

FURMAN UNIVERSITY
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**FURMAN UNIVERSITY
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENTS OF ACTIVITIES	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	8



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Furman University
Greenville, South Carolina

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Furman University (the University), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2025 and 2024, and the consolidated 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 audits 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. Our responsibilities under those standards are further described in the Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility 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 within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

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

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

Board of Trustees
Furman University

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2025, on our consideration of Furman University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Charlotte, North Carolina
October 20, 2025

FURMAN UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents	\$ 12,003,415	\$ 11,689,502
Accounts Receivable, Net	4,523,384	4,917,912
Prepaid Expenses and Other Assets	5,990,003	4,392,981
Contributions Receivable, Net	34,445,433	39,651,582
Funds Held in Trust for Bond Issued	20,973,030	88,644,209
Investments	799,682,310	762,260,752
Equity Interest in Hollingsworth Funds, Inc. and Subsidiaries	182,166,144	176,189,790
Lease Receivable	21,085,364	19,674,099
Property and Equipment, Net	391,234,598	313,822,936
Total Assets	\$ 1,472,103,681	\$ 1,421,243,763
LIABILITIES AND NET ASSETS		
LIABILITIES		
Payables and Accrued Liabilities	\$ 16,007,149	\$ 12,327,896
Accrued Compensation and Withholdings	5,162,935	6,113,435
Deferred Revenue	7,373,408	6,538,775
Actuarial Liability for Annuities Payable	1,032,694	992,654
Bonds and Lease Obligations, Net	242,093,283	246,029,573
Total Liabilities	271,669,469	272,002,333
NET ASSETS		
Without Donor Restrictions	397,693,221	383,487,475
With Donor Restrictions	802,740,991	765,753,955
Total Net Assets	1,200,434,212	1,149,241,430
Total Liabilities and Net Assets	\$ 1,472,103,681	\$ 1,421,243,763

See accompanying Notes to Consolidated Financial Statements.

FURMAN UNIVERSITY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED TOTALS FOR YEAR ENDED JUNE 30, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
OPERATING REVENUES AND SUPPORT				
Tuition and Fees, Net	\$ 57,107,027	\$ -	\$ 57,107,027	\$ 55,071,894
Contributions	8,178,472	15,526,289	23,704,761	12,693,750
Grants and Contracts	4,148,316	1,911,145	6,059,461	5,023,932
Investment Return Designated for Operations:				
Endowment Spending Rate	6,335,150	30,593,672	36,928,822	36,476,685
Other Investment Income	7,431,090	-	7,431,090	4,128,997
Room, Board, and Other				
Auxiliary Services	39,900,588	-	39,900,588	38,657,825
Intercollegiate Athletics	4,299,344	-	4,299,344	4,302,978
Other	3,899,424	-	3,899,424	5,415,740
Satisfaction of Program Restrictions	46,128,737	(46,128,737)	-	-
Total Operating Revenues and Support	177,428,148	1,902,369	179,330,517	161,771,801
OPERATING EXPENSES				
Instruction	65,341,466	-	65,341,466	66,588,300
Research	4,476,090	-	4,476,090	3,232,962
Public Service	412,454	-	412,454	314,038
Academic Support	23,665,682	-	23,665,682	24,660,368
Student Services	36,082,083	-	36,082,083	36,242,537
Room, Board, and Other				
Auxiliary Services	31,125,504	-	31,125,504	28,114,876
Institutional Support	27,488,133	-	27,488,133	27,154,841
Total Operating Expenses	188,591,412	-	188,591,412	186,307,922
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(11,163,264)	1,902,369	(9,260,895)	(24,536,121)
NONOPERATING ACTIVITIES				
Investment Return Less: Amounts Designated for Current Operations	13,510,415	36,935,587	50,446,002	35,060,599
Contributions	181,310	7,817,214	7,998,524	25,747,639
Net Assets Released from Restrictions for Plant	9,932,977	(9,932,977)	-	-
Other	1,744,308	264,843	2,009,151	1,527,326
Total Nonoperating Activities	25,369,010	35,084,667	60,453,677	62,335,564
CHANGE IN NET ASSETS	14,205,746	36,987,036	51,192,782	37,799,443
Net Assets - Beginning of Year	383,487,475	765,753,955	1,149,241,430	1,111,441,987
NET ASSETS - END OF YEAR	<u>\$ 397,693,221</u>	<u>\$ 802,740,991</u>	<u>\$ 1,200,434,212</u>	<u>\$ 1,149,241,430</u>

See accompanying Notes to Consolidated Financial Statements.

FURMAN UNIVERSITY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND SUPPORT			
Tuition and Fees, Net	\$ 55,071,894	\$ -	\$ 55,071,894
Contributions	12,388,533	305,217	12,693,750
Grants and Contracts	3,494,772	1,529,160	5,023,932
Investment Return Designated for Operations:			
Endowment Spending Rate	6,615,658	29,861,027	36,476,685
Other Investment Income	4,128,997	-	4,128,997
Room, Board, and Other Auxiliary Services	38,657,825	-	38,657,825
Intercollegiate Athletics	4,302,978	-	4,302,978
Other	5,416,240	(500)	5,415,740
Satisfaction of Program Restrictions	44,315,120	(44,315,120)	-
Total Operating Revenues and Support	<u>174,392,017</u>	<u>(12,620,216)</u>	<u>161,771,801</u>
OPERATING EXPENSES			
Instruction	66,588,300	-	66,588,300
Research	3,232,962	-	3,232,962
Public Service	314,038	-	314,038
Academic Support	24,660,368	-	24,660,368
Student Services	36,242,537	-	36,242,537
Room, Board, and Other Auxiliary Services	28,114,876	-	28,114,876
Institutional Support	27,154,841	-	27,154,841
Total Operating Expenses	<u>186,307,922</u>	<u>-</u>	<u>186,307,922</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(11,915,905)	(12,620,216)	(24,536,121)
NONOPERATING ACTIVITIES			
Investment Return Less: Amounts Designated for Current Operations	8,595,175	26,465,424	35,060,599
Contributions	122,681	25,624,958	25,747,639
Net Assets Released from Restrictions for Plant	5,613,538	(5,613,538)	-
Other	1,159,774	367,552	1,527,326
Total Nonoperating Activities	<u>15,491,168</u>	<u>46,844,396</u>	<u>62,335,564</u>
CHANGE IN NET ASSETS	3,575,263	34,224,180	37,799,443
Net Assets - Beginning of Year	<u>379,912,212</u>	<u>731,529,775</u>	<u>1,111,441,987</u>
NET ASSETS - END OF YEAR	<u>\$ 383,487,475</u>	<u>\$ 765,753,955</u>	<u>\$ 1,149,241,430</u>

See accompanying Notes to Consolidated Financial Statements.

FURMAN UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 51,192,782	\$ 37,799,443
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	18,835,675	15,450,137
Provision for Allowance for Doubtful or Uncollectible Accounts	139,530	74,641
Amortization of Bond Premium and Bond Issuance Costs	(1,343,980)	(619,234)
Gain on Disposal of Property and Equipment	(73,496)	(28,230)
Net Realized Gain on Sale of Investments	(47,500,348)	(43,803,379)
Net Unrealized Gain on Sale of Investments	(32,733,331)	(17,879,568)
Contributions Restricted for Long-Term Investment	(15,201,018)	(27,684,287)
Contributions Restricted for Investment Subject to Split-Interest Agreements	(27,755)	(86,839)
Change in Value of Obligations Under Split-Interest Agreements	229,502	192,345
Non-Cash Contributions and Other	-	12,997
Proceeds from Sale of Donated Securities	-	5,077
Change in Assets and Liabilities:		
Accounts Receivable	254,998	(671,376)
Prepaid Expense and Other Assets	(1,597,022)	865,512
Contributions Receivable	5,206,149	14,953,277
Lease Receivable	(1,411,265)	(1,419,958)
Payables and Accrued Liabilities	(4,863,016)	(1,273,788)
Accrued Compensation and Withholdings	(950,500)	982,676
Deferred Revenue	834,633	1,715,693
Net Cash Used by Operating Activities	(29,008,462)	(21,414,861)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(87,712,903)	(59,454,342)
Purchases of Investments	(326,854,251)	(380,648,502)
Proceeds from Sales and Maturities of Investments	432,699,178	356,983,873
Proceeds from Disposals of Property and Equipment	81,331	80,919
Change in Advances from Federal Government for Student Loans	-	(7,397)
Repayment of Student Loans	-	(286)
Net Cash Provided (Used) by Investing Activities	18,213,355	(83,045,735)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	15,201,018	27,684,287
Principal Payments on Bonds and Lease Obligations	(2,592,310)	(2,554,432)
Payments on Call Premium, Interest on Called Bonds, and Issuance Costs	-	(632,395)
Payments on Split-Interest Agreements	(161,707)	(160,232)
Proceeds from Borrowings	-	79,042,503
Proceeds from Sale of Donated Securities for Long-Term Investment	(1,337,981)	1,429,633
Net Cash Provided by Financing Activities	11,109,020	104,809,364
NET CHANGE IN CASH AND CASH EQUIVALENTS	313,913	348,768
Cash and Cash Equivalents - Beginning of Year	11,689,502	11,340,734
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 12,003,415	\$ 11,689,502
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Payables for Property and Equipment Acquisitions	\$ 8,542,269	\$ 6,290,557

