Northeastern University

Consolidated Financial Statements
June 30, 2026 and 2025

Northeastern University
Index
June 30, 2026 and 2025

Page(s)

Report of Independent Auditors 1–2

Consolidated Financial Statements

Statements of Financial Position 3

Statements of Activities 4-5

Statements of Cash Flows 6

Notes to Financial Statements 7–29



Report of Independent Auditors

To the Board of Trustees of Northeastern University

Opinion

We have audited the accompanying consolidated financial statements of Northeastern University and its subsidiaries (the "University"), which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of activities, and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud

is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

PricewaterhouseCoopers LLP

Boston, Massachusetts
November 10, 2026

Northeastern University
Consolidated Statements of Financial Position
June 30, 2026 and 2025

(in thousands of dollars)	2026	2025
Assets		
Cash and cash equivalents	$ 211,969	$ 123,484
Accounts and other receivables, net	220,638	165,807
Prepaids and other assets	48,168	52,238
Pledges receivable, net (Note 5)	192,134	194,835
Student and other loans receivable, net	6,678	7,748
Deposits with trustee	308,092	148,714
Operating leases - right of use assets (Note 7)	316,443	488,095
Investments (Notes 4)	2,746,248	2,396,811
Other long-term assets	118,576	93,971
Special Collection	27,835	27,801
Property, plant and equipment, net (Note 6)	3,825,054	3,514,693
Total assets	$ 8,021,835	$ 7,214,197
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	$ 232,677	$ 212,389
Accounts payable on construction projects	24,112	56,311
Deferred revenue and student deposits	236,487	209,496
Refundable advances	56,508	29,624
Other long-term liabilities	140,841	116,960
Operating lease liabilities (Note 7)	353,295	552,131
Finance lease liabilities (Note 7)	11,289	13,296
Bonds and notes payable (Note 8)	1,942,621	1,458,528
Total liabilities	2,997,830	2,648,735
Net assets		
Without donor restrictions (Note 11)	3,186,128	2,951,259
With donor restrictions (Note 11)	1,837,877	1,614,203
Total net assets	5,024,005	4,565,462
Total liabilities and net assets	$ 8,021,835	$ 7,214,197

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

Northeastern University
Consolidated Statements of Activities
Year Ended June 30, 2026

(in thousands of dollars)	2026 Without Donor Restrictions	2026 With Donor Restrictions	2026 Total
Operating			
Revenues and other support			
Tuition and fees (after financial aid of $705,459)	$ 1,755,611	$ -	$ 1,755,611
Contributions	1,543	73,867	75,410
Auxiliary enterprises	216,489	-	216,489
Grants and contracts	216,288	-	216,288
Indirect cost recovery	68,721	-	68,721
Endowment distributions (Note 12)	28,814	33,694	62,508
Investment income	28,508	-	28,508
Other	95,764	-	95,764
Net assets released from restrictions	52,505	(52,505)	-
Total operating revenues and other support	**2,464,243**	**55,056**	**2,519,299**
Expenses			
Salaries, wages and benefits	1,345,092	-	1,345,092
Supplies, services and other	800,098	-	800,098
Depreciation	173,445	-	173,445
Interest	51,812	-	51,812
Total operating expenses (Notes 6, 8 and 14)	**2,370,447**	**-**	**2,370,447**
Increase in net assets from operating activities	**93,796**	**55,056**	**148,852**
Other changes in net assets			
Contributions for capital improvements and endowments	91	19,201	19,292
Appreciation of endowment and other investments, net	118,888	146,424	265,312
Change in annuity and life income funds	-	(2,667)	(2,667)
Other nonoperating changes	27,754	-	27,754
Nonoperating net asset reclassifications	(5,660)	5,660	-
Total other changes in net assets	**141,073**	**168,618**	**309,691**
Total change in net assets	**234,869**	**223,674**	**458,543**
Net assets at beginning of year	2,951,259	1,614,203	4,565,462
Net assets at end of year	$ 3,186,128	$ 1,837,877	$ 5,024,005

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

Northeastern University
Consolidated Statements of Activities
Year Ended June 30, 2025

(in thousands of dollars)	2025 Without Donor Restrictions	2025 With Donor Restrictions	2025 Total
Operating			
Revenues and other support			
Tuition and fees (after financial aid of $642,503)	$ 1,752,010	$ -	$ 1,752,010
Contributions	3,184	69,869	73,053
Auxiliary enterprises	206,877	-	206,877
Grants and contracts	216,466	-	216,466
Indirect cost recovery	68,415	-	68,415
Endowment distributions (Note 12)	26,718	29,943	56,661
Investment income	36,882	-	36,882
Other	76,822	-	76,822
Net assets released from restrictions	28,268	(28,268)	-
Total operating revenues and other support	**2,415,642**	**71,544**	**2,487,186**
Expenses			
Salaries, wages and benefits	1,341,049	-	1,341,049
Supplies, services and other	846,088	-	846,088
Depreciation	151,250	-	151,250
Interest	49,862	-	49,862
Total operating expenses (Notes 6, 8 and 14)	**2,388,249**	**-**	**2,388,249**
Increase in net assets from operating activities	**27,393**	**71,544**	**98,937**
Other changes in net assets			
Contributions for capital improvements and endowments	5	14,441	14,446
Appreciation of endowment and other investments, net	59,391	91,819	151,210
Change in annuity and life income funds	-	(670)	(670)
Other nonoperating changes	(11,439)	-	(11,439)
Inherent contribution from acquisition	166,366	36,324	202,690
Nonoperating net asset reclassifications	5,484	(5,484)	-
Total other changes in net assets	**219,807**	**136,430**	**356,237**
Total change in net assets	**247,200**	**207,974**	**455,174**
Net assets at beginning of year	2,704,059	1,406,229	4,110,288
Net assets at end of year	$ 2,951,259	$ 1,614,203	$ 4,565,462

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

Northeastern University
Consolidated Statements of Cash Flows
Years Ended June 30, 2026 and 2025

