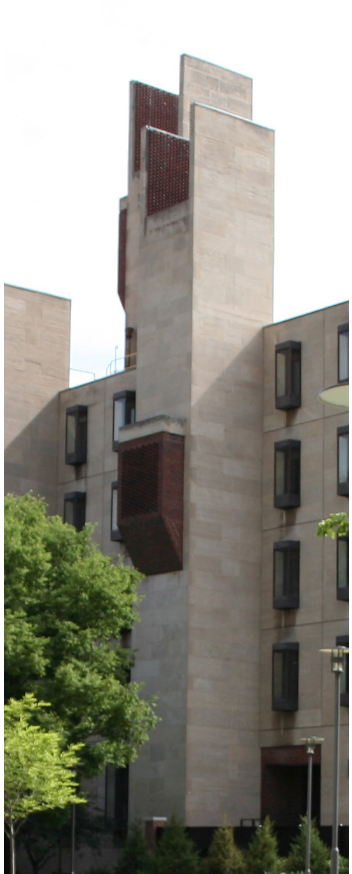
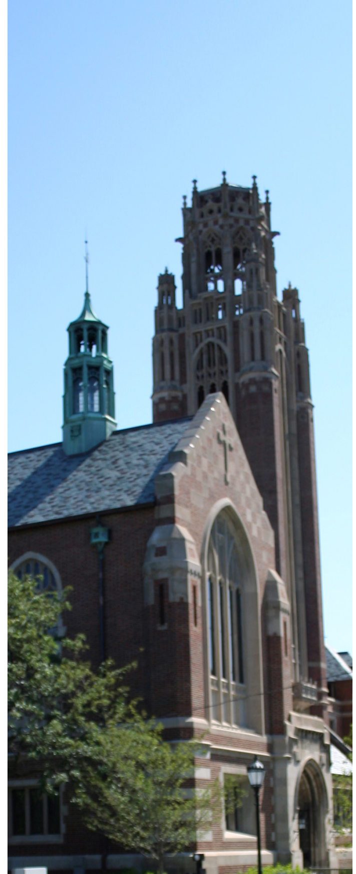
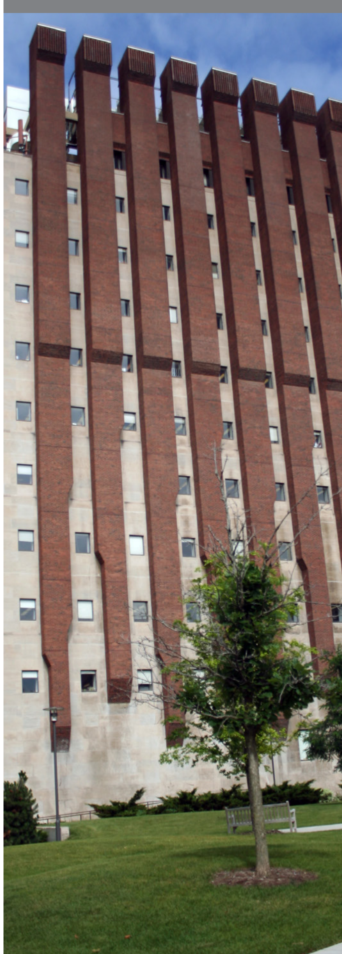
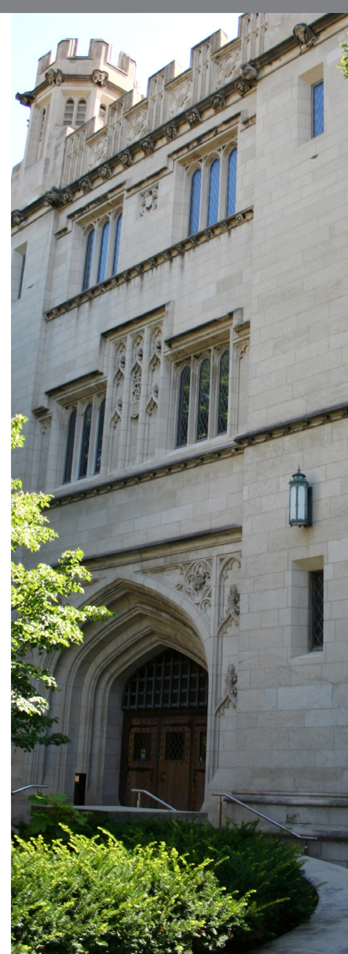





The University of Chicago

2024-2023

Financial Statements and Supplemental University Information






THE UNIVERSITY OF CHICAGO

Years ended June 30, 2024 and 2023

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KPMG LLP
Aon Center
Suite 5500
200 E. Randolph Street
Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Trustees
The University of Chicago:

Opinion

We have audited the consolidated financial statements of The University of Chicago (the University), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 audits. 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 U.S. generally accepted accounting principles, 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 that 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 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplemental information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

KPMG LLP

Chicago, Illinois
November 18, 2024

THE UNIVERSITY OF CHICAGO

Consolidated Balance Sheets

June 30, 2024 and 2023

(In thousands of dollars)

Assets		**2024**	**2023**
Cash and cash equivalents	$	221,479	231,148
Notes and accounts receivable, net		976,458	786,236
Prepaid expenses and other assets		786,858	768,221
Right-of-use assets – operating leases		296,856	223,500
Pledges receivable, net		1,391,391	1,328,890
Investments		11,481,932	11,361,166
Land, buildings, equipment, and books, net		5,180,772	5,138,570
Total assets	$	20,335,746	19,837,731
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	$	1,350,839	1,298,466
Deferred revenue		227,953	210,705
Assets held in custody for others		204,746	195,410
Self-insurance liability		367,990	357,013
Pension and other postretirement benefit obligations		15,735	44,237
Asset retirement obligation		43,168	50,275
Lease liability		383,125	295,091
Notes and bonds payable		6,143,517	6,030,723
Refundable U.S. government student loan funds		8,970	11,964
Total liabilities		8,746,043	8,493,884
Net assets:			
Without donor restrictions controlled by the University		3,091,319	3,189,188
Net assets without donor restrictions related to noncontrolling interest in consolidated joint venture		310,750	305,185
Total without donor restrictions		3,402,069	3,494,373
With donor restrictions		8,187,634	7,849,474
Total net assets		11,589,703	11,343,847
Total liabilities and net assets	$	20,335,746	19,837,731

See accompanying notes to consolidated financial statements.

THE UNIVERSITY OF CHICAGO

Consolidated Statements of Activities

Years ended June 30, 2024 and 2023

(In thousands of dollars)

		2024	2023
Changes in net assets without donor restrictions:			
Operating:			
Revenue:			
Tuition and fees, net of student aid	$	611,299	601,973
Government grants and contracts		561,256	539,790
Private gifts, grants, and contracts		293,162	291,229
Endowment payout		565,691	546,105
Net patient services		4,251,033	3,497,363
Auxiliaries		206,138	200,216
Other income		879,071	752,854
Net assets released from restrictions		169,240	148,434
Total operating revenue		7,536,890	6,577,964
Expenses:			
Compensation:			
Academic salaries		873,712	799,601
Staff salaries		2,512,219	2,233,499
Benefits		826,942	629,413
Total compensation		4,212,873	3,662,513
Other operating expenses:			
Utilities, alterations, and repairs		135,326	120,565
Depreciation		401,599	363,977
Interest		216,465	199,853
Supplies, services, and other		2,764,303	2,432,747
Total other operating expenses		3,517,693	3,117,142
Total operating expenses		7,730,566	6,779,655
Deficiency of operating revenue over expenses		(193,676)	(201,691)
Less net income (loss) related to non-controlling interest in consolidated joint venture		5,565	(2,806)
Deficiency of operating revenues over expenses excluding non-controlling interest	$	(199,241)	(198,885)

(Continued)

THE UNIVERSITY OF CHICAGO

Consolidated Statements of Activities

Years ended June 30, 2024 and 2023

(In thousands of dollars)

		2024	2023
Changes in net assets without donor restrictions:			
Nonoperating:			
Investment return, net	$	65,965	(99,354)
Net periodic benefit cost other than service cost		17,514	20,292
Other pension and postretirement benefit changes		396	52,251
Changes in fair value of derivative instruments		32,812	63,786
Gain on swap termination		21,195	—
Contribution of AdventHealth joint venture net assets		—	302,379
Gain (loss) on debt refinancing		16,302	(724)
Other, net		(68,868)	(13,250)
Net assets released from restrictions		16,056	8,130
Nonoperating changes in net assets without donor restrictions		101,372	333,510
(Decrease) increase in net assets without donor restrictions controlled by the University		(97,869)	134,625
Increase (decrease) in net assets without donor restrictions attributable to noncontrolling interest		5,565	(2,806)
Total (decrease) increase in net assets without donor restrictions		(92,304)	131,819
Changes in net assets with donor restrictions:			
Private gifts		406,359	363,714
Endowment payout		929	928
Investment gain (loss), net		136,897	(168,784)
Contribution of AdventHealth joint venture net assets		—	8,713
Other, net		(20,729)	(877)
Net assets released from restrictions		(185,296)	(156,564)
Increase in net assets with donor restrictions		338,160	47,130
Increase in net assets		245,856	178,949
Net assets at beginning of year		11,343,847	11,164,898
Net assets at end of year	$	11,589,703	11,343,847

See accompanying notes to consolidated financial statements.

THE UNIVERSITY OF CHICAGO

Consolidated Statements of Cash Flows

Years ended June 30, 2024 and 2023

(In thousands of dollars)

		2024	2023
Cash flows from operating activities:			
Increase in net assets	$	245,856	178,949
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:			
Depreciation		401,599	363,977
Change in value of derivative instruments		(32,812)	(63,786)
Loss on disposal of land, buildings, equipment, and books		8,246	906
Net gain on investments		(696,911)	(201,382)
(Gain) loss on debt refinancing		(16,302)	724
Gain on swap terminations		(21,195)	—
Reduction (increase) in the carrying amount of the right-of-use assets – operating leases		10,792	(24,320)
Private gifts and grants restricted for long-term investment		(363,788)	(296,502)
Contributions of securities		(44,966)	(70,000)
Contribution of AdventHealth joint venture net assets		—	(241,629)
Additional working capital from AdventHealth		—	(70,896)
Other nonoperating changes		269,087	169,330
Pension and postretirement benefit changes		(17,908)	(72,541)
Amortization of bond premium/discount/cost of issuance		(14,178)	(11,104)
Changes in operating assets and liabilities:			
Notes and accounts receivable		(190,510)	(73,328)
Prepaid expenses and other assets		(132,899)	(180,819)
Accounts payable and other liabilities		98,221	43,286
Lease liability		(10,867)	27,945
Self-insurance liability		(21,557)	15,223
Total adjustments		(775,948)	(684,916)
Net cash used in operating activities		(530,092)	(505,967)
Cash flows from investing activities:			
Purchase of investments		(6,063,723)	(2,384,147)
Investment in joint venture		—	(250,000)
Proceeds from sale of investments		6,681,201	2,609,033
Acquisition of land, buildings, equipment, and books		(441,824)	(362,962)
Net cash provided by (used in) investing activities		175,654	(388,076)
Cash flows from financing activities:			
Proceeds from issuance of debt instruments		938,353	748,915
Principal payments on debt instruments		(92,087)	(94,294)
Defeasance of debt instruments		(515,475)	(154,306)
Proceeds from issuance of commercial paper and lines of credit		2,838,253	2,639,412
Payments on issuance of commercial paper and lines of credit		(2,939,466)	(2,320,199)
Proceeds from sales of contributed securities restricted for long-term investment		43,807	—
Prepayment to bond trustee		—	(355)
Payment of finance lease liability		(7,794)	(7,821)
Additional working capital from AdventHealth and acquired cash		—	98,585
Proceeds from private gifts and grants restricted for long-term investment		211,781	130,892
Other nonoperating changes		(132,603)	(29,287)
Net cash provided by financing activities		344,769	1,011,542
Decrease (increase) in cash and cash equivalents		(9,669)	117,499
Cash and cash equivalents at:			
Beginning of year		231,148	113,649
End of year	$	221,479	231,148
Supplemental disclosures of cash flow information:			
Cash paid for interest	$	231,410	205,388
Change in construction payable		1,945	3,001
Noncash financing activities:			
Prepayment to bond trustee	$	9,685	—
Reduction of liability from swap termination		(68,895)	—
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$	42,141	27,299
Operating cash flows from finance leases		2,494	1,155
Financing cash flows from finance leases		6,068	7,810
Right of use assets obtained in exchange for new lease obligations:			
Finance leases	$	10,241	1,940
Operating leases		76,573	45,317
Contributed limited partnership stock		—	70,000

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Description of Business

The University of Chicago (the University) is a private, nondenominational, coeducational institution of higher learning and research. The University provides education and training services, primarily for students enrolled in undergraduate, graduate, and professional degree programs, and performs research, training, and other services under grants, contracts, and other agreements with sponsoring organizations, including both government agencies and private enterprises. Certain members of the University's faculty also provide professional medical services to patients at The University of Chicago Medical Center (the Medical Center) and other healthcare facilities located in the area.