See accompanying Notes to Consolidated Financial Statements.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 ORGANIZATION

Furman University (the University), founded in 1826, is a private, coeducational, nonprofit institution of higher education located in Greenville, South Carolina. The University's primary emphasis is on providing a liberal arts education at the undergraduate level. The University also offers graduate and continuing education programs. The president and board of trustees, a self-perpetuating governing board with 32 members drawn from private, public, and community interests, have oversight responsibility for all of the University's financial affairs.

The accompanying financial statements are the consolidated statements of the University and the Furman University Foundation (the Foundation). All material intercompany balances and transactions have been eliminated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis for Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Based on the existence or absence of donor-imposed restrictions, the University classifies resources into two categories: without donor restrictions and with donor restrictions.

Without Donor Restrictions – Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restriction class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restriction net asset class because the use of restricted contributions in accordance with the donors' stipulations results in the release of such restrictions.

With Donor Restrictions – Net assets with donor restrictions are limited as to use by donor-imposed stipulations that expire with the passage of time or that may be satisfied by action of the University. Net assets with donor restrictions are designated by donors for specific purposes and include unconditional contributions receivable, split-interest agreements, interests in trusts held by others, and accumulated appreciation on donor-restricted endowments which have not been appropriated by the Board of Trustees for distribution. Some net assets with donor restrictions are required by donors to be held in perpetuity. The donors of substantially all net assets held in perpetuity permit the University to use a portion of the income earned on the related investments for specified purposes.

Expirations of restrictions on net assets as the result of the passage of time, annual board of trustees' approval of the endowment spending rate, and/or fulfilling donor-imposed stipulations, are reported as net assets released from restrictions from plant between the applicable classes of net assets in the consolidated statements of activities.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents, reported at fair value, are liquid assets with minimal interest rate risk and maturities of three months or less when purchased. Such assets primarily consist of depository account balances and money market funds.

Concentration of Credit Risk

The University places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts. The University from time to time may have amounts on deposit in excess of the insured limits.

Funds Held in Trust for Bond Issued

Funds held in trust for bond issued, reported at fair value, are liquid assets with minimal interest rate risk and maturities of three months or less when purchased. Asset consists of a money market fund held by an outside trustee restricted by the bond issue for capital construction and interest due on bonds during construction.

Investments

Investment, funds held in trust, and beneficial interests in trusts primarily include investments in traditional equity and fixed income funds, hedge funds, and private equity funds. These investments are generally shares or units of trusts, partnerships, or other types of commingled vehicles and are reported at fair value in accordance with the University's valuation policies and procedures and U.S. GAAP.

Investments in securities include equity securities, fixed income instruments, registered mutual funds, and exchange-traded funds. Fair value for these investments is measured based on quoted prices in active markets, if available. If the market is inactive, fair value is determined by underlying managers after considering various sources of information and is reviewed by the University.

In accordance with U.S. GAAP, the University has estimated the fair value of its investments in investment funds on the basis of the net asset value (NAV) per share of the investment (or its equivalent), as a practical expedient. Of the amounts reported at NAV, approximately 46% of those investments as of June 30, 2025, are currently redeemable at NAV in 90 days or less under the current terms of the partnership agreements and/or subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the inherent uncertainty of fair value, such estimates of fair value may differ from values that would have been applied had a readily available market existed and those differences could be material. Although a secondary market exists for these investments, the market is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported NAV. Therefore, it is reasonably possible that if the University were to sell these investments in the secondary market, a buyer may require a discount to the reported NAV, which could be significant.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The University's investments in investment funds are subject to the terms of the respective funds' agreements, private placement memoranda, and other governing agreements of such funds. These terms are typical for hedge funds and private equity arrangements. Additionally, such funds in which the University invests may restrict both the transferability of the University's interest and the University's ability to withdraw. In light of such restrictions imposed, an investment in these funds can be viewed as illiquid and subject to liquidity risks during periods of heightened volatility or market disruptions.

Investments are exposed to several risks including, but not limited to, market, credit, liquidity, currency, counterparty, interest rate, geopolitical, and other difficult to predict macro risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the University's consolidated financial statements.

Fair Value Measurements

The University follows the Financial Accounting Standards Board (FASB) guidance on Fair Value Measurements which defines fair value and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability at the measurement date. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are prices and valuations that are both significant to the fair value measurement and unobservable.

Fair Value Measurements of Financial Instruments

The carrying amounts of accounts receivable, prepaid expenses and other assets, payables and accrued liabilities, accrued compensation and withholdings, and deferred revenue approximate fair value because of the short maturity of these financial instruments. Management has estimated the net realizable value of student loans and other notes receivable by evaluating collection history and has concluded the carrying amount approximates fair value. Management has estimated the net realizable value of contributions receivable based on the net present value of anticipated future cash flows reduced by an allowance for uncollectible contributions and has concluded the carrying amounts approximate fair value. Management has estimated the net realizable value of actuarial liability of annuities payable based on the actuarial lifespan of the youngest intermediate beneficiary, discounted by the beneficiary income rate provided by the trust agreement and has concluded the carrying amounts approximate fair value. The fair value of investments is estimated as noted above and in Note 11. The carrying amount of bonds with variable rates approximate the fair value because the variable rates reflect current market rates for bonds with similar maturities and credit qualities. The fair value of bonds with fixed interest rates is based on rates assumed to be currently available for bond issues with similar terms and average maturities.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses

Contributions Receivable, which represents all contributions pledged but not yet received, are stated net of an allowance for credit losses.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value at the date of donation. The University capitalizes assets that are greater than \$5,000 and have a useful life of at least three years. Repairs and maintenance costs are charged to operating expenses. Depreciation is calculated on the straight-line method over the assets' estimated useful lives ranging from 3 to 75 years. Depreciation is not calculated on land, art collections, or construction in progress.

Conditional asset retirement obligations related to legal requirements to perform certain future activities associated with the retirement, disposal, or abandonment of capital assets are accrued to estimate the net present value for applicable future costs, e.g., asbestos abatement or removal.

Costs of Borrowing

Interest costs incurred on borrowed funds during the construction of capital assets, net of investment income on proceeds of borrowings that are held by a trustee, are capitalized as a component of the cost of acquiring the assets. Bond premiums and issuance costs are amortized over the term of the bonds.

Revenue Recognition

The University's revenue recognition policies are as follows:

Tuition, Fees, Room, and Board

Student tuition and fees are recorded as revenue in the fiscal year that the related educational services are rendered. Financial aid provided by the University is reflected as a reduction of tuition and fees and was \$90,720,194 and \$83,294,120 at June 30, 2025 and 2024, respectively. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue. Deferred revenue of \$574,255 and \$580,836 as of June 30, 2025 and 2024, respectively, represents performance obligations associated with payments received for enrollment deposits and prepayments for the fall semester, and rental housing deposits. In addition, students who officially withdraw from all courses during the semester will receive a partial refund in accordance with the University's refund policy. Historically, refunds of tuition have been approximately 0.25% of the total amount billed. Refunds issued reduce the amount of revenue recognized.