(in thousands of dollars)	2026	2025
Cash flows from operating activities		
Cash received from student-related revenues	$ 1,986,351	$ 1,960,950
Cash received from sponsored programs	280,112	284,085
Cash received from donors	52,739	50,825
Proceeds from sale of contributed securities	7,500	24,120
Cash received from net endowment and other investment income	25,043	30,710
Cash received from auxiliary enterprises other than student housing	14,567	8,574
Cash received from other income	141,077	63,971
Cash paid to employees, students, and vendors	(2,317,540)	(2,323,894)
Interest and other payments	(58,560)	(56,199)
Cash received from premium on bonds premium/discount	37,993	49,822
Net cash provided by operating activities	169,282	92,964
Cash flows from investing activities		
Acquisition of property, plant and equipment	(551,308)	(541,865)
Cash received from acquisition	-	3,381
Proceeds from sale or maturities of investments	576,044	505,712
Purchases of investments	(593,939)	(510,676)
Student loans and other loans issued	(428)	(7,699)
Proceeds from student and other loans	1,498	2,219
Net cash used in investment activities	(568,133)	(548,928)
Cash flows from financing activities		
(Decrease) increase in refundable advances	(1,528)	907
Interest and dividends restricted for long-term investments	551	272
Payments to annuitants and life income funds	(878)	(861)
Contributions for long-term investments	35,453	60,501
Proceeds from the sale of restricted contributed securities	1,347	9,732
Payments on finance lease obligations	(2,007)	(1,833)
Debt refinancing	-	(212,575)
Net proceeds from issuance of long-term debt	486,665	376,380
Retirement of bond premium, discount & issuance costs	-	(1,187)
Payments on bonds and notes payable	(29,850)	(25,125)
Bond issuance costs on new financing	(2,417)	(2,139)
Net cash provided by financing activities	487,336	204,072
Increase (decrease) in cash and cash equivalents	88,485	(251,892)
Cash and cash equivalents		
Beginning of the year	123,484	375,376
End of the year	$ 211,969	$ 123,484

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

1. Background

Founded in 1898, Northeastern University ("the University" or "Northeastern") is a global research university and recognized leader in experiential lifelong learning. The approach of integrating real-world experience with education, research, and innovation empowers our students, faculty, alumni, and partners to create worldwide impact. The global university system provides our community and academic, government, and industry partners with unique opportunities to think locally and act globally. The system which includes 14 campuses across the U.S., U.K., and Canada, 350,000-plus alumni, and more than 3,900 partners worldwide-serves as a platform for scaling ideas, talent, and solutions.

On June 16, 2025, Northeastern became the sole corporate member of Marymount Manhattan College ("MMC"), located in New York City. MMC is an urban, independent, undergraduate liberal arts college. The mission of MMC is to educate a socially and economically diverse population by fostering intellectual achievement and personal growth and by providing opportunities for career development. MMC is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The merger with MMC has been accounted for under ASC 958-805, Not-for-Profit Entities: Mergers and Acquisitions, which defines a combination of one or more not-for-profit activities as either a merger or an acquisition. The transaction has been treated as an acquisition for accounting purposes.

Assets received in the transaction totaled $271,028,000, primarily consisting of land and buildings of $215,377,000 and investments of $47,538,000. Liabilities assumed totaled $68,338,000 including primarily accounts payable, accruals and a loan obligation of $39,810,000. Prior to the change in control, MMC borrowed $14,200,000 from the University for operational purposes, which was forgiven upon the transfer of ownership. An inherent contribution was recognized by the University for $202,690,000 to represent the excess of the fair value of assets over liabilities assumed during the year ended June 30, 2025.

Northeastern's personalized, experiential undergraduate and graduate programs lead to degrees through the doctorate in 9 colleges and schools across our campuses. Learning emphasizes the intersection of data, technology, and human literacies, uniquely preparing graduates for careers of the future and lives of fulfillment and accomplishment. The faculty scholars and students work in teams that cross not just disciplines, but also sectors-aligned around solving today's highly interconnected global challenges and focused on transformative impact for humankind.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the University are set forth below.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis and in accordance with the reporting standards for not-for-profit organizations and include the University and its subsidiaries, the most significant of which includes the Kostas Research Institute, the New College of the Humanities based in the United Kingdom and Marymount Manhattan College.

Generally Accepted Accounting Principles ("GAAP") require classification of net assets and revenues, expenses, gains, and losses, based on the existence or absence of donor restrictions.

The categories, net assets without donor restrictions and net assets with donor restrictions, are defined as follows:

Net Assets Without Donor Restrictions

Net assets available for general use are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by management or the Board of Trustees.

Net Assets with Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Net Investment in Plant - Net investment in plant includes the net book value of all capital assets offset by outstanding liabilities associated with those capital assets. Capital assets include prepaid assets and property, plant, and equipment (net of accumulated depreciation). Outstanding liabilities include the conditional asset retirement obligation, accounts payable associated with construction projects, premiums, unamortized debt issuance costs and discounts on bonds and notes payables, finance lease liabilities and outstanding bonds and notes payable.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Net realized and change in unrealized gains and losses on investments and other assets, or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Unconditional promises to give (“Pledges”) are recognized as donor restricted revenues in the period received. Pledges are recorded at the present value of expected future cash flows. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Gifts of noncash assets are recorded at their market value at the date of contribution.

The University has received beneficial interests in irrevocable charitable remainder trusts, for which the University does not serve as the trustee. For these trusts, the University recorded its beneficial interest in those assets as contributions revenue and pledges receivable at the present value of the expected future cash inflows. Trusts are recorded at the date the University has been notified of the trust’s existence and sufficient information regarding the trust has been accumulated to form the basis for an accrual. Changes in the value of these assets are recorded as a nonoperating change in the valuation of pledges receivable in net assets with donor restrictions.

Expirations of donor-imposed restrictions on net assets are reported as reclassifications between the applicable classes of net assets in the statement of activities. Gifts with donor-imposed restrictions, which are reported as donor restricted revenues, are released to net assets without donor restrictions when used for an expenditure that satisfies the donor-imposed restriction. Gifts restricted for the purchase of land, buildings and equipment are reported as donor restricted nonoperating revenues and are released to net assets without donor restrictions when the assets are placed into service.

Expenses incurred in carrying out the fundraising activities of the University, amounted to $36,195,000 and $38,985,000 for the years ended June 30, 2026 and 2025, respectively.

