428	134,625
Lease revenue	4,624,161	4,480,958
Net cash provided (used) by capital and related financing activities	<u>2,335,237</u>	<u>(1,241,146)</u>
Cash flows from investing activities:		
Proceeds from sales/maturities of long-term investments	21,056,820	62,508,716
Investment income	6,802,014	2,900,874
Investment expense	(914)	(27,450)
Purchase of investments	(28,606,089)	(61,490,613)
Net cash provided by (used by) investing activities	<u>(748,169)</u>	<u>3,891,527</u>
Net change in cash and cash equivalents	<u>(15,434,396)</u>	<u>2,150,921</u>
Cash and cash equivalents, beginning	38,005,588	35,854,667
Cash and cash equivalents, ending	<u>\$ 22,571,192</u>	<u>\$ 38,005,588</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (162,624,698)	\$ (148,249,692)
Adjustments to reconcile operating loss to net cash:		
Depreciation	33,085,821	24,118,989
Lease Amortization	7,398,394	7,398,394
Subscription Amortization	1,064,925	873,400
GASB 101 adjustment - compensated absences	(1,830,037)	-
Change in asset and liability:		
(Increase)/ Decrease in assets:		
Accounts receivable, net	(5,345,509)	606,475
Grants and contracts receivable	621,520	472,688
Other current assets	585,273	(355,071)
Increase/ (Decrease) in liabilities:		
Accounts payable and accrued liabilities	(100,714)	3,346,304
Compensated absences	118,722	88,383
Unearned revenue	(485,825)	1,321,804
Due to the District of Columbia	816,421	(115,102)
Other current liabilities	(2,462,395)	557,877
Net cash used for operating activities	<u>\$ (129,158,101)</u>	<u>\$ (109,935,552)</u>
Significant Noncash Transactions:		
Capital assets acquired through leases and subscriptions	\$ 1,526,723	\$ -

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

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Statements of Net Position
As of September 30, 2025 and 2024

	University of the District of Columbia Foundation, Inc.		University of the District of Columbia School of Law Foundation		Total	
ASSETS	2025	2024	2025*	2024*	2025	2024
Current assets						
Cash and cash equivalents	\$ 961,439	\$ 254,781	\$ 423,409	\$ 463,409	\$ 1,384,848	\$ 718,190
Investments	19,875,801	19,116,687	10,786,583	11,367,208	30,662,384	30,483,895
Accounts receivables	-	-	-	-	-	-
Other receivables	1,024,247	966,409	31,900	41,900	1,056,147	1,008,309
Prepaid Expenses	265,972	42,440	4,797	4,797	270,769	47,237
Total Current assets	<u>22,127,459</u>	<u>20,380,317</u>	<u>11,246,689</u>	<u>11,877,314</u>	<u>33,374,148</u>	<u>32,257,631</u>
Noncurrent assets						
Artwork collection	480,492	480,492	-	-	480,492	480,492
Other noncurrent assets	174,206	245,155	-	-	174,206	245,155
Fixed Assets	28,993	-	-	-	28,993	-
Total Noncurrent assets	<u>683,691</u>	<u>725,647</u>	<u>-</u>	<u>-</u>	<u>683,691</u>	<u>725,647</u>
Total Assets	<u>22,811,150</u>	<u>21,105,964</u>	<u>11,246,689</u>	<u>11,877,314</u>	<u>34,057,839</u>	<u>32,983,278</u>
LIABILITIES & NET ASSETS						
Current Liabilities						
Accounts payable	523,925	109,062	-	-	523,925	109,062
Accrued expenses	7,190	80,168	-	-	7,190	80,168
Academic awards payable	-	-	273,887	921,170	273,887	921,170
Total Liabilities	<u>531,115</u>	<u>189,230</u>	<u>273,887</u>	<u>921,170</u>	<u>805,002</u>	<u>1,110,400</u>
Net Assets						
Without Donor Restrictions	6,797,060	5,922,618	1,047,934	792,789	7,844,994	6,715,407
With Donor Restrictions	15,482,975	14,994,116	9,924,868	10,163,355	25,407,843	25,157,471
Total Net Assets	<u>\$ 22,280,035</u>	<u>\$ 20,916,734</u>	<u>\$ 10,972,802</u>	<u>\$ 10,956,144</u>	<u>\$ 33,252,837</u>	<u>\$ 31,872,878</u>
Total Liabilities and Net Assets	<u>\$ 22,811,150</u>	<u>\$ 21,105,964</u>	<u>\$ 11,246,689</u>	<u>\$ 11,877,314</u>	<u>\$ 34,057,839</u>	<u>\$ 32,983,278</u>

* As of June 30, 2025 and 2024, respectively

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

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Statements of Activities
For the Years Ended September 30, 2025 and 2024

	University of the District of Columbia Foundation, Inc.		University of the District of Columbia School of Law Foundation		Total	
	2025	2024	2025*	2024*	2025	2024
REVENUE & SUPPORT						
Contributions	\$ 2,900,224	\$ 2,235,154	\$ 200,988	\$ 414,182	\$ 3,101,212	\$ 2,649,336
In-kind revenue	-	-	-	6,000	-	6,000
Other revenue	6,474,090	183,088	5,151	15	6,479,241	183,103
Grants	-	-	24,000	130,000	24,000	130,000
Interest & dividends	450,331	485,740	224,360	207,765	674,691	693,505
Net realized and unrealized gains/(losses) on investments	1,452,541	3,216,777	893,098	800,895	2,345,639	4,017,672
Total Revenue & Support	11,277,186	6,120,759	1,347,597	1,558,857	12,624,783	7,679,616
EXPENSES						
Program services	7,887,244	1,463,437	1,211,770	1,665,832	9,099,014	3,129,269
Scholarship & fellowship	1,630,046	1,171,348	-	-	1,630,046	1,171,348
Management & general	209,883	218,177	117,927	132,980	327,810	351,157
Fundraising	186,712	397,787	1,242	12,135	187,954	409,922
Total Expenses	9,913,885	3,250,749	1,330,939	1,810,947	11,244,824	5,061,696
Change in Net Assets	1,363,301	2,870,010	16,658	(252,090)	1,379,959	2,617,920
Net Assets - Beginning of Year	20,916,734	18,046,724	10,956,144	11,208,234	31,872,878	29,254,958
Net Assets - End of Year	\$ 22,280,035	\$ 20,916,734	\$ 10,972,802	\$ 10,956,144	\$ 33,252,837	\$ 31,872,878

* As of June 30, 2025 and 2024, respectively

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

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Notes to Basic Financial Statements

September 30, 2025 and 2024

(1) Background and History of the University of the District of Columbia

The University of the District of Columbia (the University) traces its roots to 1851 and the Miner Normal School. Land grant status was awarded in 1968. In 1977, the District of Columbia Teachers College, the Federal City College, and the Washington Technical Institute were consolidated into the University of the District of Columbia. The University currently offers over eighty-one undergraduate and graduate academic degree programs through the College of Arts and Sciences; School of Business and Public Administration; School of Engineering and Applied Sciences; and the David A. Clarke School of Law. In addition, the University offers a variety of practical, nonacademic educational programs and training through the Division of Community Outreach and Extension Services (COES).

The University is governed by a Board of Trustees consisting of fifteen members, of which eleven members are appointed by the District's Mayor, three members elected by the alumni, one member elected by the student body, and the President of the University Ex-officio. Currently, the University has thirteen members with two unfilled vacancies by the District's Mayor.

The University is located on a 21.8-acre site and includes ten buildings (the Van Ness Campus). Jurisdiction was assigned to the University by the United States General Services Administration (GSA) to be utilized for educational purposes. The estimated value of the Van Ness site has not been recorded in the financial statements as it is property of the U.S. Federal government.

In January 2009, the Board of Trustees approved the creation of a new University System, which now includes the University and the University of the District of Columbia Community College (UDC-CC). Beginning in Fall 2009, UDC-CC served the District of Columbia (the District or DC) residents by integrating workforce preparation, employability skill development, quality education and remediation, economic development and employer linkages, school to career training – providing a seamless transition from K-12 to adult education and literacy to college preparation and continuous lifelong learning. This institution provides opportunities to DC residents, employers, the University, and the District of Columbia. Effective January 3, 2022, the Community College commenced operations at the prior Bertie Backus Campus, now Lamond-Riggs Campus located at 5171 South Dakota Avenue, NE, Washington.

(2) Summary of Significant Accounting Policies

The financial statements of the University are prepared in conformity with U.S. generally accepted accounting principles (GAAP), as applied to governmental colleges and universities. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting standards.