Significant accounting policies followed by the University, the Medical Center, and the Marine Biological Laboratory (MBL) are set forth as follows. Accounting policies specific to the Medical Center and MBL are discussed in notes 2 and 3, respectively.

(b) Basis of Presentation

The consolidated financial statements of the University have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) and include the accounts of the University, the Medical Center, and MBL. The organization of the Medical Center and MBL and associated agreements with the University are discussed in notes 2 and 3, respectively.

The University maintains its accounts in accordance with the principles of fund accounting. Under this method of accounting, resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund. For financial reporting purposes, however, the University follows the reporting requirements of GAAP, which requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

- Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of fees for service and related expenses associated with the core activities of the University: instruction, conduct of sponsored research, and provision of healthcare services. In addition to these transactions, changes in this category of net assets include investment returns on "funds functioning as endowment" funds, actuarial adjustments to self-insurance liabilities, changes in postretirement benefit obligations, and certain types of philanthropic support.

  Such philanthropic support includes gifts without restrictions, including those designated by the Board of Trustees (the Board) to function as endowment and restricted gifts whose donor-imposed restrictions were met during the fiscal year, as well as previously restricted gifts and grants for buildings and equipment that have been placed in service.

- With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and grants for buildings and equipment not yet placed in service; endowment, annuity, and life income gifts; pledges; and investment returns on "true" endowment funds and endowments where the principal may be expended upon the passage of a stated period of time (term endowments). Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

(In thousands of dollars)

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the University, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity (primarily gifts for endowment and providing loans to students) and that only the income be made available for program operations. Other permanently restricted items in this net asset category include annuity and life income gifts for which the ultimate purpose of the proceeds is permanently restricted.

Net assets consisted of the following at June 30:

	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
University:						
Operating	$ (1,799,869)	48,021	(1,751,848)	(1,509,908)	48,238	(1,461,670)
Unamortized capital gifts for construction	147,218	8,365	155,583	142,145	2,038	144,183
Pledges receivable, net	—	1,290,935	1,290,935	—	1,316,139	1,316,139
Student loan funds	—	37,449	37,449	—	35,703	35,703
Endowment funds	2,355,586	6,369,442	8,725,028	2,323,955	6,132,714	8,456,669
Annuity and life income funds	—	69,655	69,655	—	60,915	60,915
Subtotal	702,935	7,823,867	8,526,802	956,192	7,595,747	8,551,939
Medical Center:						
Operating	1,110,273	52,650	1,162,923	919,355	38,812	958,167
Pledges receivable	—	98,174	98,174	—	8,345	8,345
Endowment funds	1,175,567	105,819	1,281,386	1,216,476	100,575	1,317,051
Noncontrolling interest in joint venture	310,750	—	310,750	305,185	—	305,185
Subtotal	2,596,590	256,643	2,853,233	2,441,016	147,732	2,588,748

(In thousands of dollars)

	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Marine Biological Laboratory:						
Operating	$ 92,154	11,978	104,132	87,003	11,818	98,821
Pledges receivable	—	2,282	2,282	—	4,406	4,406
Annuity and life income funds	472	3,470	3,942	472	3,456	3,928
Endowment funds	9,918	89,394	99,312	9,690	86,315	96,005
Subtotal	102,544	107,124	209,668	97,165	105,995	203,160
Total	$ 3,402,069	8,187,634	11,589,703	3,494,373	7,849,474	11,343,847

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment, which amounted to $3,541,071 and $3,550,121 as of June 30, 2024 and 2023, respectively. Included in the University's endowment without donor restrictions is a fund designated by the Board to be used to support the University's strategic initiatives, which amounted to $173,803 and $180,085 as of June 30, 2024 and 2023, respectively.

(c) Operations

Operating results in the consolidated statements of activities reflect all transactions increasing or decreasing net assets without donor restrictions except those items associated with long-term investment, actuarial adjustments to self-insurance liabilities, changes in postretirement benefit obligations other than service cost, changes in the fair value of derivative instruments, unamortized capital gifts associated with the acquisition or construction of long-lived assets placed in service, and other infrequent transactions. Operating results also include a reclassification associated with amortization of capital gifts placed in service, as described below.

(d) Capital Gifts to Acquire or Construct Long-Lived Assets

Capital gifts to acquire or construct a long-lived asset are recorded as a donor restricted gift until the related asset is placed in service, at which time the capital gift is released from net assets with donor restrictions to net assets without donor restrictions and subsequently amortized into operations over the estimated useful life of the acquired or constructed asset. This amortization, which amounted to $10,948 in fiscal year 2024 and $10,939 in fiscal year 2023, is recorded as a reclassification between the nonoperating and operating sections of the change in net assets without donor restrictions in the consolidated statements of activities.

(In thousands of dollars)

(e) Tuition and Fees, Net of Student Aid

Student tuition and fees and related student aid are recorded during the year in which the related academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue. Tuition and fees, less student aid, consist of the following:

	2024			2023		
	Tuition and fees	Student aid	Net	Tuition and fees	Student aid	Net
University:						
Precollegiate	$ 88,251	(5,903)	82,348	84,281	(5,453)	78,828
College	476,437	(209,301)	267,136	456,208	(189,463)	266,745
Graduate and professional schools	680,605	(430,853)	249,752	630,824	(385,684)	245,140
Continuing professional education and other	12,280	(1,525)	10,755	13,378	(3,064)	10,314
	1,257,573	(647,582)	609,991	1,184,691	(583,664)	601,027
Marine Biological Laboratory	3,052	(1,744)	1,308	2,370	(1,424)	946
Total	$ 1,260,625	(649,326)	611,299	1,187,061	(585,088)	601,973

(f) Gifts, Grants, and Contracts

Gifts, including unconditional pledges, are recognized in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Pledges receivable are stated at the estimated net present value, net of an allowance for uncollectible amounts. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Revenue from government and private grant and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue on the consolidated balance sheets. Included in deferred revenue at June 30, 2024 and 2023 are $66,045 and $77,788, respectively, of private grant and contract receipts. Future funding from government and private grant and contract agreements is dependent on fiscal funding clauses and annual appropriations from granting agencies and organizations. Such conditional funding as of June 30, 2024 approximates the annual revenue reported on the consolidated statements of activities.

(In thousands of dollars)

Private gifts, grants, and contracts operating revenue for fiscal years 2024 and 2023 consist of the following:

	2024				
	University	Medical Center	MBL	Consolidated	2023 Consolidated
Private gifts:					
Unrestricted as to use	$ 21,339	—	1,332	22,671	28,036
Restricted gifts whose restrictions were met during the fiscal year and reported as operating revenue	96,204	—	—	96,204	110,720
Private grants and contracts	167,952	474	5,861	174,287	152,473
Total	$ 285,495	474	7,193	293,162	291,229

(g) Nonfinancial Gifts

The University recognized a total of $1,259 in fiscal year 2024 and $694 in fiscal year 2023 in nonfinancial gifts including books, travel, services, and real estate. This revenue is presented within private gifts, grants, and contracts line in the consolidated statements of activities. Unless otherwise noted, nonfinancial gifts did not have donor-imposed restrictions and are valued at their estimated fair value except for real estate that is valued based on actual cash proceeds when sold.

(h) Patient Services

The University recognizes net patient revenue in the period in which it satisfies the performance obligations under contracts by providing services to its patients, net of amounts to which it does not expect to be entitled. The University has agreements with governmental and other third-party payors that provide payments to the University based on prospectively determined rates, reimbursed cost, discounted charges, per diem payments, or other methods. The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured patients in accordance with the Financial Assistance Program, and implicit price concessions provided primarily to uninsured patients. The estimates of contractual adjustments and discounts are based on contractual agreements, discount policies and historical experience.

(In thousands of dollars)

Net patient service revenue recognized in the consolidated statements of activities in net assets without donor restrictions by major payor sources are as follows:

		2024				
		University	Medical Center	Eliminations	Consolidated	2023 Consolidated
Medicare	$	105,899	1,269,580	(48,726)	1,326,753	1,021,992
Medicaid		66,786	870,690	(33,417)	904,059	820,092
Managed care		195,752	1,832,058	(70,314)	1,957,496	1,602,903
Patients and other		39,930	23,705	(910)	62,725	52,376
Net patient service revenue after provision for credit losses	$	408,367	3,996,033	(153,367)	4,251,033	3,497,363

University Biological Sciences Division (BSD) physicians perform ambulatory clinical patient care services at the Medical Center which generate patient service revenue for the Medical Center. The University incurs the compensation expense related to these services and the Medical Center transfers the earned revenue to the University for these services, which are recognized by the University as patient service revenue.

(i) Auxiliaries

Included in auxiliaries are revenues generated by the University Press, rental properties, parking facilities, residence halls and dining, and other student related services. Revenue from these activities is recorded during the year in which the related services are rendered, less an allowance for credit losses.

(j) Capitalized Interest

The University capitalizes interest costs incurred on debt during the construction of major projects exceeding one year. During fiscal years 2024 and 2023, the amount of interest capitalized amounted to $2,593 and 1,380 for the University and $6,085 and $3,100 for the Medical Center, respectively.

(k) Fair Value

Fair value is defined as the price that the University would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The University uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the University. Inputs refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk.

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 – quoted market prices in active markets for identical investments

Level 2 – inputs other than quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, or inputs other than quoted prices that are observable including model-based valuation techniques

Level 3 – valuation techniques that use significant inputs that are unobservable because they trade infrequently or not at all

(i) Cash Equivalents

Cash equivalents include U.S. Treasury notes, commercial paper, and corporate notes with original maturities of three months or less. All short-term, highly liquid investments, otherwise qualifying as cash equivalents or restricted cash equivalents, included in the University's investments are treated as Investments, at fair value and are therefore excluded from Cash and cash equivalents in the Statements of Cash Flows. Cash equivalents are classified in Level 1 of the fair value hierarchy.

(ii) Investments

Investments are recorded in the consolidated financial statements at estimated fair value. If an investment is held directly by the University and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year and are classified in Level 1. The University's interests in alternative investment funds such as diversifying assets, equity oriented hedge funds, global public equity, private equity, real estate, and real assets, are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2024 and 2023, the University had no plans to sell investments at amounts different from NAV. Funds measured at NAV as a practical expedient to estimate fair value are not classified in the fair value hierarchy.

The University does not engage directly in unhedged speculative investments; however, the Board has authorized the use of derivative investments to adjust market exposure within asset class ranges.

A summary of the inputs used in valuing the University's investments as of June 30, 2024 and 2023 is included in note 5.

(iii) Prepaid Expenses and Other Assets

Prepaid expenses include amounts paid for services attributable to future fiscal years. These services include implementation costs of cloud computing arrangements totaling $69,215 and

$39,456 for the University as of June 30, 2024 and 2023, respectively, and $47,519 and $44,143 for the Medical Center as of June 30, 2024 and 2023, respectively.