Revenues

Revenues are recognized when control of the promised goods or services is transferred to the University's customers, in an amount that reflects the consideration the University expects to be entitled to in exchange for those goods or services.

Tuition and fees are derived from students participating in degree programs as well as lifelong learning programs. Tuition is recognized ratably over the academic period of the course or program offered based on time elapsed and financial aid awarded to students reduces the amount of revenue recognized. The University's individual schools have various billing and academic cycles, and the majority of the University's programs are designed to be completed within the fiscal year. Tuition and fees and auxiliary revenues received in advance of services to be rendered are recorded as deferred revenue and student deposits which totaled $112,707,000 and $81,433,000, respectively, at June 30, 2026 and 2025.

Scholarships applied to tuition and fees reflect student financial aid funded by the University's operating budget, restricted endowment funds, and federal and state assistance programs. Compensation of students for services provided and tuition benefits for employees are presented as expenses.

The University receives sponsored support from governmental and private sources. Sponsored support primarily consists of grants and contracts revenue, which is recognized when qualifying expenditures are incurred. Sponsored support for which restrictions are met in the same year are reflected in revenues without donor restrictions. Federally funded operating grants and contracts for the years ended June 30, 2026 and 2025 were $227,612,000 and $245,024,000, respectively, including indirect costs of $61,221,000 and $62,299,000, respectively.

Total conditional award amounts for grants and contracts remaining to be recognized from sponsors for the years ended June 30, 2026 and 2025 were $224,118,000 and $238,223,000, respectively, which primarily relate to support to be received from the federal government. Other sponsored support is considered exchange arrangements, and revenue under these agreements is recognized based on the University's fulfillment of the contract, which is typically based on costs incurred or the achievement of milestones.

Funding received in advance of recognition is recorded as refundable advances. Included in refundable advances at June 30, 2026 and 2025 are $52,191,000 and $23,849,000, respectively, of sponsored receipts, that have not been expended but generally are expended within the next year. Indirect cost recoveries by the University on U.S. Government contracts and grants are based upon a negotiated rate and are recorded in revenues without donor restrictions.

Auxiliary enterprises include the operation of student housing and dining services, the daycare center, and managed properties. Revenue is recognized ratably over the period during which the services are provided. Student housing and dining revenues received in advance of services to be rendered are recorded as deferred revenue and student deposits and are reflected above with those deposits related to tuition and fees.

Other revenues are recognized at the point in time goods or services are provided. During fiscal 2019, the University entered into a parking arrangement with a third party. The University received an upfront payment for which deferred revenue of $144,168,000 was recorded and will be

recognized within other revenues on a straight-line basis over the fifty-year term of the parking arrangement.

Nonoperating Activities

Nonoperating activities include contributions for capital improvements and endowments, appreciation of endowment and other investments, net of distributions, change in annuity and life income funds, other nonoperating changes, and nonoperating net asset reclassifications. All other activities are classified as operating.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash management accounts, money market funds and short-term bonds with remaining maturities when purchased of three months or less. Cash equivalents representing assets of the University's endowment or deposit with trustees are excluded as these funds are not used for operating purposes.

Most of the University's banking activity, including cash and cash equivalents, is conducted with several national banks with investment grade credit ratings. From time to time in the regular course of business deposit amounts exceed federal insurance limits. The University's monitors these banks' financial strength on a periodic basis or as economic circumstances arise. Deposit balances and working capital holdings are reviewed on a daily basis and no losses have been experienced to date.

Deposits with Trustee

Deposits with trustee consist of funds held by an independent trustee in accordance with the provisions of certain bond indentures. These funds are legally restricted for construction costs and not available for general operating purposes.

Accounts and Loans Receivable

Accounts receivables are stated net of expected credit losses of $8,123,000 and $8,451,000 at June 30, 2026 and 2025, respectively. Loans receivables are stated net of credit losses of $2,081,000 and $1,779,000 at June 30, 2026 and 2025, respectively. Loans receivable are principally amounts due from students under Federally Sponsored Loan Programs, which are subject to significant restrictions; accordingly, it is not practical to determine the fair value of such amounts.

The University records expected credit losses for student and other loans receivables including those under the Federal Perkins Loan Program. Management regularly assesses the adequacy of the allowance for credit losses by performing evaluations on the student loan portfolio, current economic environment, and level of delinquent loans. The allowance is adjusted based on the results of these evaluations. Loans previously disbursed under the Federal Perkins Loan Program are able to be assigned to the Federal government in certain nonrepayment situations. Management believes that this allowance at June 30, 2026 and 2025 is adequate to absorb credit losses inherent in the portfolio as of that date.

Investments

Investments include short-term investments which are designated for long-term investment by the University. They also include fixed income and equity portfolios with broadly defined investment strategies. Managers of these portfolios may utilize hedging strategies, invest in securities denominated in foreign currencies, or invest in options, futures, forward contracts, or other financial instruments whose value and performance are derived, at least in part, from the performance of an underlying asset or index and the creditworthiness of the counterparty to the transactions. The University also invests in a number of limited partnerships which sell securities short, and which use leverage.

The University values its financial assets and liabilities at fair value in accordance with GAAP.

Net investments return/(loss) is reported in the consolidated statement of activities and consists of interest and dividends, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Gains and losses upon sale of certain investments are calculated using average cost at trade date.

Property, Plant and Equipment

Property, plant, and equipment are stated at cost on the date of acquisition, net of accumulated depreciation. Assets with a unit cost greater than five thousand dollars and a useful life greater than one year are capitalized. Plant assets donated to the University are stated at fair market value on the date of the gift, net of subsequent accumulated depreciation.

Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Building improvements	30 years
Furniture, equipment, and books	5–20 years
Software	4–7 years

Expenditures for maintenance and repairs are charged to operations as incurred; significant renewals and betterments are capitalized. Costs associated with construction of new facilities are reported as construction in progress until such projects are completed.

The University's Special Collection ("the Collection") is comprised of works of art, historical treasures, or similar assets. The Collection is protected and preserved for public exhibition, education, research, and the furtherance of public service. The Collection is capitalized at its appraised values.

Conditional Asset Retirement Obligations

The University recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the

asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statement of activities.