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Notes to Basic Financial Statements

September 30, 2025 and 2024

The significant accounting policies followed by the University are summarized below:

(a) *Financial Reporting Entity*

The University's financial statements are presented in accordance with GASB Statement Number (No.) 14, *The Financial Reporting Entity*; No. 39 *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*; and No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*.

GAAP defines a financial reporting entity as a body that consists of a primary government and its component units. The University, including its components, is a discretely presented component unit of the District because it meets the following criteria:

- The District holds the corporate powers of the University.
- The District appoints a voting majority of the University's board.
- The District is able to impose its will on the University.
- The University has the potential to impose a financial burden on or provide financial benefit to the District.
- The University is fiscally dependent on the District.
- It would be misleading to exclude the University from the District's financial statements.

Component units are legally separate organizations which have a fiscal dependency and financial benefit or burden relationship with the primary government and other organizations, for which the significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

The University of the District of Columbia Foundation, Inc. (Foundation) and the District of Columbia School of Law Foundation (School of Law Foundation) are deemed component units of the University, and complete copies of the audited financial statements of these component units are available at their respective offices located on the campus of the University.

Discretely Presented Component Units

The Foundation and the School of Law Foundation are legally separate entities and are reported as discretely presented component units in financial statements based on the nature and significance of their relationship to the University. The Foundation and the School of Law Foundation are reported as of and for their fiscal years ended September 30 and June 30, respectively.

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Notes to Basic Financial Statements

September 30, 2025 and 2024

The Foundation was incorporated on March 15, 1978, under the District of Columbia's Nonprofit Corporation Act. The purpose of the Foundation is to solicit funds for student scholarships and to advance and benefit the programs and mission of the University of the District of Columbia. The Foundation is funded primarily from private contributions and investment income.

The School of Law Foundation was established on December 9, 1993. It operates exclusively for the benefit of the University of the District of Columbia David A. Clarke School of Law (the "School of Law") and accepts and holds contributions for the benefit of the School of Law. The School of Law Foundation receives support in the form of contributions from alumni of the School of Law, family and friends of Joseph L. Rauh, members of the legal community, and members of the general public. The School of Law Foundation applies income and principal from contributions for the sole benefit of the School of Law. Specifically, the School of Law Foundation applies contributions to support the School of Law by (1) supporting programs that promote excellence in legal education, and (2) providing financial support for the students, faculty, programs, and facilities of the School of Law.

The School of Law Foundation has established a separate fund to support the establishment of an endowed chair, the Joseph L. Rauh Chair of Public Interest Law. In the unlikely event that the School of Law (now named the UDC David A. Clarke School of Law) is forced to cease operations, the directors of the School of Law Foundation will use the Rauh Fund to establish a Joseph L. Rauh Chair of Public Interest Law at another law school pursuant to the bylaws of the Foundation.

(b) *Measurement Focus and Basis of Accounting*

Measurement focus refers to what is being measured; the basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Thus, the accounting and financial reporting treatment applied to a fund or activity is determined by its measurement focus and basis of accounting. The University follows GASB standards of accounting and financial reporting.

Financial statements of the component units of the University are presented in accordance with GAAP prescribed by the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the component units' financial information in the University's financial reporting entity for these differences.

Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

Revenue from government and private grant and contract agreements are recognized as it is earned when expenses are incurred in accordance with the agreements. Any funding received in advance of expenses is recorded as unearned revenue in the statement of net position.

The University is considered to be a special-purpose government engaged only in business-type activities and follows the business-type activities reporting requirements of GAAP, which provides a comprehensive look at the University's financial activities and requires that resources be classified for

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Notes to Basic Financial Statements

September 30, 2025 and 2024

accounting and reporting purposes into three net position categories depending on the presence or absence of externally imposed restrictions. Accordingly, the accompanying comparative financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities are included in the statement of net position. Net position of the University is segregated into three net position categories depending on the presence or absence of externally imposed restrictions as follows:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and amortization, attributable to the acquisition, construction, or improvement of those assets net of related debt.

Restricted – Consists of funds restricted for nonexpendable and instructional endowments, which are subject to externally imposed stipulations that the University maintains them permanently. The expendable restricted net position includes restricted funds, the use of which is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire with the passage of time.

Unrestricted – Consists of funds that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by the action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

(c) *Application of Accounting Standards*

The accompanying financial statements are presented in accordance with GAAP as prescribed by GASB.

Based on the explanations previously provided, when both restricted and unrestricted resources are available for use, the University's policy is to use restricted resources first, and then unrestricted resources, as they are needed.

(d) *Services Provided by/to the District*

The District provides certain central administrative services and pays disability and unemployment benefits on behalf of the University's employees. The University reimburses the District for a portion of the administrative costs based on a formula derived by the District; this is recorded as due to the District of Columbia. The University receives maintenance, administrative services, and leasing arrangements through other District agencies. The charges for such interagency services are included as expenses in the basic financial statements.

Amounts owed to the University relating to the capital appropriations from the District and services provided by the University for grants and contracts are recorded as receivables from the District of Columbia.

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(e) *Fund Accounting*

For the purpose of financial reporting, the University is considered a single enterprise fund. However, for internal accounting purposes, and to ensure observance of limitations and restrictions placed on the use of the resources available to the University, accounts are maintained in accordance with the principles of fund accounting. Fund accounting principles require classifying resources for accounting purposes into funds that are in accordance with specified activities or objectives.

(f) *Current and Noncurrent Classifications*

Current assets are used to designate cash and other assets, or resources commonly identified as those which are reasonably expected to be realized in cash or consumed during a normal operating business cycle which is usually one year or less. Current liabilities are defined as obligations whose liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets, or the creation of other current liabilities. Noncurrent assets are used to support the functions of the University and are expensed over the years the assets are used.

(g) *Operating and Non-operating Revenues and Expenses*

Operating revenues and expenses are generally associated with those activities that relate directly to the core activities of instruction, research, and public service that form the essence of the University's mission (e.g., tuition and fees, Federal and private grants and contracts, auxiliary income). Included in non-operating revenues are District appropriations, investment and endowment income, and gifts for scholarships. GAAP specifically define the District's appropriations as non-operating revenues. Expenses are recognized as incurred.

(h) *Cash and Cash Equivalents*

For purposes of reporting cash flows, cash and cash equivalents are defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, and all highly liquid investments with an original maturity of three months or less; except those deposits and investments representing endowments.

(i) *Receivables*

Receivables relate to transactions involving student tuition and fees, student loans, and grants and contracts net of an allowance for doubtful accounts. An allowance for doubtful accounts is provided based upon the management's judgment including such factors as previous collection history and characterization of the respective receivables. Receivables have also been recognized for students registered and billed for semesters to be held subsequent to year end. Since the revenue recognition criteria have not been met in this instance, a corresponding amount is recognized as unearned revenue.

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(j) Investments

Fair value is established as a readily determinable current market value for equities and other debt securities. The fair value of the University's investments in limited partnerships is based on management's valuation using estimates and assumptions from information and representations provided by the respective general partners, in the absence of readily ascertainable market values. The University uses net asset value per share as a basis for determining fair value for limited partnerships. Unrealized and realized gains and losses are included in investment income in the statements of revenues, expenses, and changes in net position. For the years ended September 30, 2025 and 2024, in accordance with GAAP and as prescribed by GASB, the University displays investment income net of investment expenses.

(k) Capital Assets and Depreciation/Amortization

Land, buildings, furniture, fixtures, and equipment are stated at cost at the date of acquisition, estimated historical cost (if actual cost records are not available), or acquisition value, plus related charges to place the asset into service at the date of donation in the case of gifts. The University capitalizes equipment that has a fair market value or cost of \$5,000 or more on the date of acquisition and an expected useful life of three (3) or more years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are expensed when incurred. Capital assets are depreciated or amortized using the straight-line method over the estimated useful lives of the assets.

A summary of useful lives is presented in Table 1 below:

Table 1 – Estimated Useful Lives (by Asset Category)

<u>Category</u>	<u>Depreciation/Amortization Period</u>
Buildings	50 years
Building improvements	Remaining Life of the Building
Right-to-use assets	Shorter of the lease/subscription term or the estimated useful life the underlying assets
Leasehold Improvements	Lesser of lease term or 10 years
Computer and equipment	5 years
Library books and microform	5 years

(l) Leases

Lessor Agreements

The University recognizes a lease receivable and deferred inflows of resources in its basic financial statements. UDC initially measures the lease receivable at the present value of payments expected to be collected during the lease term at the commencement of the lease. A lease receivable is subsequently reduced by the principal portion of lease payments received. A corresponding deferred inflows of resources is initially recognized at the initial amount of the lease receivable and adjusted for lease

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payments received at or before the lease commencement date. The deferred inflows of resources are recognized as revenue over the life of the lease term.

