

# AUDIT REPORT

University of the District of Columbia  
Financial Statements and Independent Auditor's Reports  
Fiscal Year 2024  
OIG No. 24-1-23GG

January 31, 2025



**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.






DISTRICT OF COLUMBIA | OFFICE OF THE INSPECTOR GENERAL

## 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 31, 2025

Subject: **University of the District of Columbia Annual Financial Statements**  
**OIG No. 24-1-23GG**

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This memorandum transmits the final *University of the District of Columbia Financial Statements and Independent Auditor's Reports* for fiscal year 2024. McConnell Jones, LLP (MJ) provided these reports to the Office of the Inspector General as part of the annual audit of the District of Columbia's general-purpose financial statements for fiscal year 2024.

On January 3, 2025, MJ 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. MJ identified no material weaknesses in internal control over financial reporting. MJ issued one recommendation intended to improve the effectiveness of internal controls over the University of the District of Columbia's operations and programs. (See OIG Report No. 24-1-23GG(a).)

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, 2024 and 2023  
(With Independent Auditor's 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**

			
Christopher Bell, J.D. <b>(Chair)</b>	Mignon Clyburn, B.A. <b>(Vice Chair)</b>	Ken Grossinger, M.S.W. <b>(Treasurer)</b>	Esther L. Barazzone, Ph.D. <b>(Secretary)</b>
			
Lamont Akins	Warner Session, J.D.	Carolyn B. Rudd, Ed.D.	Jerome Shelton, M.A.
			
Anntoinette White- Richardson, M.A. <b>(Elected Alumni Trustee)</b>	Barrington D. Scott, B.S. <b>(Elected Alumni Trustee)</b>	Mildred L. Musgrove, Ed.D. <b>(Elected Alumni Trustee)</b>	Vernon Simmons <b>(Elected Student Trustee)</b>
			
Maurice Edington, PH.D. <b>President (Ex-Officio)</b>			

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER**

**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

**Wychell Briscoe**  
Administrative Support

**Brian Connell**  
Budget Officer

**Mitiku Shifa**  
Controller

Director of Student Accounts

Raamonda Massie  
Jacob Mendez  
Peter Obalade  
Amber Hyman-Wright

**Diome Regis**  
Accounting Manager  
  
Judith Bridges  
Max Fano  
Cassandra Matthews  
Maureen Taylor

Eduardo Bernal  
Gloria Betts  
Shantae Jones  
Erick Myrick

**Marie Nkumbe**  
Financial Systems Manager

**Emmanuel Amoako-Boateng**  
Grants Program Manager

**Brian Searcy**  
Lead Customer Service Representative

Princess Lipscomb

Salome Amoussou

**Robin Sharps**  
Accounts Payable Supervisor

Cheryl Jones-Ables  
Kennesha Walsh

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 AUDITOR'S REPORT

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  
Washington, D.C.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the University of the District of Columbia (the University), a component unit of the Government of the District of Columbia, and the University of the District of Columbia Foundation, Inc, and the District of Columbia Law School Foundation, the discretely presented component units of the University, as of and for the year ended September 30, 2024, and 2023, 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 present fairly, in all material respects, the financial position of the University and the discretely presented component units as of September 30, 2024, and 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of the District of Columbia Foundation, Inc., and the District of Columbia School of Law Foundation, which represent 100 percent, of the assets, net position and revenues of the University's discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for those components' units, is based solely on the report of the other auditors.

#### ***Basis for Opinion***

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

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

The University's 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.





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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, located as listed in the table of contents, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with



# McConnell Jones

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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*McConnell Jones LLP*

Washington, D.C.  
January 3, 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, 2024 and 2023

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, 2024, and 2023, with 2022 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. The right-to-use assets, lease receivables, long-term lease and subscription liabilities, and deferred inflows of resources in the financial statements are the result of applying GASB Statement No. 87 *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* on the University's long-term lease and subscription contracts.

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

**UNIVERSITY OF THE DISTRICT OF COLUMBIA**  
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Management's Discussion and Analysis

September 30, 2024 and 2023

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.

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.



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Management's Discussion and Analysis

September 30, 2024 and 2023

**Financial Highlights**

***Condensed Financial Information***

Table 1 – Condensed Statements of Net Position as of September 30, 2024, 2023 and 2022 (in \$000):

	<u>2024</u>	<u>2023</u>	<u>Restated 2022</u>
<b>Assets:</b>			
Current assets	\$ 75,097	\$ 72,366	\$ 56,870
Noncurrent assets:			
Investments	63,660	53,979	48,247
Capital assets, net	284,803	283,767	288,221
Long-term lease receivables	7,385	11,413	15,866
Other	55	55	55
Total assets	<u>431,000</u>	<u>421,580</u>	<u>409,259</u>
<b>Liabilities:</b>			
Current liabilities	54,263	49,085	41,174
Noncurrent liabilities:			
Long-term liabilities	19,972	28,048	34,766
Total liabilities	<u>74,235</u>	<u>77,133</u>	<u>75,940</u>
Deferred Inflows of Resources:			
Lease related	12,006	15,884	20,206
Total Deferred Inflows of Resources	<u>12,006</u>	<u>15,884</u>	<u>20,206</u>
<b>Net position:</b>			
Net investment in capital assets	256,755	247,606	246,243
Restricted: Nonexpendable	7,568	7,568	7,568
Expendable	3,677	3,594	2,677
Unrestricted	76,759	69,795	56,625
Total net position	<u>\$ 344,759</u>	<u>\$ 328,563</u>	<u>\$ 313,113</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, 2024 and 2023

Table 2 – Condensed Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended September 30, 2024, 2023 and 2022 (in \$000):

	<u>2024</u>		<u>2023</u>		<u>2022</u>
Operating revenues:					
Tuition and fees	\$ 23,828	\$	22,578	\$	22,495
Federal, local and private grants and contracts	25,625		49,232		45,051
Auxiliary enterprises and other sales and services	461		413		374
Other	967		1,410		2,210
Total operating revenues	<u>50,881</u>		<u>73,633</u>		<u>70,130</u>
Less operating expenses	<u>(199,131)</u>		<u>(193,183)</u>		<u>(193,764)</u>
Operating Loss	<u>(148,250)</u>		<u>(119,550)</u>		<u>(123,634)</u>
Non-operating revenues (expenses) net:					
District of Columbia appropriations	101,463		96,502		93,959
Investment income (net of investment expenses)	13,565		5,163		(10,257)
Other gifts/grants	9,134		5,918		7,904
Lease interest	135		173		148
Lease revenue	4,481		4,351		3,206
Total non-operating revenues, net	<u>128,778</u>		<u>112,107</u>		<u>94,960</u>
(Decrease) in net position before capital appropriations	<u>(19,472)</u>		<u>(7,443)</u>		<u>(28,674)</u>
Capital appropriations	<u>35,668</u>		<u>22,893</u>		<u>18,792</u>
Increase in net position	<u>16,196</u>		<u>15,450</u>		<u>(9,881)</u>
Net position, beginning of year	<u>328,563</u>		<u>313,113</u>		<u>322,995</u>
Net position, end of year	<u>\$ 344,759</u>	\$	<u>328,563</u>	\$	<u>313,113</u>

The net position increased by \$16.2 million or 4.9%, from \$328.6 million in FY 2023 to \$344.8 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 account and a \$6.8 million increase in investment income resulting from strong market performance in FY 2024.

The net position increased by \$15.5 million or 5.0%, from \$313.1 million in FY 2022 to \$328.6 million in FY 2023. The change was mainly due to a \$15.4 million or 150.3% increase in investment income resulting from a significant improvement in market conditions in FY 2023.

