



November 20, 2025

VIA EMAIL

Ms. Belkys Romay  
Senior Bond Coordinator  
Office of Management and Budget  
Miami-Dade County, Florida  
111 N.W. First Street, 22<sup>nd</sup> Floor  
Miami, Florida 33128

Dear Belkys:

Attached is the University of Miami's ("University") application for bond financing through the Miami-Dade County Educational Facilities Authority ("Authority"), along with the necessary attachments that includes general University information and our most recent audited financial statements. A check for \$7,000 payable to the Authority will be mailed to your attention at the address above. I appreciate your flexibility in waiving the requirement for a cashier's check.

Additionally, I have enclosed an executed Expense and Indemnity Agreement, which is in the same form as was used in connection with our previous financings through the Authority. Should you have any questions or need further information, please feel free to give me a call.

Thank you very much for your assistance.

Sincerely,

Signed by:  
  
2E9EFCD72FFE497...  
Asaf Zentler  
Associate Vice President & Chief Investment  
Officer and Treasurer

Enclosures

cc: Luis Reiter, Esq., Squire Patton Boggs (US) LLP  
Pedro Hernandez, Esq., Squire Patton Boggs (US) LLP  
Mary Jane Darby, Janney Montgomery Scott, LLC (w/out enc)  
Ray Coto, Vice President, Chief Financial Officer (w/out enc)  
Aileen M. Ugalde, Esq., Senior Vice President and General Counsel (w/out enc)

**MIAMI-DADE COUNTY (FLORIDA) EDUCATIONAL FACILITIES AUTHORITY  
APPLICATION FOR BOND FINANCING**

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1. **APPLICANT'S NAME:** University of Miami (FL)
- BUSINESS ADDRESS:** Newman Alumni Center  
6200 San Amaro Drive, Suite 430  
Coral Gables, FL 33146
- APPLICANT'S REPRESENTATIVE:** Asaf Zentler  
Associate Vice President & Chief Investment  
Officer and Treasurer  
(305) 284-9476
- APPLICANT'S LEGAL COUNSEL:** Luis Reiter, Esq.  
Squires Patton Boggs (US) LLP  
(305) 577-7710

2. **A statement describing the Applicant, its history and operations.**

See Attachment 1 – General Information Regarding the University of Miami

3. **Describe in general terms the proposed project(s).**

New money bonds totaling up to \$475 million (par value) to fund the 3<sup>rd</sup> tranche of financing of multiple facilities located on the University of Miami's ("the University") Coral Gables and Medical campuses and satellite locations, primarily Phase II of the new Student Housing Village, UHealth SoLé Mia Ambulatory Center, UHealth Doral Ambulatory Center, and UHealth Tower Expansion and Lobby & Entrance Renovation. These projects were funded by the University's direct taxable Series 2022 bond issue as well as the Authority's tax-exempt Series 2024 bond issue. In addition, dependent on market conditions and tax law requirements, bonds could be sold on a tax-exempt and/or taxable basis.

As permitted by the Indenture, the University is considering issuing a portion of the bonds directly (that is not through the Authority), in which case the total par amount of bonds to be issued by the Authority would be reduced and the purposes of the bonds modified as applicable. The University expects to make a final decision with respect to any bonds to be issued directly in the near future and will advise the Authority once that decision has been made. In the meantime, however, the University requests that the Authority include the full par amount set forth in this application for initial approval.

4. **Provide a breakdown of the project costs, including construction, soft costs, acquisition costs and any others.**

DESCRIPTION	NEW MONEY *
Project Fund	475,000,000
Cost of Issuance	1,500,000
Underwriter's Discount (Assumes \$2.10 per \$1,000 Issued)	945,802
<b>Total Sources of Funds</b>	<b>\$477,445,802</b>

*\* Note that these are preliminary estimates and subject to change.*

5. **Provide a pro forma Income Statement which details the projected income and expenses for the first three (3) years of the project for the revenue source to be pledged to secure the bonds.**

It is expected that the bonds will be structured as a general obligation of the University, without a specific pledge of tuition or other revenues, as has become customary in the municipal market for higher education institutions. Attachment 2 provides the University's projected operating revenues and expenses for the next three (3) fiscal years. These represent "forward-looking statements", and actual results may be different.

6. **A statement indicating the need for the proposed project.**

The University is seeking to issue up to \$475 million (par value) of new money bonds. The bond proceeds will primarily be used to fund the 3<sup>rd</sup> tranche of board approved capital projects listed on Attachment 3. These board approved capital projects are deemed to be of critical strategic importance to achieving the University's mission.