The University recognized $1,894,000 and $1,842,000 of operating expenses related to the accretion of liabilities recorded for the years ended June 30, 2026 and 2025, respectively. Conditional asset retirement obligations of $42,046,000 and $40,358,000 at June 30, 2026 and 2025, respectively, are included in other long-term liabilities on the consolidated statements of financial position.

Endowment

The endowment includes both donor-restricted funds and funds designated by the Board of Trustees ("the Board") to function as endowments. The net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions in accordance with the laws of the Commonwealth of Massachusetts.

The University interprets the Massachusetts Uniform Prudent Management of Institutional Funds Act ("UPMIFA" or "Act") for donor-restricted endowment funds as requiring the preservation of the original value of gifts, as of the gift date, to donor-restricted endowment funds, absent explicit donor stipulations to the contrary. The University retains in perpetuity: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if any. Collectively these amounts are referred to as the historic dollar value of the fund.

In accordance with the Act, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources available; and investment policies.

Net assets without donor restrictions include funds designated by the Board to function as endowments.

The University has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. To achieve its long-term rate of return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The University expects its endowment funds, over time, to provide an average real rate of return of approximately 5% annually.

The University's endowment spending policy is calculated using 4% of a trailing sixty-month average of the endowment fund's unit value. This amount is distributed to the appropriate funds and treated as operating revenue in the statement of activities. These distributions consist of dividends, interest and, if necessary, a portion of accumulated investment gains. The amount distributed each year is subject to the Board's approval.

Tax Status

The University and its significant subsidiaries are tax-exempt organizations as described in section 501(c)(3) of the Internal Revenue Code.

GAAP requires that the University evaluate tax positions taken by the University and recognize a tax liability (or asset) if the University has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The University has analyzed the tax positions taken and has concluded that as of June 30, 2026, there are no significant uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results may differ from these estimates.

Recently Adopted Accounting Pronouncements

On July 1, 2024, the University adopted ASU 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This standard amends Financial Instruments – Credit Losses (Topic 326) to allow a practical expedient about current conditions to apply to current accounts receivable and a policy election to consider collection activity after the balance sheet. The adoption of this standard did not have a material impact on the financial statements.

3. Available Resources and Liquidity

As of June 30, 2026 and 2025, the following table shows the total financial assets held by the University and the amounts of those financial assets that could readily be made available within one year of the consolidated statements of financial position date to meet expenditures:

(in thousands of dollars)	2026	2025
Financial assets available to meet general expenditures over the next 12 months		
Cash and cash equivalents	$ 211,969	$ 123,484
Accounts and other receivables, net	220,638	165,807
Pledges receivable due in 1 year or less available for expenditures	43,482	31,760
Forecasted endowment spending available for operations	72,158	62,574
Other investments not invested in the endowment	369,967	284,234
	$ 918,214	$ 667,859

Northeastern regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. When reviewing available resources required to meet its expenditures over a 12-month period, the University considers all expenditures related to its ongoing activities.

The University has quasi endowment assets of $1,065,025,000 and $945,180,000 as of June 30, 2026 and 2025, respectively. Although the University does not intend to spend from its quasi-endowment funds other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its quasi endowment could be made available if necessary. However, these funds contain investments with lock-up provisions that reduce the total investments that could be made available (Please see Note 4 for disclosures about investments).

4. Fair Value Measurements

The University values its financial assets and liabilities at fair value in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value, and delineates the disclosures required about fair value measurements. Financial assets consist primarily of the endowment and other investments. Additionally, GAAP allows the University the use of estimates to fair value alternative investments at the measurement date using net asset values ("NAV") reported by the investment managers without further adjustment, provided that the University does not expect to sell the alternative investments at a value other than the NAV. The University performs due diligence procedures on its alternative investments to determine if the values recorded are appropriate.

GAAP clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The University uses valuation techniques to measure fair value on investments that maximize use of observable inputs and minimize the use of unobservable inputs. As a basis for considering assumptions, this standard establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Valuations using quoted prices in active markets for identical assets or liabilities. Valuations of these products do not require a significant degree of judgment.

Level 2 Valuations using observable inputs other than Level 1 prices such as quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; broker or dealer quotations; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 Valuations using unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents information about assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2026, and indicates the fair value hierarchy utilized to determine such fair value:

		Fair Value Measurements at the End of the Reporting Period Using		
(in thousands of dollars)	**6/30/2026**	**Quoted Prices in Active Markets for Identical Assets Level 1**	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**
Beneficial interest in charitable remainder trust investments	$ 4,823	$ -	$ -	$ 4,823
Deposits with trustee	308,092	280,024	28,068	-
Total other assets	312,915	280,024	28,068	4,823
Endowment investments				
Short-term investments	15,425	15,425	-	-
Fixed income	99,906	99,906	-	-
Domestic equity	349,502	349,502	-	-
International equity	111,079	111,079	-	-
Private equity at NAV (a)	604,320	-	-	-
Hedge funds at NAV (a)	1,182,274	-	-	-
Investments in-transit	(81)	(81)	-	-
Total endowment investments	2,362,425	575,831	-	-
Other investments				
Fixed income	366,315	366,315	-	-
Domestic equity	3,652	3,652	-	-
Auction rate securities and other	13,856	-	-	13,856
Total other investments	383,823	369,967	-	13,856
Total investments	2,746,248	945,798	-	13,856
Total assets	$ 3,059,163	$ 1,225,822	$ 28,068	$ 18,679

(a) Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The following table presents information about assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2025, and indicates the fair value hierarchy utilized to determine such fair value:

		Fair Value Measurements at the End of the Reporting Period Using		
(in thousands of dollars)	**6/30/2025**	**Quoted Prices in Active Markets for Identical Assets Level 1**	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**
Beneficial interest in charitable remainder trust investments	$ 5,432	$ -	$ -	$ 5,432
Deposits with trustee	148,714	148,714	-	-
Total other assets	154,146	148,714	-	5,432
Endowment investments				
Short-term investments	25,808	25,808	-	-
Fixed income	97,300	97,300	-	-
Domestic equity	337,478	337,478	-	-
International equity	72,561	72,561	-	-
Private equity at NAV (a)	560,453	-	-	-
Hedge funds at NAV (a)	1,008,133	-	-	-
Investments in-transit	(12)	(12)	-	-
Total endowment investments	2,101,721	533,135	-	-
Other investments				
Short-Term Investments	157	157	-	-
Fixed income	281,691	281,691	-	-
Domestic equity	2,386	2,386	-	-
Auction rate securities and other	10,856	-	-	10,856
Total other investments	295,090	284,234	-	10,856
Total investments	2,396,811	817,369	-	10,856
Total assets	$ 2,550,957	$ 966,083	$ -	$ 16,288

(a) Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

All financial instruments are valued using a market approach involving identical or comparable assets or liabilities except for auction rate securities and the University's beneficial interest in charitable remainder trusts, which are valued using an income approach.