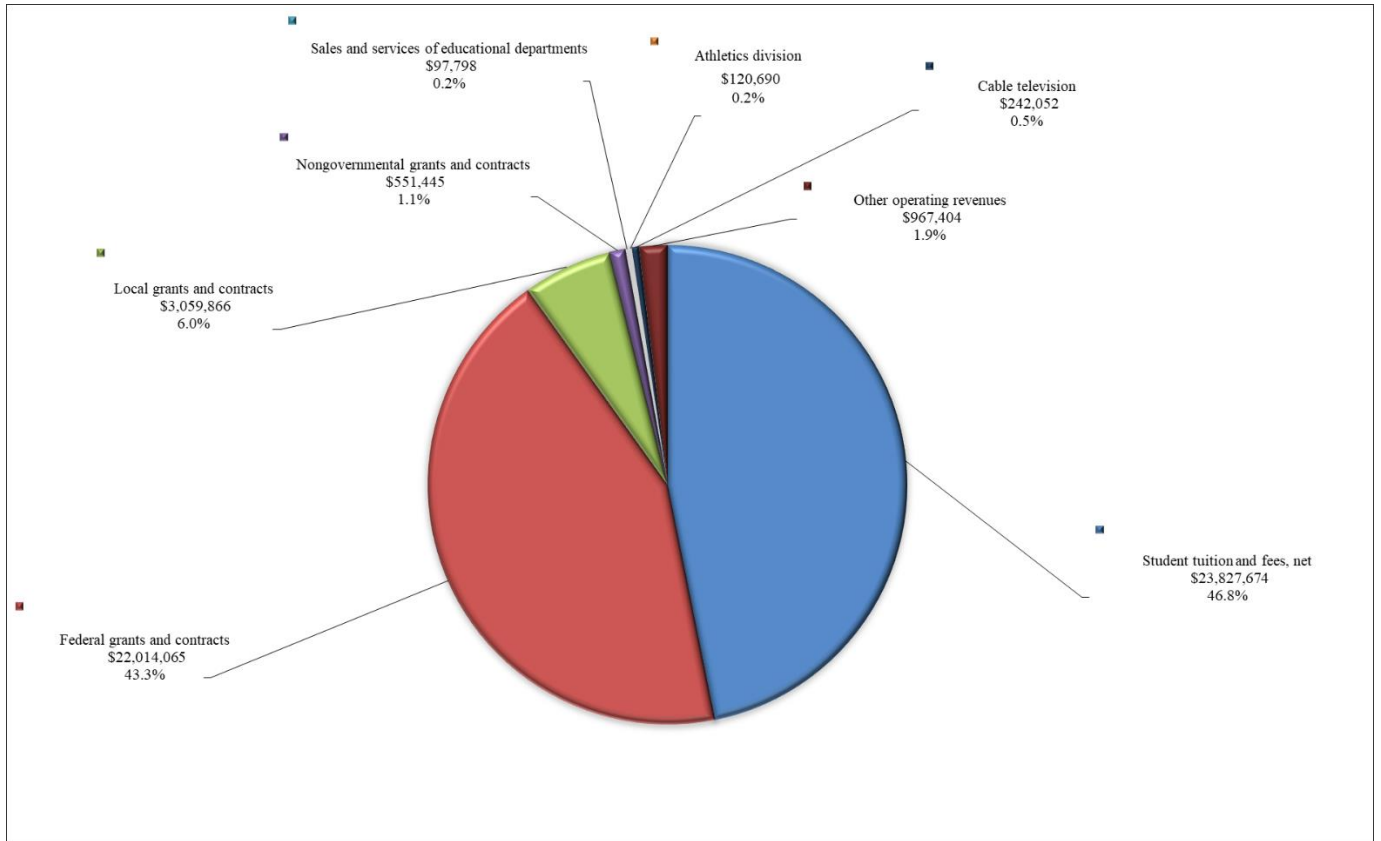
**UNIVERSITY OF THE DISTRICT OF COLUMBIA**  
(A Component Unit of the Government of the District of Columbia)

Management’s Discussion and Analysis

September 30, 2024 and 2023

**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 decrease in federal grant activity resulting from the CARES/HEERF grants awards ended 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.

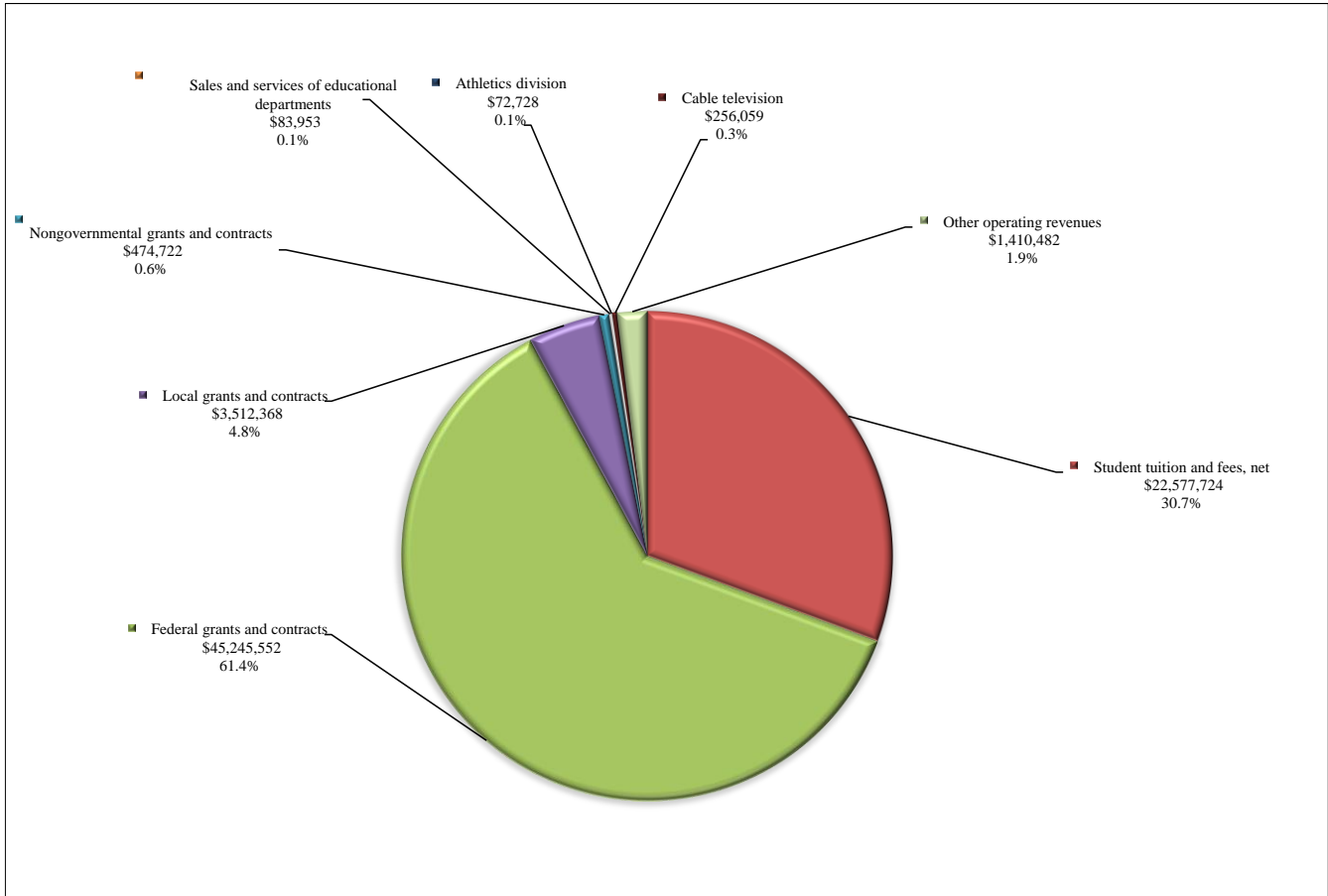
**UNIVERSITY OF THE DISTRICT OF COLUMBIA**  
(A Component Unit of the Government of the District of Columbia)

Management’s Discussion and Analysis

September 30, 2024 and 2023

**OPERATING REVENUES BY SOURCE**

\$73.6 million in FY 2023



Total operating revenues increased by \$3.5 million or 5%, from \$70.1 million in FY 2022 to \$73.6 million in FY 2023. The change was primarily due to an increase in Federal grants and contracts and student tuition and fees, net. This increase was offset by decreases in local and non-governmental contracts and other operating revenues. Federal grants and contracts increased by \$5.1 million or 12.8% primarily due to an increase in federal grant activity resulting from the CARES/HEERF funds awarded during FY 2023 and student tuition and fees, net, increased by \$0.1 million or 0.4%. Nongovernment grants and contracts decreased by \$0.4 million or 44.0% and local grants decreased by \$0.6 million or 13.9% due to expired grants and a reduction of spending on the grants in FY 2023. Other operating revenues decreased by \$0.8 million or 36.2% primarily due to the decrease in prior year cost recovery in FY 2023 than in FY 22.

Total non-operating revenues increased by \$17.1 million or 18.1%, from \$94.9 million in FY 2022 to \$112.1 million in FY 2023. The change was primarily due to an increase in investment income resulting from improved market performance, increased in District of Columbia appropriations, and an increase in gifts for scholarships. The increase was primarily offset by a decrease in Federal non-operating revenues.