Lessee Agreements

The University recognizes a lease liability with an initial individual value of \$5,000 or more in its basic financial statements. A right-to-use lease asset is measured as the lease liability, plus any lease payments made at or before the lease commencement date, plus direct cost, minus incentives received. The right-to-use asset is amortized over the shorter of the lease term or the useful life of the underlying asset, except if the lease contract contains a purchase option and the University has determined that it is reasonably certain of being exercised, then the asset is amortized based on the useful life of the underlying asset.

The University uses the District's incremental borrowing rate obtained from the District Office of Finance and Treasury to discount the installment payments as of the lease commencement date based on the lease terms, inclusive of extension options expected to be exercised.

The lease accounts for non-variable payments for the lease of the applicable underlying assets. Any payments for operational cost are not considered part of the lease arrangement. The calculation includes any fixed in substance periodic percentage or amount increases as per the lease agreement.

(m) Subscription of Information Technology

The University recognizes an intangible right-to-use subscription asset and a corresponding subscription liability in its basic financial statement. The University recognizes a subscription liability with an initial individual value of \$5,000 or more in its basic financial statements. The right-to-use subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT assets. The subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The liability is initially measured at the present value of payments expected to be paid during the subscription term at the commencement of the subscription term. The subscription liability is reduced by the principal portion of subscription payments made.

The University uses the District's incremental borrowing rate obtained from the District Office of Finance and Treasury to discount the installment payments as of the subscription commencement date based on the subscription terms, inclusive of extension options expected to be exercised.

The subscription accounts for non-variable payments for the subscription of the applicable underlying assets. Any payments for operational cost are not considered part of the subscription arrangement. The calculation includes any fixed in substance periodic percentage or amount increases as per the subscription agreement.

(n) Compensated Absences

The University's policy allows employees to accumulate unused sick leave, with no maximum limitation. Generally, administrative and other non-faculty employees may carry over a maximum of 240 hours of annual leave beyond December 31 of each calendar year. Carryover of annual leave in

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excess of 240 hours is permitted with the approval of appropriate University officials. The accrued annual leave balance is payable to administrative and other non-faculty employees upon termination of employment.

In accordance with the provisions of the District of Columbia Municipal Regulations (DCMR), Title 8, when an administrative or faculty University employee retires at sixty (60) years of age or older, or upon total disability or death, the employee or the deceased's estate is entitled to receive a lump sum payment equal to ten percent (10%) of the unused accumulated sick leave computed at the employee's current base rate of pay.

The University reports a liability for compensated absences that is strictly limited to leave that:

- is attributable to services already rendered; and
- is not contingent on a specific event (such as illness) that is outside the control of the employer and employee, except as noted below:

As a matter of University policy, the University is liable for 10% of unused accumulated sick leave upon retirement of eligible employees as described above. This policy eliminates the contingency on a future event outside the control of both the employer and employee. Consequently, the University recognized the sick leave liability for this category of employees using the vesting method to measure such liability.

The University implemented GASB *Statement No. 101, Compensated Absences* in FY2025. With the implementation, the University recorded a liability for accumulated sick leave that is deemed likely to be used in the future. At the time of retirement, unused sick leave can be used to determine employees' years of service. One month would be added to the years and months of service of employees who have accumulated 22 days of sick leave in the Civil Service Retirement System and in the District Retirement Program. Expenses for such sick leave are not accrued because it is considered in connection with calculating pension cost.

Administrative and other non-faculty University employees earn annual and sick leave during the year at varying accrual rates, depending on the employee's classification and years of service.

The University records annual leave as an expense and related liability as the benefit accrues to employees. Also, the liability for accumulated annual leave of the employees of the University is recorded based on current salary rates and accumulated leave hours.

Net change to compensated absences liabilities was \$118,722 and \$1,830,037 for FY 2025 and FY 2024, respectively

(o) Unearned Revenues

Tuition and fee revenues, as well as program revenues, are shown as unearned revenues when related to future financial periods because the earning process has not been completed. Tuition and fees

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revenues are proportionately earned in the academic semester to which they relate. Tuition and fees related to the portion of the academic semester falling after the fiscal year end are reported as unearned revenues. The University records grant revenue and receivable for intergovernmental grants to the extent that costs have been incurred in accordance with the terms of the grant agreements. Indirect costs recovered are based on predetermined rates by type of expense.

(p) *Income Tax Status*

As an independent agency of the District, the University is exempt from Federal income taxes. Accordingly, no provision for income taxes has been made. However, the University is subject to federal income taxes on net unrelated business income, if any, under the provisions of Section 511 of the Internal Revenue Code. The University did not have any unrelated business income subject to income tax for the years ended September 30, 2025 and 2024.

(q) *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates and assumptions may also affect the reported amounts of revenues and expenses during the reporting period. The actual results may differ from management's estimates.

(r) *Scholarship Allowances*

A scholarship allowance is the difference between the stated charge for goods and services provided by the University and the amount that is paid by the student or by third parties making payments on behalf of the student. Accordingly, some of the student financial aid and scholarships awarded by the University are considered to be scholarship allowances. Tuitions and fees revenue in the statements of revenues, expenses, and changes in net position is reflected net of these allowances.

(s) *Other Post-Employment Benefits*

In addition to the pension benefits described in Note 7, employees may receive post-retirement health care and life insurance benefits. Employees eligible for such benefits include nine pre-1987 (Civil Service) and twenty five post-1987 (DC Defined Contribution) employees. The cost of providing such benefits to employees hired on or before September 30, 1987, is borne by the U.S. Federal government, and the University has no liability for this cost. Pursuant to the D.C. Code 1-621, employees hired on or after October 1, 1987, who subsequently retire may be eligible to continue their health care benefits. Furthermore, in accordance with D.C. Code 1-622, these employees may convert their group life insurance to individual life insurance. The University bears responsibility for the cost relating to employees hired on or after October 1, 1987. The University's portion of the post-employment benefits actuarial liability is not separately determined from the District's. The entire liability is recorded on the books of the District; therefore, the University does not record a liability for the costs of post-retirement benefits but records such costs as expenses when related insurance premiums are paid.

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For employees hired after October 1, 1987, the University pays 75% of the cost of health insurance for eligible retirees, their spouse, and dependent(s). In addition, the University pays 33% of the cost of life insurance, depending on the elected coverage for eligible retirees. The University has recognized \$78,822 and \$38,446 for post-retirement health premiums paid during FY 2025 and 2024, respectively. Five retirees received post-retirement health benefits during the fiscal years ended September 30, 2025, and 2024, respectively. The District, which is legally responsible for the contributions to Other Postemployment Benefits (OPEB) plans, conducted an actuarial study of its obligations under the Plan. See the District's annual financial report for additional information regarding these OPEB plans.

(t) Adoption of new Accounting Standards

New Accounting Standards Adopted

Statement No. 101, Compensated Absences: This statement addresses the recognition and measuring of liabilities and expenses for compensated absences that have not been used and used but not paid. The University implemented this statement with retroactive restatement of FY 2024 and FY 2023 financial statements.

Statement No. 102, Credit Risk Disclosure: The objective of this statement is to provide the users of the government institution's financial statements with essential information about risks related to its vulnerabilities due to certain concentrations or constraints. It requires that the institution assess, determine, and disclose credit risk exposures for the institutions that report a liability for revenue debt vulnerable to the risk of a substantial impact. The University's fiscal year 2025 implementation of this statement had no effect on the financial statements of the University.

New Accounting Standards to be adopted in the Future

Statement No. 103, Financial Reporting Model Improvements: This statement addresses the improvement of key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing accountability. The statement addresses certain application issues in reporting of Management's Discussion and Analysis, unusual or infrequent items, and presentation of financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and the University fiscal year 2026.

Statement No. 104, Disclosure of Certain Capital Assets: This statement addresses the disclosure of certain capital assets, such as lease assets and subscription assets, to be disclosed separately by major class of underlying assets in the capital assets notes disclosures. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, which is the University's fiscal year 2026.

(u) Subsequent Events

The University evaluated subsequent events and transactions through January 5, 2026, the date these financial statements were available for issue, and has determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

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(v) Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

(3) Cash and Cash Equivalents

The District requires that all cash be deposited with the District Treasurer except for endowment and miscellaneous income funds, which are deposited in a postsecondary education fund bank account. However, the University is allowed to maintain funds generated from its own operations in separate bank accounts. The majority of payments are processed centrally by the District.