At June 30, 2026 the change in the fair value of financial instruments valued using significant unobservable inputs (Level 3) is shown below:

(in thousands of dollars)	Auction Rate Securities and Other	Beneficial Interest in Charitable Remainder Trust	Total
Fair value recorded at June 30, 2024	$ 14,514	$ 8,361	$ 22,875
Sales	(3,200)	(3,267)	(6,467)
Unrealized gain/(loss)	(458)	338	(120)
Fair value recorded at June 30, 2025	10,856	5,432	16,288
Unrealized gain/(loss)	3,000	(609)	2,391
Fair value recorded at June 30, 2026	$ 13,856	$ 4,823	$ 18,679

The fair values of marketable domestic and international equities and fixed income instruments are determined generally based on quoted market prices in active markets. Alternative investments include private equity funds, hedge funds and other alternative investments. Private equity investments may consist of commitments in a limited partnership that invests in private companies or properties. Hedge funds may include limited partnerships that invest in investments that are publicly traded and may be subject to redemption restrictions.

At June 30, 2026, liquidity terms for investments consist of the following:

(in thousands of dollars) Redemption Terms	Within 30 Days	31-60 Days Prior Written Notice	61-90 Days Prior Written Notice	91-180 Days Prior Written Notice	181-365 Days Prior Written Notice	1-5 Years	Illiquid	Total
Short-term investments	$ 15,425	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,425
Fixed income	466,221	-	-	-	-	-	-	466,221
Domestic equity	353,154	-	-	-	-	-	-	353,154
International equity	111,079	-	-	-	-	-	-	111,079
Private equity	-	-	-	-	-	-	604,320	604,320
Hedge funds	160,014	238,724	23,797	575,673	121,441	42,134	20,491	1,182,274
Investments in-transit	(81)	-	-	-	-	-	-	(81)
Other investments	-	-	-	-	-	-	13,856	13,856
	$ 1,105,812	$ 238,724	$ 23,797	$ 575,673	$ 121,441	$ 42,134	$ 638,667	$ 2,746,248

At June 30, 2025, liquidity terms for investments consist of the following:

(in thousands of dollars) Redemption Terms	Within 30 Days	31-60 Days Prior Written Notice	61-90 Days Prior Written Notice	91-180 Days Prior Written Notice	181-365 Days Prior Written Notice	1-5 Years	Illiquid	Total
Short-term investments	$ 25,965	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,965
Fixed income	378,991	-	-	-	-	-	-	378,991
Domestic equity	339,864	-	-	-	-	-	-	339,864
International equity	72,561	-	-	-	-	-	-	72,561
Private equity	-	-	-	-	-	-	560,453	560,453
Hedge funds	123,216	142,578	32,514	431,945	140,926	117,793	19,161	1,008,133
Investments in-transit	(12)	-	-	-	-	-	-	(12)
Other investments	-	-	-	-	-	-	10,856	10,856
	$ 940,585	$ 142,578	$ 32,514	$ 431,945	$ 140,926	$ 117,793	$ 590,470	$ 2,396,811

Unfunded commitments of $285,629,000 and $243,845,000 at June 30, 2026 and 2025, respectively, consist of commitments that the University has made to various private equity funds. These funds may be called for a period to extend between one year and until termination of the fund, the timing for which is unknown.

The University is the beneficiary of various charitable remainder trusts held and administered by outside trustees. A receivable is recorded at the present value of the amount held by the trustees that is due to the University, which is calculated using the life expectancy of the beneficiaries. Valuations are reviewed annually by management by updating life expectancy of the beneficiaries, discount rates and the fair value of the underlying investments. The discount rates used for the years ended June 30, 2026 and 2025 ranges from 4.19% to 4.93% and 3.98% to 4.79%, respectively, based on ten-year daily treasury yield curve rates.

The University's auction rate securities at June 30, 2026 and 2025 were determined to have a fair value of $10,000,000 and $7,000,000 and were reflective of a $0 and $1,500,000 discount, respectively. The auction rate securities are valued using the income approach, specifically a discounted cash flow analysis. This valuation methodology includes utilizing unobservable inputs such as offered quotes and comparability adjustments to arrive at the estimated fair value. The University performs ongoing due diligence to determine that the auction rate securities' fair value is reasonable.

5. Pledges Receivable

Pledges receivable as of June 30 are expected to be realized in the following time periods:

(in thousands of dollars)	2026	2025
One year or less	$ 98,428	$ 69,482
Between one and five years	102,596	134,311
Greater than five years	18,064	26,920
	219,088	230,713
Less: Discount	(23,486)	(31,871)
Less: Allowance for doubtful pledges	(3,468)	(4,007)
Pledges receivable, net	$ 192,134	$ 194,835

At both June 30, 2026 and 2025, the University has $102,000,000 in conditional pledges that are not reflected in the consolidated financial statements due to their conditional nature.

6. Property, Plant and Equipment

Property, plant, and equipment at June 30 consisted of the following:

(in thousands of dollars)	2026	2025
Land	$ 389,631	$ 358,726
Building and improvements	3,959,507	3,844,549
Finance lease	37,928	37,928
Furniture and equipment	603,684	550,241
Library books	85,236	74,941
Construction in progress	376,095	125,195
	5,452,081	4,991,580
Less: Accumulated depreciation	(1,627,027)	(1,476,887)
	$ 3,825,054	$ 3,514,693

Depreciation expense amounted to $173,445,000 and $151,250,000 for the years ended June 30, 2026 and 2025, respectively, and is allocated in the functional and natural classification of expenses footnote to functional expenses based on specific use of the related facilities. Operation, maintenance, and security of plant expense totaled $175,867,000 and $172,552,000 for the years ended June 30, 2026 and 2025, respectively, and is allocated to functional expense categories in the functional and natural classification of expenses footnote based on salary expense. Please refer to Note 14.