Grants and Contracts

The University receives grant funding from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large.

Revenues from exchange transactions are recognized as performance obligations are satisfied, which in some cases are as related costs are incurred.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Grants and Contracts (Continued)

Revenues from nonexchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional nonexchange transactions are recognized when the barrier is satisfied. In addition, the University has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized.

Auxiliary Services

Auxiliary services furnish services to students, faculty, and staff and include residence halls, an apartment complex, golf course, multi-purpose arena, conference center, food service, and bookstore and are recorded as revenue in the fiscal year that the related services are rendered or at the time the event or sale occurs.

Lease Receivable

The Foundation, as lessor, has a ground lease with Upstate Senior Living, Inc. (USL), a South Carolina nonprofit corporation. USL constructed a continuing care retirement community on the property. USL is responsible for all operating expenses, maintenance, repairs and capital improvements of the continuing care retirement community. The lease revenue is recognized on the straight-line basis over the term of the lease.

Student Deposits and Deferred Revenue

Student deposits and deferred revenue represent payments received prior to the academic term and are included in deferred revenue on the consolidated statements for financial position. The following table depicts activity and balances for deposits and deferred revenue related to tuition and fees and enrollment deposits.

	Tuition and Fees	Enrollment Deposits	Total
BALANCE - JUNE 30, 2023	\$ 269,082	\$ 322,350	\$ 591,432
Revenue Recognized, Deposits Applied/Forfeited	(269,082)	(322,350)	(591,432)
Payments Received for Future Performance Obligations	<u>237,436</u>	<u>343,400</u>	<u>580,836</u>
BALANCE - JUNE 30, 2024	237,436	343,400	580,836
Revenue Recognized, Deposits Applied/Forfeited	(237,436)	(343,400)	(580,836)
Payments Received for Future Performance Obligations	<u>257,055</u>	<u>317,000</u>	<u>574,055</u>
BALANCE - JUNE 30, 2025	<u>\$ 257,055</u>	<u>\$ 317,000</u>	<u>\$ 574,055</u>

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Deposits and Deferred Revenue (Continued)

The balance of deferred revenue at June 30, 2025, less any refunds will be recognized as services are rendered. The University applies the practical expedient in Accounting Standards Codification (ASC) paragraph 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less. The University anticipates that students enrolled for the fall semester will continue their educational experience in the spring semester, and that students who receive their baccalaureate degree in either December or May will be replaced by an equivalent number of new enrollees.

Contributions

Contributions, including contributions receivable, are recognized as revenue in the period received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return or release – are not recognized until donor stipulations are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value.

Unconditional promises to give, with payments due to the University in future years, are recorded as net assets with donor restrictions at the estimated present value of estimated future cash flows, using a credit risk adjusted discount rate of return appropriate for the expected term of the promise to give. Amortization of the discounts is recorded as contribution revenue in the appropriate net asset class. An allowance for uncollectible contributions receivable is provided based upon management's judgment of such factors as prior collection history, type of contribution and other relevant factors.

Operating Results

Operating results (change in net assets from operating activities) in the consolidated statements of activities exclude nonoperating activities related to earnings on endowment in excess of the endowment spending rate, changes in fair value of interest rate exchange agreement, contributions supporting major capital purchases, contributions to the endowment, and certain other nonrecurring items.

Endowment distributions reported as operating revenue consist of endowment returns (regardless of when such income or returns were earned) distributed to support current operational needs. The University's board of trustees approves the determination of amounts to be distributed from the endowment pool on an annual basis. Objectives of the endowment distribution methodology include reducing the impact of capital market fluctuations on current operations.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Results (Continued)

Costs related to the operation and maintenance of physical plant, including depreciation of plant assets, are allocated to operating programs and supporting activities based on facility usage. Additionally, interest expense is allocated to the activities that have benefited most directly from the debt proceeds.

Income Taxes

The University is exempt from federal and state income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC). However, certain income unrelated to its exempt function is subject to income taxation.

The University's policy is to record a liability for any tax position taken that is beneficial to the University, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2025 and 2024, and, accordingly, no liability has been accrued.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates inherent in the preparation of the consolidated financial statements include estimates of the allowance for uncollectible accounts, estimates of fair value on nonpublicly-traded securities, equity interest in Hollingsworth Funds, Inc. and Subsidiaries, useful lives of depreciable assets, cash flows for contributions receivable and annuities payable, and actuarial assumptions used, and accruals for asset retirement obligation, interest rate exchange agreements, and self-insurance liabilities.

Reclassifications

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

NOTE 3 ACCOUNTS RECEIVABLE, NET

Student accounts receivable is reported at the estimated net realizable amount and are written off after one year. Grants receivable is due primarily from federal and state agencies and are considered fully collectible. Other receivables are mostly made up of customers receivable which are reported at the estimated net realizable amount. An allowance for uncollectible accounts is established based on prior collection experience. Management believes that the allowance is adequate to cover potential losses from uncollectible accounts. The University also understands that future conditions could impact the collectability of accounts receivable such as economic downturns, variations in student enrollments, or institutional policies. The University continually monitors the collectability of accounts receivable and adjusts the allowance as necessary to reflect current conditions.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 ACCOUNTS RECEIVABLE, NET (CONTINUED)

Accounts receivable, net, as of June 30, are as follows:

	<u>2025</u>	<u>2024</u>
Student	\$ 689,286	\$ 839,568
Grants	1,662,353	1,597,207
Other	<u>2,518,146</u>	<u>2,872,942</u>
Total Accounts Receivable	4,869,785	5,309,717
Less Allowance for Credit Losses		
Beginning of year	(391,805)	(333,995)
Current Year Credit Loss Provision	(139,530)	(74,641)
Write-offs & Cancellations	<u>184,934</u>	<u>16,831</u>
End of Year	<u>(346,401)</u>	<u>(391,805)</u>
Total Accounts Receivable, Net	<u>\$ 4,523,384</u>	<u>\$ 4,917,912</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable, net, are summarized as follows at June 30:

	<u>2025</u>	<u>2024</u>
Unconditional Contributions Expected to be Collected In:		
Less Than One Year	\$ 15,364,266	\$ 15,232,976
One to Five Years	18,723,708	24,980,731
Over Five Years	2,098,469	1,766,899
Charitable Remainder Trusts Held By Others	<u>2,649,415</u>	<u>2,534,881</u>
Total Contributions Receivable	38,835,858	44,515,487
Less:		
Unamortized Discount	(2,683,973)	(2,877,160)
Allowance for Uncollectible Contributions Receivable	<u>(1,706,452)</u>	<u>(1,986,745)</u>
Total Contributions Receivable, Net	<u>\$ 34,445,433</u>	<u>\$ 39,651,582</u>

Contributions receivable is discounted at a rate commensurate with the scheduled timing of receipt. The discount rate used for contributions receivable ranged from 0.16% and 4.87% at June 30, 2025 and 2024, respectively. The discount rate used for charitable remainder trusts held by others averaged 5.0% at June 30, 2025 and 2024.

At June 30, 2025 and 2024, gross written unconditional contributions receivable from members of the board of trustees and officers of the University were \$10,839,053 and \$13,034,480, respectively. In addition, during the years ended June 30, 2025 and 2024, the University generated \$6,367,871 and \$17,696,635, respectively, in support revenue from members of the board of trustees

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 INVESTMENTS

Investments by security type as of June 30, are as follows:

	2025	2024
Equities:		
U.S. Equity	\$ 13,546,345	\$ 13,733,452
U.S. Equity Funds	158,069,955	122,553,463
Developed International Equity	122,546,477	113,027,350
Emerging Markets	48,224,711	46,067,598
Fixed Income:		
Bond Funds	43,143,570	59,289,343
U.S. Government Bond Funds	57,971	43,590
Hedged Strategies	126,640,950	128,905,380
Private Capital	173,622,027	153,954,561
Private Credit	8,528,201	12,010,609
Other:		
Real Estate	4,387,403	2,533,252
Real Asset Funds	57,417,626	62,277,034
Funds Held in Perpetual Trust by Others	6,124,369	5,775,801
Short-Term Investments	32,866,047	37,648,309
Funds Held in Trust for Bond Issued	20,973,030	87,804,066
Total Fair Value	816,148,682	845,623,808
Real Estate ⁽¹⁾	906,658	989,658
Private Capital ⁽¹⁾	3,600,000	4,291,495
Total at Cost	4,506,658	5,281,153
 Total Investments	 \$ 820,655,340	 \$ 850,904,961

(1) Direct investments in real estate and specific private capital investments are recorded at cost if purchased and at fair value at the date of the gift, if donated. Investments recorded at cost are reviewed annually for impairment. No impairment losses were recorded in fiscal years 2025 and 2024.