(iv) Pledges Receivable

Unconditional promises to give are recognized initially at fair value as private gift revenue in the period the promise is made by a donor. The fair value of the pledge is estimated based on anticipated future cash receipts (net of a valuation adjustment), discounted using a risk-adjusted rate commensurate with the duration of the payment plan. These inputs to the fair value estimate are classified in Level 3 of the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the valuation adjustment is reassessed and adjusted if necessary.

(v) Land, Buildings, Equipment, and Books

Land, buildings, equipment, and books are generally stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, ranging from 20 to 60 years for buildings and building improvements, 3 to 10 years for equipment, and 10 years for library books.

(vi) Split-Interest Agreements

Split-interest agreements with donors consist primarily of charitable remainder trusts for which the University serves as trustee, gift annuity contracts, and pooled life income agreements. Assets associated with split-interest agreements are included in investments. A liability for split-interest obligations is recorded when the agreement is established at the estimated net present value of future cash flows using a risk-adjusted discount rate commensurate with the duration of the estimated payments. These inputs to the fair value estimate are classified in Level 3 of the fair value hierarchy. At June 30, 2024 and 2023, the University had liabilities of $64,918 and $53,257 associated with its charitable remainder trust and gift annuity contracts and deferred revenue of $4,540 and $4,336 associated with its pooled income agreements, respectively. In subsequent periods, the discount rate is unchanged.

(vii) Interest Rate Swap Agreements

In order to reduce exposure to adjustable interest rates on variable rate debt, the University has entered into debt-related interest rate swap agreements. These agreements have the effect of fixing the rate of interest for the variable rate debt. The fair value of these swap agreements is the estimated amount that the University would have to pay or receive to terminate the agreements as of the consolidated balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparty. These inputs to the fair value estimate are classified in Level 2 of the fair value hierarchy.

(viii) Assets Held in Custody for Others

Assets held in custody for others consist of resources, primarily investments, held by the University as a custodian for affiliated organizations. Investments held for others are included in the University's investment portfolio. The leveling of these investments is presented in note 5.

(ix) Self-Insurance Liability

The self-insurance liability is the estimated present value of self-insured claims that will be settled in the future and considers anticipated payout patterns as well as investment returns on available assets prior to payment. The discount rate used to value the self-insurance liability is a risk-adjusted rate commensurate with the duration of anticipated payments.

(x) Pension and Other Postretirement Benefit Obligations

The pension and other postretirement benefit obligations consider anticipated payout patterns as well as investment returns on available assets prior to payment. The discount rate used to value the pension and other postretirement benefit obligation is a risk-adjusted rate commensurate with the duration of anticipated payments.

(xi) Asset Retirement Obligation

Asset retirement obligations arise primarily from regulations that specify how to dispose of asbestos if facilities are demolished or undergo major renovations or repairs. The obligation to remove asbestos is estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable.

(xii) Leases

The University and the Medical Center have entered into a variety of operating and finance leases for office space and equipment. The obligations associated with these leases have been recognized as a liability in the consolidated balance sheet based on future lease payments, discounted by the incremental borrowing rate or risk-free rate.

Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease.

(l) Income Taxes

The University, Medical Center, and MBL are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, except for unrelated business income, are exempt from federal income taxes. There was no provision for income taxes due on unrelated business income in fiscal years 2024 and 2023, and there are no uncertain tax positions considered to be material.

Effective in fiscal year 2022, the University is subject to a federal excise tax of 1.4% on net investment income under the Tax Cuts and Jobs Act signed into law on December 22, 2017. Net investment income includes interest, dividends, and net realized gains on the sale of investments. Estimated excise tax expense for the fiscal year ended June 30, 2024 is reported in accounts payable and accrued liabilities in the consolidated balance sheets and in investment return (loss) in the consolidated statements of activities.

The University has also made provisions for deferred taxes. The deferred tax liability represents future excise tax payable on unrealized gains in excess of the tax basis of investments. The liability is reported in accounts payable and accrued liabilities in the consolidated balance sheets and in investment return (loss) in the consolidated statements of activities.

Additionally, the university has made provisions for a deferred tax asset. The deferred tax asset represents future expected carryforwards of net operating losses related to unrelated business taxable income. The asset is reported in prepaid expenses and other assets in the consolidated balance sheet and in other unrestricted non-operating income in the consolidated statements of activities.

(m) Use of Estimates

The preparation of the consolidated financial statements in accordance with GAAP requires that management make a number of estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the consolidated balance sheet dates, and the reporting of revenue, expenses, gains, and losses during the reporting periods. Actual results may differ from those estimates.

(n) Related Parties

Transactions between the University and any of its trustees, officers or employees are subject to the University's conflict of interest policies, which require disclosure of conflicting interests and abstention by the conflicted persons from University decision making. Disclosures about the University's related party transactions, including those with affiliates, are described in note 15 to the consolidated financial statements.

(o) Reclassification

Certain 2023 amounts have been reclassified to conform to the 2024 financial statement presentation.

(p) Subsequent Events

The University has performed an evaluation of subsequent events through November 18, 2024, which is the date the consolidated financial statements were issued.

In July 2024, the University's Royal Bank of Canada revolving credit agreement of $150,000, which supported variable rate debt and commercial paper in the event of a failed remarketing, expired.

In July 2024, the University added an operating line of credit for $75,000 with Royal Bank of Canada.

In July 2024, the University issued Series 2024B tax-exempt fixed rate bonds in the principal amount of $384,380, proceeds of which were used to partially refund $417,615 of tax-exempt fixed rate bonds.

In August 2024, the University terminated an operating line of credit of $200,000 with Wells Fargo.

In September 2024, the University entered into an agreement with TD Bank, N.A. for a standby bond purchase agreement to support the Series 2022 variable rate bonds in the event of a failed remarketing.

In October 2024, the University terminated its Northern Trust revolving credit agreement of $150,000, which supported variable rate debt and commercial paper in the event of a failed remarketing.

(In thousands of dollars)

(2) The University of Chicago Medical Center

(a) Organization

The Medical Center, an Illinois not-for-profit corporation, operates the Center for Care and Discovery, the Bernard Mitchell Hospital, the University of Chicago Comer Children's Hospital, the Duchossois Center for Advanced Medicine, the University of Chicago Medicine Care Network, the Ingalls Health System, and various other outpatient clinics and treatment areas. The University, as the sole corporate member of the Medical Center, elects the Medical Center's Board of Trustees and approves its bylaws.

On January 1, 2023, the Medical Center acquired a controlling interest in AdventHealth Great Lakes Region (AdventHealth GLR) through a member substitution. This resulted in the Medical Center becoming the sole Class A member and AdventHealth becoming the sole Class B member of this 501(c)(3) corporation and affiliation agreement. As a result of this transaction, AdventHealth GLR is included in the consolidated financial statements of the Medical Center for the six-month period from January 1, 2023 through June 30, 2024 with distinguishing of net assets deemed controlling interest versus noncontrolling interest. This affiliation positions the Medical Center, under the University of Chicago Medical Center brand (UChicago Medicine), to expand its integrated academic health delivery system to the Southwest and Western suburbs of Chicago, providing patients access to care at the forefront of medicine where patients live and work.

The affiliation was effected through a member substitution with consideration paid by the Medical Center of $250,000 for a controlling interest of 51% of the AdventHealth GLR. AdventHealth GLR's noncontrolling interest, as well as subsequent working capital infusions, were recorded as direct additions to net assets.

The acquisition-date fair value of identifiable assets and liabilities of AdventHealth GLR at January 1, 2023 consisted of the following:

Assets:		
Cash and cash equivalents	$	27,689
Prepaids, inventory and other current assets		19,199
Property, plant, and equipment, net		456,982
Other assets, net		37,893
		541,763
Liabilities:		
Accounts payable and accrued expenses		14,890
Other long-term liabilities		35,244
		50,134
Net assets contributed by AdventHealth	$	491,629

(In thousands of dollars)

The valuation of the fair value of identifiable assets and liabilities has been completed. In valuing these assets and liabilities, fair values were based on, but not limited to, independent appraisals, discounted cash flows, replacement costs, and actuarially determined values.

Operating expenses for the year ended June 30, 2024 include costs related to the integration of AdventHealth GLR into the Medical Center in accordance with the affiliation agreement and terms of the joint venture including costs of the valuation, transaction related costs, marketing and other operating programs for the benefit of patients. At June 30, 2024, AdventHealth GLR had a receivable due from the noncontrolling interest of $15,924 and $66,397 that is deemed collectible.

Operating results and changes in net assets attributable to AdventHealth GLR since the date of acquisition in the accompanying consolidated financial statement of activities for the year ended June 30, 2023 are as follows:

Total operating revenue	$	512,626
Total expenses		518,353
Deficiency of revenues over expenses		5,727

The following unaudited pro forma information presents the Medical Center’s results for the years ended June 30, 2023, as if the acquisition date had been July 1, 2021:

		2023
		(unaudited)
Total operating revenues	$	4,238,549
Total operating expenses		4,173,819

(b) Agreements with the University

The relationship between the University and the Medical Center is defined in an Affiliation Agreement and an Operating Agreement along with an associated Lease Agreement. The Affiliation Agreement specifies University and Medical Center responsibilities for the provision of patient care, teaching, and research at the hospitals and clinics. The Operating Agreement provides for the management and operation by the Medical Center of the University’s hospital and clinic facilities. The Lease Agreement provides the Medical Center a leasehold interest in certain University facilities and land.

(c) Community Benefits

The Medical Center’s policy is to treat patients in immediate need of medical services without regard to their ability to pay for such services, including patients transferred from other hospitals and patients accepted through the Perinatal and Pediatrics Trauma Networks. Patients are offered discounts of up to 100% of charges on a sliding scale based both on income as a percentage of the Federal Poverty Level guidelines and the charges for services rendered. The Medical Center policy also contains provisions that are responsive to those patients subject to catastrophic healthcare expenses. Since the

Medical Center does not pursue collection of these amounts, they are not reported as net patient care revenue.

The unreimbursed cost of providing such care, along with the unreimbursed cost of government sponsored indigent healthcare programs, unreimbursed cost to support education, clinical research, and other community programs, amounted to $686,914 and $595,257 for the years ended June 30, 2024 and 2023, respectively.

(d) Basis of Presentation

The Medical Center maintains its accounts and prepares stand-alone financial statements in conformity with GAAP applicable to not-for-profit health care entities. For purposes of presentation of the Medical Center financial position and changes in net assets in the accompanying consolidated financial statements, several reclassifications have been made as follows: (1) investment gains used for operations of $67,299 in fiscal year 2024 and $71,404 in fiscal year 2023 have been recorded as operating revenue and (2) transfers to the University of $71,750 in each of the fiscal years 2023 and 2024 have been recorded as a reduction of other income.

(3) Marine Biological Laboratory (MBL)

(a) Organization

MBL is a private, independent not-for-profit research and educational institution dedicated to establishing and maintaining a laboratory and station for scientific study and investigations, and a school for instruction in biology and natural history. MBL is located in Woods Hole, Massachusetts. The University is the sole corporate member of MBL, elects MBL's Board of Trustees, and approves its bylaws.

(b) Agreement with the University

The relationship between the University and MBL is defined in an Affiliation Agreement which specifies the University and MBL responsibilities for the provision of research and education in biology, biomedicine, ecology, and related fields.