The University's Postsecondary Education Fund bank account is the depository account for all gifts and contributions, funds for receipt of services rendered, institutional fees, fines, and collections, including tuition, and all other monies made available to the University, other than the funds included in the annual operating, capital, and educational improvement funds appropriated by Congress. These funds are administered by the University's Board of Trustees to supplement the University's appropriation. Restricted cash represents funds received from the District of Columbia for the Pre-K enhancement project.

The University's cash and cash equivalents as of September 30, 2025 and 2024, are reflected in Table 2 and Table 3:

Table 2 – Unrestricted and restricted cash and cash equivalents as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents:		
Unrestricted:		
Wells Fargo	\$ 14,749,705	\$ 26,947,671
Truist	4,512,613	—
Industrial Bank	100,930	100,930
Stifel	—	6,965,828
JP Morgan Chase	—	114,500
FVC Bank	—	100,848
Subtotal unrestricted	<u>19,363,248</u>	<u>34,229,778</u>
Restricted:		
Wells Fargo	<u>3,207,944</u>	<u>3,775,811</u>
Subtotal restricted	<u>3,207,944</u>	<u>3,775,811</u>
Total cash and cash equivalents	<u>\$ 22,571,192</u>	<u>\$ 38,005,589</u>

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Table 3 – Summary of cash and cash equivalents as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and demand deposits:		
Wells Fargo	\$ 17,957,649	\$ 30,723,482
Truist	4,512,613	—
Stifel	—	6,965,828
JP Morgan Chase	—	114,500
Subtotal cash and demand deposits	<u>22,470,262</u>	<u>37,803,810</u>
Certificates of deposit:		
Industrial Bank	100,930	100,930
FVC Bank	—	100,848
Subtotal certificates of deposit	<u>100,930</u>	<u>201,778</u>
Total cash and cash equivalents	<u>\$ 22,571,192</u>	<u>\$ 38,005,588</u>

As of September 30, 2025, and 2024, the bank balances of cash on deposit were \$24,040,315 and \$39,043,065, respectively, with reconciling differences primarily related to outstanding checks. The FDIC standard deposit insurance amount is \$250,000 per depositor, per insured bank. As of September 30, 2025, the Wells Fargo account has a balance that exceeds the insured amount by \$19,176,772 and is collateralized by securities held by the District or by its agent in the District's name. The Truist account balance of \$4,512,613 consists of cash held as investments, which are normally in money market products and, therefore, do not require collateralization.

(4) Receivables and Revenues Adjustments

The student tuition and fees revenues of \$25,665,373 and \$23,827,674 are net of scholarships and discounts of \$829,112 and \$860,230 in FY 2025 and 2024, respectively.

The University's receivable balances as of September 30, 2025 and 2024 are reflected in Table 4:

Table 4 – Receivable balances as of September 30, 2025 and 2024:

		<u>2025</u>		
	<u>Receivable</u>	<u>Allowance for Doubtful Accounts</u>		<u>Net</u>
Accounts receivable	\$ 23,300,552	\$ (8,383,232)	\$	14,917,320
Grants receivable	10,851,026	-		10,851,026
		<u>2024</u>		
	<u>Receivable</u>	<u>Allowance for Doubtful Accounts</u>		<u>Net</u>
Accounts receivable	\$ 15,626,859	\$ (6,055,047)	\$	9,571,812
Grants receivable	12,262,361	-		12,262,361

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(5) Investments

On December 4, 2023, Truist Investment Wealth Management Services became the investment consultant for the University's Endowment Portfolio. Total investments held by Truist as of September 30, 2025, were \$79.8 million. Investments held by Truist and Stifel as of September 30, 2024, were \$70.7 million.

(a) Investments Authorized

The purpose of the University of the District of Columbia Endowment Policy is to provide direction for the investment, expenditure and management of the University of the District of Columbia's (UDC) endowment funds, consistent with the best interest of the University and the philosophy and practices of the Chief Financial Officer (CFO) of the District of Columbia. The University's endowment fund includes land grant funds appropriated by Congress under the First Morrill Act (P.L. 90-354); gifts, bequests, and other funds directed to be held to support the University program/activities; and funds assigned by the Board of Trustees to function as an endowment. Endowment funds are to be used to support the mission of the University.

The policy applies to all endowment funds of the University, which consist of the following:

UDC Land Grant Fund: Pursuant to the First Morrill Act of 1862, each eligible state received a total of 30,000 acres of federal land to be used toward establishing and funding educational institutions. Federal City College (FCC), one of the University's predecessor institutions, was considered a land-grant college, and in lieu of the donation of public lands for the endowment, FCC received \$7,241,706. Fund restrictions are as follows: (i) The capital shall remain forever undiminished; (ii) No portion of the fund, including interest, may be applied to the purchase, construction, preservation or repair of any building or buildings; and (iii) all expenses of management and taxes shall be paid by the District. The UDC Land Grant Fund shall not be co-invested with any other UDC endowment funds.

The Post-Secondary Education Fund includes contributions and gifts received by the University, revenues from services rendered, and proceeds from the sale of the University's radio station, WDCU. Funds donated to the University for endowment purposes are consolidated into this Fund unless specifically designated as restricted by the donor. The Post-Secondary Education Fund is classified as unrestricted.

(b) Asset Allocation / Exposures

It is a fundamental policy of the CFO or CFO's designee that the investment portfolios of the University's endowment funds should be diversified to reduce the risk of undue exposure to any one sector or security. The asset allocation is based upon the underlying investment strategy of the manager and not the structure of the investment vehicle. Accordingly, endowment funds must be allocated with the following parameters approved by the CFO or the CFO's designee:

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ASSET CLASS	ALLOCATIONS		
	Minimum	Target	Maximum
Cash + Short Bonds	0%	8%	20%
Developed Government Bonds	0%	9%	20%
Investment Grade Bonds	0%	4%	20%
High Yield + Emerging Market Bonds	0%	8%	25%
Developed Market Equities	20%	38%	45%
Emerging Market Equities	5%	10%	15%
Commodities	0%	5%	10%
Real Estate	0%	4%	15%
Alternative Trading Strategies	0%	14%	30%

Exceptions outside of any minimum or maximum range, due potentially to market conditions or other considerations, will be assessed by the CFO or the CFO's designee, and a written justification will be provided regarding the allocation.

(c) Interest Rate Risk

The University is exposed to interest rate risk on its fixed income investments held. Interest rate risk is measured by the average duration for which bonds are held. The Investment Policy Statement states that fixed income investments must be readily marketable and may not include illiquid securities. Interest rate risk is managed by the investment managers. They have discretion within their portfolios to determine the duration position that best maximizes the performance.

(d) Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The University invests in obligations of corporations, government notes and bonds, government agency securities and money market instruments. The University is exposed to credit risk on its fixed income holdings.

Credit risk is measured by the average quality of the fixed income securities held, which at the end of the University's fiscal year ranged from S&P rated AAA to nonrated issues. The Investment Policy Statement targets exposure to developed government bonds of 9% (maximum: 20%), to investment grade bonds of 4% (maximum: 20%), and high yield and emerging markets bonds of 8% (maximum: 25%). On September 30, 2025, the actual exposure to each of these asset classes was 10.5%, 6.2% and 0.3%, respectively.

(e) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counter party, the University would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities

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are uninsured, are not registered in the name of the University, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not in the University's name. The University had no custodial credit risk exposure during the fiscal years ended September 30, 2025 and 2024.

(f) Derivative and Alternative Investments

The University's investment portfolio does not include any outright purchase of derivative instruments. Some derivative exposure exists within the investment portfolio; however, the derivative position is managed by the investment manager and not the District staff. The Investment Policy Statement authorizes that no more than 30% of the total market value of the endowment may be invested in the alternative asset class. The target exposure is 14%. As of September 30, 2025, 18.8% was invested in alternative strategies.

Table 5 – Summary of University Investments, Cash and Cash Equivalents as of September 30, 2025 and 2024:

	Fair Market Value	
	2025	2024
TRUIST Asset Classes		
Cash & Short Maturity Bonds	\$ 4,512,613	\$ 6,965,791
U.S. equity securities	167,039	130,879
International diversified funds (ETF)	-	6,473,393
Large cap core funds (ETF)	21,529,132	20,947,699
Mid cap core funds (ETF)	-	1,379,702
Gold	3,225,021	-
Federal government funds (ETF)	6,553,844	8,007,966
Alternative Funds	1,251,490	-
Balanced Mutual Fund	4,299,202	1,945,796
Equities	23,878,143	18,050,344
Fixed income	14,377,322	5,634,095
Subtotal	\$ 79,793,806	\$ 69,535,665
STIFEL Asset Classes		
Cash & Short Maturity Bonds	\$ -	\$ 37
Emerging Markets Equities	-	84,050
Alternatives Trading Strategies	-	1,043,416
Subtotal	\$ -	\$ 1,127,503
Total Assets Allocation	\$ 79,793,806	\$ 70,663,168

Included in the above investment balances as of September 30, 2025 and 2024, are cash and cash equivalents of \$4,512,613 and \$6,965,828, respectively.