The fair value of investments held by the University under split-interest agreements was approximately \$3.3 million at June 30, 2025, and \$2.6 million at June 30, 2024. The University's investment activity for the years ended June 30 is detailed on the following page. Management fees are netted against interest and dividends and totaled \$2.3 million for the years ended June 30, 2025, and 2024.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 INVESTMENTS (CONTINUED)

Net investment return on investments for the years ended June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Interest and Dividends, Net of Investment Fees	\$ 14,572,235	\$ 13,983,334
Net Realized Gains on Sale of Investments	47,500,348	43,803,379
Net Unrealized Gains on Sale of Investments	<u>32,733,331</u>	<u>17,879,568</u>
Total Net Investment Return	94,805,914	75,666,281
Included in the Consolidated Statements of Activities as		
Investment Return Designated for Operations:		
Endowment Spending Rate	(36,928,822)	(36,476,685)
Other Investment Income	<u>(7,431,090)</u>	<u>(4,128,997)</u>
Total Investment Return Less Amounts		
Designated for Current Operations	<u>\$ 50,446,002</u>	<u>\$ 35,060,599</u>

NOTE 6 EQUITY INTEREST IN HOLLINGSWORTH FUNDS, INC. AND SUBSIDIARIES

In December 2000, the equity interest of John D. Hollingsworth On Wheels, Inc., and substantial real estate holdings passed to an Internal Revenue Service (IRS) qualified supporting organization, Hollingsworth Funds, Inc. and Subsidiaries (the Funds) upon the death of John D. Hollingsworth, the company's founder and sole stockholder. According to Mr. Hollingsworth's last will and testament, Furman University will receive approximately 45% of the annual income distribution from the Funds. During the year ended June 30, 2004, the estate of Mr. Hollingsworth cleared probate court and, accordingly, the University recognized its equity interest in his estate of \$115,346,777. The University and the Funds are financially inter-related organizations for financial reporting purposes and, as a result, the University accounts for this interest under the equity method of accounting and recognizes its share of changes in net assets of the Funds.

The University recognized an unrealized gain of \$5,976,354 for fiscal year 2025 and an unrealized gain of \$8,042,002 for fiscal year 2024, which are included in the investment return less amounts designated for current operations on the consolidated statements of activities. Income distributions from the Funds, which are included in the investment return less amounts designated for current operations on the consolidated statements of activities, were \$5,460,000 for fiscal year 2025 and \$5,181,139 for fiscal year 2024.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

**NOTE 6 EQUITY INTEREST IN HOLLINGSWORTH FUNDS, INC. AND SUBSIDIARIES
(CONTINUED)**

Summarized unaudited financial information of the Funds as of and for the years ended December 31, is as follows:

	<u>2025</u>	<u>2024</u>
Total Assets	<u>\$ 404,549,903</u>	<u>\$ 392,402,397</u>
Total Liabilities	\$ 1,743,123	\$ 2,810,563
Net Assets	<u>402,806,780</u>	<u>389,591,834</u>
Total Liabilities and Net Assets	<u>\$ 404,549,903</u>	<u>\$ 392,402,397</u>
Share of Net Assets	<u>\$ 182,166,144</u>	<u>\$ 176,189,790</u>
Revenues and Gains	\$ 34,333,766	\$ 36,223,397
Expenses and Losses	(21,206,133)	(18,559,111)
Income Tax Provision	(536)	(11,300)
Equity in Net Income Subsidiaries	<u>87,849</u>	<u>129,534</u>
Change in Net Assets	<u>\$ 13,214,946</u>	<u>\$ 17,782,520</u>
Share in Change in Net Assets	<u>\$ 5,976,354</u>	<u>\$ 8,042,002</u>

NOTE 7 ENDOWMENT

The University's endowment consists of more than a thousand separate funds established over many years for scholarships, professorships, academic programs, and general institutional support. Endowment related net assets include donor-restricted endowments, board-designated endowments, the University's equity interest in Hollingsworth Funds, Inc. and Subsidiaries, and funds in perpetual trusts held by others. Gift annuities and contributions receivable are not considered components of the endowment. All of the University's endowment net assets without donor restrictions are board-designated endowments.

The board of trustees' interpretation of its fiduciary responsibilities for donor-restricted endowments under the Uniform Prudent Management of Institutional Funds Act (UPMIFA), barring the existence of any donor-specific provisions, is to preserve intergenerational equity. Under this broad guideline, future endowment beneficiaries should receive at least the same level of economic support that the current generation enjoys. The overarching objective is to preserve and enhance the real (inflation-adjusted) purchasing power of the fund in perpetuity.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 ENDOWMENT (CONTINUED)

UPMIFA specifies that, unless stated otherwise in a gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for expenditure. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, the University reports the historical value for such endowments as net assets with donor restrictions held in perpetuity and the net accumulated appreciation as net assets with donor restrictions with purpose/time restrictions. In this context, historical value represents the original value of initial gifts restricted as permanent endowment, plus the original value of subsequent gifts, and if applicable, the value of accumulations made in accordance with the direction of specific donor gift agreements.

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The University expects its endowment funds, over the majority of rolling five-year periods, to provide an average annual real rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation with investments in equities, fixed income, hedged strategies, private capital, and other funds to achieve its long-term, risk-adjusted return objectives.

The board designates only a portion of the University's cumulative investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. Specific appropriation for expenditure of the University's endowment funds occurs each spring when the board approves the University's operating budget for the ensuing year. The objective of the University's spending policy is to spend from the endowment pool no more than a 5% effective rate. Each year, the University will spend from the endowment pool an amount equal to the average market value of the 12 trailing quarters as of the previous December 31, multiplied by a rate of between 4% - 6%. The specific spending rate will be set each year through the University's annual budget process. The effective rate is defined as the current fiscal year's spending from the endowment pool divided by the previous fiscal year-end's market value of the endowment pool.

The University considered the expected return on its endowment when it established these policies. Accordingly, the University expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to or greater than planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 ENDOWMENT (CONTINUED)

Changes in endowment net assets for the years ended June 30 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT NET ASSETS -			
JUNE 30, 2023	\$ 127,802,302	\$ 659,687,247	\$ 787,489,549
Investment Return, Net	9,294,325	56,893,738	66,188,063
Gifts and Additions to Endowment, Net	116,913	10,420,775	10,537,688
Distributions	<u>(6,615,657)</u>	<u>(29,861,027)</u>	<u>(36,476,684)</u>
ENDOWMENT NET ASSETS -			
JUNE 30, 2024	130,597,883	697,140,733	827,738,616
Investment Return, Net	13,766,230	68,071,396	81,837,626
Gifts and Additions to Endowment, Net	146,629	12,740,439	12,887,068
Distributions	<u>(6,335,150)</u>	<u>(30,593,672)</u>	<u>(36,928,822)</u>
ENDOWMENT NET ASSETS -			
JUNE 30, 2025	<u>\$ 138,175,592</u>	<u>\$ 747,358,896</u>	<u>\$ 885,534,488</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. As of June 30, 2025 and 2024, donor restricted endowment funds that had a fair value below the original contribution value were \$14,337,609 and \$11,415,927, respectively, which had deficiencies of this nature of \$40,601 and \$198,873, respectively. These deficiencies resulted from unfavorable market declines that occurred after the investment of recent contributions with donor restrictions. Subsequent gains that restore the fair value of the assets of the endowment funds to the required level will be classified as an increase in net assets with donor restrictions. Management believes these deficiencies will be relatively short term in duration. The University limits the spending on endowment funds for funds that have a fair value of assets less than 80% of original contribution value.