7. Leases

The University is the lessee of equipment and space under operating (rental) and finance leases. The University determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified, and recognized at lease commencement. The University categorizes leases with contractual terms longer than twelve months as either operating or finance. The University's leases generally have terms that range from one to five years for equipment and one to twenty-five years for property, with certain leases inclusive of renewal options if they are considered to be reasonably certain to be exercised at lease commencement. Right of use assets and lease liabilities for operating leases are included in "Operating leases - right of use assets" and "Operating lease liabilities," respectively, in the consolidated statements of financial position. Finance lease right of use assets and lease liabilities are included in "Property, plant and equipment, net" and "Finance lease liabilities", respectively, in the consolidated statements of financial position. Lease assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. The University recorded $11,557,000 and $99,442,000 of right-of-use assets in exchange for new operating lease liabilities during the years ended June 30, 2026 and 2025, respectively. The University elected the short-term lease exemption policy as well as the practical expedient that allows lessees to treat the lease and nonlease components as a single lease component.

Operating and finance lease right of use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the collateralized incremental borrowing rate at the commencement date in determining the present value of future payments, unless there is a rate implicit in the lease. Total rental

expense related to operating leases, including short-term leases and variable lease payments was $147,877,000 and $156,462,000 in fiscal year 2026 and 2025, respectively.

The University has recorded one finance lease for a residence hall, which commenced in 2001, with a finance lease liability of $11,289,000 and $13,296,000 as of June 30, 2026 and 2025, respectively. The rent, over the 30-year term of the lease, is equal to the actual debt service plus customary fees payable with respect to the $31,130,000 principal amount of the bonds issued to finance the building. The annual lease commitments for future years, principal plus interest, range from $2,578,000 in 2027 to $2,576,000 in 2031.

Maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating and finance lease liabilities:

(in thousands of dollars)	Operating	Finance
Year		
2027	$ 72,878	$ 2,613
2028	67,209	2,554
2029	65,502	2,526
2030	62,085	2,526
2031	51,188	2,526
Thereafter	121,212	-
Total lease payments	440,074	12,745
Less: Imputed interest	(86,779)	(1,456)
Present value of lease liabilities	$ 353,295	$ 11,289

Weighted average remaining lease term and discount rate for operating and finance leases were as follows:

	2026	2025
Weighted average remaining lease term		
Operating leases	6.9 years	9.4 years
Finance lease	5 years	6 years
Weighted average discount rate		
Operating leases	3.83 %	4.07 %
Finance lease	4.92 %	4.92 %

8. Bonds and Notes Payable

Bonds and notes payable consists of the following at June 30:

(in thousands of dollars)	Rate	Maturity	2026	2025
Massachusetts Development Finance Agency				
Series 2018A (par value, $61,005)	3.00%-5.00%	2033	37,755	41,520
Series 2020A (par value, $103,480)	5.00%	2035	69,260	74,635
Series 2022 (par value, $378,510)	4.00%-5.00%	2044	361,180	369,670
Series 2024A (par Value, $189,000)	5.00%	2043	186,425	189,000
Series 2026A (par value, $436,435)	5.00%-5.25%	2050	436,435	-
Maine Health and Higher Educational Facilities Authority				
Series 2024B (Par Value, $187,380)	5.00%-5.25%	2054	187,380	187,380
Taxable Revenue Bonds				
Series 2010B (par value, $75,460)	3.35%-6.43%	2035	41,860	44,175
Series 2014B (par value, $100,000)	.098%-5.29%	2032	41,000	47,410
Series 2018B (par value, $70,415)	4.12%	2048	70,415	70,415
Series 2020B (par value, $300,000)	2.89%	2050	300,000	300,000
Series 2026B (par value, $50,230)	4.53-5.20%	2036	50,230	-
Other				
Residence Hall refinance liability	5.83%	2046	40,519	41,451
			1,822,459	1,365,656
Add: Unamortized Premium on Bonds			130,051	100,708
Less: Unamortized Discount on Bonds			(3,878)	(3,804)
Less: Unamortized Issuance Cost on Bonds			(6,011)	(4,032)
			$ 1,942,621	$ 1,458,528

Approximate future annual principal requirements are below:

(in thousands of dollars)	Principal Payments
Year	
2027	$ 31,337
2028	33,002
2029	34,792
2030	41,937
2031	44,162
Thereafter	1,637,229
	$ 1,822,459

The tables above reflect the contractual maturities of the debt agreements which were effective as of June 30, 2026.

On July 25, 2018, the Massachusetts Development Finance Agency ("MDFA") Series 2018A bonds were issued in the amount of $61,005,000. The proceeds were used to refund MDFA Series R bond for $68,315,000. The MDFA Series 2018A bonds were issued with an original issuance premium of $9,261,000. Principal payments commenced in October 2019 with final tender in October 2033.

On July 7, 2020, the University issued $300,000,000 in US Bank National Association taxable bonds Series 2020B. $31,000,000 of the proceeds were used to pay off the line of credit in July 2020. $17,610,000 of the proceeds were used to refund a portion of the MDFA 2010A bonds in October 2020 and the remaining funds will be used to fund future capital needs. Principal payments commence in October 2045 with final tender in October 2050.

On July 7, 2020, the Massachusetts Development Finance Agency ("MDFA") Series 2020A bonds were issued in the amount of $103,480,000 for the purpose of refunding a portion of the MDFA 2010A bond for $127,118,000 in October 2020. The MDFA Series 2020A bonds were issued with an original premium of $27,047,000. Principal payments commence in October 2022 with final tender in October 2035.

On August 11, 2022, the Massachusetts Development Finance Agency ("MDFA") Series 2022 tax-exempt, fixed-rate bonds were issued in the amount of $378,510,000. The bonds proceeds were used to refund MDFA Series 2012 for $54,385,000, Series T-2 for $62,240,000 and a partial refund of Series T-1 for $55,385,000 the remaining proceeds will be used to fund capital projects. The MDFA Series 2022 bonds were issued with an original premium of $46,500,000. Principal payments commence in October 2023 with final tender in October 2044.