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

Management's Discussion and Analysis

September 30, 2024 and 2023

**OPERATING EXPENSES BY FUNCTION**

\$199.1 million in FY 2024

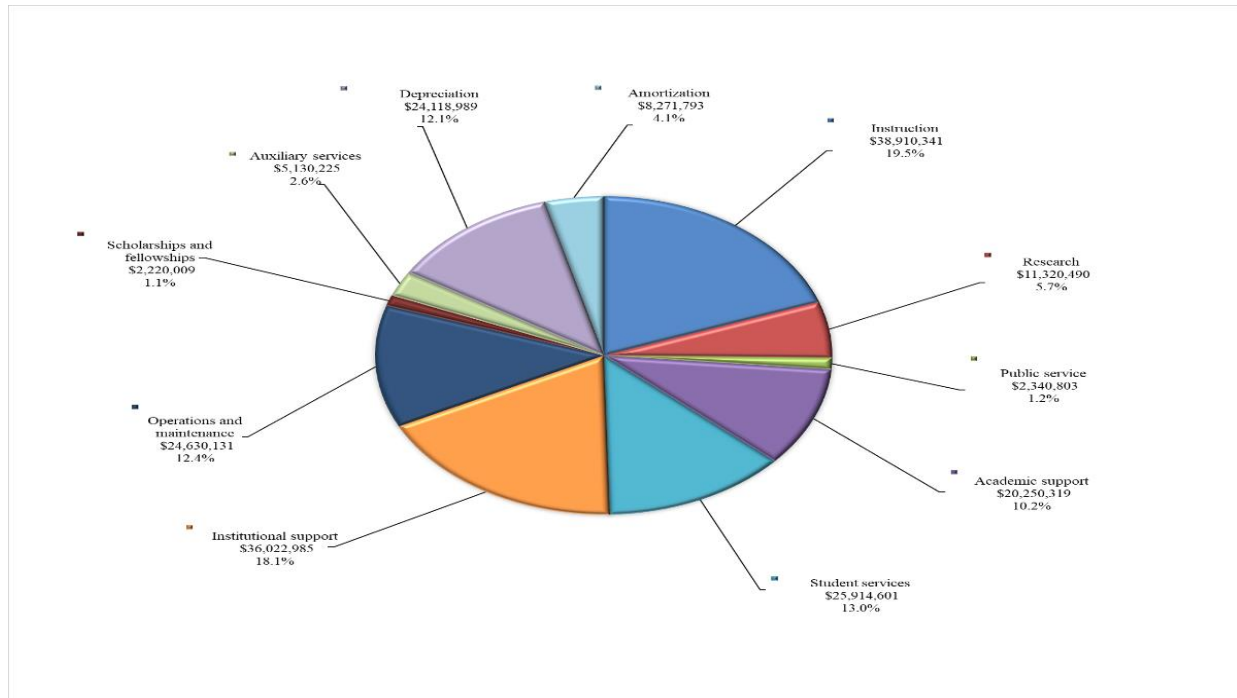


Table 3 – Expenses by Function for the Years Ended September 30, 2024 and 2023 (in \$000):

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**  
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Management’s Discussion and Analysis

September 30, 2024 and 2023

**OPERATING EXPENSES BY FUNCTION**

\$193.1 million in FY 2023

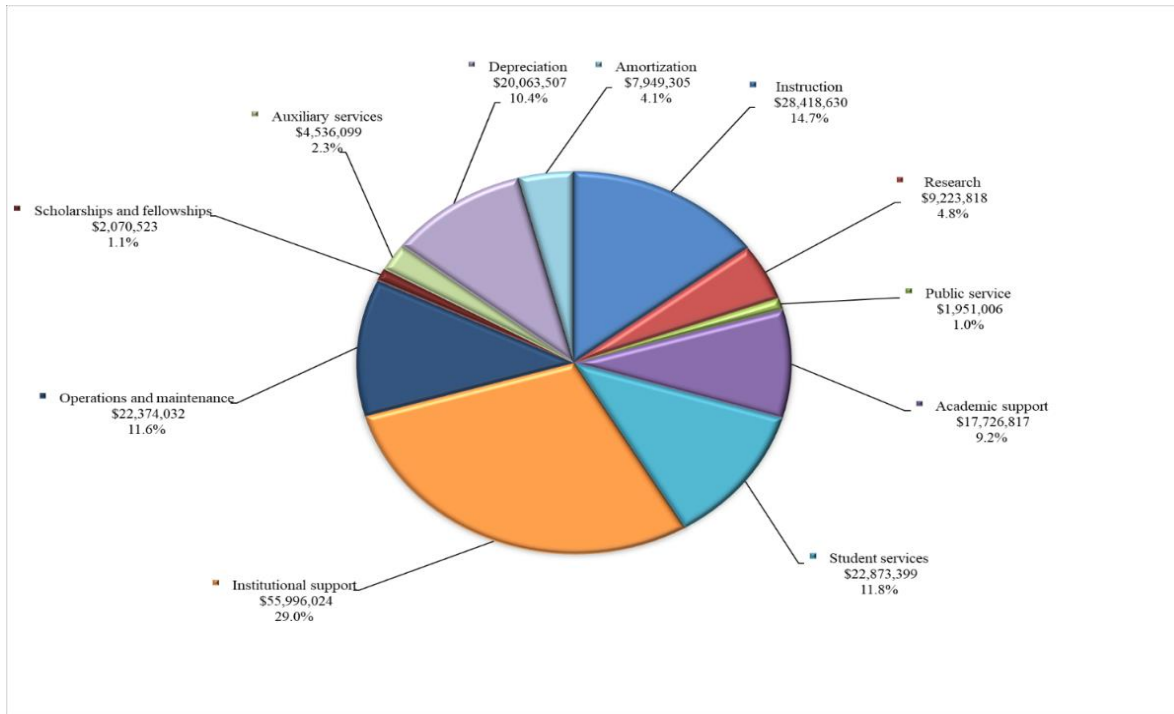


Table 4 – Expenses by Function for the Years Ended September 30, 2023 and 2022 (in \$000):

Expenses by function	FY 2023		FY 2022		Increase/(Decrease)	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent change
Instruction	\$ 28,419	14.7%	\$ 38,993	20.1%	\$ (10,574)	(27.1)%
Research	9,224	4.8	9,611	5.0	(387)	-4.0
Public service	1,951	1.0	2,114	1.1	(163)	-7.7
Academic support	17,727	9.2	17,708	9.1	19	0.1
Student services	22,873	11.8	26,846	13.9	(3,973)	-14.8
Institutional support	55,996	29.0	46,707	24.1	9,289	19.9
Operations and maintenance	22,374	11.6	20,802	10.7	1,572	7.6
Scholarships and fellowships	2,071	1.1	1,392	0.7	679	48.8
Auxiliary services	4,536	2.3	3,280	1.7	1,256	38.3
Depreciation	20,063	10.4	18,580	9.6	1,483	8.0
Amortization	7,949	4.1	7,731	4.0	218	2.8
	\$ 193,183	100.0%	\$ 193,764	100.0%	\$ (581)	-0.30%

The \$0.58 million or .3% decrease in expense by functional activities from FY 2022 to FY 2023 was primarily due to decrease in instruction by \$10.6 million or 27.1%, and student service by \$3.9 million or 14.8%. The decreases were offset by an increase in institutional support by \$9.3 million or 19.9%, operation and maintenance by \$1.6 million or 7.6%, Auxiliary service by \$1.48 million or 8.0%, and depreciation by \$1.48 million or 8%.

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

Management's Discussion and Analysis

September 30, 2024 and 2023

**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 2024 and Fall 2023 semesters was 4,202 and 3,855 students, respectively, representing an increase of 9.0%. In Fall 2024 and Fall 2023, the student body was comprised of 80% and 67.6% District residents, 9% and 10.4% Metro area residents, and 20% and 23.9% non-residents, respectively. Full time equivalent enrollments are 3,211 for Fall 2024 and 2,897 for Fall 2023.

Total student tuition and fees, net revenues increased by \$1.2 million or 5.5% from \$22.6 million in FY 2023 to \$23.8 million in FY 2024. Total student tuition and fees, net revenues increased by \$0.1 million or 0.4% from \$22.5 million in FY 2022 to \$22.6 million in FY 2023.

**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 \$317.0 million, for FY 2024 through FY 2029, 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 over 40% 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.