Descriptions of amounts classified as net assets with donor restrictions (endowment only) are as follows:

	2025	2024
The Portion of Perpetual Endowment Funds that is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	\$ 267,455,512	\$ 254,234,110
Term Endowment Funds	182,297,926	176,321,572
The Portion of Perpetual Endowment Funds Subject to Time Restriction Under UPMIFA:		
Without Purpose Restrictions	31,037,119	28,553,875
With Purpose Restrictions	<u>266,568,339</u>	<u>238,031,176</u>
With Donor Restriction Net Assets	<u>\$ 747,358,896</u>	<u>\$ 697,140,733</u>

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 LEASE RECEIVABLE

The Foundation's ground lease with Upstate Senior Living, Inc., was amended and restated on September 17, 2017, to include the lease on Phase I parcel, as set forth in the existing lease, and the lease of the Phase II parcel. The amended and restated lease is for a term of 100 years which ends August 31, 2116. Cumulative lease revenue for Phase I totals \$122,942,916 and for Phase II totals \$61,323,943, both of which is recognized on the straight-line basis over the 100-year lease term. Lease payments on Phase II were deferred until January 15, 2019. As of June 30, 2025 and 2024, the lease receivable totaled \$21,085,364 and \$19,674,099, respectively. The University recognized lease revenue of \$1,749,875 for fiscal years 2025 and 2024. Lease revenue was included in other operating revenues and support and other nonoperating activities on the consolidated statements of activities for fiscal years 2025 and 2024. An allowance for uncollectible lease receivable is established based on prior collection experience, and management has determined that an allowance is not required at June 30, 2025 and 2024.

Future lease payments to be received as of June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 347,565
2027	356,790
2028	366,293
2029	376,084
2030	386,170
Thereafter	180,627,139
Total	<u>\$ 182,460,041</u>

NOTE 9 PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following at June 30:

	<u>2025</u>	<u>2024</u>
Land and Land Improvements	\$ 39,259,506	\$ 40,484,980
Buildings	448,206,081	371,931,863
Equipment	86,089,545	85,330,512
Library Books	11,014,216	11,959,873
Collections	3,749,468	3,749,468
Construction in Progress	56,024,814	51,137,984
Total Property and Equipment	<u>644,343,630</u>	<u>564,594,680</u>
Less: Accumulated Depreciation	<u>(253,109,032)</u>	<u>(250,771,744)</u>
Total Property and Equipment, Net	<u>\$ 391,234,598</u>	<u>\$ 313,822,936</u>

Depreciation expense totaled \$18,835,675 and \$15,448,485 in fiscal years 2025 and 2024, respectively, and included depreciation expense for an asset held under a finance lease of \$0- and \$76,733, for the same periods.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 PROPERTY AND EQUIPMENT, NET (CONTINUED)

The University has identified unconditional asset retirement obligations (ARO), primarily for the costs of asbestos removal and disposal. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related asset by the same amount as the liability. The liabilities were established using an inflation rate of 3.00% and a discount rate of 4.20% based on relevant factors at origination. ARO liabilities of \$1,447,054 for fiscal years 2025 and 2024 are included in payables and accrued liabilities in the consolidated statements of financial position. No accretion expense was recognized for the years ended June 30, 2025 and 2024.

NOTE 10 BONDS AND LEASE OBLIGATIONS, NET

Outstanding bonds and lease obligations as of June 30 were as follows:

	2025	2024
Educational Facilities Revenue Bonds:		
Series 2015, serial bonds, due in varying installments (ranging from \$485,000 to \$5,600,000) through October 1, 2045. The bonds bear interest, payable semi-annually, at rates ranging from 3.00% to 5.00%.	\$ 58,675,000	\$ 60,080,000
Series 2020, serial bonds, due in varying installments (ranging from \$840,000 to \$13,160,000) through October 1, 2039. The bonds bear interest, payable monthly, at a fixed rate of 1.15%.	30,610,000	31,725,000
Series 2022, serial bonds, due in one lump-sum payment on April 1, 2052. The bonds bears interest, payable semi-annually, at a fixed rate of 4.00%.	66,410,000	66,410,000
Series 2024, serial bonds, due in varying installments (ranging from \$540,000 to \$52,000,000) through April 1, 2034. The bonds bear interest, payable semi-annually, at a fixed rate of 5.00%	69,410,000	69,410,000
Par Amount of Bonds	225,105,000	227,625,000
Unamortized Bond Issuance Costs	(1,482,781)	(1,622,243)
Unamortized Premium	18,386,656	19,870,098
Total Bonds, Net	242,008,875	245,872,855
Lease Obligations	84,408	156,718
Bonds and Lease Obligations, Net	\$ 242,093,283	\$ 246,029,573

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 BONDS AND LEASE OBLIGATIONS, NET (CONTINUED)

On May 8, 2024, the University issued Series 2024 tax-exempt fixed rate bonds in the aggregate principal amount of \$69,410,000 to provide funds to pay all or a portion of the costs for capital construction, the interest coming due on the Bonds during the period of construction, and issuance of the Bonds. The Bonds were issued at a premium of \$9,632,503 which will be amortized over the life of the bonds. The unexpended bond proceeds are reported on the consolidated statement of financial position and described within Note 2.

On January 26, 2022, the University issued Series 2022 tax-exempt fixed rate bonds in the aggregate principal amount of \$66,410,000 to provide funds to pay all or a portion of the costs for capital construction, the interest coming due on the Bonds during the period of construction, and issuance of the Bonds. The Bonds were issued at a premium of \$9,867,862 which will be amortized over the life of the bonds. The unexpended bond proceeds are reported on the consolidated statement of financial position and described within Note 2.

Aggregate maturities of bonds subsequent to June 30, 2025 are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2026	\$ 5,155,000
2027 (a)	14,580,000
2028	4,980,000
2029	5,250,000
2030	4,840,000
Thereafter	<u>190,300,000</u>
Total	<u>\$ 225,105,000</u>

(a) See footnote 19 for information regarding refinancing of bonds and updated maturity.

The estimated fair value of the University's bonds, including current maturities, at June 30, is as follows:

	<u>2025</u>	<u>2024</u>
Educational Facilities Revenue Bonds	\$ 219,438,755	\$ 233,099,384
Lease Obligations	<u>84,408</u>	<u>156,718</u>
Total Estimated Fair Value of Bonds and Lease Obligations	<u>\$ 219,523,163</u>	<u>\$ 233,256,102</u>

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 BONDS AND LEASE OBLIGATIONS, NET (CONTINUED)

Interest expense on a cash and accrual basis for the years ended June 30 follows:

	<u>2025</u>	<u>2024</u>
Cash Paid for Interest	\$ 8,725,142	\$ 5,670,531
Amortization of Bond Premium	(1,483,442)	(702,677)
Amortization of Bond Issuance Costs	139,462	83,443
Change in Year-End Accrual	160,373	667,155
Interest Cost Capitalized	<u>(1,420,607)</u>	<u>(1,082,911)</u>
Total Interest Expense	<u>\$ 6,120,928</u>	<u>\$ 4,635,541</u>

In May 2021, the University entered into a revolving line of credit, in an amount not to exceed \$10 million, with a national bank. The line of credit has a two-year term with interest accruing at a variable rate per annum equal to one-month LIBOR plus a set spread. There were no outstanding amounts on the line of credit as of June 30, 2025 and 2024.

The University has historically entered into several lease arrangements under which the University is the lessee. As of June 30, 2025, the University has entered into three operating leases.