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	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 4,512,613	\$ 6,965,828
Accrued Income	27,260	37,588
Investments	75,253,933	63,659,752
Total Investments, Cash and Cash Equivalents	<u>\$ 79,793,806</u>	<u>\$ 70,663,168</u>

(g) Fair Value Measurements

Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. GASB 72 established a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 - that are observable for the asset or liability, either directly or indirectly (for example, quoted prices for similar assets or liabilities in active markets).
- Level 3 – unobservable inputs (including the University’s own assumptions in determining the fair value of investments).

An asset or a liability categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following tables present the University’s assets measured at fair value on a recurring basis as of September 30, 2025 and 2024, by the GASB 72 valuation hierarchy (in dollars).

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The University's assets measured at fair value on a recurring basis as of September 30, 2025:

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	9/30/2025			
Investments by fair value level				
Equity securities				
U.S. equity securities	\$ 167,039	\$ 167,039	\$ -	\$ -
Large cap core funds (ETF)	21,529,132	21,529,132	-	-
Gold (ETF)	3,225,021	3,225,021	-	-
Total equity securities	24,921,191	24,921,191	-	-
Fixed income securities				
Federal government funds (ETF)	6,553,844	6,553,844	-	-
Mutual Funds				
Balanced	4,299,202	4,299,202		
Equities	23,878,143	23,878,143		
Fixed income	14,350,062	14,350,062	-	-
Total mutual funds	42,527,407	42,527,407	-	-
Total investments by fair value level	\$ 74,002,443	\$ 74,002,443	\$ -	\$ -
Investments measured at the net asset value (NAV)				
Alternative investments:				
Closed-end private equity fund	\$ 1,251,490			
Total investment measured at the NAV	1,251,490			
Total investment measured at fair value	\$ 75,253,933			

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The University's assets measured at fair value on a recurring basis as of September 30, 2024:

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	9/30/2024			
Investments by fair value level				
Equity securities				
U.S. equity securities	\$ 130,879	\$ 130,879	\$ -	\$ -
International diversified funds (ETF)	6,473,393	6,473,393	-	-
Large cap core funds (ETF)	20,947,699	20,947,699	-	-
Mid cap core funds (ETF)	1,379,702	1,379,702	-	-
Total equity securities	<u>28,931,673</u>	<u>28,931,673</u>	<u>-</u>	<u>-</u>
Fixed income securities				
Federal government funds (ETF)	<u>8,007,966</u>	<u>8,007,966</u>	<u>-</u>	<u>-</u>
Mutual Funds				
Balanced	1,945,796	1,945,796	-	-
Equities	18,050,344	18,050,344	-	-
Fixed income	5,596,507	5,596,507	-	-
Total mutual funds	<u>25,592,647</u>	<u>25,592,647</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 62,532,286</u>	<u>\$ 62,532,286</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Long-only international equity:				
Emerging markets private fund	\$ 84,050			
Alternative investments:				
Closed-end private equity fund	<u>1,043,416</u>			
Total investment measured at the NAV	<u>1,127,466</u>			
Total investment measured at fair value	<u>\$ 63,659,752</u>			

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Equity Securities: This investment category consists of common stock and preferred stock issued by both U.S. and international corporations. In addition, it includes common stock for real estate corporations both in the commercial and residential sectors. Developed market equities are mainly public companies in developed markets as defined by their inclusion in the MSCI World Index. Emerging market equities are mainly public companies in emerging markets as defined by their inclusion in the MSCI Emerging Markets Index. Common stocks and preferred stocks are traded actively on exchanges and price quotes for these shares are readily available. These assets are classified as level 1 in the fair value hierarchy.

Fixed Income Securities: This investment category consists of U.S. Treasuries, U.S. Government bonds, asset backed securities, corporate bonds and municipal bonds. Developed government bonds are fixed income instruments with maturities longer than three years, issued by developed sovereigns and government related agencies which include U.S. government bonds, U.S. municipal bonds and non-U.S. government bonds. Investment grade bonds are fixed income securities issued by corporations in developed markets with credit ratings of BBB- or better. High yield and emerging markets bonds represent fixed income securities issued by corporations with credit ratings of BB+ or lower, emerging markets sovereigns and government related agencies, and emerging markets corporations. These assets are valued based on obtaining market pricing and other observable market inputs for similar securities from a number of industry standard data providers or a broker quote in a non-active market. These assets are classified as level 1 in the fair value hierarchy.

Mutual Funds This investment category consists of open-ended mutual funds that are registered with the Securities and Exchange Commission. The mutual funds are invested in high yield and emerging markets bonds represent fixed income securities issued by corporations with credit ratings of BB+ or lower, emerging markets sovereigns and government related agencies, and emerging markets corporations. These mutual funds publish a daily NAV and transact at that price. The mutual funds held are deemed to be actively traded and support classification of the fair value measurement as Level 1 in the fair value hierarchy.

Investments Measured at the Net Asset Value (NAV)

The investment category consists of six funds that include hedge funds and other funds/products that employ dynamic trading strategies aiming at achieving either relative or absolute returns. These alternative investment funds are organized as limited partnerships that are not traded on an exchange and these funds that do not redeem shares on a daily basis. The funds have varying restrictions on liquidity and transferability. The fair values of the investments in this type have been determined using the NAV per share of the investments. The funds have varying redemption restrictions such as lock ups or gates. A lock-up period is a window of time when investors of a closely held investment vehicle are not allowed to redeem or sell shares. A gate is a restriction placed on a fund limiting withdrawals from the fund during a redemption period. These investments have redemption frequencies that range from monthly to quarterly and a redemption notice period that ranges from 5 to 90 calendar days. The details of the funds are as follows:

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Investments	Fair Value 9/30/2025	Fair Value 9/30/2024	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Emerging markets private fund ¹	\$ -	\$ 84,050	\$ -	Monthly	30 days
Closed-end private equity fund ²	1,251,490	1,043,416	-	Quarterly	NA
	<u>\$ 1,251,490</u>	<u>\$ 1,127,466</u>			

1. *Emerging markets private fund*: This fund approach to investing in emerging markets is a combination of rigorous fundamental stock selection with a top-down macro framework. The fund invests in a diversified portfolio of equities that have sound prospects for sustainable growth and represent value in the form of assets and earnings. The fund seeks to take advantage of the multiple market inefficiencies derived from insufficient discounting of geopolitical and macro factors, a relative lack of research in the emerging market space, and the impact of behavioral biases that cause asset prices to diverge from their intrinsic value.
2. *Closed-end private equity fund*: The Fund seeks to provide long-term capital appreciation in a diversified private equity portfolio and a potential for attractive risk-adjusted returns through a dynamic, relative value-based strategy. It is designed primarily for long-term investors and is not intended to be a trading vehicle as investors do not have the right to redeem their Units on a daily basis at a price based on net asset value. Instead, purchase and repurchase of Units are subject to the approval of the Fund's Board of Managers. Subject to board approval and liquidity of underlying investments, investors may receive potential liquidity via quarterly tender offer. Liquidity in any quarter is not guaranteed.