In FY 2024, the University enrollment continued to rebound from the effects of the pandemic. Fall 2024 enrollment increased by 347 students, or 9% from Fall 2023. The University is also projecting Fall 2025 enrollment will increase by 6%. These increases are attributed to targeted marketing and recruitment efforts as well as increased staffing in the Office of Enrollment Services. 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 onsite food services, increased due to the launch of the food court in the Student Center and increased lease and rental revenue, which is projected to continue into 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, 2<sup>nd</sup> 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, 2024 and 2023**

	2024		2023	
	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)
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 34,328,394	\$ -	\$ 32,260,969	\$ -
Cash and cash equivalents (restricted)	3,677,194	718,190	3,593,699	1,570,315
Accounts receivable, net	9,571,811	-	8,477,547	-
Grants and contracts receivable	12,262,361	-	12,203,575	-
Due from the District of Columbia	9,511,273	-	8,881,991	-
Accrued interest receivable	37,588	-	44,721	-
Lease receivable - current portion	4,621,336	-	4,470,357	-
Other receivable	-	1,008,309	1,700,739	940,978
Other current assets	1,087,269	47,237	732,198	29,425
<b>Total Current Assets</b>	<b>75,097,226</b>	<b>1,773,736</b>	<b>72,365,796</b>	<b>2,540,718</b>
<b>Noncurrent assets:</b>				
Investments	56,091,666	-	46,410,728	-
Investment (restricted)	7,568,086	30,483,895	7,568,086	26,622,607
Depreciable and amortizable capital assets, net	243,995,398	-	250,531,187	-
Non-depreciable capital assets	40,807,658	480,492	33,235,496	480,492
Long-term lease receivables	7,384,680	-	11,413,190	-
Other long-term receivables	55,100	-	55,100	-
Other noncurrent assets	-	245,155	-	205,919
<b>Total Noncurrent Assets</b>	<b>355,902,588</b>	<b>31,209,542</b>	<b>349,213,787</b>	<b>27,309,018</b>
<b>Total Assets</b>	<b>430,999,814</b>	<b>32,983,278</b>	<b>421,579,583</b>	<b>29,849,736</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	11,319,650	109,062	9,304,243	184,687
Accrued payroll	7,062,829	-	7,747,432	-
Litigation contingencies	2,140,500	-	125,000	-
Compensated absences	8,901,301	-	8,812,918	-
Unearned revenues	10,624,814	-	9,303,010	-
Due to the District of Columbia	21,547	-	136,649	-
Lease liabilities - current portion	7,652,223	-	7,320,345	-
Subscription liabilities - current portion	433,396	-	792,282	-
Other current liabilities	6,106,137	1,001,338	5,542,735	410,091
<b>Total Current Liabilities</b>	<b>54,262,397</b>	<b>1,110,400</b>	<b>49,084,614</b>	<b>594,778</b>
<b>Noncurrent Liabilities:</b>				
Long-term lease liabilities	19,405,295	-	27,057,518	-
Long-term subscription liabilities	557,302	-	990,698	-
Other long-term liabilities	9,571	-	-	-
<b>Total Noncurrent Liabilities</b>	<b>19,972,168</b>	<b>-</b>	<b>28,048,216</b>	<b>-</b>
<b>Total Liabilities</b>	<b>74,234,565</b>	<b>1,110,400</b>	<b>77,132,830</b>	<b>594,778</b>
<b>Deferred Inflows of Resources:</b>				
Lease related	12,006,016	-	15,883,547	-
<b>Total Deferred Inflows of Resources</b>	<b>12,006,016</b>	<b>-</b>	<b>15,883,547</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	256,754,840	480,492	247,605,840	480,492
Restricted:				
Nonexpendable endowments	7,568,086	25,157,471	7,568,086	23,997,916
Expendable:				
Pre-K enhancement	3,677,194	-	3,593,699	-
Unrestricted	76,759,113	6,234,915	69,795,581	4,776,550
<b>Total Net Position</b>	<b>\$ 344,759,233</b>	<b>\$ 31,872,878</b>	<b>\$ 328,563,206</b>	<b>\$ 29,254,958</b>

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, 2024 and 2023**

	2024		2023	
	University of the District of Columbia	University of the District of Columbia Foundations (Component Units)	University of the District of Columbia	University of the District of Columbia Foundations (Component Units)
<b>Revenues</b>				
<b>Operating revenues:</b>				
Student tuition and fees, net	\$ 23,827,674	\$ -	\$ 22,577,724	\$ -
Federal grants and contracts	22,014,065	-	45,245,552	-
Local grants and contracts	3,059,866	-	3,512,368	-
Nongovernmental grants and contracts	551,445	130,000	474,722	148,000
Sales and services of educational departments	97,798	-	83,953	-
Auxiliary enterprise:				
Athletics division	120,690	-	72,728	-
Cable television	242,052	-	256,059	-
Contributions	-	2,649,336	-	3,466,169
In-kind revenues	-	6,000	-	183,804
Other operating revenues	967,404	183,103	1,410,482	165,811
Total Operating Revenues	50,880,994	2,968,439	73,633,588	3,963,784
<b>Expenses</b>				
<b>Operating expenses:</b>				
Salaries	76,175,001	-	72,434,242	-
Benefits	17,572,549	-	16,774,509	-
Scholarships and fellowships	23,883,523	1,171,348	25,499,200	1,432,828
Contractual services, supplies and other	40,999,620	-	42,083,254	-
Utilities and other	8,109,210	-	8,389,617	-
Program services	-	3,129,269	-	3,183,920
Management & general	-	351,157	-	744,601
Fundraising	-	409,922	-	195,062
Depreciation	24,118,989	-	20,053,035	-
Lease amortization	7,398,394	-	7,398,394	-
Subscription amortization	873,400	-	550,911	-
Total Operating Expenses	199,130,686	5,061,696	193,183,162	5,556,411
Operating Loss	(148,249,692)	(2,093,257)	(119,549,574)	(1,592,627)
<b>Non-operating revenues (expenses) net:</b>				
District of Columbia appropriations	101,463,185	-	96,502,038	-
Investment (loss)/income, (net of investment expenses)	13,565,332	4,711,177	5,162,694	2,668,208
Gifts for scholarships	3,054,512	-	2,378,728	-
Federal non-operating grants	6,079,151	-	3,539,222	-
Lease interest revenue	134,625	-	172,786	-
Lease revenue	4,480,958	-	4,351,564	-
Total Non-operating revenues (expenses), net	128,777,763	4,711,177	112,107,032	2,668,208
Loss before other revenues, expenses, gains, or losses	(19,471,929)	2,617,920	(7,442,542)	1,075,581
Capital appropriations	35,667,956	-	22,892,341	-
Change in Net Position	16,196,027	2,617,920	15,449,799	1,075,581
<b>Net position</b>				
Net Position, Beginning	328,563,206	29,254,958	313,113,407	28,179,377
Net Position, Ending	\$ 344,759,233	\$ 31,872,878	\$ 328,563,206	\$ 29,254,958

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, 2024 and September 30, 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Tuition and fees	\$ 25,945,848	\$ 21,605,881
Grants and contracts	26,080,636	46,849,995
Payments to vendors	(45,605,462)	(50,473,884)
Payments to employees	(94,343,770)	(86,283,198)
Other payments	(22,012,804)	(21,000,969)
Net cash used by operating activities	(109,935,552)	(89,302,175)
<b>Cash flows from non-capital financing activities:</b>		
District of Columbia appropriations - operating	101,463,185	96,502,038
(Distributions to) the District of Columbia	(1,160,756)	(310,335)
Gifts for scholarships	3,054,512	2,378,728
Direct loan receipts	(13,515,947)	(9,246,486)
Direct loan payments	13,515,947	9,246,486
Federal Pell grant	6,079,151	3,539,222
Net cash provided by non-capital financing activities	109,436,092	102,109,653
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(32,779,572)	(20,659,415)
Capital appropriations	35,667,956	22,892,341
Interest expense	(642,057)	(767,109)
Lease payment	(8,103,056)	(7,938,833)
Lease interest	134,625	185,259
Lease revenue	4,480,958	4,351,564
Net cash used by capital and related financing activities	(1,241,146)	(1,936,193)
<b>Cash flows from investing activities:</b>		
Proceeds from sales/maturities of long-term investments	62,508,716	6,849,278
Investment income	2,900,874	936,926
Investment expense	(27,450)	(143,018)
Purchase of investments	(61,490,613)	(8,216,709)
Net cash provided by (used by) investing activities	3,891,527	(573,523)
Net change in cash and cash equivalents	2,150,921	10,297,762
Cash and cash equivalents, beginning	35,854,667	25,556,905
Cash and cash equivalents, ending	\$ 38,005,588	\$ 35,854,667
<b>Reconciliation of operating loss to net cash used by operating activities:</b>		
Operating loss	\$ (148,249,692)	\$ (119,549,574)
Adjustments to reconcile operating loss to net cash:		
Depreciation	24,118,989	20,053,035
Lease Amortization	7,398,394	7,398,394
Subscription Amortization	873,400	550,911
Change in asset and liability:		
(Increase)/ Decrease in assets:		
Accounts receivable, net	606,475	(1,209,620)
Grants and contracts receivable	472,688	(2,823,349)
Other current assets	(355,071)	(732,198)
Increase/ (Decrease) in liabilities:		
Accounts payable and accrued liabilities	3,346,304	2,736,426
Compensated absences	88,383	563,685
Unearned revenue	1,321,804	685,106
Due to the District of Columbia	(115,102)	64,609
Other current liabilities	557,877	2,960,400
Net cash used for operating activities	\$ (109,935,552)	\$ (89,302,175)