Aggregate maturities of the lease obligations subsequent to June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2026	\$ 71,180
2027	13,548
2028	<u>1,129</u>
Total Undiscounted Cash Flows	85,857
Present Value Discount	<u>(1,449)</u>
Total Lease Obligations	<u>\$ 84,408</u>

Aggregate maturities of the lease obligations subsequent to June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Lease Expense:		
Finance Lease Expense:		
Amortization of ROU Assets	\$ -	\$ 78,267
Interest on Lease Liabilities	-	1,222
Operating Lease Expense	<u>75,649</u>	<u>74,541</u>
Total Lease Expense	<u>\$ 75,649</u>	<u>\$ 154,030</u>

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 BONDS AND LEASE OBLIGATIONS, NET (CONTINUED)

Other required information on the University's lease obligations are as follows at June 30:

	2025	2024
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Financing Lease (i.e., Interest)	\$ -	\$ 1,465
Financing Cash Flows from Financing Lease (i.e., Principal Portion)	\$ -	\$ 82,379
Operating Cash Flows from operating Leases	\$ 74,741	\$ 73,449
Weighted-Average Remaining Lease Term for Operating Leases	3.0 Years	2.19 Years
Weighted-Average Discount Rate for Operating Leases	4.62%	2.03%

NOTE 11 FAIR VALUE MEASUREMENT

The University uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 - inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 - inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement.

Investments measured at NAV are those which the University has applied a practical expedient and concluded that NAV reported by the underlying fund approximated the fair value of investments, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. The University has no plans to sell these investments in the secondary market at amounts substantially different from NAV.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 11 FAIR VALUE MEASUREMENT (CONTINUED)

The following is a summary of the levels within the fair value hierarchy for the University's assets and liabilities measured at fair value at June 30:

	2025				
	Investments Measured at NAV	Investments Categorized in the Fair Value Hierarchy			
		Level 1	Level 2	Level 3	Total
Equities:					
U.S. Equity	\$ -	\$ 13,546,345	\$ -	\$ -	\$ 13,546,345
U.S. Equity Funds	122,750,772	35,319,183	-	-	158,069,955
Developed International Equity	117,585,374	4,961,103	-	-	122,546,477
Emerging Markets	48,089,949	134,762	-	-	48,224,711
Fixed Income:					
Bond Funds	9,798,995	33,344,575	-	-	43,143,570
U.S. Government Bond Funds	57,933	38	-	-	57,971
Hedged Strategies	126,640,950	-	-	-	126,640,950
Private Capital	173,622,027	-	-	-	173,622,027
Private Credit	8,528,201	-	-	-	8,528,201
Other:					
Real Estate	4,106,004	-	-	281,399	4,387,403
Real Asset Funds	57,190,465	227,161	-	-	57,417,626
Funds Held in Perpetual Trust by Others	-	-	-	6,124,369	6,124,369
Short-Term Investments	-	32,866,047	-	-	32,866,047
Funds Held in Trust for Bond Issued	-	20,973,030	-	-	20,973,030
Total Investments	<u>\$ 668,370,670</u>	<u>\$ 141,372,244</u>	<u>\$ -</u>	<u>\$ 6,405,768</u>	<u>\$ 816,148,682</u>
Charitable Remainder Trusts Held by Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,649,415</u>	<u>\$ 2,649,415</u>
Actuarial Liability for Annuities Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032,694</u>	<u>\$ 1,032,694</u>

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 11 FAIR VALUE MEASUREMENT (CONTINUED)

	2024				
	Investments Measured at NAV	Investments Categorized in the Fair Value Hierarchy			
		Level 1	Level 2	Level 3	Total
Equities:					
U.S. Equity	\$ -	\$ 13,733,452	\$ -	\$ -	\$ 13,733,452
U.S. Equity Funds	87,263,304	35,290,159	-	-	122,553,463
Developed International Equity	87,992,516	25,034,834	-	-	113,027,350
Emerging Markets	45,917,904	149,694	-	-	46,067,598
Fixed Income:					
Bond Funds	23,897,288	35,392,055	-	-	59,289,343
U.S. Government Bond Funds	43,529	61	-	-	43,590
Hedged Strategies	128,905,380	-	-	-	128,905,380
Private Capital	153,954,561	-	-	-	153,954,561
Private Credit	12,010,609	-	-	-	12,010,609
Other:					
Real Estate	2,251,853	-	-	281,399	2,533,252
Real Asset Funds	62,200,958	76,076	-	-	62,277,034
Funds Held in Perpetual Trust by Others	-	-	-	5,775,801	5,775,801
Short-Term Investments	-	37,648,309	-	-	37,648,309
Funds Held in Trust for Bond Issued	-	87,804,066	-	-	87,804,066
Total Investments	\$ 604,437,902	\$ 235,128,706	\$ -	\$ 6,057,200	\$ 845,623,808
Charitable Remainder Trusts Held by Others	\$ -	\$ -	\$ -	\$ 2,534,881	\$ 2,534,881
Actuarial Liability for Annuities Payable	\$ -	\$ -	\$ -	\$ 992,654	\$ 992,654

The majority of the University's underlying fund managers use a market approach to value an investment. In addition, the following inputs/valuation techniques are used – comparable security analysis, recent transactions, earnings and cash flow forecasts, market multiple analysis, discounted cash flow/time value of money, internal valuation models, third-party appraisals, bona-fide offers, and 'at cost' for the period subsequent to acquisition.

The classification of a financial instrument within Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement.

All net realized and unrealized gains and losses on Level 3 investments are reflected in the consolidated statements of activities as investment return less amounts designated for current operations.

There were no transfers between levels during fiscal years 2025 and 2024.

For investments in entities that calculate net asset value or its equivalent whose fair value is not readily determinable, the following table provides information about the relative liquidity of these investments. The fair values of these investments have been estimated using net asset value per share of the investments, unless noted. Management is not aware of any factors that would impact net asset value as of June 30, 2025.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 11 FAIR VALUE MEASUREMENT (CONTINUED)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Applicable)	Redemption Notice Period
U.S. Equity Funds (a)	\$ 122,750,772	\$ -	Daily - Quarterly	0 - 60 Days
Developed International Equity (b)	117,585,374	-	Daily - 3 Years	0 - 120 Days
Emerging Markets (c)	48,089,949	-	Monthly - Annual	10 - 60 Days
Bond Funds (d)	9,798,995	-	Daily - Quarterly	0 - 90 Days
U.S. Government Bond Funds (e)	57,933	-	N/A	N/A
Hedged Strategies (f)	126,640,950	-	Monthly - Annual	60 - 90 Days
Private Capital (g)	173,622,027	56,690,024	N/A	N/A
Private Credit (h)	8,528,201	291,143	N/A	N/A
Public Real Asset Funds (i)	24,952,738	-	Monthly	5 - 30 Days
Private Nonmarketable Real Assets Funds (j)	32,237,727	8,294,778	N/A	N/A
Real Estate (k)	4,106,004	1,920,000	N/A	N/A
Total	<u>\$ 668,370,670</u>			

- a) Includes investments primarily in long-only and active extension funds that have both long and short U.S. equity positions. There typically can be exposure to international markets within these funds. The funds are broadly diversified and have net exposure equal to 100% net long. The active extension funds utilize strategies that incorporate fundamental and quantitative methods and seek to outperform their respective benchmarks on a risk-adjusted basis.
- b) Includes investments primarily in diversified, long-only commingled funds that invest in developed international markets. There can be exposure to North America and emerging markets within these funds as well as a limited amount of credit, real estate and short exposure. The funds are actively managed and seek to outperform their respective benchmarks on a risk-adjusted basis by over/underweighting countries, sectors and securities.
- c) Includes investments primarily in diversified, long-only commingled funds that invest in emerging market equities. There can be exposure to developed international and North American markets within these funds. The funds are actively managed and seek to outperform their respective benchmarks on a risk-adjusted basis by over/underweighting countries, sectors, and securities.
- d) Includes investments primarily in an active U.S. core bond fund, a passive holding in a U.S. government bond fund, an active global high yield and loan fund and a short-term real estate loan fund. The active funds seek to add value versus their benchmarks by over/underweighting sectors and countries/currencies (in the case of the global high yield and loan fund) and by means of security selection.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 11 FAIR VALUE MEASUREMENT (CONTINUED)