(In thousands of dollars)

(4) Financial Assets and Liquidity Resources

As of June 30, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

	2024				
	University	Medical Center	MBL	Consolidated	2023 Consolidated
Financial assets:					
Cash and cash equivalents	$ 33,870	183,072	4,537	221,479	231,148
Notes and accounts receivable, net	197,229	691,974	6,650	895,853	709,550
Pledge payments available for operations	143,016	75	2,037	145,128	147,649
Short-term investments	84,564	19	15,690	100,273	344,590
Board designations:					
Funds functioning as endowment available for operations	173,803	—	—	173,803	180,085
Subsequent year's endowment payout	511,948	76,379	5,656	593,983	555,978
Total financial assets available within one year	1,144,430	951,519	34,570	2,130,519	2,169,000
Liquidity resources:					
Taxable commercial paper	300,000	—	—	300,000	137,974
Bank lines of credit	375,000	—	—	375,000	160,813
Total financial assets and liquidity resources available within one year	$ 1,819,430	951,519	34,570	2,805,519	2,467,787

The University's cash flows have seasonal variations during the year attributable to tuition billing, patient service reimbursement from the State of Illinois, and a concentration of contributions received at calendar and fiscal year-end.

To manage liquidity, the University maintains lines of credit with several banks and a taxable commercial paper program that are drawn upon as needed during the year to manage cash flows. As of June 30, 2024, there were outstanding amounts under these lines of credit facilities of $0 for bank lines of credit and $300,000 for commercial paper for the University, respectively. During the current fiscal year, the University expanded its commercial paper program from $200 million to $600 million. Additionally, the University's line of credit with JP Morgan was revised and now expires on September 27, 2028. Further, in July and August of 2023, the University liquidated $196,000 of its short-term investments to pay off a portion of operating line of credit balances.

(In thousands of dollars)

In addition, as of June 30, 2024 the University, Medical Center, and MBL had an additional $2,181,783, $1,175,567, and $9,918 in funds functioning as endowment, respectively, which is available for general expenditure with Board approval subject to the liquidity of the underlying investments.

(5) Investments

Investments at June 30, 2024 and 2023 are comprised of the following:

		Consolidated	
		2024	2023
Cash equivalents	$	198,124	56,511
Fixed income		861,458	1,086,726
Global public equities		3,262,557	3,260,354
Equity oriented		1,014,774	1,029,983
Diversifying		1,533,315	1,712,706
Real estate		529,025	507,731
Real assets		572,065	519,102
Private equity		3,210,498	2,909,926
Funds in trust		300,116	278,127
Total	$	11,481,932	11,361,166

(a) Overall Investment Objective

The overall investment objective of the University is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The University diversifies its investments among various asset classes incorporating multiple strategies and external investment managers. Major investment decisions are authorized by the Board's Investment Committee, which oversees the University's investment program in accordance with established guidelines.

(b) Investment Strategies

Cash equivalent investments include cash equivalents and fixed-income investments with maturities of less than one year, which are valued based on quoted market prices in active markets. The majority of these investments are held in U.S. money market accounts. Global public equity investments consist of separate accounts, exchange traded funds (ETFs), commingled funds with liquidity ranging from daily to triennial, hedge funds investing primarily in long only public equities, and limited partnerships. ETFs and securities held in separate accounts and daily traded commingled funds are generally valued based on quoted market prices in active markets. Commingled funds with monthly liquidity are valued based on independently determined NAV. Limited partnership interests in equity-oriented funds are valued based upon NAV provided by external fund managers.

Fixed-income investments consist of directly held actively traded treasuries and bond mutual funds that hold securities, the majority of which have maturities greater than one year and are valued based on quoted market prices in active markets.

Funds in trust investments consist primarily of project construction funds and externally managed endowments.

Investments in private diversifying, private equity, real estate, and real assets are in the form of limited partnership interests, which typically invest in private securities for which there is no readily determinable market value. In these cases, market value is determined by external managers based on a combination of discounted cash flow analysis, industry comparables, and outside appraisals. Where private equity, private diversifying, real estate, and real assets managers hold publicly traded securities, these securities are generally valued based on market prices. The value of the limited partnership interests are held at the manager's reported NAV, unless information becomes available indicating the reported NAV may require adjustment. The methods used by managers to assess the NAV of these external investments vary by asset class. The University monitors the valuation methodologies and practices of managers. Direct investments in preferred equity securities are initially held at cost. Valuation is re-evaluated when the company raises additional equity capital priced by a new outside investor.

The liquid diversifying and equity oriented portfolios are comprised of investments of limited partnership interests in hedge funds and drawdown private equity style partnerships whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. The majority of the underlying holdings are marketable securities. The remainder of the underlying holdings is held in marketable securities that trade infrequently or in private investments, which are valued by the manager on the basis of an appraised value, discounted cash flow, industry comparables, or some other method. Most hedge funds that hold illiquid investments designate them in special side pockets, which are subject to special restrictions on redemption.

The University believes that the reported amount of its investments is a reasonable estimate of fair value as of June 30, 2024 and 2023. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed.

(Continued)

(In thousands of dollars)

(c) Fair Value Hierarchy of Investments

Following is the fair value hierarchy of investments as of June 30, 2024:

	Level 1	Level 2	Level 3	2024 Consolidated total
Cash equivalents	$ 198,124	—	—	198,124
Global public equities (primarily international)	576,384	25,419	—	601,803
Private equity	161	—	128,365	128,526
Real estate	23,578	—	15,603	39,181
Real assets	—	—	87	87
Fixed income	861,458	—	—	861,458
Funds in trust	252,833	44,971	2,312	300,116
	$ 1,912,538	70,390	146,367	2,129,295
Investments measured at net asset value				9,352,637
Total investments at fair value as of June 30, 2024				$ 11,481,932

Following is the fair value hierarchy of investments as of June 30, 2023:

	Level 1	Level 2	Level 3	2023 Consolidated total
Cash equivalents	$ 56,511	—	—	56,511
Global public equities (primarily international)	607,072	22,161	—	629,233
Private equity	109	—	132,300	132,409
Real estate	20,396	—	16,850	37,246
Real assets	—	—	87	87
Fixed income	1,109,595	—	—	1,109,595
Funds in trust	151,199	126,928	1,906	280,033
	$ 1,944,882	149,089	151,143	2,245,114
Investments measured at net asset value				9,116,052
Total investments at fair value as of June 30, 2023				$ 11,361,166

(Continued)

(In thousands of dollars)

Changes to the reported amounts of investments measured at fair value using unobservable inputs (Level 3) for the years ended June 30, 2024 are as follows:

	Private equity	Real assets	Real estate	Funds in trust	Total
Balance at June 30, 2023	$ 132,300	87	16,850	1,906	151,143
Transfer in (out) of Level III	—	—	—	—	—
Balance at July 1, 2023	132,300	87	16,850	1,906	151,143
Purchases, issuances, and settlements	9,413	—	—	—	9,413
Proceeds from sales, redemptions, and distributions	(3,234)	—	(338)	—	(3,572)
Total net realized gains (losses)	(4,110)	—	338	—	(3,772)
Total net unrealized gains (losses)	(6,004)	—	(1,247)	406	(6,845)
Balance at June 30, 2024	$ 128,365	87	15,603	2,312	146,367

	Private equity	Real assets	Real estate	Funds in trust	Total
Balance at June 30, 2022	$ 58,907	87	16,065	2,211	77,270
Transfer in (out) of Level III	297	—	—	—	297
Balance at July 1, 2022	59,204	87	16,065	2,211	77,567
Purchases, issuances, and settlements	70,812	—	—	—	70,812
Proceeds from sales, redemptions, and distributions	(1,018)	—	—	—	(1,018)
Total net realized gains (losses)	—	—	—	—	—
Total net unrealized gains (losses)	3,302	—	785	(305)	3,782
Balance at June 30, 2023	$ 132,300	87	16,850	1,906	151,143

In addition, investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of the University's investments could occur in the next term and that such changes could materially affect the amounts reported in the consolidated financial statements. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The significant unobservable inputs used in the fair value measurement of the University's long-lived partnership investments include a combination of cost, discounted cash flow analysis, industry comparables, and outside appraisals. Significant changes in any inputs used by investment managers in determining NAVs in isolation would result in a significant change in fair value measurement.

(In thousands of dollars)

A summary of investment return by entity, net of expenses, is presented below for the years ended June 30, 2024 and 2023:

		2024				2023
		University	Medical Center	MBL	Consolidated	Consolidated
Investment return:						
Interest and dividends	$	72,455	19,089	722	92,266	77,515
Net realized and unrealized gains		582,994	87,249	6,973	677,216	201,382
Investment return	$	655,449	106,338	7,695	769,482	278,897

Investment return is reported in the accompanying consolidated statements of activities as investment return net of endowment payout.

The University is obligated under certain limited partnership investment fund agreements to advance additional funding periodically up to specified levels. At June 30, 2024, the University had unfunded commitments of $2,322,299, which are likely to be called through 2034. Details of these commitments are as follows:

		Unfunded commitments
Private equity	$	1,454,266
Real estate		318,743
Real assets		220,734
Diversifying		287,729
Global public equities		25,000
Equity oriented		15,827
Total	$	2,322,299

The University has made investments in various long-lived partnerships and, in other cases, has entered into contractual agreements that may limit its ability to initiate redemptions due to notice periods, lock-ups, and gates. Details on typical redemption terms by asset class and type of investment are provided as follows:

(In thousands of dollars)

	Remaining life	**Redemption terms**	**Redemption restrictions and terms**	**Redemption restrictions or side pockets at June 30, 2024**
Cash & Equivalents	N/A	Daily	None	None
Diversifying: Commingled funds	N/A	Daily to annual with notice periods of 4 to 90 days	Some investments have a portion of capital held in side pockets with no redemptions permitted	$139.0 million
Drawdown partnerships	1 to 10 years	Redemptions not permitted	N/A	N/A
Partnerships	N/A	Daily to annual with notice periods of 1 to 90 days	Some investments have a portion of capital held in side pockets with no redemptions permitted	$76.9 million
Equity Oriented: Commingled funds	N/A	Annual to triennial with notice periods of 60 to 90 days	None	None
Drawdown Partnerships	8 years	Redemptions not permitted	N/A	N/A
Partnerships	N/A	Quarterly to semi-annual with notice periods of 30 to 90 days	Some investments have a portion of capital held in side pockets with no redemptions permitted	$24.4 million

(In thousands of dollars)

	Remaining life	Redemption terms	Redemption restrictions and terms	Redemption restrictions or side pockets at June 30, 2024
Global Public Equities: Commingled funds	N/A	Daily to triennial with notice periods of 6 to 122 days	Lock-up provisions for up to 1 remaining year, some investments have a portion of capital held in side pockets with no redemptions permitted	$72.6 million
Partnerships	N/A	Monthly to triennial with notice periods of 7 to 184 days	Lock-up provisions for up to 1 remaining year, some investments have a portion of capital held in side pockets with no redemptions permitted	$152.7 million
Separate accounts	N/A	Daily with notice periods of 1 to 90 days	None	None
Private Equity: Drawdown partnerships	1 to 31 years	Redemptions not permitted	N/A	N/A
Separate account	N/A	Daily with notice period of 5 days	None	None
Partnerships	N/A	Semi-annual to annual with notice period of 90 days	Lock-up provisions for up to 3 remaining years, some investments have a portion of capital held in side pockets with no redemptions permitted	$129.9 million
Direct investments	N/A	Redemptions permitted	N/A	$47.8 million

	Remaining life	Redemption terms	Redemption restrictions and terms	Redemption restrictions or side pockets at June 30, 2024
Real Assets: Drawdown partnerships	1 to 14 years	Redemptions not permitted	N/A	N/A
Real Estate: Drawdown partnerships	1 to 13 years	Redemptions not permitted	N/A	N/A
Fixed Income	N/A	Daily	None	None
Funds in Trust	N/A	Daily	None	None

(6) Endowments

The University's endowment consists of approximately four thousand four hundred individual funds established for a variety of purposes. The endowment includes both donor-restricted "true" endowment funds and funds designated by the Board to function as endowments commonly referred to as "funds functioning as endowment" (FFE). Net assets associated with endowment funds, including funds functioning as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University, Medical Center, and MBL endowment each invest in an investment pool referred to as the Total Return Investment Pool (TRIP). As of June 30, 2024, 97%, 88%, and 100% of the University, Medical Center, and MBL endowments respectively, are invested in TRIP.