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, 2024 and 2023**

ASSETS	University of the District of Columbia Foundation, Inc.		University of the District of Columbia School of Law Foundation		Total	
	2024	2023	2024*	2023*	2024	2023
<b>Current assets</b>						
Cash and cash equivalents	\$ 254,781	\$ 1,370,545	\$ 463,409	\$ 199,770	\$ 718,190	\$ 1,570,315
Investments	19,116,687	15,316,450	11,367,208	11,306,157	30,483,895	26,622,607
Accounts receivables	-	-	-	-	-	-
Other receivables	966,409	877,006	41,900	63,972	1,008,309	940,978
Prepaid Expenses	42,440	24,727	4,797	4,698	47,237	29,425
<b>Total Current assets</b>	<u>20,380,317</u>	<u>17,588,728</u>	<u>11,877,314</u>	<u>11,574,597</u>	<u>32,257,631</u>	<u>29,163,325</u>
<b>Noncurrent assets</b>						
Artwork collection	480,492	480,492	-	-	480,492	480,492
Other noncurrent assets	245,155	205,919	-	-	245,155	205,919
<b>Total Noncurrent assets</b>	<u>725,647</u>	<u>686,411</u>	<u>-</u>	<u>-</u>	<u>725,647</u>	<u>686,411</u>
<b>Total Assets</b>	<u>21,105,964</u>	<u>18,275,139</u>	<u>11,877,314</u>	<u>11,574,597</u>	<u>32,983,278</u>	<u>29,849,736</u>
<b>LIABILITIES &amp; NET ASSETS</b>						
<b>Current Liabilities</b>						
Accounts payable	109,062	184,687	-	-	109,062	184,687
Accrued expenses	80,168	43,728	-	-	80,168	43,728
Academic awards payable	-	-	921,170	366,363	921,170	366,363
<b>Total Liabilities</b>	<u>189,230</u>	<u>228,415</u>	<u>921,170</u>	<u>366,363</u>	<u>1,110,400</u>	<u>594,778</u>
<b>Net Assets</b>						
Without Donor Restrictions	5,922,618	4,567,339	792,789	689,703	6,715,407	5,257,042
With Donor Restrictions	14,994,116	13,479,385	10,163,355	10,518,531	25,157,471	23,997,916
<b>Total Net Assets</b>	<u>\$ 20,916,734</u>	<u>\$ 18,046,724</u>	<u>\$ 10,956,144</u>	<u>\$ 11,208,234</u>	<u>\$ 31,872,878</u>	<u>\$ 29,254,958</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 21,105,964</u>	<u>\$ 18,275,139</u>	<u>\$ 11,877,314</u>	<u>\$ 11,574,597</u>	<u>\$ 32,983,278</u>	<u>\$ 29,849,736</u>

\* As of June 30, 2024 and 2023, 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)

**Statement of Activities**  
**For the Years Ended September 30, 2024 and 2023**

	University of the District of Columbia Foundation, Inc.		University of the District of Columbia School of Law Foundation		Total	
	2024	2023	2024*	2023*	2024	2023
<b>REVENUE &amp; SUPPORT</b>						
Contributions	\$ 2,235,154	\$ 2,884,017	\$ 414,182	\$ 582,152	\$ 2,649,336	\$ 3,466,169
In-kind revenue	-	-	6,000	183,804	6,000	183,804
Other	183,088	163,875	15	1,936	183,103	165,811
Grants	-	-	130,000	148,000	130,000	148,000
Interest & dividends	485,740	535,527	207,765	210,370	693,505	745,897
Net realized and unrealized gains/(losses) on investments	3,216,777	1,074,546	800,895	847,765	4,017,672	1,922,311
Total Revenue & Support	<u>6,120,759</u>	<u>4,657,965</u>	<u>1,558,857</u>	<u>1,974,027</u>	<u>7,679,616</u>	<u>6,631,992</u>
<b>EXPENSES</b>						
Program services	1,463,437	1,320,346	1,665,832	1,863,574	3,129,269	3,183,920
Scholarship & fellowship	1,171,348	1,432,828	-	-	1,171,348	1,432,828
Management & general	218,177	627,421	132,980	117,180	351,157	744,601
Fundraising	397,787	94,867	12,135	100,195	409,922	195,062
Total Expenses	<u>3,250,749</u>	<u>3,475,462</u>	<u>1,810,947</u>	<u>2,080,949</u>	<u>5,061,696</u>	<u>5,556,411</u>
Change in Net Assets	2,870,010	1,182,503	(252,090)	(106,922)	2,617,920	1,075,581
Net Assets - Beginning of Year	<u>18,046,724</u>	<u>16,864,221</u>	<u>11,208,234</u>	<u>11,315,156</u>	<u>29,254,958</u>	<u>28,179,377</u>
Net Assets - End of Year	<u>\$ 20,916,734</u>	<u>\$ 18,046,724</u>	<u>\$ 10,956,144</u>	<u>\$ 11,208,234</u>	<u>\$ 31,872,878</u>	<u>\$ 29,254,958</u>

\* As of June 30, 2024 and 2023, 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, 2024 and 2023

**(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.

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

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

Notes to Basic Financial Statements

September 30, 2024 and 2023

**(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.

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

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

Notes to Basic Financial Statements

September 30, 2024 and 2023

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 by-laws of the Foundation.

**(b) *Measurement Focus and Basis of Accounting***

Measurement focus refers to what is being measured; 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 accounting and reporting purposes into three net position categories depending on the presence or absence of externally imposed restrictions. Accordingly, the accompanying comparative financial



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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, attributable to the acquisition, construction, or improvement of those assets.

**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.

(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

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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.

**(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

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revenues, expenses, and changes in net position. For the years ended September 30, 2024 and 2023, 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 fair market value 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 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 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 lease right-to-use asset is measured as the lease liability, plus any lease payments made at or before the lease commencement date, plus direct cost, minus incentive received.

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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 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. 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***

**Benefit Accumulation Policies**

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 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

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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.

Other than as noted above, the University does not record a liability for accumulated rights to receive sick pay benefits. 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.

**(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 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

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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, 2024 and 2023.

**(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 thirty post-1987 (DC Defined Contribution) employees. The cost of providing such benefits to employees hired on or prior to 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.

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 \$38,446 and \$65,987 for post-retirement health premiums paid during FY 2024 and 2023, respectively. Two retirees received post-retirement health benefits during the fiscal years ended September 30, 2024 and 2023, respectively. The District, which is legally responsible for the contributions to 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.

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(t) ***Adoption of new Accounting Standards***

**New Accounting Standards Adopted**

*Statement No. 99, Omnibus 2022: (Sections applicable to FY 2024 and afterward only).* This statement addresses the requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosure of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34 as amended, and terminology updates related to statement 53 and statement 63 are effective up on issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, the University fiscal year 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter, the University fiscal year 2024. Implementation of this statement had no effect on the financial statements of the University.

*Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62:* This statement addresses corrections of errors in previously issued financial statements and the reporting of accounting changes. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, the University fiscal year 2024. 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. 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 requirements of this Statement are effective for fiscal years beginning after December 15, 2023, the University fiscal year 2025.

*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 requirements of this Statement are effective for fiscal years beginning after June 15, 2024, the University fiscal year 2025.

*Statement No. 103, Financial Reporting Model Improvements:* This statement addresses to improve 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, the University fiscal year 2026.

*Statement No. 104, Disclosure of Certain Capital Assets:* This statement addresses the disclosure of certain capital assets like lease assets, subscription assets to be disclosed separately by major class of underlying assets in the capital assets notes. The requirements of this Statement are effective for fiscal



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years beginning after June 15, 2025, the University fiscal year 2026.