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(6) Capital Assets

Capital assets activity for the year ended September 30, 2025, is summarized in Table 6 below:

Table 6 – Capital assets activity for the year ended September 30, 2025:

June 30, 2024	Balance at September 30, 2024	Additions	Transfers Adjustments Dispositions	CIP Transfers in (out)	Balance at September 30, 2025
Non-depreciable capital assets					
Land	\$ 7,456,544	\$ -	\$ -	\$ -	\$ 7,456,544
Construction in progress	33,351,114	23,774,934	(4,180,693)	(6,715,835)	46,229,520
Total non-depreciable capital assets	\$ 40,807,658	\$ 23,774,934	\$ (4,180,693)	\$ (6,715,835)	\$ 53,686,064
Depreciable/amortizable capital assets					
Buildings and improvements	440,498,114	-	(32,467)	6,715,835	447,181,482
Library	15,000	-	-	-	15,000
Furniture and fixtures	394,050	-	-	-	394,050
Equipment and machinery	15,637,046	3,094,469	-	-	18,731,515
Vehicles	275,185	-	-	-	275,185
Land improvements	14,919,933	-	32,467	-	14,952,400
Right-to-use assets - subscriptions	2,842,959	1,526,723	-	-	4,369,682
Right-to-use assets - land	7,938,115	-	-	-	7,938,115
Right-to-use assets - buildings	37,608,726	-	-	-	37,608,726
Right-to-use assets - equipment	2,265,437	-	-	-	2,265,437
Total depreciable/amortizable capital assets	\$ 522,394,565	\$ 4,621,192	\$ -	\$ 6,715,835	\$ 533,731,592
Less accumulated depreciation/amortization					
Buildings and improvements	(235,163,823)	(30,622,816)	-	-	(265,786,639)
Library	(15,000)	-	-	-	(15,000)
Furniture and fixtures	(262,872)	(98,557)	-	-	(361,429)
Equipment and machinery	(11,250,502)	(1,589,175)	-	-	(12,839,677)
Vehicles	(117,660)	(27,518)	-	-	(145,178)
Land improvements	(7,969,818)	(747,755)	-	-	(8,717,573)
Right-to-use assets - subscriptions	(1,424,311)	(1,064,925)	-	-	(2,489,236)
Right-to-use assets - land	(419,636)	(139,879)	-	-	(559,515)
Right-to-use assets - buildings	(20,375,343)	(6,791,781)	-	-	(27,167,124)
Right-to-use assets - equipment	(1,400,202)	(466,734)	-	-	(1,866,936)
Total accumulated depreciation/amortization	(278,399,168)	(41,549,140)	-	-	(319,948,307)
Total depreciable/amortizable capital assets, net	243,995,397	(36,927,948)	-	6,715,835	213,783,285
Net governmental activities capital assets	\$ 284,803,055	\$ (13,153,014)	\$ (4,180,693)	\$ -	\$ 267,469,349

In FY 2025, the University expended \$27.1 million in capital appropriations for ongoing renovation and construction throughout the University's campus.

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Capital assets activity for the year ended September 30, 2024, is summarized in Table 7 below:

Table 7 – Capital assets activity for the year ended September 30, 2024:

Asset class	Balance at September 30, 2023	Additions	Transfers Adjustments Dispositions	CIP Transfers in (out)	Balance at September 30, 2024
Non-depreciable capital assets					
Land	\$ 7,456,544	\$ -	\$ -	\$ -	\$ 7,456,544
Construction in progress	25,778,952	32,281,970		(24,709,808)	33,351,114
Total non-depreciable capital assets	\$ 33,235,496	\$ 32,281,970	\$ -	\$ (24,709,808)	\$ 40,807,658
Depreciable/amortizable capital assets					
Buildings and improvements	415,788,306	-	-	24,709,808	440,498,114
Library	15,000	-	-	-	15,000
Furniture and fixtures	342,951	51,099	-	-	394,050
Equipment and machinery	14,575,429	1,061,617	-	-	15,637,046
Vehicles	275,185	-	-	-	275,185
Land improvements	14,887,466	32,467	-	-	14,919,933
Right-to-use assets - subscriptions	3,175,928	-	(332,969)	-	2,842,959
Right-to-use assets - land	7,938,115	-	-	-	7,938,115
Right-to-use assets - buildings	37,608,726	-	-	-	37,608,726
Right-to-use assets - equipment	2,265,437	-	-	-	2,265,437
Total depreciable/amortizable capital assets	\$ 496,872,543	\$ 1,145,183	\$ (332,969)	\$ 24,709,808	\$ 522,394,565
Less accumulated depreciation/amortization					
Buildings and improvements	(213,263,959)	(21,899,864)	-	-	(235,163,823)
Library	(15,000)	-	-	-	(15,000)
Furniture and fixtures	(255,239)	(7,633)	-	-	(262,872)
Equipment and machinery	(9,843,371)	(1,407,131)	-	-	(11,250,502)
Vehicles	(90,142)	(27,518)	-	-	(117,660)
Land improvements	(7,192,977)	(776,841)	-	-	(7,969,818)
Right-to-use assets - subscriptions	(883,880)	(873,400)	332,969	-	(1,424,311)
Right-to-use assets - land	(279,758)	(139,879)	-	-	(419,637)
Right-to-use assets - buildings	(13,583,562)	(6,791,781)	-	-	(20,375,343)
Right-to-use assets - equipment	(933,468)	(466,734)	-	-	(1,400,202)
Total accumulated depreciation/amortization	(246,341,356)	(32,390,781)	332,969	-	(278,399,168)
Total depreciable/amortizable capital assets, net	250,531,187	(31,245,598)	-	24,709,808	243,995,397
Net governmental activities capital assets	\$ 283,766,683	\$ 1,036,372	\$ -	\$ -	\$ 284,803,055

In FY 2024, the University expended \$35.7 million in capital appropriations for ongoing renovation and construction throughout the University's campus.

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(7) Retirement Programs

The University's full-time employees receive pension benefits either through the Federally administered Civil Service Retirement System, the District Retirement System, or the University's Retirement Programs.

The University offers retirement plans to its eligible Educational Service and District Service employees. Eligible employees include faculty, administrative and wage grade staff of the University.

(a) *Defined Benefit Pension Plan*

Civil Service Retirement System (CSRS)

Career service employees hired prior to October 1987 are covered by the Civil Service Retirement System (CSRS), a cost-sharing multiple-employer public employee retirement system administered by the Federal government's Office of Personnel Management (OPM). The CSRS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. The OPM issues a publicly available financial report that includes financial statements and required supplementary information for CSRS, which may be obtained at www.opm.gov.

The University contributes 7% of each covered employee's annual salary to the CSRS. The contribution requirements of plan members are established (and may be amended) by the OPM. The University's contributions for the years ended September 30, 2025, and 2024, were \$48,961 and \$58,944, respectively.

(b) *Defined Contribution Pension Plans*

District Retirement Program – 401(a)

Career service employees hired on or after October 1, 1987, are covered by the defined contribution pension plan of the District's Retirement System. The District sponsors the plan under the provisions of D.C. Code 1-626 with a qualified trust under Internal Revenue Code (IRC) Section 401(a).

The University contributes 5% of the annual base salary to a pension account in the employee's name, beginning with the first pay period following completion of one year of creditable service. Contributions are made for each pay period based on the employee's pre-tax base salary (excluding overtime, holiday, and Sunday compensation). Employees do not contribute to this plan. Contributions are fully vested after five years of continuous service. The University's contributions were \$159,994 and \$157,807 for the years ended September 30, 2025 and 2024, respectively.

Teachers Insurance Annuity Association/College Retirement Equities Fund (TIAA/CREF)

Eligible Educational Service employees may participate in a contributory pension and retirement plan administered by TIAA/CREF. Under this plan, an employee may contribute a minimum of 5% of his/her base salary. In addition, the University contributes 15% for continuing full-time faculty hired prior to August 16, 2003, and 7% for continuing full time faculty hired on or after August 16, 2003.

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In addition, the University contributes 7% of the annual salary for the law school faculty and administrative staff. Contributions are transferable to other eligible plans. Total FY 2025 payroll for all employees was approximately \$76.6 million, of which employees with a total payroll of approximately \$74.0 million were covered under the plan. The pension cost for the years ended September 30, 2025 and 2024 were \$4,630,581 and \$4,744,604, respectively. Generally, employees are fully vested immediately in both their contributions and in the University's contributions. Approximately 851 employees were covered by this plan during the fiscal year 2025.

(c) *Deferred Compensation Plans*

The University provides an additional deferred compensation plan sponsored by Voya Financial and a deferred compensation plan sponsored by MissionSquare Retirement (formerly ICMA Retirement Corporation), but the University does not contribute to either deferred compensation program. Moreover, employee contributions are not assets of the University, and the University has no liability to the plans.

(8) *Litigation, Contingencies and Commitments*

(a) *Risk Management*

The University, as a component unit of the District, participates in the District's self-insurance activities. The District retains all risk of loss related to torts, theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. The University is only responsible for making annual premium payments for athletic injury insurance. The District reports claim expenses and liabilities when it is probable that loss has occurred, and the amount of that loss can be reasonably estimated.

The District also records a liability for an estimate of claims that have been incurred but not reported. Assets are not set aside to finance claims. The disability compensation accrual for claims from injuries to employees is also recorded in the District's basic financial statements. The District, through a separate appropriation, pays all significant losses arising from a lack of commercially provided insurance at no cost to the University.

(b) *Grants and Contracts*

The University receives a portion of its revenue from Federal grants and contracts, which are to be used for certain stated purposes. These Federal grants and contracts are subject to review and audit by government agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of the contract and grant agreements and applicable Federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the University. The management of the University is of the opinion that no significant liability, if any, will result from the outcome of these audits.