(Continued)

(In thousands of dollars)

(a) University Endowment

Changes in the fair value of the University endowment investments and net assets by type of fund were as follows for the fiscal year ended June 30, 2024:

		2024		
		Without donor restrictions	**With donor restrictions**	**Total**
Changes in the fair value of endowment investments:				
Investment return:				
Endowment yield (interest and dividends)	$	17,437	55,018	72,455
Net appreciation (realized and unrealized) on investments		177,880	405,114	582,994
Total investment return		195,317	460,132	655,449
Endowment payout		(163,477)	(336,511)	(499,988)
Investment return, net of payout		31,840	123,621	155,461
Other changes in endowment investments:				
Gifts and pledge payments received in cash		—	128,092	128,092
Transfers to create funds functioning as endowment		52,207	—	52,207
Other changes		(52,416)	(14,985)	(67,401)
Total other changes in endowment investments		(209)	113,107	112,898
Net change in endowment investments		31,631	236,728	268,359
Endowment investments at:				
Beginning of year		2,323,955	6,132,714	8,456,669
End of year	$	2,355,586	6,369,442	8,725,028
Investments by type of fund:				
Donor-restricted “true” endowment:				
Historical gift value	$	—	2,981,445	2,981,445
Appreciation		—	3,387,997	3,387,997
Board-designated “funds functioning as endowment”		2,355,586	—	2,355,586
Total – as above	$	2,355,586	6,369,442	8,725,028

(In thousands of dollars)

Changes in the fair value of the University endowment investments and net assets by type of fund were as follows for the fiscal year ended June 30, 2023:

		2023		
		Without donor restrictions	**With donor restrictions**	**Total**
Changes in the fair value of endowment investments:				
Investment return:				
Endowment yield (interest and dividends)	$	16,075	47,133	63,208
Net appreciation (realized and unrealized) on investments		77,104	103,271	180,375
Total investment return		93,179	150,404	243,583
Endowment payout		(162,119)	(314,292)	(476,411)
Investment return, net of payout		(68,940)	(163,888)	(232,828)
Other changes in endowment investments:				
Gifts and pledge payments received in cash		—	180,652	180,652
Transfers to create funds functioning as endowment		20,859	—	20,859
Other changes		2,447	12,652	15,099
Total other changes in endowment investments		23,306	193,304	216,610
Net change in endowment investments		(45,634)	29,416	(16,218)
Endowment investments at:				
Beginning of year		2,369,589	6,103,298	8,472,887
End of year	$	2,323,955	6,132,714	8,456,669
Investments by type of fund:				
Donor-restricted “true” endowment:				
Historical gift value	$	—	2,835,712	2,835,712
Appreciation		—	3,297,002	3,297,002
Board-designated “funds functioning as endowment”		2,323,955	—	2,323,955
Total – as above	$	2,323,955	6,132,714	8,456,669

(In thousands of dollars)

(b) Medical Center Endowment

Changes in the fair value of the Medical Center endowment investments and net assets by type of fund were as follows for the fiscal year ended June 30, 2024:

		2024		
		Without donor restrictions	With donor restrictions	Total
Changes in the fair value of endowment investments:				
Investment return:				
Endowment yield (interest and dividends)	$	12,173	688	12,861
Net appreciation (realized and unrealized) on investments		77,045	7,444	84,489
Total investment return		89,218	8,132	97,350
Endowment payout		(56,317)	(5,033)	(61,350)
Investment return, net of payout		32,901	3,099	36,000
Other changes in endowment investments:				
Gifts and pledge payments received in cash		474	2,343	2,817
Other changes		(74,284)	(198)	(74,482)
Total other changes in endowment investments		(73,810)	2,145	(71,665)
Net change in endowment investments		(40,909)	5,244	(35,665)
Endowment investments at:				
Beginning of year		1,216,476	100,575	1,317,051
End of year	$	1,175,567	105,819	1,281,386
Investments by type of fund:				
Donor-restricted “true” endowment:				
Historical gift value	$	—	23,721	23,721
Appreciation		—	82,098	82,098
Board-designated “funds functioning as endowment”		1,175,567	—	1,175,567
Total – as above	$	1,175,567	105,819	1,281,386

(In thousands of dollars)

Changes in the fair value of the Medical Center endowment investments and net assets by type of fund were as follows for the fiscal year ended June 30, 2023:

	2023		
	Without donor restrictions	**With donor restrictions**	**Total**
Changes in the fair value of endowment investments:			
Investment return:			
Endowment yield (interest and dividends)	$ 12,108	608	12,716
Net appreciation (realized and unrealized) on investments	25,244	1,341	26,585
Total investment return	37,352	1,949	39,301
Endowment payout	(61,860)	(3,813)	(65,673)
Investment return, net of payout	(24,508)	(1,864)	(26,372)
Other changes in endowment investments:			
Gifts and pledge payments received in cash	—	13	13
Other changes	(1,533)	(1)	(1,534)
Total other changes in endowment investments	(1,533)	12	(1,521)
Net change in endowment investments	(26,041)	(1,852)	(27,893)
Endowment investments at:			
Beginning of year	1,242,517	102,427	1,344,944
End of year	$ 1,216,476	100,575	1,317,051
Investments by type of fund:			
Donor-restricted “true” endowment:			
Historical gift value	$ —	20,563	20,563
Appreciation	—	80,012	80,012
Board-designated “funds functioning as endowment”	1,216,476	—	1,216,476
Total – as above	$ 1,216,476	100,575	1,317,051

(In thousands of dollars)

(c) MBL

Changes in the fair value of the MBL endowment investments and net assets by type of fund were as follows for the fiscal year ended June 30, 2024:

	2024		
	Without donor restrictions	**With donor restrictions**	**Total**
Changes in the fair value of endowment investments:			
Investment return:			
Endowment yield (interest and dividends)	$ 73	649	722
Net appreciation (realized and unrealized) on investments	686	6,140	6,826
Total investment return	759	6,789	7,548
Endowment payout	(531)	(4,751)	(5,282)
Investment return, net of payout	228	2,038	2,266
Other changes in endowment investments:			
Gifts and pledge payments received in cash	—	1,041	1,041
Net change in endowment investments	228	3,079	3,307
Endowment investments at:			
Beginning of year	9,690	86,315	96,005
End of year	$ 9,918	89,394	99,312
Investments by type of fund:			
Donor-restricted “true” endowment:			
Historical gift value	$ —	61,505	61,505
Appreciation	—	27,889	27,889
Board-designated “funds functioning as endowment”	9,918	—	9,918
Total – as above	$ 9,918	89,394	99,312

(In thousands of dollars)

Changes in the fair value of the MBL endowment investments and net assets by type of fund were as follows for the fiscal year ended June 30, 2023:

		2023		
		Without donor restrictions	**With donor restrictions**	**Total**
Changes in the fair value of endowment investments:				
Investment return:				
Endowment yield (interest and dividends)	$	63	570	633
Net appreciation (realized and unrealized) on investments		215	1,930	2,145
Total investment return		278	2,500	2,778
Endowment payout		(506)	(4,443)	(4,949)
Investment return, net of payout		(228)	(1,943)	(2,171)
Other changes in endowment investments:				
Gifts and pledge payments received in cash		352	908	1,260
Net change in endowment investments		124	(1,035)	(911)
Endowment investments at:				
Beginning of year		9,566	87,350	96,916
End of year	$	9,690	86,315	96,005
Investments by type of fund:				
Donor-restricted “true” endowment:				
Historical gift value	$	—	61,340	61,340
Appreciation		—	24,975	24,975
Board-designated “funds functioning as endowment”		9,690	—	9,690
Total – as above	$	9,690	86,315	96,005

(d) Interpretation of Relevant Law

The “Uniform Prudent Management of Institutional Funds Act” (UPMIFA), which was enacted in the state of Illinois in 2009, does not preclude the University from spending below the original gift value of donor-restricted “true” endowment funds.

For accounting and reporting purposes, the University, Medical Center, and MBL classify as net assets with donor restrictions the historical value of donor-restricted “true” endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted "true" endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

(In thousands of dollars)

(e) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted "true" endowment funds may fall below the level that the donor or UPMIFA requires to be retained as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2024 and 2023, funds with an original gift value of $263,928 and $242,689 were "underwater" by $14,557 and $17,797, respectively.

(f) Endowment Payout

Approximately 98% of the University, Medical Center, and MBL endowment is merged into one investment pool referred to as the Total Return Investment Pool (TRIP). The University utilizes the total return concept in allocating endowment income from TRIP. In accordance with the University's return objective, between 4.5% and 5.5% of a 12 quarter moving average of the fair value of endowment investments lagged by one year, is available each year for expenditure in the form of endowment payout. The payout percentage, which is set each year by the Board with the objective of a 5.0% average payout over time, was 5.36% and 5.5% for the fiscal years ended June 30, 2024 and 2023, respectively. Periodically, the University's Board will adjust the endowment payout to fund specifically approved strategic initiatives.

If endowment income received is not sufficient to support the total return objective, the balance is provided from capital gains. If income received is in excess of the objective, the balance is reinvested in the endowment.

The endowment payout is comprised of the TRIP formula payout, payout from separately held investments, as well as special payouts for the funding of Alumni Relations and Development and University wide strategic initiatives as follows:

		2024				2023
		University	Medical Center	MBL	Consolidated	Consolidated
TRIP formula payout	$	452,447	61,350	5,282	519,079	491,341
Payout from separately invested endowment		10,281	—	—	10,281	15,798
Special payouts:						
Alumni relations and development		28,815	—	—	28,815	27,707
Strategic initiatives		8,445	—	—	8,445	12,187
Total	$	499,988	61,350	5,282	566,620	547,033

(In thousands of dollars)

(7) Notes and Accounts Receivable

Components of notes and accounts receivable at June 30, 2024 and 2023 are shown as follows:

		2024			2023
		Receivable	Allowance for credit losses	Net receivable	Net receivable
University:					
Patients	$	20,401	(1,351)	19,050	14,556
Students:					
Loans		27,185	(1,500)	25,685	25,058
Tuition and fees		13,468	(3,600)	9,868	8,459
U.S. government		103,130	—	103,130	88,578
All other		123,363	(5,183)	118,180	113,753
Total University		287,547	(11,634)	275,913	250,404
Medical Center – patients		951,717	(259,743)	691,974	525,670
MBL		8,606	(35)	8,571	10,162
Total	$	1,247,870	(271,412)	976,458	786,236

Accounts receivable are carried at estimated net realizable value. Management regularly assesses the adequacy of the allowance for credit losses, and balances are written off when deemed uncollectible.