**(u) Subsequent Events**

The University evaluated subsequent events and transactions through January 3, 2025, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

**(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 Pre-K enhancement project.

The University's cash and cash equivalents as of September 30, 2024 and 2023, are reflected in Table 2 and Table 3:

Table 2 – Unrestricted and restricted cash and cash equivalents as of September 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents:		
Unrestricted:		
Wells Fargo	\$ 27,046,288	\$ 27,243,587
JP Morgan Chase	114,500	114,500
Stifel	6,965,828	4,701,104
FVC Bank	100,848	100,848
Industrial Bank	100,930	100,930
Subtotal unrestricted	34,328,394	32,260,969
Restricted:		
Wells Fargo	3,677,194	3,593,699
Subtotal restricted	3,677,194	3,593,699
Total cash and cash equivalents	\$ 38,005,588	\$ 35,854,668

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Table 3 – Summary of cash and cash equivalents as of September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and demand deposits:		
Wells Fargo	\$ 30,723,482	\$ 30,837,286
JP Morgan Chase	114,500	114,500
Stifel	6,965,828	4,701,104
Subtotal cash and demand deposits	<u>37,803,810</u>	<u>35,652,890</u>
Certificates of deposit:		
FVC Bank	100,848	100,848
Industrial Bank	100,930	100,930
Subtotal certificates of deposit	<u>201,778</u>	<u>201,778</u>
Total cash and cash equivalents	<u>\$ 38,005,588</u>	<u>\$ 35,854,668</u>

As of September 30, 2024, and 2023, the bank balances of cash on deposit were \$39,043,065 and \$36,565,392, respectively, with reconciling differences primarily related to outstanding checks. The FDIC standard deposit insurance amount is \$250,000 per depositor, per insured bank. Currently, the Wells Fargo account has a balance that exceeds the insured amount, by \$31,625,459 and is collateralized by securities held by the District or by its agent in the District's name. The Stifel account balance of \$6,965,828 consists of cash held as investments which are normally in money market products and, therefore, do not require collateralization.

**(4) Receivables**

The University's receivable balances as of September 30, 2024 and 2023 are reflected in Table 4:

Table 4 – Receivable balances as of September 30, 2024 and 2023:

	<u>2024</u>		
	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Accounts receivable	\$ 15,626,859	(6,055,047)	\$ 9,571,811
Grants receivable	12,262,361	-	12,262,361
	<u>2023</u>		
	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Accounts receivable	\$ 12,167,771	(3,690,224)	\$ 8,477,547
Grants receivable	12,203,575	-	12,203,575

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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 and Stifel as of September 30, 2024, were \$70.7 million. Investments held by Stifel as of September 30, 2023, were \$58.7 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; (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.

Post-Secondary Education Fund: Consists of contributions and gifts received by the University and funds received for services. The Fund also includes the proceeds from the sale of the University's radio station, WDCU. Other sources of funds donated to the university for Endowment purposes will be consolidated into this Fund unless designated as restricted by the donor. The Post-Secondary Education Fund is an unrestricted fund.

**(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 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/emerging markets bonds of 8% (maximum: 25%). On September 30, 2024, the actual exposure to each of these asset classes was 13.6%, 5.0% and 0.8%, 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 counter party or (b) the counter party'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, 2024 and 2023.

*(f) Derivative and Alternative Investments*

The University's investment portfolio does not include any outright purchase of derivatives. Some derivatives 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, 2024, 9.7% was invested in alternative strategies.

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Table 5 – Summary of University Investments, Cash and Cash Equivalents as of September 30, 2024 and 2023:

	Fair Market Value	
	<u>2024</u>	<u>2023</u>
<b>TRUIST Asset Classes</b>		
Cash & Short Maturity Bonds	\$ 6,965,791	\$ -
U.S. equity securities	130,879	-
International diversified funds (ETF)	6,473,393	-
Large cap core funds (ETF)	20,947,699	-
Mid cap core funds (ETF)	1,379,702	-
Federal government funds (ETF)	8,007,966	-
Balanced Mutual Fund	1,945,796	-
Equities	18,050,344	-
Fixed income	5,634,095	-
<i>Subtotal</i>	<u>\$ 69,535,665</u>	<u>\$ -</u>
<b>STIFEL Asset Classes</b>		
Cash & Short Maturity Bonds	\$ 37	\$ 4,701,104
Developed Government Bonds	-	2,707,454
Investment Grade Bonds	-	4,701,192
High Yield & Emerging Market Bonds	-	2,088,849
Developed Markets Equities	-	32,346,875
Emerging Markets Equities	84,050	3,429,934
Commodities	-	1,306,218
Real Estate	-	1,560,778
Alternatives Trading Strategies	1,043,416	5,882,235
<i>Subtotal</i>	<u>\$ 1,127,503</u>	<u>\$ 58,724,639</u>
<b>Total</b>	<u><u>\$ 70,663,168</u></u>	<u><u>\$ 58,724,639</u></u>

Included in the above investment balances as of September 30, 2024 and 2023, is cash and cash equivalents of \$6,965,828 and \$4,701,104, respectively.

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 6,965,828	\$ 4,701,104
Accrued Income	37,588	44,721
Investments	63,659,752	53,978,814
<b>Total Investments, Cash and Cash Equivalents</b>	<u><u>\$ 70,663,168</u></u>	<u><u>\$ 58,724,639</u></u>

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**(g) Fair Value Measurements**

Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurements 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, 2024 and 2023, 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, 2024:

	9/30/2024	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
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)	8,007,966	8,007,966	-	-
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>
<b>Investments measured at the net asset value (NAV)</b>				
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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The University's assets measured at fair value on a recurring basis as of September 30, 2023:

	9/30/2023	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)
<b>Investments by fair value level</b>				
Equity securities				
Developed markets equities	\$ 22,461,154	\$ 22,461,154	\$ -	\$ -
Emerging markets equities	1,902,748	1,902,748	-	-
Real estate equities	1,560,778	1,560,778	-	-
Total equity securities	25,924,680	25,924,680	-	-
Fixed income securities				
Developed government bonds	2,685,094	2,685,094	-	-
High yield and emerging markets bonds	833,378	833,378	-	-
Investment grade bonds	4,678,831	4,678,831	-	-
Total fixed income securities	8,197,303	8,197,303	-	-
Mutual Funds				
High yield and emerging markets bonds funds	1,255,471	1,255,471	-	-
Total mutual funds	1,255,471	1,255,471	-	-
Commodities funds	1,306,218	-	-	1,306,218
Total investments by fair value level	\$ 36,683,672	\$ 35,377,454	\$ -	\$ 1,306,218
<b>Investments measured at the net asset value (NAV)</b>				
Long-only international equity:				
International growth private fund	\$ 4,353,004			
International value private fund	5,532,718			
Emerging markets private fund	1,527,186			
Alternative investments:				
Private debt hedge fund	518,262			
Closed-end private equity fund	2,122,088			
Real estate private equity	3,241,884			
Total investment measured at the NAV	17,295,142			
Total investment measured at fair value	\$ 53,978,814			

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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. The securities are rated by Standard and Poor (S&P).

**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.

**Commodities Fund:** The investment objectives of the fund are to provide a partial price hedge with an attractive risk/return profile, as compared to other products using a commodity index or a pool of commodities. Partial or complete redemption may be made, upon five (5) days' prior written notice, on the last business day of each calendar month or at such times and on such terms as the General Partner of the fund may, in his/her sole discretion, allow. The valuation techniques and inputs categorization within the valuation hierarchy is based upon Level 3; and uses the income approach, where the advisor considers a list of factors to determine whether there has been significant decrease in the relation to normal market activity.

**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

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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:

**September 30, 2024:**

Investments	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
International growth private fund <sup>1</sup>	\$ -	\$ -	Monthly	5 days
International value private fund <sup>2</sup>	-	-	Monthly	5 days
Emerging markets private fund <sup>3</sup>	84,050	-	Monthly	30 days
Private debt hedge fund <sup>4</sup>	-	-	Quarterly	90 days
Closed-end private equity fund <sup>5</sup>	1,043,416	-	Quarterly	NA
Real estate private equity <sup>6</sup>	-	-	Monthly	7 days
	<u>\$ 1,127,466</u>			

**September 30, 2023:**

Investments	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
International growth private fund <sup>1</sup>	\$ 4,353,004	\$ -	Monthly	5 days
International value private fund <sup>2</sup>	5,532,718	-	Monthly	5 days
Emerging markets private fund <sup>3</sup>	1,527,186	-	Monthly	30 days
Private debt hedge fund <sup>4</sup>	518,262	-	Quarterly	90 days
Closed-end private equity fund <sup>5</sup>	2,122,088	-	Quarterly	NA
Real estate private equity <sup>6</sup>	3,241,884	-	Monthly	7 days
	<u>\$ 17,295,142</u>			

- International growth private fund:* The fund is designed to pursue long-term capital appreciation by investing in high-quality, attractively valued, non-U.S. growth companies of all market capitalizations. Their investment process is based on a highly analytical research-driven process and builds portfolios from the bottom-up. The strategy invests primarily in developed markets but also may invest up to 20% of the Fund's net assets at market value, at the time of purchase, in emerging markets. Currency hedging is used for defensive purposes and is only used under certain conditions. This fund was sold in FY 2024.