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(c) Litigation

The University is a party to a number of legal actions. Liabilities have been accrued for these cases, amounting to approximately \$2,205,500 and \$2,140,500 for FY 2025 and FY 2024, respectively. The accrued liability reported as litigation contingencies is based on estimates of the payments that will be made upon judgment or resolution of the claim. As of September 30, 2025, and 2024, various claims and lawsuits against the University were settled, and the University made settlement payments in the amounts of \$261,179 and \$20,000 respectively. In the opinion of management, based on the information currently available, the expected outcome of legal action will not have a materially adverse effect on the University's financial statements.

(9) Leases and Subscriptions

(a) Lessor Agreements

The University has entered into various contractual agreements as a lessor to lease or sublease facilities that it owns or leases. The lease terms for these facilities do not exceed 15 years. Some contractual agreements include options to extend, and those that are deemed reasonably certain to be exercised have been factored into the determination of the lease receivable. Variable payments received, which are not lease-related, are not included in the calculation of leases receivable reported at the end of the fiscal year.

The University recognized \$4,620,805 and \$345,484 in lease revenue and interest revenue, respectively, during the fiscal year ended September 30, 2025. For the fiscal year ended September 30, 2024, the University recognized \$4,480,958 and \$134,625 in lease revenue and interest revenue, respectively.

As of September 30, 2025, lease receivables totaled \$14,253,732, and the deferred inflow of resources balance reported at year end totaled \$14,253,732. As of September 30, 2024, lease receivables totaled \$12,006,016, and the deferred inflow of resources balance reported at year end totaled \$12,006,016.

Table 9 presents the University's expected future minimum principal and interest lease receipts as of September 30, 2025.

Table 9 – Schedule of Future Lease Collections: Minimum lease receipts:

Fiscal Year Ending September 30	Principal	Interest	Total
2026	\$ 4,701,979	\$ 703,953	\$ 5,405,932
2027	1,018,833	505,484	1,524,317
2028	240,979	515,894	756,873
2029	220,940	516,902	737,842
2030	236,098	510,694	746,792
2031 - 2035	767,450	2,360,503	3,127,953
2036 - 2040	678,323	2,012,005	2,690,328
2041 - 2045	2,076,448	1,531,203	3,607,651
2046 - 2050	2,785,074	858,275	3,643,349
2051 - 2054	1,527,608	97,713	1,625,321
Total	\$ 14,253,732	\$ 9,612,626	\$ 23,866,358

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(b) Lessee Agreements

The University entered into contractual agreements as a lessee for building facilities, office machinery and equipment, and a ground lease. Certain contractual agreements include options to extend and those that are deemed reasonably certain to be exercised have been factored into the determination of the lease liability. The University lease agreements currently extend no longer than 57 years and do not contain any termination penalties, residual value guarantees or other future payments at the conclusion of the agreements. Non-lease payments are not included in the calculation of the lease liability reported at the end of the fiscal year.

As of September 30, 2025, the lease liability totaled \$19,405,295. The value of the Right to Use lease assets is \$47,812,278 with an accumulated amortization of \$29,593,574. The University recognized \$471,849 and \$7,398,394 in lease interest expense and lease amortization expenses, respectively. Further details on Right-to-Use assets are included in Note 6: Capital Assets.

As of September 30, 2024, the lease liability totaled \$27,057,518. The value of the Right to Use lease assets is \$47,812,278 with an accumulated amortization of \$22,195,182. The University recognized \$618,514 and \$7,398,394 in lease interest expense and lease amortization expenses, respectively.

Table 10 presents the University's expected future minimum principal and interest lease payments as of September 30, 2025

Table 10 – Schedule of Future Minimum Lease Commitments:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 5,255,867	\$ 365,178	\$ 5,621,045
2027	1,515,139	324,286	1,839,425
2028	854,243	306,904	1,161,147
2029	893,609	289,481	1,183,090
2030	934,312	271,271	1,205,583
2031 - 2035	2,970,692	1,102,117	4,072,809
2036 - 2040	446,350	970,590	1,416,940
2041 - 2045	515,355	901,585	1,416,940
2046 - 2050	595,028	821,912	1,416,940
2051 - 2055	687,018	729,922	1,416,940
2056 - 2060	793,230	623,710	1,416,940
2061 - 2065	915,862	501,078	1,416,940
2066 - 2070	1,057,454	359,487	1,416,941
2071 - 2075	1,220,934	196,006	1,416,940
2076 - 2080	750,202	29,115	779,317
Total	<u>\$ 19,405,295</u>	<u>\$ 7,792,642</u>	<u>\$ 27,197,937</u>

(c) Subscription of Information Technology

The University subscription agreements currently extend to no longer than 7 years and do not contain any residual value guarantees or other future payments at the conclusion of the agreements. One agreement contains a termination penalty.

As of September 30, 2025, the subscription liability totaled \$1,597,244. The value of the Right to Use subscription assets is \$4,369,682 with an accumulated amortization of \$2,489,236. The University

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recognized \$55,168 and \$1,064,925 in subscription interest expense and subscription amortization expenses, respectively. Further details on Right-to-Use assets are included in Note 6: Capital Assets.

As of September 30, 2024, the subscription liability totaled \$990,698. The value of the Right to Use subscription assets is \$2,842,959 with an accumulated amortization of \$1,424,310. The University recognized \$23,543 and \$873,400 in subscription interest expense and subscription amortization expenses, respectively.

Schedule of Future Minimum Lease Commitments: Presents the University's expected future minimum principal and interest lease payments as of September 30, 2025.

Table 11 presents the University's expected future minimum principal and interest lease payments as of September 30, 2025

Table 11 – Minimum subscription commitments

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 951,542	\$ 35,188	\$ 986,730
2027	645,702	11,812	657,514
Total	<u>\$ 1,597,244</u>	<u>\$ 47,000</u>	<u>\$ 1,644,244</u>

(10) Long-term Liabilities

Table 12 – Long-term liability activity for the year ended September 30, 2025:

	<u>September 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2025</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
Lease Obligations	\$ 27,057,518	\$ -	\$ 7,652,223	\$ 19,405,295	\$ 5,255,868	\$ 14,149,427
Subscription Obligations	\$ 990,698	\$ 1,542,583	\$ 936,037	\$ 1,597,244	\$ 951,543	\$ 645,701
Accrued Compensated Absences	\$ 10,731,338	\$ 118,722	\$ -	\$ 10,850,060	\$ 275,544	\$ 10,574,516

The net change is shown for the accrued compensated absences

Table 13 – Long-term liability activity for the year ended September 30, 2024:

	<u>September 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2024</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
Lease Obligations	\$ 34,377,863	\$ -	\$ 7,320,345	\$ 27,057,518	\$ 7,652,223	\$ 19,405,295
Subscription Obligations	\$ 1,782,980	\$ 23,400	\$ 815,682	\$ 990,698	\$ 433,396	\$ 557,302
Accrued Compensated Absences	\$ 8,812,918	\$ 1,918,420	\$ -	\$ 10,731,338	\$ 172,043	\$ 10,559,295

The net change is shown for the accrued compensated absences

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(11) Discretely Presented Component Units

Based on significant balances reported in the University's discretely presented component units' Statements of Financial Position, the note disclosures, as reported in the separately issued financial statements, are presented as follows.

University of the District of Columbia Foundation, Inc. (Foundation)

Fair Value Measurement

The following table presents the Foundation's financial assets measured at fair value on a recurring basis consistent with the fair value hierarchy provisions of FASB ASC 820.