(8) Land, Buildings, Equipment, and Books

Components of land, buildings, equipment, and books at June 30, 2024 and 2023 are shown as follows:

		2024				2023
		University	Medical Center	MBL	Consolidated	Consolidated
Land	$	135,783	81,326	52,931	270,040	269,313
Buildings		4,921,319	2,383,282	116,605	7,421,206	7,295,435
Equipment		651,588	1,002,682	44,113	1,698,383	1,575,785
Books		497,453	—	—	497,453	482,122
Construction in progress		100,170	338,627	1,050	439,847	327,454
Subtotal		6,306,313	3,805,917	214,699	10,326,929	9,950,109
Less accumulated depreciation		(3,281,908)	(1,758,773)	(106,453)	(5,147,134)	(4,811,539)
Subtotal		3,024,405	2,047,144	108,246	5,179,795	5,138,570
Buildings held for sale		—	—	977	977	—
Total	$	3,024,405	2,047,144	109,223	5,180,772	5,138,570

(In thousands of dollars)

(9) Leases

The right-of-use asset and corresponding liability associated with future lease payments at June 30, 2024 and 2023 are shown below:

		2024			2023
		University	Medical Center	Consolidated	Consolidated
Operating lease:					
Right-of-use assets	$	163,898	132,958	296,856	223,500
Finance lease:					
Included in land, buildings, equipment, and books, net		29,080	41,014	70,094	63,587
Total	$	192,978	173,972	366,950	287,087
Operating lease liability	$	174,449	136,215	310,664	233,256
Finance lease liability		27,331	45,130	72,461	61,835
Total	$	201,780	181,345	383,125	295,091

Other information related to leases as of June 30, 2024 and 2023 was as follows:

	2024		2023	
	University	Medical Center	University	Medical Center
Weighted average remaining lease term (years):				
Operating leases	14.1	10.8	14.9	12.7
Finance leases	59.1	10.3	58.3	10.2
Weighted average discount rate:				
Operating leases	3.8 %	1.4 %	3.8 %	2.2 %
Finance leases	4.0	2.4	3.9	5.5

(In thousands of dollars)

(a) Lease Cost

Lease cost reported in supplies, services and other in the consolidated statements of activities amounted to $62,043 in fiscal 2024 and 56,289 in fiscal 2023, as follows:

	2024			2023
	University	Medical Center	Consolidated	Consolidated
Finance:				
Amortization of right-of-use assets	$ 1,786	7,809	9,595	7,482
Interest on lease liability	1,125	1,369	2,494	2,170
Operating	22,395	17,096	39,491	40,255
Variable	6,112	5,624	11,736	7,895
Less sublease income	(453)	(820)	(1,273)	(1,513)
Total	$ 30,965	31,078	62,043	56,289

(b) Future Lease Payments

The following operating and finance lease payments are expected to be paid for each of the following fiscal years ending June 30:

	University			Medical Center			
	Operating	Finance	Total	Operating	Finance	Total	Consolidated
Fiscal year:							
2025	$ 21,512	3,153	24,665	19,748	7,525	27,273	51,938
2026	19,366	2,243	21,609	18,982	7,410	26,392	48,001
2027	16,453	2,218	18,671	18,393	4,473	22,866	41,537
2028	16,172	2,218	18,390	15,375	4,499	19,874	38,264
2029	15,420	2,218	17,638	13,037	4,524	17,561	35,199
2030 &thereafter	142,885	24,767	167,652	82,652	27,249	109,901	277,553
	231,808	36,817	268,625	168,187	55,680	223,867	492,492
Less present value discount	(57,359)	(9,486)	(66,845)	(31,972)	(10,550)	(42,522)	(109,367)
	$ 174,449	27,331	201,780	136,215	45,130	181,345	383,125

MBL does not have any lease activity as of and for the years ended June 30, 2024 and 2023.

(In thousands of dollars)

(10) Notes and Bonds Payable

Notes and bonds payable at June 30, 2024 and 2023 are shown as follows:

	Fiscal year maturity	Interest rate	2024	2023
University:				
Fixed rate:				
Illinois Finance Authority (IFA)	2039–2054	1.9–5.25	$ 1,937,385	1,595,377
Taxable bonds and loans	2031–2054	2.55–5.42	2,408,793	2,483,855
Unamortized premium, net of issuance costs			221,217	156,345
Total fixed rate			4,567,395	4,235,577
Variable rate:				
Illinois Educational Facilities Authority (IEFA)	2034	1.9–4.62	—	26,062
IFA	2035	1.9–4.62	—	56,484
Taxable commercial paper ($600,000 available)	—	5.14–5.48	300,000	62,026
Bank lines of credit ($375,000 available)	—	5.65	—	339,187
Total variable rate			300,000	483,759
Total University			4,867,395	4,719,336
Medical Center:				
Fixed rate:				
IFA	2027–2053	2.5–5.0	1,014,206	1,032,700
Taxable bonds and loans	2042–2047	2.7–4.4	81,150	84,400
New market tax credit bonds (NMTC)	2024–2047	1.0–1.8	25,976	32,476
Unamortized premium, net of issuance costs			23,945	24,433
Total fixed rate			1,145,277	1,174,009

(In thousands of dollars)

	Fiscal year maturity	Interest rate	2024	2023
Variable rate:				
IFA	2050	1.9 %	$ 62,379	63,952
IEFA	2038	3.7	47,578	51,526
Bank lines of credit ($100,000 available)	2025	—	—	—
Total variable rate			109,957	115,478
Total Medical Center			1,255,234	1,289,487
MBL:				
Variable rate:				
Massachusetts Development Finance Authority	2036	3.85	20,985	22,005
Unamortized issuance cost			(97)	(105)
Total MBL			20,888	21,900
Total notes and bonds payable			$ 6,143,517	6,030,723

As of June 30, 2024, the University, Medical Center, and MBL fixed rate notes and bonds payable include variable rate debt with interest rates that have been fixed through interest rate swap agreements which amounted to $355,950, $325,000, and $20,888, respectively. As of June 30, 2023, the University, Medical Center, and MBL fixed rate notes and bonds payable include variable rate debt with interest rates that have been fixed through interest rate swap agreements, which amounted to $312,287, $325,000, and $21,900, respectively.

(a) Fiscal 2024 Transactions

During fiscal year 2024, the University terminated its forward off-market swaption on the Series 2013B bonds with Barclays as well as the Series 2024A with PNC and Chase banks resulting in a gain of $21,000.

During fiscal year 2024, the University extended the expiration of the revolving credit agreement of $150,000 with Royal Bank of Canada, which supported variable rate debt and commercial paper in the event of a failed remarketing, to July 1, 2024.

During fiscal year 2024, the University issued Series 2024A tax-exempt fixed rate bonds in the principal amount of $633,890 and at a premium of $90,579, proceeds from which were used to prefund a project fund for tax-exempt eligible capital projects, refund tax-exempt variable rate bonds, and taxable fixed rate bonds. Proceeds were also used to tender tax-exempt fixed rate bonds and taxable fixed rate bonds, and fund working capital. The University recognized a gain on debt refinancing of $16,302 for this transaction.

(In thousands of dollars)

During fiscal year 2024, the University issued Series 2024C taxable fixed rate bonds in the principal amount of $212,755, proceeds from which were used to pay down $211,349 of bank operating line of credit balances.

During fiscal year 2024, the University entered into two interest rate swaps to hedge $200,000 of outstanding taxable commercial paper.

During fiscal year 2024, the University expanded its taxable commercial paper program to $600,000 in total authorization.

During fiscal year 2024, the University reduced an operating line of credit with JPMorgan Chase Bank, National Association, to $75,000 and extended the expiration to June 27, 2028.

(b) Interest Rate Swaps

On June 30, 2024 and 2023, the fair value of the interest rate swap agreements was included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets and amounted to $43,367 and $73,718, respectively, as follows:

		2024	2023
University	$	123	15,303
Medical Center		42,660	57,511
MBL		584	904
Total	$	43,367	73,718

The on-market swap valuation of the 2004 and 2008 swaps are also recorded as part of accounts payable and accrued liabilities in the amount of $165.

Additionally, the University has three off-market rate swap agreements (with notional amounts of $74,225, $40,424, and $154,990) and one swaption that are recorded in prepaid expenses and other assets. As of June 30, 2024 and 2023, the aggregate fair value of the off-market rate swap agreements and swaptions was $45,249 and $93,481, respectively.

These financial instruments involve counterparty credit exposure. The counterparties for these swap transactions are major financial institutions that meet the University’s criteria for financial stability and creditworthiness.

The Medical Center maintains two floating-to-fixed rate swap agreements, which were entered into in August 2011 and have a combined notional amount of $325,000. The interest rate swaps terminate on February 1, 2044. Additionally, the Medical Center has two total return swaps totaling $41,635 and two interest rate swaps totaling $41,635.

When the fair value of a derivative contract is negative, the Medical Center owes the counterparty, and therefore, it does not possess credit risk; however, the Medical Center is required to post collateral to

(Continued)

the counterparty when certain thresholds as defined in the derivative agreements are met. At June 30, 2024 and 2023, no collateral was posted. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. The Medical Center management also mitigates risk through periodic reviews of their derivative positions in the context of their total blended cost of capital.

(c) Debt Payments

Principal payments required in each of the next five years ending June 30, 2025 through 2029 for the University notes and bonds are $68,135, $68,895, $79,122, $82,700 and $161,410, respectively.

Principal payments required in each of the next five years ending June 30, 2025 through 2029 for the Medical Center notes and bonds are $28,602, $31,053, $31,097, $32,385, and $33,340, respectively.

Principal payments required in each of the next five years ending June 30, 2025 through 2029 for MBL's notes and bonds are $1,060, $1,105, $1,145, $1,190 and $1,240, respectively.

(d) Collateral

Each of the Medical Center bond series is collateralized by accounts receivable and subject to certain contractual restrictions. In addition, the Medical Center variable rate bonds are guaranteed by bank letters of credit.

(e) Remarketing

Included in the University, Medical Center, and MBL's notes and bonds payable are $455,950 $372,578 and $21,180, respectively, of variable rate notes and bonds maturing through fiscal year 2050. In the event the University, Medical Center, or MBL's remarketing agents are unable to remarket the notes and bonds, they become demand obligations and require immediate payment. To supplement internal liquidity, the University, Medical Center, and MBL have credit facility agreements totaling $300,000, $372,578 and $21,180, respectively, which support variable rate debt in the event of a failed remarketing.

(In thousands of dollars)

(11) Pledges

Pledges receivable at June 30, 2024 and 2023 are shown as follows:

	2024				2023
	University	Medical Center	MBL	Consolidated	Consolidated
Unconditional promises expected to be collected in:					
Less than one year	$ 276,971	75	2,038	279,084	274,899
One year to five years	600,274	105,827	290	706,391	640,950
More than five years	1,145,382	11,100	—	1,156,482	1,215,564
	2,022,627	117,002	2,328	2,141,957	2,131,413
Less:					
Allowance for credit losses	(731,692)	(18,828)	(46)	(750,566)	(802,523)
Total	$ 1,290,935	98,174	2,282	1,391,391	1,328,890

The University's five largest pledges comprise approximately 95% of pledges receivable at June 30, 2024 and 2023. Included in this amount is a pledge receivable from a single donor, net of current year pledge payments and amortization of the discount, of $881,000 and $868,000 at June 30, 2024 and June 30, 2023, respectively. The pledge receivable consists of the estimated fair value of a non-marketable equity investment in the donor's company aligned with the promise to give, along with the present value of estimated cash flows from the pledged asset. The range of discounts used for pledges was 2.7% to 10.0%.

In addition, at June 30, 2024, the University has received $76,213 of promises to give, that are conditional upon the raising of matching gifts from other sources or implementation of new academic programs. These amounts will be recognized as revenue in the periods in which the conditions are fulfilled.

(12) Self-Insurance Liability

The University maintains a self-insurance program for medical malpractice liability. This program is supplemented with commercial excess insurance above the University's self-insurance retention, which was $15,000 per claim and unlimited in the aggregate for the fiscal year ended June 30, 2024 and was $10,000 per claim and unlimited in the aggregate for the fiscal year ended June 30, 2023. Claims in excess of $10,000 are subject to an additional self-insurance retention limited to $10,000 per claim and $20,000 in annual aggregate. The Medical Center is included under this insurance program and is charged for its portion of self insurance costs. The University and Medical Center also maintain a self-insurance program for workers' compensation and certain other liability claims.

Under the medical malpractice self-insurance program, the University and Medical Center make annual contributions to a related trust fund at an actuarially determined rate that is intended to provide adequate funding of the self-insurance liability over a period of years. Actual settlements of medical malpractice claims may be more or less than the liability estimated by the University.

(In thousands of dollars)

The medical malpractice self-insurance liability is the estimated present value of self-insured claims that will be settled in the future, and considers anticipated payout patterns as well as interest to be earned on available assets prior to payment. If the present value method was not used, the liability for medical malpractice self-insurance claims would be approximately $40,364 higher than the amount recorded in the consolidated financial statements at June 30, 2024. The interest rate assumed in determining the present value was 5.5%. The University recorded nonoperating actuarial losses of $(2,767) and $(3,188) during the years ended June 30, 2024 and 2023, respectively, which are included in the without donor restrictions section of the accompanying consolidated statements of activities.