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2. *International value private fund*: This fund seeks to invest in undervalued companies that are generating high returns on capital, are financially strong and are managed by people who are working to build value over time. The investment team seeks to invest in companies with histories of generating strong free cash flow, improving returns on capital and strong competitive positions in their industries. The criteria help rule out businesses that are statistically cheap, but whose values are deteriorating over time. The team believes that investing in companies with strong balance sheets helps to reduce the potential for capital risk and provides company management the ability to build value when attractive opportunities are available. This fund was sold in FY 2024.
3. *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.
4. *Private debt hedge fund*: The Fund operates as a closed-end comingled hedge fund and invest primarily in a portfolio of first lien senior secured loans to North American middle market companies. The Fund may also invest invested in mezzanine, second lien, distressed and other securities or instruments, including securities or instruments of non-North American companies. This fund was sold in FY 2024.
5. *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.
6. *Real estate private equity*: The Trust is a non-exchange traded, perpetual life real estate investment trust that acquires primarily stabilized income-oriented commercial real estate in the United States and, to a lesser extent, real estate-related securities. The objective is to bring Blackstone's leading real estate investment platform with an institutional fee structure and monthly liquidity features to individual investors. There is no public trading market for the stocks, and the repurchase of shares is likely the only way to dispose of the shares which is unguaranteed. The purchase and repurchase price are generally based on the prior month's net asset value ("NAV") (subject to material changes) and are not based on any public trading market. Underlying properties will annually be independently appraised; however, the appraisal of properties is inherently subjective, and the NAV may not accurately reflect the actual price at which our properties could be liquidated on any given day. This fund was sold in FY 2024.

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**(6) Capital Assets**

Capital assets activity for the year ended September 30, 2024, is summarized in Table 6 below:

Table 6 – Capital assets activity for the year ended September 30, 2024:

Asset class	Balance at September 30, 2023	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance at September 30, 2024
<b>Non-depreciable capital assets</b>					
Land	\$ 7,456,544	\$ -	\$ -	\$ -	\$ 7,456,544
Construction in progress	25,778,952	\$ 32,281,970	\$ -	\$ (24,709,808)	33,351,114
<b>Total non-depreciable capital assets</b>	<b>33,235,496</b>	<b>32,281,970</b>	<b>-</b>	<b>(24,709,808)</b>	<b>40,807,658</b>
<b>Depreciable/amortizable capital assets</b>					
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
<b>Total depreciable/amortizable capital assets</b>	<b>496,872,543</b>	<b>1,145,183</b>	<b>(332,969)</b>	<b>24,709,808</b>	<b>522,394,565</b>
<b>Less accumulated depreciation/amortization</b>					
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)
<b>Total accumulated depreciation/amortization</b>	<b>(246,341,356)</b>	<b>(32,390,781)</b>	<b>332,969</b>	<b>-</b>	<b>(278,399,165)</b>
<b>Total depreciable/amortizable capital assets, net</b>	<b>250,531,187</b>	<b>(31,245,598)</b>	<b>-</b>	<b>24,709,808</b>	<b>243,995,398</b>
<b>Net governmental activities capital assets</b>	<b>\$ 283,766,683</b>	<b>\$ 1,036,372</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ 284,803,053</b>

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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Capital assets activity for the year ended September 30, 2023, is summarized in Table 7 below:

Table 7 – Capital assets activity for the year ended September 30, 2023:

Asset class	Balance at October 1, 2022, as restated	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance at September 30, 2023
<b>Non-depreciable capital assets</b>					
Land	\$ 7,456,544	\$ -	\$ -	\$ -	\$ 7,456,544
Construction in progress	19,928,254	20,346,002	-	(14,495,304)	25,778,952
<b>Total non-depreciable capital assets</b>	<b>27,384,798</b>	<b>20,346,002</b>	<b>-</b>	<b>(14,495,304)</b>	<b>33,235,496</b>
<b>Depreciable/amortizable capital assets</b>					
Buildings and improvements	401,293,002	-	-	14,495,304	415,788,306
Library	15,000	-	-	-	15,000
Furniture and fixtures	494,019	-	(151,068)	-	342,951
Equipment and machinery	14,501,895	1,080,521	(1,006,987)	-	14,575,429
Vehicles	275,185	-	-	-	275,185
Land improvements	14,887,466	-	-	-	14,887,466
Right-to-use assets - subscriptions	1,054,294	2,121,634	-	-	3,175,928
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
<b>Total depreciable/amortizable capital assets</b>	<b>480,333,139</b>	<b>3,202,155</b>	<b>(1,158,055)</b>	<b>14,495,304</b>	<b>496,872,543</b>
<b>Less accumulated depreciation/amortization</b>					
Buildings and improvements	(195,404,551)	(17,859,408)	-	-	(213,263,959)
Library	(15,000)	-	-	-	(15,000)
Furniture and fixtures	(398,213)	(8,094)	151,068	-	(255,239)
Equipment and machinery	(9,436,716)	(1,413,642)	1,006,987	-	(9,843,371)
Vehicles	(62,624)	(27,518)	-	-	(90,142)
Land improvements	(6,448,604)	(744,373)	-	-	(7,192,977)
Right-to-use assets - subscriptions	(332,969)	(550,911)	-	-	(883,880)
Right-to-use assets - land	(139,879)	(139,879)	-	-	(279,758)
Right-to-use assets - buildings	(6,791,781)	(6,791,781)	-	-	(13,583,562)
Right-to-use assets - equipment	(466,734)	(466,734)	-	-	(933,468)
<b>Total accumulated depreciation/amortization</b>	<b>(219,497,071)</b>	<b>(28,002,340)</b>	<b>1,158,055</b>	<b>-</b>	<b>(246,341,356)</b>
<b>Total depreciable/amortizable capital assets, net</b>	<b>260,836,068</b>	<b>(24,800,185)</b>	<b>-</b>	<b>14,495,304</b>	<b>250,531,187</b>
<b>Net governmental activities capital assets</b>	<b>\$ 288,220,866</b>	<b>\$ (4,454,183)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 283,766,683</b>

In FY 2023, the University expended \$22.9 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](http://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, 2024, and 2023, were \$58,944 and \$62,255, 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 \$157,807 and \$158,422 for the years ended September 30, 2024 and 2023, 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 2024 payroll for all employees was approximately \$85.7 million, of which employees with total payroll of approximately \$72.5 million were covered under the plan. The pension cost for the years ended September 30, 2024 and 2023 \$4,744,604 and \$3,622,449, respectively. Generally, employees are fully vested immediately in both their contributions and in the University's contributions. Approximately 840 employees were covered by this plan during the year.

(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 plan.

(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 \$2,140,500 and \$125,000 for FY 2024 and 2023, 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, 2024, and 2023, various claims and lawsuits against the University were settled and the University made settlement payments in the amount of \$20,000 and \$319,272 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**

(a) **Lessor Agreements**

The University entered into a contractual agreement as a lessor to lease/sub lease a facility owned or leased by the University. The University entered into various contractual agreements as the lessor to lease/sub lease facilities owned or leased by the University. The University leases for facility space currently extend to no longer than 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 \$4,480,958 and \$134,625 in lease revenue and interest revenue, respectively during the fiscal year ended September 30, 2024.

As of September 30, 2024, Lease receivable 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, 2024.

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

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,621,336	\$ 118,072	\$ 4,739,408
2026	4,708,084	76,288	4,784,372
2027	1,024,587	45,287	1,069,874
2028	246,332	38,630	284,962
2029	225,835	33,246	259,081
2030 to 2034	1,016,061	82,595	1,098,656
2035 to 2036	163,781	2,557	166,338
Total	<u>\$ 12,006,016</u>	<u>\$ 396,675</u>	<u>\$ 12,402,691</u>

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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, 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. Further details on Right-to-Use assets are included in Note 6: Capital Assets.