7. **A timetable which indicates all phases of project development, including financing phase, construction phase, and rent up and occupancy if applicable.**

Construction Phase:

Centennial Village Student Housing (May 2022 – August 2026)

- Phase I Opening (August 2024)
- Phase II Opening (August 2026)

SoLé Mia Ambulatory Center (June 2021 – October 2026)

- First Patient Day (September 2025)
- Phased Opening (September 2025 – October 2026)

UHealth 5-Story Expansion and Lobby & Entrance Renovation (July 2022 – June 2026)

Financing Plan:

Close new money bonds (Targeting March 2026/April 2026)

8. **Provide a project site plan.**

See Attachment 4 – Project site plans.

**9. Amount requested to be raised by the issuance of the Bonds:**

The University anticipates raising by the issuance of the bonds approximately up to \$475 million (par value) of new money bonds.

**10. If federal or state subsidy is to be provided, include the form of subsidy and evidence of the award of the subsidy for the development and confirmation thereof.**

**Form of subsidy:** Not Applicable

**11. State method of sale of the bonds: (Check Guidelines for requirements)**

  X   Publicly sold  
       Private placement transactions

**12. Attach audited financial statements for the applicant(s) for the preceding five (5) years.**

See Attachment 5 – Fiscal Year 2021 UofM Audited Financial Statement  
See Attachment 6 – Fiscal Year 2022 UofM Audited Financial Statement  
See Attachment 7 – Fiscal Year 2023 UofM Audited Financial Statement  
See Attachment 8 – Fiscal Year 2024 UofM Audited Financial Statement  
See Attachment 9 – Fiscal Year 2025 UofM Audited Financial Statement

**Date** 11/21/2025

University of Miami (FL)  
(Name of Applicant)

Signed by:  
*Asaf Zentler*  
**By** 2E9EFC972FFE407...  
(Signer)

**Asaf Zentler**  
**Associate Vice President & Chief**  
**Investment Officer, and Treasurer**



## **GENERAL INFORMATION REGARDING THE UNIVERSITY OF MIAMI**

### **THE UNIVERSITY**

Founded in 1925 in Coral Gables, Florida, the University of Miami (the “University”) is a private not-for-profit university providing educational, patient care and research services. The University derives its revenues primarily from tuition and fees, patient care, and direct support from sponsoring organizations and individuals.

The University’s mission is to educate and nurture students, to create knowledge, and to provide service to its community and beyond. Committed to excellence, the University strives to develop future leaders of the nation and the world.

The core values that are fundamental to achieving the University’s mission include an absolute commitment to freedom of inquiry—the freedom to think, to question, to criticize, and to dissent. University faculty pursue the value of excellence in their research and educational missions with the single-mindedness that only great commitments deserve, striving to provide students with the foundations for ethical citizenship and service to others, a respect for differences among people, and a commitment to high standards of thought and communication. The University’s goal is to prepare students for rewarding lifelong careers and to imbue in them a continued and permanent desire for the study of knowledge and the search for truth.

The University offers more than 360 undergraduate, graduate and professional fields of study to more than 19,000 students. The University also has extensive research and healthcare enterprises. Among its facilities, the University operates 12 schools and colleges, including the Leonard M. Miller School of Medicine (the “MSOM”), an acute care hospital, several cancer treatment specialized facilities, an eye hospital, several multi-specialty ambulatory locations, and research institutes that play an important role in the University’s interdisciplinary research, education, and clinical services, which are located throughout the three campuses that comprise the University.

### **PRINCIPAL PROGRAMS AND FACILITIES**

Three campuses and other facilities incorporate over 200 University-owned buildings totaling over 12 million gross square feet (“GSF”) on over 400 acres of land at several locations in Miami-Dade County.

#### ***Coral Gables Campus***

The main campus of the University (the “Coral Gables Campus”) is located on approximately 240-acres in the City of Coral Gables, Florida, approximately seven miles from downtown Miami. Most undergraduate programs are provided on this campus, and the campus contains seven residential colleges for undergraduates. In addition, the Coral Gables Campus houses two colleges and eight schools including the School of Architecture, the College of Arts and Sciences, the Miami Herbert Business School, the School of Communication, the School of Education and Human Development, the College of Engineering, the Graduate School, the School of Law, the Frost School of Music, the School of Nursing and Health Studies, and the Division of Continuing & International Education. The Coral Gables Campus also includes the Lennar Foundation Medical Center (“LFMC”), a 206,000-square-foot multispecialty ambulatory care and outpatient facility offering a variety of specialty and subspecialty services, including those of Sylvester Comprehensive Cancer Center and Bascom Palmer Eye Institute. The Coral Gables Campus contains approximately 146 buildings, totaling 6.12 million GSF of classroom, laboratory, residential, cultural, student life, and administrative facilities and 1.34 million GSF in structured parking.