In addition, the Medical Center's Community Health and Hospital Division maintains a separate self-insurance program for medical malpractice and workers' compensation. Coverage from commercial insurance carriers is maintained for claims in excess of self-insured retentions at various levels by policy year. Under this program, annual contributions are made to captive for malpractice and other liability claims and a bond for the worker's compensation program at actuarially determined rates. The estimated liability for incurred malpractice, workers' compensation, and other claims (filed and unfiled) as of June 30, 2024 and 2023 is presented as follows:

		2024			
		University	Medical Center	Consolidated	2023 Consolidated
Medical malpractice	$	258,421	82,617	341,038	391,180
Workers' compensation		4,243	11,920	16,163	15,364
Others		10,789	—	10,789	8,963
Total	$	273,453	94,537	367,990	415,507

Additionally, the University has projected self-insurance recoveries recorded in prepaid expenses and other assets of $23,437 and $22,892 for 2024 and for 2023, respectively.

(13) Pension Plans and Other Postretirement Benefits

(a) Pension Plans

Substantially all personnel of the University participate in either the defined contribution pension plan for academic staff or the defined benefit and contribution pension plans for nonacademic personnel. The majority of Medical Center employees participate in the University's pension plans for nonacademic employees. The University and Medical Center make annual contributions to the defined benefit pension plans at a rate necessary to maintain plan funding on an actuarially recommended basis. The University and Medical Center share contributions to the defined benefit pension plans based primarily on participation.

(b) Postretirement Benefits

In addition to providing pension benefits, the University and MBL provide certain healthcare benefits for retired employees and the University provides a retirement incentive bonus for eligible faculty electing to participate in a retirement incentive program. In addition to a retirement bonus, all Medicare eligible – tenured faculty who elect to participate in the retirement incentive program receive supplemental health insurance at no cost for themselves and their spouses. All other academic and nonacademic employees are entitled to supplemental health insurance coverage subject to deductibles, copayment provisions, and other limitations.

(In thousands of dollars)

The funded status and amounts recognized in the consolidated financial statements for the defined benefit pension plans, consisting of The University of Chicago Retirement Income Plan for Employees (ERIP) and The University of Chicago Pension Plan for Staff Employees (SEPP) and other postretirement benefit plans, consisting of The University of Chicago Retiree Health Plan (RHP) and The University of Chicago Faculty Retirement Incentive Plan (FRIP) are shown as follows:

	Defined benefit pension plans ERIP		Defined benefit pension plans SEPP	
	2024	2023	2024	2023
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 374,477	411,410	334,017	355,731
Service cost	—	—	1,019	1,133
Interest cost	19,267	19,366	17,611	17,451
Benefits paid	(15,052)	(29,275)	(4,046)	(16,363)
Settlements	(25,891)	—	(30,749)	—
Actuarial gain, net	(3,734)	(27,024)	(4,632)	(23,935)
Benefit obligation at end of year	349,067	374,477	313,220	334,017
Change in fair value of plan assets:				
Fair value of plan assets at beginning of year	349,282	346,863	334,198	326,950
Actual return on plan assets	19,748	25,694	18,663	17,610
Employer contributions	8,000	6,000	4,000	6,000
Settlements	(25,891)	—	(30,748)	—
Benefits paid	(15,052)	(29,275)	(4,046)	(16,362)
Fair value of plan assets at end of year	336,087	349,282	322,067	334,198
Funded status – liability (asset)	$ 12,980	25,195	(8,847)	(181)

(In thousands of dollars)

		Other Postretirement Benefit Plans (RHP)		Other Postretirement Benefit Plans (FRIP)	
		2024	**2023**	**2024**	**2023**
Change in benefit obligation:					
Benefit obligation at beginning of year	$	90,512	96,586	36,518	39,801
Service cost		3,335	3,533	2,683	2,787
Interest cost		4,875	4,747	1,863	1,755
Benefits paid		(2,647)	(1,569)	(2,871)	(8,010)
Plan amendment		—	—	—	—
Special termination benefits		323	—	—	—
Actuarial gain, net		447	(12,785)	(954)	185
Benefit obligation at end of year		96,845	90,512	37,239	36,518
Change in fair value of plan assets:					
Fair value of plan assets at beginning of year		107,806	98,808	—	—
Actual return on plan assets		14,676	8,998	—	—
Employer contributions		2,647	1,569	2,871	8,010
Benefits paid		(2,647)	(1,569)	(2,871)	(8,010)
Fair value of plan assets at end of year		122,482	107,806	—	—
Funded status – (asset) liability	$	(25,637)	(17,294)	37,239	36,518

The accumulated benefit obligation for the defined benefit pension plans was $658,558 and $704,866 at June 30, 2024 and 2023, respectively.

The increase in the discount rate used for measurement of the pension and postretirement benefit obligations resulted in a decrease in the liability as of June 30, 2024 and 2023.

(In thousands of dollars)

(c) Components of Net Periodic Benefit Cost

		Defined benefit pension plans ERIP		Defined benefit pension plans SEPP	
		2024	2023	2024	2023
Operating – service cost	$	—	—	1,019	1,133
Nonoperating:					
Interest cost		19,267	19,366	17,611	17,451
Expected return on plan assets		(20,777)	(21,038)	(20,971)	(20,935)
Amortization of actuarial gain (loss)		2,143	5,298	(2,905)	(1,187)
Settlements		5,564	—	(1,803)	—
Total nonoperating		6,197	3,626	(8,068)	(4,671)
Net periodic benefit cost (credit)	$	6,197	3,626	(7,049)	(3,538)
Amounts included in the consolidated statements of activities:					
University	$	3,012	1,909	(3,107)	(1,257)
Medical Center		3,185	1,717	(3,942)	(2,281)
MBL		—	—	—	—
Total	$	6,197	3,626	(7,049)	(3,538)

(In thousands of dollars)

	Other Postretirement Benefit Plans (RHP)		Other Postretirement Benefit Plans (FRIP)	
	2024	2023	2024	2023
Operating – service cost	$ 3,335	3,533	2,683	2,787
Nonoperating:				
Interest cost	4,875	4,747	1,863	1,755
Expected return on plan assets	(6,199)	(5,682)	—	—
Amortization of prior service cost (benefit)	(15,476)	(19,802)	254	254
Amortization of actuarial gain (loss)	—	662	(944)	(992)
Special termination benefits	323	—	—	—
Settlements	—	—	—	—
Total nonoperating	(16,477)	(20,075)	1,173	1,017
Net periodic benefit cost (credit)	$ (13,142)	(16,542)	3,856	3,804
Amounts included in the consolidated statements of activities:				
University	$ (13,142)	(16,542)	3,856	3,804
Medical Center	—	—	—	—
MBL	(338)	(186)	—	—
Total	$ (13,480)	(16,728)	3,856	3,804

(d) Actuarial Assumptions

The weighted average assumptions used in the accounting for the pension and other postretirement benefit plans are shown as follows:

	Defined benefit pension plans		Other postretirement benefit plans	
	2024	2023	2024	2023
Discount rate	5.6 %	5.5 %	5.6 %	5.5 %
Expected return on plan assets	5.8	5.8	5.8	5.8
Rate of compensation increase	3.5	3.5	3.7	3.7
Healthcare cost trend rates:				
Next two fiscal years	—	—	6.33–7.59 %	7.82–8.40 %
Next seven fiscal years	—	—	4.54–5.98	5.45–7.28
Thereafter	—	—	4.50 %	4.5–5.43

(In thousands of dollars)

The expected return on plan assets assumptions for both the defined benefit pension plan and the other postretirement benefit plans is determined based on models that incorporate a number of different methodologies, including historical returns and capital market forecasts.

(e) Plan Assets

The table below reflects the changes in plan assets, pension obligations, and postretirement assets recognized as nonoperating items for the years ended June 30, 2024 and 2023:

	Pension plans		Postretirement plans	
	2024	2023	2024	2023
Net gain for the year	$ 3,103	(49,797)	(9,363)	(15,945)
Amortization of prior service cost credit	—	—	15,075	19,534
Net gain due to curtailment settlement	(5,743)	—	—	—
Amortization of net (gain) loss	(4,631)	(6,040)	1,163	(4)
Net (gain) loss recognized nonoperating activities	$ (7,271)	(55,837)	6,875	3,585

Weighted average asset allocations as of fiscal year end by asset category are as follows:

	Defined benefit pension plans		Other postretirement benefit plans	
	2024	2023	2024	2023
Domestic public equities	19 %	24 %	53 %	53 %
International public equities	17	18	—	—
Fixed income	64	58	47	47
	100 %	100 %	100 %	100 %

As of June 30, 2024, 91% of plan assets for the defined benefit pension plans are invested in cash, mutual funds, exchange traded funds, or separately managed accounts comprised of individual securities and are valued based on quoted market prices in active markets for identical investments (Level 1). The remaining 9% of plan assets are primarily invested in commingled funds and limited partnerships generally reported at NAV by external fund managers.

The defined benefit plans combined target asset allocation of 30% public equities and 70% fixed income securities is meant to result in a favorable long-term rate of return from a diversified portfolio of equity and fixed income investments. Plan assets for the other postretirement benefit plans are managed by the University and were held in mutual funds (Level 1) at June 30, 2024.

(Continued)

(In thousands of dollars)

(f) Contributions

The University, combined with the Medical Center, expects to contribute approximately $12,000 to the defined benefit pension plans in fiscal year 2024.

(g) Estimated Future Benefits Payments

The following benefit payments, which reflect expected future service, are expected to be paid for each of the fiscal years ending June 30:

Fiscal year		Defined benefit pension plans	Other postretirement benefit plans
2025	$	73,915	7,503
2026		48,447	9,095
2027		48,492	9,581
2028		48,214	9,820
2029		47,667	10,246
2030–2035		230,455	5,231

(h) Curtailed Pension Plan

The Medical Center maintains a separate noncontributory defined benefit pension plan on behalf of a former affiliated organization. As of June 30, 2021, the plan was annuitized and therefore there was no outstanding liability.

(i) Defined Contribution Pension Plan

Defined contribution pension plan expenses included in the consolidated statements of activities amounted to $100,189 in fiscal year 2024 and $95,922 in fiscal year 2023 for the University and $45,784 in fiscal year 2024 and $47,545 in fiscal year 2023 for the Medical Center.

(14) Functional Classification of Expenses

The University's primary program service is academic instruction and research. Expenses reported as auxiliary enterprises, library, and student services are incurred in support of this primary program activity. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort.

(Continued)

(In thousands of dollars)

Expenses by functional classification for the year ended June 30, 2024 consist of the following:

	2024			
	Academic and research	Healthcare service	Administrative support	Total
Operating expenses:				
Compensation and benefits	$ 1,999,261	1,755,121	458,491	4,212,873
Utilities, alterations, and repairs	52,414	63,733	19,179	135,326
Depreciation	188,345	184,464	28,790	401,599
Interest	108,742	47,816	59,907	216,465
Supplies, services, and other	558,509	1,927,324	278,470	2,764,303
Operating expenses	$ 2,907,271	3,978,458	844,837	7,730,566
Nonoperating net periodic benefit credit other than service cost				(17,514)
Total				$ 7,713,052

Expenses by functional classification for the year ended June 30, 2023 consist of the following:

	2023			
	Academic and research	Healthcare service	Administrative support	Total
Operating expenses:				
Compensation and benefits	$ 1,809,546	1,485,230	367,737	3,662,513
Utilities, alterations, and repairs	56,290	55,077	9,198	120,565
Depreciation	184,379	150,583	29,015	363,977
Interest	103,148	41,175	55,530	199,853
Supplies, services, and other	576,966	1,571,743	284,038	2,432,747
Operating expenses	$ 2,730,329	3,303,808	745,518	6,779,655
Nonoperating net periodic benefit credit other than service cost				(20,292)
Total				$ 6,759,363

(15) Affiliated Organizations

The University has an ongoing relationship with the National Opinion Research Center (NORC), a not-for-profit organization that conducts research in the public interest primarily for various federal agencies. The majority of NORC's Board of Trustees are faculty members or officers of the University. Program-related revenue for the years ended December 31, 2023 and 2022 was $347,225 and $324,505, respectively. Net assets at December 31, 2023 and 2022 were $97,314 and $84,160, respectively. Consolidation of this not- for-profit organization is not required because the University does not have both control and an economic interest.