Table 10 presents the University's expected future minimum principal and interest lease payments as of September 30, 2024

Table 10 – Schedule of Future Minimum Lease Commitments: Minimum lease commitments:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 7,652,223	\$ 471,849	\$ 8,124,072
2026	5,255,868	365,178	5,621,046
2027	1,515,139	324,286	1,839,425
2028	854,243	306,904	1,161,147
2029	893,609	289,482	1,183,091
2030- 2034	3,823,179	1,171,825	4,995,004
2035- 2039	433,700	983,240	1,416,940
2040 - 2044	500,749	916,191	1,416,940
2045 - 2049	578,164	838,776	1,416,940
2050 - 2054	667,547	749,393	1,416,940
2055 - 2059	770,749	646,191	1,416,940
2060 - 2064	889,906	527,034	1,416,940
2065 - 2069	1,027,484	389,456	1,416,940
2070 - 2074	1,186,331	230,609	1,416,940
2075 - 2078	1,008,627	54,078	1,062,705
Total	<u>\$ 27,057,518</u>	<u>\$ 8,264,492</u>	<u>\$ 35,322,010</u>

**(10) 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, 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

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recognized \$23,543 and \$873,400 in subscription interest expense and subscription amortization expenses, respectively. Further details on Right-to-Use assets are included in Note 6: Capital Assets.

Schedule of Future Minimum Lease Commitments: Presents the University's expected future minimum principal and interest lease payments as of September 30, 2024

Table 11 presents the University's expected future minimum principal and interest lease payments as of September 30, 2024

Table 11 – Minimum subscription commitments

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 433,396	\$ 15,860	\$ 449,256
2026	445,344	8,131	453,475
2027	111,958	2,097	114,055
Total	<u>\$ 990,698</u>	<u>\$ 26,088</u>	<u>\$ 1,016,786</u>

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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, 2024 were as follows:

**2024**

	Quoted Prices in Active Markets for Identical Assets <b><u>(Level 1)</u></b>	Significant Other Observable Inputs <b><u>(Level 2)</u></b>	Significant Unobservable Inputs <b><u>(Level 3)</u></b>	<b><u>Total</u></b>
Cash Equivalent	\$ 127,365	\$ -	\$ -	\$ 127,365
Fixed Income	12,109,690	-	-	12,109,690
Equities	6,879,632	-	-	6,879,632
Total Investments	<u>\$ 19,116,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,116,687</u>

The Foundation's balances as of September 30, 2023 were as follows:

**2023**

	Quoted Prices in Active Markets for Identical Assets <b><u>(Level 1)</u></b>	Significant Other Observable Inputs <b><u>(Level 2)</u></b>	Significant Unobservable Inputs <b><u>(Level 3)</u></b>	<b><u>Total</u></b>
Cash Equivalent	\$ 587,729	\$ -	\$ -	\$ 587,729
Fixed Income	10,024,327	-	-	10,024,327
Equities	4,704,394	-	-	4,704,394
Total Investments	<u>\$ 15,316,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,316,450</u>

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***Investments***

The cost and market values of investments as of September 30, 2024 and 2023, are summarized as follows:

	<b>2024</b>		<b>2023</b>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Cash Equivalents	\$ 127,365	127,365	\$ 587,729	587,729
Securities	16,887,118	18,989,322	14,986,492	14,728,721
	\$ 17,014,483	\$ 19,116,687	\$ 15,574,221	\$ 15,316,450

Investment returns were the following for the years ending September 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Interest and dividends	\$ 485,740	\$ 535,527
Unrealized gain	2,359,977	958,055
Realized gain	936,395	177,568
Investment expenses	(79,595)	(61,077)
Total investment income, net	\$ 3,702,517	\$ 1,610,073

Investments were categorized as follows as of September 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Non-Endowment	\$ 127,365	\$ 587,729
Endowment	18,989,322	14,728,721
	\$ 19,116,687	\$ 15,316,450

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***Assets with Donor Restrictions***

Net assets with donor restrictions consist of the following at September 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Subject to expenditure for specified purpose:		
Scholarship and academic programs	\$ 4,764,214	\$ 5,457,740
Accumulated endowment earnings	3,579,224	1,587,490
Endowment to be invested in perpetuity:	6,650,678	6,434,155
<b>Net assets with donor restrictions</b>	<b>\$ 14,994,116</b>	<b>\$ 13,479,385</b>
Purpose restrictions accomplished:		
Scholarship and academic programs	\$ 1,997,939	\$ 2,499,122
Accumulated endowment earnings	277,499	211,579
<b>Net assets released from donor restrictions</b>	<b>\$ 2,275,438</b>	<b>\$ 2,710,701</b>

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:

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



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Changes in net assets for the year ended September 30, 2024, as it relates to endowment funds were as follows:

***Related Party Transactions***

The Foundation reimbursed the University \$135,045 and \$164,950 for the year ended September 30, 2024, and 2023, 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 \$1,214,533 and \$1,478,648 were paid to the University towards scholarships and other student benefit programs for fiscal years 2024 and 2023, respectively. The Foundation's accounts payable due to the University as of September 30, 2024 and 2023 were \$0 and \$131,666, respectively.

***Concentration of Risk***

The Foundation maintains its cash in financial institutions where, at times, balances may exceed the federally insured limit of \$250,000. At September 30, 2024 and 2023, the uninsured cash balances totaled \$4,781 and 1,120,545, respectively. The Foundation has not experienced any losses on such accounts.

***Subsequent Events***

Subsequent events have been evaluated through November 29, 2024, 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 30, 2024.

***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 of 4.6% and 5.00% for the years ended September 30, 2024, and 2023, respectively.

	<b>2024</b>	<b>2023</b>
Amounts due in less than one year	\$ 1,154,409	\$ 1,065,006
Amounts due in one to five years	264,605	231,840
	1,419,014	1,296,846
Less: Allowance for discount balance to present value	(19,450)	(25,921)
Less: Reserve for uncollectible grants	(188,000)	(188,000)
Net receivables	\$ 1,211,564	\$ 1,082,925

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September 30, 2024 and 2023

**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 \$463,409 and \$199,770 as of June 30, 2024 and June 30, 2023, respectively.

The School of Law Foundation has invested in money market funds, government securities and mutual funds through Morgan Stanley in the amount of \$11,367,208 and \$11,306,157 as of June 30, 2024 and June 30, 2023, respectively. These amounts are inclusive of unrealized (loss)/gains of \$521,089 and \$697,008 as on June 30, 2024 and 2023, respectively. All investments of the School of Law Foundation are Level 1 investments.

The School of Law Foundation earned \$207,765 and \$210,370 in interest and dividends in 2024 and 2023, respectively, mostly from Morgan Stanley.

***Other Receivables***

Other receivables consist of the following:

- **Student Loan Receivables:** For fiscal years 2024 and 2023, the students owed \$6,000 and \$18,890, 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 2024 and 2023, advance receivables of \$35,900 and \$45,082, respectively consist of advances made to School of Law staff and contractors.

***Academic Awards Payable***

Academic Awards Payable, as of June 30, 2024 and June 30, 2023 were \$921,170 and \$366,363, respectively. The balance of \$921,170 consisted of the listed scholarships, fellowships, and stipends.

***Net Assets with Donor Restrictions***

The Foundation's restricted net assets for the years ended June 30, 2024 and 2023 were \$10,163,355 and \$10,518,531, respectively.

***Contributions and Donations***

The School of Law Foundation received contributions and donations for support from the general public of its activities during FY 2024 amounted to \$414,182 as compared to \$582,152 in FY 2023. These contributions comprised mostly of small contributions.

***Grants***

The Organization received grants for support from private organizations during FY 2024 and FY 2023 of \$130,000 and \$148,000, respectively.

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***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, 2024 is as follows:

	<b>Bank Statement Amount</b>	<b>Uninsured</b>	<b>FDIC Insured</b>	<b>Carrying Amount</b>
Wells Fargo	\$ 556,219	\$ 250,000	\$ 306,219	\$ 463,409
Total	\$ 556,219	\$ 250,000	\$ 306,219	\$ 463,409

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, 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:

Cash	\$ 463,409
Investments	11,367,208
Other Receivables	41,900
Prepaid Expenses	4,797
Total Financial Assets	\$ 11,877,314

***Subsequent Events***

A review of subsequent period events for the year ended June 30, 2024, was performed through September 9, 2024, the date of this audit report. No events were noted by Management that required disclosure.



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

To the 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  
Washington, D.C.

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements 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, 2024, 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 3, 2025.

### ***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



# McConnell Jones

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

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McConnell Jones LLP*

Washington, D.C.  
January 3, 2025

**REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT.**

 (202) 724-TIPS (8477) and (800) 521-1639

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