The Foundation's balances as of September 30, 2025 were as follows:

2025				
Investment by Fair Value Level	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money Market	\$ 86,168	\$ -	\$ -	\$ 86,168
Common Stock	12,865,946	-	-	12,865,946
Mutual Funds	6,923,687	-	-	6,923,687
Total Investments	<u>\$ 19,875,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,875,801</u>

The Foundation's balances as of September 30, 2024 were as follows:

2024				
Investment by Fair Value Level	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money Market	\$ 127,365	\$ -	\$ -	\$ 127,365
Common Stock	12,109,690	-	-	12,109,690
Mutual Funds	6,879,632	-	-	6,879,632
Total Investments	<u>\$ 19,116,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,116,687</u>

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Notes to Basic Financial Statements

September 30, 2025 and 2024

Investments

Investment returns were the following for the years ending September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 450,331	\$ 485,740
Unrealized gain	1,176,883	2,359,977
Realized gain	358,120	936,395
Investment expenses	<u>(82,462)</u>	<u>(79,595)</u>
Total investment income, net	<u>\$ 1,902,872</u>	<u>\$ 3,702,517</u>

Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Scholarship and academic programs	\$ 4,632,087	\$ 4,764,214
Accumulated endowment earnings	3,801,910	3,579,224
Endowment to be invested in perpetuity	<u>7,048,978</u>	<u>6,650,678</u>
Net assets with donor restrictions	<u>\$ 15,482,975</u>	<u>\$ 14,994,116</u>
	<u>2025</u>	<u>2024</u>
Purpose restrictions accomplished:		
Scholarship and academic programs	\$ 8,516,298	\$ 1,997,939
Accumulated endowment earnings	<u>740,274</u>	<u>277,499</u>
Net assets released from donor restrictions	<u>\$ 9,256,572</u>	<u>\$ 2,275,438</u>

Endowment net asset composition by type of fund as of September 30, 2025:

The endowment net assets composition as of September 30, 2025 by type of fund was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 7,048,976	\$ 7,048,976
Accumulated investment earnings	<u>-</u>	<u>3,801,910</u>	<u>3,801,910</u>
Total endowment funds	<u>\$ -</u>	<u>\$ 10,850,886</u>	<u>\$ 10,850,886</u>

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Notes to Basic Financial Statements

September 30, 2025 and 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net asset, beginning of year	\$ -	\$ 10,229,900	\$ 10,229,900
Investment income, net	-	-	-
Contributions	-	1,311,260	1,311,260
Appropriation of endowment assets for expenditure	-	(740,274)	(740,274)
Other Changes	-	50,000	50,000
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 10,850,886</u>	<u>\$ 10,850,886</u>

Endowment net asset composition by type of fund as of September 30, 2024:

The endowment net assets composition as of September 30, 2024 by type of fund was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 6,650,678	\$ 6,650,678
Accumulated investment earnings	<u>-</u>	<u>3,579,224</u>	<u>3,579,224</u>
Total endowment funds	<u>\$ -</u>	<u>\$ 10,229,902</u>	<u>\$ 10,229,902</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net asset, beginning of year	\$ -	\$ 8,021,645	\$ 8,021,645
Investment income, net	-	2,269,233	2,269,233
Contributions	-	16,523	16,523
Appropriation of endowment assets for expenditure	-	(277,499)	(277,499)
Other Changes	-	200,000	200,000
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 10,229,902</u>	<u>\$ 10,229,902</u>

UNIVERSITY OF THE DISTRICT OF COLUMBIA
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Notes to Basic Financial Statements

September 30, 2025 and 2024

Related Party Transactions

The Foundation reimbursed the University \$76,381 and \$135,045 for the year ended September 30, 2025, and 2024, respectively, for salaries and benefits of individuals performing management and administrative functions. Occupancy costs are not material and therefore are not included in the Foundation's financial statements.

Amounts of \$1,761,753 and \$1,214,533 were paid to the University towards scholarships and other student benefit programs for fiscal years 2025 and 2024, respectively. The Foundation did not have any accounts payable due to the University as of September 30, 2025 and 2024.

Concentration of Risk

The Foundation maintains its cash in financial institutions where, at times, balances may exceed the federally insured limit of \$250,000. Management believes the risk in these situations to be minimal.

Subsequent Events

Subsequent events have been evaluated through November 29, 2025, which is the date the financial statements were available to be issued, for potential recognition or disclosure in the financial statements for the year ended September 29, 2025.

Promise to Give

Promises to give are carried at the original amount pledged. Promises to give over multiple years are measured using the present value of future cash flows based on a discount rate ranging from 3% to 4%. Grants and contributions receivable are expected to be collected as follows as of September 30, 2025, and 2024.

	<u>2025</u>	<u>2024</u>
Amounts due in less than one year	\$ 1,038,397	\$ 1,154,409
Amounts due in one to five years	<u>186,105</u>	<u>264,605</u>
	1,224,502	1,419,014
Less: Allowance for discount balance to present value	(11,899)	(19,450)
Less: Reserve for uncollectible grants	<u>(14,150)</u>	<u>(188,000)</u>
Net receivables	<u><u>\$ 1,198,453</u></u>	<u><u>\$ 1,211,564</u></u>

UNIVERSITY OF THE DISTRICT OF COLUMBIA
(A Component Unit of the Government of the District of Columbia)

Notes to Basic Financial Statements

September 30, 2025 and 2024

University of the District of Columbia School of Law Foundation (School of Law Foundation)

Cash, Cash Equivalents and Investments

The School of Law Foundation cash balance at Wells Fargo was \$423,409 and \$463,409 as of June 30, 2025 and June 30, 2024, respectively.

The School of Law Foundation has invested in money market funds, government securities and mutual funds through Morgan Stanley in the amount of \$10,786,583 and \$11,367,208 as of June 30, 2025 and June 30, 2024, respectively. These amounts are inclusive of unrealized (loss)/gains of \$(12,750) and \$521,089 as of June 30, 2025 and 2024, respectively. All investments of the School of Law Foundation are Level 1 investments.

The School of Law Foundation earned \$224,360 and \$207,765 in interest and dividends in 2025 and 2024, respectively, mostly from Morgan Stanley.

Other Receivables

Other receivables consist of the following:

- **Student Loan Receivables:** For fiscal years 2025 and 2024, the students owed \$3,000 and \$6,000, respectively to the School of Law Foundation. The loans were to be paid upon receipt of the students' guaranteed federal financial aid.
- **Advance Receivables:** For fiscal years 2025 and 2024, advance receivables of \$28,900 and \$35,900, respectively consist of advances made to School of Law staff and contractors.

Academic Awards Payable

Academic Awards Payable, as of June 30, 2025 and June 30, 2024 were \$273,887 and \$921,170, respectively. The balance of \$273,887 consisted of scholarships, fellowships, and stipends.

Net Assets with Donor Restrictions

The Foundation's restricted net assets for the years ended June 30, 2025 and 2024 were \$9,924,868 and \$10,163,355, respectively.

Contributions and Donations

The School of Law Foundation received contributions and donations for support from the general public for its activities during FY 2025, which amounted to \$200,988 as compared to \$414,182 in FY 2024. These contributions comprised mostly of small contributions.

Grants

The School of Law Foundation received grants for support from private organizations during FY 2025 and FY 2024 of \$24,000 and \$130,000, respectively.

UNIVERSITY OF THE DISTRICT OF COLUMBIA
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Notes to Basic Financial Statements

September 30, 2025 and 2024

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of interest-bearing cash accounts in financial institutions that exceed Federal Deposit Insurance Corporation (FDIC) limit of \$250,000 per bank. The bank balance for cash as of June 30, 2025 is as follows:

	Bank Statement Amount	FDIC Insured	Uninsured	Carrying Amount
Wells Fargo	\$ 450,114	\$ 250,000	\$ 200,114	\$ 423,409
Total	<u>\$ 450,114</u>	<u>\$ 250,000</u>	<u>\$ 200,114</u>	<u>\$ 423,409</u>

The cash deposit in Wells Fargo was interest-bearing.

Allocation of Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Schedule of Functional Expenses. The costs have been charged to the programs and supporting services on an actual basis.

Information on Liquidity Reserve

During the fiscal year ended June 30, 2025 and 2024, the Foundation was able to maintain its liquidity through its operational revenues, which mainly comprise of contributions and earnings from investments. Financial assets available within one year are:

	2025	2024
Cash	\$ 423,409	\$ 463,409
Investments	10,786,583	11,367,208
Other Receivables	31,900	41,900
Prepaid Expenses	4,797	4,797
Total Financial Assets	<u>\$ 11,246,689</u>	<u>\$ 11,877,314</u>

Subsequent Events

A review of subsequent period events for the year ended June 30, 2025, was performed through September 29, 2025, the date of this audit report. No events were noted by Management that required disclosure.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor, Members of the Council of the Government of the
District of Columbia, Board of Trustees of the University of the
District of Columbia and Inspector General of the Government of
The District of Columbia
University of the District of Columbia
Washington, D.C.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of University of the District of Columbia (the University), a component unit of the Government of the District of Columbia, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 6, 2026.

The financial statements of the University of the District of Columbia Foundation, Inc, and the District of Columbia School of Law Foundation were not audited in accordance with *Government Auditing Standards*.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or 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.

To the Mayor, Members of the Council of the Government of the
District of Columbia, Board of Trustees of the University of the
District of Columbia and Inspector General of the Government of
The District of Columbia
University of the District of Columbia

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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether University of the District of Columbia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Washington, D.C.
January 6, 2026

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