The University, through its affiliate UChicago Argonne, LLC, operates Argonne National Laboratory (ANL) under a contract with the U.S. Department of Energy (DOE). This contract provides for the payment of a fixed management allowance and an additional fee based on performance judged against established measures. The University is the sole member of UChicago Argonne, LLC; however, the performance fee is shared with a subcontractor that assists UChicago Argonne, LLC with the management and operation of ANL.

The University, as a member of Fermi Research Alliance, LLC (FRA), also operates Fermi National Accelerator Laboratory (Fermilab) on behalf of DOE. The Fermilab contract between DOE and FRA provides for the payment of a fixed management allowance and an additional performance fee from DOE. The University shares the performance fee with Universities Research Association, the other member of FRA, and with a subcontractor that assists FRA with the management and operation of Fermilab.

The expenditures under the respective contracts and the related reimbursements of $1,221,143 for ANL and $735,699 for Fermilab in fiscal year 2024, and $1,283,947 for ANL and $607,795 for Fermilab in fiscal year 2023 are not included in the consolidated statements of activities. Net assets relating to ANL and to Fermilab are owned by the U.S. government and, therefore, are not included in the consolidated balance sheets.

(16) Contingencies

Various lawsuits, claims, and other contingent liabilities arise in the ordinary course of the University's education, research, and healthcare activities. In the opinion of management, all such matters have been adequately provided for, are without merit, or are of such kind that if disposed of unfavorably, would not have a material adverse effect on the consolidated financial position of the University.

Schedule 1

THE UNIVERSITY OF CHICAGO

Consolidating Balance Sheet

June 30, 2024

(In thousands of dollars)

Assets		**University**	**Medical Center**	**MBL**	**2024 Consolidated**
Cash and cash equivalents	$	33,870	183,072	4,537	221,479
Notes and accounts receivable, net		275,913	691,974	8,571	976,458
Prepaid expenses and other assets		322,403	459,057	5,398	786,858
Right-of-use assets – operating leases		163,898	132,958	—	296,856
Pledges receivable, net		1,290,935	98,174	2,282	1,391,391
Investments		9,839,388	1,527,506	115,038	11,481,932
Land, buildings, equipment, and books, net		3,024,405	2,047,144	109,223	5,180,772
Total assets	$	14,950,812	5,139,885	245,049	20,335,746
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued liabilities	$	593,488	751,092	6,259	1,350,839
Deferred revenue		219,719	—	8,234	227,953
Assets held in custody for others		204,746	—	—	204,746
Self-insurance liability		273,453	94,537	—	367,990
Pension and other postretirement benefit obligations		15,735	—	—	15,735
Asset retirement obligation		38,724	4,444	—	43,168
Lease liability		201,780	181,345	—	383,125
Notes and bonds payable		4,867,395	1,255,234	20,888	6,143,517
Refundable US government student loan funds		8,970	—	—	8,970
Total liabilities		6,424,010	2,286,652	35,381	8,746,043
Net assets:					
Without donor restrictions controlled by the University		702,935	2,285,840	102,544	3,091,319
Net assets without donor restrictions related to noncontrolling interest in consolidated joint venture		—	310,750	—	310,750
Total without donor restrictions		702,935	2,596,590	102,544	3,402,069
With donor restrictions		7,823,867	256,643	107,124	8,187,634
Total net assets		8,526,802	2,853,233	209,668	11,589,703
Total liabilities and net assets	$	14,950,812	5,139,885	245,049	20,335,746

See accompanying independent auditors’ report.

Schedule 2

THE UNIVERSITY OF CHICAGO

Consolidating Statement of Activities

Year ended June 30, 2024

(In thousands of dollars)

	University	Medical Center	MBL	Total	Eliminations	2024 Consolidated
Changes in net assets without donor restrictions:						
Operating:						
Revenue:						
Tuition and fees, net of student aid	$ 609,991	—	1,308	611,299	—	611,299
Government grants and contracts	543,233	—	18,023	561,256	—	561,256
Private gifts, grants, and contracts	285,495	474	7,193	293,162	—	293,162
Endowment payout	499,059	61,350	5,282	565,691	—	565,691
Net patient services	408,367	3,996,033	—	4,404,400	(153,367)	4,251,033
Auxiliaries	201,515	—	4,623	206,138	—	206,138
Other income	328,786	548,947	1,338	879,071	—	879,071
Net assets released from restrictions	150,891	13,918	4,431	169,240	—	169,240
Total operating revenue	3,027,337	4,620,722	42,198	7,690,257	(153,367)	7,536,890
Expenses:						
Compensation:						
Academic salaries	862,964	—	10,748	873,712	—	873,712
Staff salaries	931,111	1,569,645	11,463	2,512,219	—	2,512,219
Benefits	422,499	396,835	7,608	826,942	—	826,942
Total compensation	2,216,574	1,966,480	29,819	4,212,873	—	4,212,873
Other operating expenses:						
Utilities, alterations, and repairs	62,173	70,552	2,601	135,326	—	135,326
Depreciation	212,474	184,722	4,403	401,599	—	401,599
Interest	167,810	47,816	839	216,465	—	216,465
Supplies, services, and other	656,682	2,244,652	16,336	2,917,670	(153,367)	2,764,303
Total other operating expenses	1,099,139	2,547,742	24,179	3,671,060	(153,367)	3,517,693
Total operating expenses	3,315,713	4,514,222	53,998	7,883,933	(153,367)	7,730,566
Excess (deficiency) of operating revenue over expenses	(288,376)	106,500	(11,800)	(193,676)	—	(193,676)
Less net income (loss) related to non-controlling interest in consolidated joint venture	—	5,565	—	5,565	—	5,565
Excess (deficiency) of operating revenues over expenses excluding non-controlling interest	$ (288,376)	100,935	(11,800)	(199,241)	—	(199,241)

Schedule 2

THE UNIVERSITY OF CHICAGO

Consolidating Statement of Activities

Year ended June 30, 2024

(In thousands of dollars)

		University	Medical Center	MBL	2024 Consolidated
Changes in net assets without donor restrictions:					
Nonoperating:					
Investment return, net	$	31,840	33,751	374	65,965
Net periodic benefit cost other than service cost		16,418	757	339	17,514
Other pension and postretirement benefit changes		846	(757)	307	396
Change in value of derivative instruments		17,641	14,851	320	32,812
Gain on swap termination		21,195	—	—	21,195
Gain on debt refinancing		16,302	—	—	16,302
Other, net		(85,144)	472	15,804	(68,868)
Net assets released from restrictions		16,021	—	35	16,056
Nonoperating changes in net assets without donor restrictions		35,119	49,074	17,179	101,372
Decrease (increase) in net assets without donor restrictions controlled by the University		(253,257)	150,009	5,379	(97,869)
Increase (decrease) in net assets without donor restrictions attributable to noncontrolling interest		—	5,565	—	5,565
Total decrease (increase) in net assets without donor restrictions		(253,257)	155,574	5,379	(92,304)
Changes in net assets with donor restrictions:					
Private gifts		289,413	113,392	3,554	406,359
Endowment payout		929	—	—	929
Investment gain (loss), net		123,621	11,237	2,039	136,897
Other, net		(18,931)	(1,800)	2	(20,729)
Net assets released from restrictions		(166,912)	(13,918)	(4,466)	(185,296)
Increase in net assets with donor restrictions		228,120	108,911	1,129	338,160
(Decrease) increase in net assets		(25,137)	264,485	6,508	245,856
Net assets at beginning of year		8,551,939	2,588,748	203,160	11,343,847
Net assets at end of year	$	8,526,802	2,853,233	209,668	11,589,703

See accompanying independent auditors' report.

Schedule 3

THE UNIVERSITY OF CHICAGO

Consolidating Statement of Cash Flows

Year ended June 30, 2024

(In thousands of dollars)

	University	Medical Center	MBL	2024 Consolidated
Cash flows from operating activities:				
(Decrease) increase in net assets	$ (25,137)	264,485	6,508	245,856
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:				
Depreciation	212,474	184,722	4,403	401,599
Change in value of derivative instruments	(17,641)	(14,851)	(320)	(32,812)
Loss on disposal of land, buildings, equipment, and books	8,240	—	6	8,246
Net gain on investments	(582,994)	(106,338)	(7,579)	(696,911)
Gain on debt refinancing	(16,302)	—	—	(16,302)
Gain on swap terminations	(21,195)	—	—	(21,195)
Reduction (increase) in the carrying amount of the right-of-use assets – operating leases	5,446	5,894	(548)	10,792
Private gifts and grants restricted for long-term investment	(244,447)	(119,341)	—	(363,788)
Contributed securities	(44,966)	—	—	(44,966)
Other nonoperating changes	267,292	13,918	(12,123)	269,087
Pension and postretirement benefit changes	(17,264)	—	(644)	(17,908)
Amortization of bond premium/discount/cost of issuance	(13,845)	(341)	8	(14,178)
Changes in operating assets and liabilities:				
Notes and accounts receivable	(25,509)	(166,304)	1,303	(190,510)
Prepaid expenses and other assets	(40,065)	(95,528)	2,694	(132,899)
Accounts payable and other liabilities	54,783	42,292	1,146	98,221
Lease liability	(4,651)	(6,216)	—	(10,867)
Self-insurance liability	1,651	(23,208)	—	(21,557)
Total adjustments	(478,993)	(285,301)	(11,654)	(775,948)
Net cash used in operating activities	(504,130)	(20,816)	(5,146)	(530,092)
Cash flows from investing activities:				
Purchase of investments	(5,537,344)	(507,706)	(18,673)	(6,063,723)
Proceeds from sale of investments	5,944,928	713,825	22,448	6,681,201
Acquisition of land, buildings, equipment, and books	(177,718)	(255,812)	(8,294)	(441,824)
Net cash provided by (used in) investing activities	229,866	(49,693)	(4,519)	175,654
Cash flows from financing activities:				
Proceeds from issuance of debt instruments	933,115	5,238	—	938,353
Principal payments on debt instruments	(59,643)	(31,424)	(1,020)	(92,087)
Defeasance of debt instruments	(515,475)	—	—	(515,475)
Proceeds from issuance of commercial paper and lines of credit	2,838,253	—	—	2,838,253
Payments on issuance of commercial paper and lines of credit	(2,939,466)	—	—	(2,939,466)
Proceeds from sales of contributed securities restricted for long-term investment	43,807	—	—	43,807
Payment of finance lease liability	(2,104)	(5,690)	—	(7,794)
Proceeds from private gifts and grants restricted for long-term investment	87,152	124,629	—	211,781
Other nonoperating changes	(128,599)	(15,718)	11,714	(132,603)
Net cash provided by financing activities	257,040	77,035	10,694	344,769
(Decrease) increase in cash and cash equivalents	(17,224)	6,526	1,029	(9,669)
Cash and cash equivalents at:				
Beginning of year	51,094	176,546	3,508	231,148
End of year	$ 33,870	183,072	4,537	221,479
Supplemental disclosures of cash flow information:				
Cash paid for interest	$ 183,693	46,875	842	231,410
Change in construction payable	820	—	1,125	1,945
Noncash financing activities:				
Prepayment to bond trustee	9,685	—	—	9,685
Reduction of liability from swap termination	(68,895)	—	—	(68,895)
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 21,411	20,730	—	42,141
Operating cash flows from finance leases	1,125	1,369	—	2,494
Financing cash flows from finance leases	2,104	3,964	—	6,068
Right of use assets obtained in exchange for new lease obligations:				
Finance leases	$ —	10,241	—	10,241
Operating leases	10,188	66,385	—	76,573

See accompanying independent auditors' report.