On July 10, 2024 the MDFA Series 2024A tax-exempt, fixed-rate bonds were issued in the amount of $189,000,000. The bond proceeds were used to refund the MDFA Series T-3 for $62,575,000 and Series 2014A for $150,000,000. The MDFA Series 2024A bonds were issued with an original premium of $26,467,000. Principal payments commence in October 2025 with final tender in October 2043.

On September 12, 2024, the Maine Health and Higher Educational Facilities Authority ("MHHEFA") Series 2024B tax-exempt, fixed-rate bonds were issued in the amount of $187,380,000. The bond proceeds will be used to fund construction of the University's campus in Portland, ME. The MHHEFA Series 2024B bonds were issued with an original premium of $23,355,000. Principal payments commence in October 2036 with final tender in October 2054.

On May 19, 2026, the Massachusetts Development Finance Agency ("MDFA") Series 2026A tax-exempt, fixed-rate bonds were issued in the amount of $436,435,000. The bonds proceeds will be used to purchase a residential building on campus as well as fund construction of a new multi-purpose arena. The MDFA Series 2026A bonds were issued with an original premium of $37,993,000. Principal payments commence in October 2036 with final tender in October 2050.

On May 19, 2026, the MDFA Series 2026B taxable bonds were issued in the amount of $50,230,000. The bond proceeds will be used to fund the purchase of a building and other capital projects on campus. Principal payments commence in October 2029 with final tender in October 2036.

Interest expense before capitalized interest on bonds and notes payable totaled $64,304,000 and $60,042,000 for the years ended June 30, 2026 and 2025, respectively. Interest expense has been allocated to each functional expense category in the functional and natural classification of

expenses footnote based on specific identification. Total amounts paid in 2026 and 2025 were $62,754,000 and $57,975,000, respectively, to meet interest costs.

The University maintains two lines of credit with maturity dates of May 27, 2027 and June 9, 2027, in the aggregate amount of $50,000,000 and $100,000,000, respectively, for which there was no outstanding balances for the years ended June 30, 2026 and 2025.

9. Retirement Plan

The University sponsors a retirement plan under which full-time faculty and staff may elect to contribute an amount of their eligible compensation up to the Internal Revenue Service published limit toward the purchase of contracts with Teachers Insurance and Annuity Association of America and College Retirement Equities Fund and/or Fidelity Management Trust Company. Effective, September 1, 2023, after one year of employment, the University contributes 10% of each participant's eligible compensation to each participant's account providing that the participant contributes a minimum of 5% of eligible compensation to the plan. The cost of the University's contribution to this plan was $67,574,000 and $65,412,000 for the years ended June 30, 2026 and 2025, respectively.

10. Post-Retirement Medical Plan

The University sponsors a post-retirement medical plan under which faculty and staff who are 55 years of age and have at least 10 years of service can participate. Under the plan, retirees can contribute 50% of the premium for the medical plan selected. The plan is provided for pre-Medicare coverage and such coverage terminates at age 65. Spouses and dependent children may elect coverage under the plan by contributing 100% of the premium. Spouses are eligible until they are able to participate in Medicare and dependent children until age 26.

For the year ended June 30, net periodic post-retirement medical benefits cost includes the following:

(in thousands of dollars)	2026	2025
Service cost	$ 1,607	$ 1,388
Interest cost	1,294	995
	$ 2,901	$ 2,383

Changes in the post-retirement medical benefit obligations are as follows:

(in thousands of dollars)	2026	2025
Benefit obligations at beginning of year	$ 26,158	$ 19,719
Service cost	1,607	1,388
Interest cost	1,294	995
Participant contributions	1,085	704
Actuarial (gain)/loss	93	5,238
Benefits paid	(2,955)	(1,886)
Benefit obligations at end of year	$ 27,282	$ 26,158

The service cost is allocated to the salaries and benefits expense line item in the statement of activities. Other costs are reflected in other nonoperating activities in the statement of activities. The accrued post-retirement benefit obligation in the table above is included in other long-term liabilities on the consolidated statement of financial position. The plan does not hold assets and is funded as benefits are paid.

For measurement purposes, the assumed annual rate of increase in the per capita cost of covered medical benefits was 8.0% for the year ending June 30, 2026, graded down ratably until reaching an ultimate medical trend rate of 4.0% for fiscal year 2042 and thereafter. The discount rate used to determine the accumulated benefit obligation is 5.3% and 5.1% as of June 30, 2026 and 2025, respectively. The discount rate used to determine the net periodic post-retirement benefit cost is 5.1% and 5.2% for the years ended June 30, 2026 and 2025, respectively. The cumulative amount in net assets without donor restrictions related to unamortized losses is $7,309,000 as of June 30, 2026.

Expected future benefit payments and cash contributions to the plan are as follows:

(in thousands of dollars)	**Future Benefit Payments**
Year	
2027	$ 2,040
2028	1,985
2029	1,922
2030	2,102
2031	2,266
2032-2036	14,198
	$ 24,513

11. Net Assets

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

(in thousands of dollars)	2026 Without Donor Restrictions	2026 With Donor Restrictions	2026 Total
Operating funds			
Net invested in plant	$ 2,077,683	$ -	$ 2,077,683
Other unrestricted	43,420	-	43,420
Donor restricted for			
Instruction and academic administration	-	299,016	299,016
Research	-	26,461	26,461
Scholarships, fellowships and other aid	-	15,922	15,922
Capital construction and maintenance	-	111,912	111,912
Other programs	-	58,909	58,909
Total operating funds	2,121,103	512,220	2,633,323
Endowment and life income funds			
Quasi endowment funds	1,065,025		1,065,025
Donor restricted for			
Instruction and academic administration	-	584,976	584,976
Research	-	73,147	73,147
Scholarships, fellowships and other aid	-	485,565	485,565
Capital construction and maintenance	-	10,028	10,028
Other programs	-	154,449	154,449
Life income funds	-	17,492	17,492
Total endowment and life income funds	1,065,025	1,325,657	2,390,682
Total net assets	$ 3,186,128	$ 1,837,877	$ 5,024,005