- e) Includes investments in a fund that invests in U.S. Treasury Inflation-Protected Securities.
- f) Includes direct investments in equity long/short hedge funds, multi-strategy hedge funds, and credit long/short hedge funds. The funds in aggregate generally have net long exposure (50% - 90%) and gross exposure ranging from 100% to 250%. Less than a third of the hedged strategy exposure is considered “locked up” with redemption arrangements one year or more. These exclude funds with gate provisions within their liquidity terms.
- g) Includes investments primarily in private equity and venture capital funds, private debt and structured credit funds, fund-of-funds, and co-investments which invest in or lend to private partnerships that seek to grow capital and/or generate cash flow over longer periods of time. The strategies typically employed seek to take control of minority positions in early-stage or start-up ventures, growth equity, potential turn-around candidates or buyouts, private lending, collateralized loan obligation equity, or other special situations. Because of the longer-term nature of these investment strategies, the University does not have the ability to withdraw or redeem funds. Instead, the partnerships return money to the University over a longer period of time, usually 3 to 12 years after the initial subscription and investment period but could be longer in the event that extensions are utilized.
- h) Includes investments primarily in private credit funds who act as non-bank lenders and make negotiated private loans to companies. These funds seek to generate a return premium, provide diversification and reduced volatility compared to public markets.
- i) Includes investments in longer term private capital direct investments and partnerships that invest in natural resource assets (oil and gas, metals and mining, renewable energy, and power generation) and real estate funds and/or fund-of-funds (raw land, buildings, publicly-traded securities/commingled funds, and private partnerships) and asset-based leasing opportunities. Because of the longer-term nature of these investment strategies, the University does not have the ability to withdraw or redeem funds. Instead, the partnerships return money to the University over a longer period of time, usually 3 to 12 years after the initial subscription and investment period but could be longer in the event that extensions are utilized.
- j) Includes investments primarily in commodities (an unlevered fund that invests in a variety of diversified, liquid futures contracts) and publicly traded real estate investment trust exchange traded funds.
- k) Includes direct investments, equity and debt, in real estate properties.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 12 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the years ended June 30:

	2025	2024
Purpose Restrictions Accomplished:		
Instruction and Academic Support	\$ 8,419,666	\$ 9,189,238
Research	1,204,777	567,204
Student Services	2,725,785	1,448,351
Institutional Support	1,544,459	1,359,741
Student Aid	1,636,283	1,751,874
Endowment Distributions	30,593,672	29,861,027
Other	4,095	137,685
Satisfaction of Program Restrictions from Operations	46,128,737	44,315,120
Capital Improvements	9,932,977	5,613,538
Total	\$ 56,061,714	\$ 49,928,658

NOTE 13 COMPOSITION OF NET ASSETS

Net assets with donor restrictions are available for the following purposes at June 30:

	2025	2024
Subject to Expenditure for Specified Purpose:		
Instruction and Academic Support	\$ 203,386,977	\$ 210,238,434
Student Services	1,360,334	1,083,809
Institutional Support	1,127,667	1,127,567
Student Aid	11,300,246	2,706,434
Capital Projects and Building Maintenance	4,620,585	7,812,448
Unspecified Designation	1,340,707	2,571,040
Endowment Earnings	297,618,089	266,585,051
Total	520,754,605	492,124,783
Subject to the Spending Policy and Appropriation Restricted in Perpetuity, the Income from Which is Expendable to Support:		
Instruction and Academic Support	117,925,382	113,512,614
Student Services	3,370,309	5,021,572
Student Aid	154,386,325	149,173,527
Capital Projects and Building Maintenance	6,304,370	5,921,459
Total	281,986,386	273,629,172
Total	\$ 802,740,991	\$ 765,753,955

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 14 OPERATING EXPENSES

Operating expenses by function and nature consist of the following for the years ended June 30:

	2025							Total
	Program Functions						Supporting Functions	
	Instruction	Research	Public Service	Academic Support	Student Services	Room, Board and Auxiliary Services	Institutional Support	
Salaries and Wages	\$ 30,411,965	\$ 1,564,609	\$ 180,423	\$ 9,943,118	\$ 13,674,084	\$ 2,771,928	\$ 10,489,574	\$ 69,035,701
Fringe Benefits	10,804,075	260,023	54,677	3,072,798	4,485,797	554,384	4,311,245	23,542,999
Operation and Maintenance of Plant	7,392,929	-	28,322	2,348,156	2,850,984	2,979,803	1,538,690	17,138,884
Depreciation	3,751,537	422,043	-	2,616,774	2,937,525	7,737,104	1,370,692	18,835,675
Interest	1,740,824	-	-	-	46,485	4,333,619	-	6,120,928
Other Noncompensation								
Operating Expenses	<u>11,240,136</u>	<u>2,229,415</u>	<u>149,032</u>	<u>5,684,836</u>	<u>12,087,208</u>	<u>12,748,666</u>	<u>9,777,932</u>	<u>53,917,225</u>
Total	<u>\$ 65,341,466</u>	<u>\$ 4,476,090</u>	<u>\$ 412,454</u>	<u>\$ 23,665,682</u>	<u>\$ 36,082,083</u>	<u>\$ 31,125,504</u>	<u>\$ 27,488,133</u>	<u>\$ 188,591,412</u>
	2024							
	Program Functions						Supporting Functions	
	Instruction	Research	Public Service	Academic Support	Student Services	Room, Board and Auxiliary Services	Institutional Support	Total
Salaries and Wages	\$ 31,021,383	\$ 811,215	\$ 165,965	\$ 10,528,503	\$ 13,704,565	\$ 2,896,145	\$ 10,347,672	\$ 69,475,448
Fringe Benefits	10,636,282	145,439	47,087	2,836,446	4,191,537	579,938	4,579,179	23,015,908
Operation and Maintenance of Plant	8,204,703	-	30,337	2,428,294	3,202,298	3,185,930	1,644,969	18,696,531
Depreciation	3,382,246	375,861	-	2,709,122	2,761,332	5,141,970	1,079,607	15,450,138
Interest	1,682,877	-	-	-	29,658	2,741,285	181,721	4,635,541
Other Noncompensation								
Operating Expenses	<u>11,660,809</u>	<u>1,900,447</u>	<u>70,649</u>	<u>6,158,003</u>	<u>12,353,147</u>	<u>13,569,608</u>	<u>9,321,693</u>	<u>55,034,356</u>
Total	<u>\$ 66,588,300</u>	<u>\$ 3,232,962</u>	<u>\$ 314,038</u>	<u>\$ 24,660,368</u>	<u>\$ 36,242,537</u>	<u>\$ 28,114,876</u>	<u>\$ 27,154,841</u>	<u>\$ 186,307,922</u>

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these operating expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include interest and plant operations and maintenance. Interest expense is allocated based on percentage of bond proceeds used to fund cost of construction while plant operations and maintenance is allocated on a square footage basis.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 15 LIQUIDITY

Financial assets available for general expenditure within one year at June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Total Assets	\$ 1,472,103,681	\$ 1,421,243,763
Less Nonfinancial Assets:		
Prepaid Expenses and Other Assets	(5,990,003)	(4,392,981)
Property and Equipment, Net	(391,234,598)	(313,822,936)
Less Financial Assets Unavailable for General Expenditures Within One Year:		
Endowment Funds Less: Equity Interest in		
Hollingsworth Funds, Inc. and Subsidiaries	(703,368,344)	(651,548,826)
Other Net Assets Restricted for Specified Purposes	(17,021,707)	(25,953,921)
Annuities, Trusts, and Other Illiquid Investments	(3,303,166)	(3,178,548)
Unspent Bond Proceeds	(20,973,030)	(88,644,209)
Contributions Receivable, Net	(34,445,433)	(39,651,582)
Equity Interest in Hollingsworth Funds, Inc. and Subsidiaries	(182,166,144)	(176,189,790)
Lease Receivable	(21,085,364)	(19,674,099)
Financial Assets Available for General Expenditures Within One Year:		
Amount Subject to Appropriation Within One Year	43,770,193	44,116,174
Contributions Receivable Due in One Year	15,364,266	15,232,976
Lease Receivable Due in One Year	70,034	338,610
Financial Assets Available Within One Year	<u>\$ 151,720,385</u>	<u>\$ 157,874,631</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing activities of instruction and the conduct of services undertaken to support those activities to be general expenditures. The University manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. The University actively manages its resources and invests cash in excess of daily requirements in a combination of short-, medium-, and long-term investment strategies.