(in thousands of dollars)	2025 Without Donor Restrictions	2025 With Donor Restrictions	2025 Total
Operating funds			
Net invested in plant	$ 1,950,038	$ -	$ 1,950,038
Other unrestricted	56,041	-	56,041
Donor restricted for			
Instruction and academic administration	-	228,650	228,650
Research	-	21,335	21,335
Scholarships, fellowships and other aid	-	49,546	49,546
Capital construction and maintenance	-	76,361	76,361
Other programs	-	73,249	73,249
Total operating funds	2,006,079	449,141	2,455,220
Endowment and life income funds			
Quasi endowment funds	945,180	-	945,180
Donor restricted for			
Instruction and academic administration	-	516,955	516,955
Research	-	59,881	59,881
Scholarships, fellowships and other aid	-	427,028	427,028
Capital construction and maintenance	-	8,917	8,917
Other programs	-	134,293	134,293
Life income funds	-	17,988	17,988
Total endowment and life income funds	945,180	1,165,062	2,110,242
Total net assets	$ 2,951,259	$ 1,614,203	$ 4,565,462

Included in net assets with donor restrictions on the consolidated statements of financial position as of June 30, 2026 and 2025 are $657,205,000 and $640,104,000 of perpetually restricted funds, and $1,180,672,000 and $974,099,000 of funds restricted for time or purpose, respectively.

12. Endowment and Similar Net Assets

Changes in endowment and similar net assets for the fiscal year ended June 30, 2026:

(in thousands of dollars)	Without Donor Restrictions	With Donor Restrictions	Total
Endowment and similar net assets at July 1, 2025	$ 945,180	$ 1,165,062	$ 2,110,242
Endowment investment return, net	144,665	174,961	319,626
Gifts and additions to endowment, net	27	18,214	18,241
Endowment distributions	(28,814)	(33,694)	(62,508)
Other expenses and transfers	3,967	1,114	5,081
Endowment and similar net assets at June 30, 2026	$ 1,065,025	$ 1,325,657	$ 2,390,682

Changes in endowment and similar net assets for the fiscal year ended June 30, 2025:

(in thousands of dollars)	Without Donor Restrictions	With Donor Restrictions	Total
Endowment and similar net assets at July 1, 2024	$ 878,023	$ 1,028,195	$ 1,906,218
Endowment investment return, net	98,922	115,463	214,385
Gifts and additions to endowment, net	5	17,345	17,350
Endowment distributions	(26,718)	(29,943)	(56,661)
Other expenses and transfers	(5,052)	340	(4,712)
Endowment and similar net assets at June 30, 2025	945,180	1,131,400	2,076,580
Marymount Manhattan College endowment and similar net assets	-	33,662	33,662
Endowment funds and similar net assets at June 30, 2025	$ 945,180	$ 1,165,062	$ 2,110,242

Endowment and similar net assets classified as net assets without donor restrictions include gifts without donor restrictions and other funds designated by the University as endowment for the long-term support of the University. Endowment and similar net assets consist of those funds designated by donors to be invested in perpetuity to provide a permanent source of income, including any accumulated income and appreciation as well as life income, annuities, and trust funds (net of actuarial liability). Endowment and similar net assets are primarily used to fund scholarships and professorships.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). These deficits usually result from unfavorable market fluctuations that generally occur shortly after the investment of recently established endowments. The University has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Underwater endowment funds at June 30, 2026 were reported in net assets with donor restrictions as follows:

(in thousands of dollars)	2026	2025
Fair value of underwater endowment funds	$ 10	$ 709
Original endowment gift amount	43	784
Deficiencies of underwater endowment funds	$ (33)	$ (75)

13. Commitments and Contingencies

The University has entered into contracts for various construction, maintenance, and renovation projects for which a balance of $302,053,000 is committed at June 30, 2026. The University is subject to certain other legal proceedings and claims that arise in the normal course of operations. In the opinion of management, the ultimate outcome of these actions will not have a material effect on the University's financial position.

14. Functional and Natural Classification of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the University. Expenses reported by functional categories include allocations of costs for operation and maintenance of plant, interest on indebtedness and depreciation and amortization expense. The University applies various methods to allocate costs among the program and support functions, the most significant of which is by the amount of building space utilized. Operating expenses by functional and natural classification for the year ended June 30, 2026 are as follows:

(in thousands of dollars)	Salary and Benefits	Other Operating Expenses	Depreciation	Interest	Total
Instruction	$ 586,447	$ 144,166	$ 17,460	$ 7,882	$ 755,955
Research	197,083	118,300	21,589	20,036	357,008
Academic support	217,538	159,845	43,157	7,689	428,229
Student services	116,687	101,173	12,744	735	231,339
Institutional support	204,152	139,548	49,058	3,314	396,072
Auxiliary	21,488	133,760	29,416	12,156	196,820
Other	1,697	3,306	21	-	5,024
Total	$ 1,345,092	$ 800,098	$ 173,445	$ 51,812	$ 2,370,447

Operating expenses by functional and natural classification for the year ended June 30, 2025 were as follows:

(in thousands of dollars)	Salary and Benefits	Other Operating Expenses	Depreciation	Interest	Total
Instruction	$ 591,702	$ 153,745	$ 26,961	$ 7,489	$ 779,897
Research	197,001	123,122	16,315	19,015	355,453
Academic support	225,828	169,382	26,369	7,293	428,872
Student services	124,526	118,528	12,923	694	256,671
Institutional support	181,793	149,770	41,418	3,124	376,105
Auxiliary	17,007	129,726	27,210	12,242	186,185
Other	3,192	1,815	54	5	5,066
Total	$ 1,341,049	$ 846,088	$ 151,250	$ 49,862	$ 2,388,249

15. Related-Party Transactions

The University considers related parties to be members of the Board of Trustees, Officers, key employees, and family members of these individuals. The University has related party transaction loan receivables outstanding on June 30, 2026. All goods and services acquired are negotiated at arm's length and follow the University purchasing and procurement procedures. The University also has outstanding pledges from related parties. These transactions are included in the University's Consolidated Financial Statements.

16. Subsequent Events

The University has assessed the impact of subsequent events through November 10, 2026, the date the audited consolidated financial statements are issued, and has concluded that, there are no required adjustments to the audited consolidated financial statements.