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes and is not available for general expenditure. Board-designated endowment of \$138,175,593 and \$130,597,884 at June 30, 2025 and 2024, respectively, is subject to the University's spending policy as described in Note 7. The University does not intend to spend from the board-designated endowment other than amounts appropriated for general expenditure in accordance with the spending policy and has deducted these funds from total assets in the table above. However, these amounts could be made available if necessary.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 16 RETIREMENT PLAN

The University sponsors a defined contribution retirement plan that covers substantially all full-time faculty and staff employees. Contributions under this plan are applied to individual annuities issued to each plan participant. Employer contributions to the plan amount to 6.00% or 11.00% of base compensation based on years of service or attained age. Retirement expense was approximately \$6.25 million and \$6.3 million for the years ended June 30, 2025 and 2024, respectively.

NOTE 17 DEVELOPMENT AND FUNDRAISING EXPENSES

The University incurred expenses related to development and fundraising amounting to approximately \$5.3 million and \$5.8 million during each of the years ended June 30, 2025 and 2024, respectively. Such expenses are included in institutional support on the consolidated statements of activities.

NOTE 18 COMMITMENTS AND CONTINGENCIES

Construction and Equipment

At June 30, 2025, open contracts for the construction or purchase of physical properties amounted to approximately \$73.9 million. The comprehensive renovation projects for all of South Housing and North Village are scheduled to be finalized during the fiscal year ending June 30, 2026.

Litigation

The University is engaged in various legal actions occurring in the normal course of activities. While the final outcomes cannot be determined at this time, management is of the opinion that the resolution of these matters will not have a material adverse effect on the University's financial position.

Financial Aid

Federally and state-funded financial aid programs are subject to special audits. Such audits could result in claims against the resources of the University. No such audits have occurred as of the date of the audit report; therefore, no provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 19 SUBSEQUENT EVENTS

The University evaluated events subsequent to June 30, 2025, and through October 20, 2025, the date on which the consolidated financial statements were available for issuance. On August 13, 2025, the South Carolina Jobs-Economic Development Authority issued its \$43,080,000 principal amount Educational Facilities Revenue Refunding Bonds (Furman University), Series 2025 on behalf of the University. The proceeds of the Series 2025 Bonds were loaned to the University for the purpose of currently refunding certain obligations of the South Carolina Jobs-Economic Development Authority previously issued on behalf of the University, including (i) \$16,180,000 in outstanding principal amount of the Authority's \$64,690,000 original principal amount Economic Development Revenue and Revenue Refunding Bonds (Furman University), Series 2015, maturing October 1 of 2028, 2030, 2031, and 2032, and (ii) \$30,610,000 in outstanding principal amount of the Authority's \$35,830,000 original principal amount Educational Facilities Refunding Revenue Bonds (Furman University), Series 2020, maturing on and after October 1, 2025. Under the terms of an escrow deposit agreement, the refunded maturities of the Series 2015 Bonds will be redeemed on October 1, 2025, and all of the Series 2020 Bonds will be retired on the mandatory tender date of September 22, 2025. The Series 2025 Bonds are unsecured general obligations of the University.

NOTE 20 FINANCIAL RESPONSIBILITY – U.S. DEPARTMENT OF EDUCATION

The Department of Education issued regulations on February 23, 2019, which became effective July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV.

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 20 FINANCIAL RESPONSIBILITY – U.S. DEPARTMENT OF EDUCATION (CONTINUED)

The University's pre-implementation and post-implementation property, plant, and equipment amounts are as follows:

	Pre- Implementation	Post- Implementation	Total
Property, Plant, and Equipment (PPE), Net of Accumulated Depreciation - June 30, 2024:			
(1) Land, Buildings, Equipment, Furniture and Software	\$ 205,923,048	\$ 56,761,901	\$ 262,684,949
(2) Construction in Process (CIP)	-	51,137,987	51,137,987
Total PPE, Net - June 30, 2024	205,923,048	107,899,888	313,822,936
 Fiscal Year Ended June 30, 2025 Activity:			
(1) Land, Buildings, Equipment, Furniture, and Software:			
Additions	-	7,433,896	7,433,896
CIP Placed in Service	-	83,932,687	83,932,687
Disposals	-	(7,835)	(7,835)
Depreciation	(11,305,695)	(7,528,218)	(18,833,913)
Subtotal	(11,305,695)	83,830,530	72,524,835
(2) CIP:			
Additions	-	88,819,514	88,819,514
CIP Placed in Service	-	(83,932,687)	(83,932,687)
Subtotal	-	4,886,827	4,886,827
 Total PPE, Net - June 30, 2025	\$ 194,617,353	\$ 196,617,245	\$ 391,234,598
 Comprised of:			
Land, Buildings, Equipment, Furniture, and Software	\$ 194,617,353	\$ 140,592,431	\$ 335,209,784
CIP	-	56,024,814	56,024,814
Total PPE, Net - June 30, 2025	\$ 194,617,353	\$ 196,617,245	\$ 391,234,598

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 20 FINANCIAL RESPONSIBILITY – U.S. DEPARTMENT OF EDUCATION (CONTINUED)

The University's pre-implementation and post-implementation debt and line of credit amounts are as follows:

	Pre- Implementation	Post- Implementation	Total
Debt and Line of Credit - June 30, 2024			
(1) PPE	\$ 91,805,000	\$ 135,820,000	\$ 227,625,000
(2) Unamortized Bond Issuance Costs	(471,507)	(1,150,736)	(1,622,243)
(3) Unamortized Net Premium	1,338,413	18,531,685	19,870,098
(4) Operating Lease Obligation	-	156,718	156,718
Total Debt - June 30, 2024	92,671,906	153,357,667	246,029,573
Fiscal Year Ended June 30, 2025			
Activity			
(1) PPE	-	-	-
Payments	(2,520,000)	-	(2,520,000)
Subtotal	(2,520,000)	-	(2,520,000)
(2) Unamortized Bond Issuance Costs	-	-	-
Amortization	50,884	88,578	139,462
Subtotal	50,884	88,578	139,462
(3) Unamortized Net Premium			
New Issues	-	-	-
Amortization	(185,719)	(1,297,723)	(1,483,442)
Subtotal	(185,719)	(1,297,723)	(1,483,442)
(4) Operating Lease Obligation			
New issues	-	-	-
Payments	-	(72,310)	(72,310)
Subtotal	-	(72,310)	(72,310)
Total Debt - June 30, 2025	\$ 90,017,071	\$ 152,076,212	\$ 242,093,283

FURMAN UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 20 FINANCIAL RESPONSIBILITY – U.S. DEPARTMENT OF EDUCATION (CONTINUED)

	Pre- Implementation	Post- Implementation	Total
Comprised of:			
(1) PPE	\$ 89,285,000	\$ 135,820,000	\$ 225,105,000
(2) Unamortized Bond Issuance Costs	(420,623)	(1,062,158)	(1,482,781)
(3) Unamortized Net Premium	1,152,694	17,233,962	18,386,656
(4) Operating Lease Obligation	-	84,408	84,408
Total Debt - June 30, 2025	<u>\$ 90,017,071</u>	<u>\$ 152,076,212</u>	<u>\$ 242,093,283</u>

The University's pre-implementation and post-implementation leases are as follows:

	Pre- Implementation	Post- Implementation	Total
Lease Right-of-Use Asset - June 30, 2024	\$ -	\$ 151,519	\$ 151,519
Fiscal Year Ended June 30, 2025 Activity			
Additions	-	-	-
Disposals	-	(75,649)	(75,649)
Subtotal Leases	<u>-</u>	<u>(75,649)</u>	<u>(75,649)</u>
Total Leases - June 30, 2025	<u>\$ -</u>	<u>\$ 75,870</u>	<u>\$ 75,870</u>
	Pre- Implementation	Post- Implementation	Total
Lease Liability - June 30, 2024	\$ -	\$ 156,718	\$ 156,718
Fiscal Year Ended June 30, 2025 Activity			
New Issues	-	-	-
Payments	-	(72,310)	(72,310)
Subtotal Operating Leases	<u>-</u>	<u>(72,310)</u>	<u>(72,310)</u>
Total Operating Leases - June 30, 2025	<u>\$ -</u>	<u>\$ 84,408</u>	<u>\$ 84,408</u>



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.