Various new facilities have opened on the Coral Gables Campus over the last several years – the first phase of Centennial Village Student Housing, the Frost Institute for Chemistry and Molecular Sciences building for the College of Arts and Sciences, the Knight Recital Hall for the Frost School of Music, the Lakeside Village Student Housing which provides 1,100 beds for students, the Student Services Building which is a “one-stop” center for student facing service departments, the

Klotz Player Development Center includes an indoor batting facility for the University baseball program and a greenhouse for research that supports the mission of the Gifford Arboretum and the College of Arts and Science, the Carol Soffer Football Indoor Practice Facility which allows year-round football practice, and the School of Nursing Simulation Hospital, a state of the art facility for student interactions with simulated patients in a hospital setting.

### ***Medical Campus***

The Medical Campus is located approximately ten miles northeast of the Coral Gables Campus and includes the MSOM, the three University-owned and operated medical facilities that comprise the Hospital, and a number of other clinical and research facilities. For academic year 2024-2025, the MSOM had a full-time faculty of more than 1,680 members and a student body of approximately 850 undergraduate medical students and more than 780 graduate students. The Hospital is designated as a statutory teaching hospital from the Florida Agency for Health Care Administration (“AHCA”) and is accredited by The Joint Commission (“TJC”).

#### *Hospital Facilities*

Within the Medical Campus, the University owns and operates the Hospital through three on-campus locations—Sylvester Comprehensive Cancer Center, Bascom Palmer Eye Institute, and UHealth Tower. The largest by bed count of the three is the UHealth Tower, a 560-bed acute care facility that provides a full range of inpatient and outpatient services as permitted by the license issued to it from the State of Florida (the “State”) and supports the MSOM’s programs relating to medical education and research.

The Sylvester Comprehensive Cancer Center is used primarily as a facility for cancer treatment, research, and education in the State and specializes in providing outpatient and inpatient services to cancer patients. In 2019, SCCC achieved National Cancer Institute (“NCI”) designation one of NCI’s 72 designated cancer centers, of which there are 3 in Florida, recognized for scientific leadership in cancer research. The patient care portion of the facility contains 40 acute care beds where an average of nearly 12,000 new cancer patients are treated each year.

Bascom Palmer Eye Institute primarily offers specialty clinical and emergency ophthalmic services, research and education with over 85% of its revenue related to the provision of eye care services. It is the primary site of practice for the faculty-physician members of the University’s Department of Ophthalmology and has been ranked the nation’s best in ophthalmology 24 times by *U.S. News & World Report*. Bascom Palmer Eye Institute’s McKnight Vision Research Center is the focus of its scientific, research and research training activities.

#### *Affiliations with JMH*

JMH, owned and operated by Miami-Dade County’s Public Health Trust (“PHT”), is an acute care facility with more than 1,550-beds, which is integrated within the Medical Campus through an affiliation agreement with the University. PHT also owns and operates three other public hospitals in Miami-Dade County (Jackson North, Jackson South, and Jackson West) as part of the JHS. JMH serves as one of the primary teaching hospitals for MSOM. The University’s faculty physicians and staff, acting as statutory agents of the County when working in JHS owned and operated facilities, cooperate in the supervision, training, and patient care aspects of graduate medical education programs (residencies and fellowships) for more than 1,000 post-graduate trainees. The MSOM faculty provide Trauma, Obstetrics, Neonatology, and non-cancer Pediatric services and supervision exclusively at JHS facilities.

### ***Rosenstiel School of Marine & Atmospheric Science Campus***

The Rosenstiel School of Marine, Atmospheric & Earth Science (“RSMAS”) occupies its own 18-acre waterfront campus on Virginia Key in Biscayne Bay, about seven miles northeast of the Coral Gables Campus. The campus comprises 18 buildings totaling over 415,000 GSF. Research, classroom, vessel operation and support facilities are located in ten major buildings. The school operates a state-of-the-art 96-foot-long ocean-going catamaran research vessel, other smaller craft and a Helicopter Observation Platform for low to mid altitude in-situ atmospheric monitoring and remote-sensing of the Earth surface. RSMAS also operates a marine experimental field station on Broad Key, a 63-acre island located in the Florida Keys. RSMAS has a faculty of over 80 full-time members and a student body of 540 undergraduate students and 421 graduate students.

## **Other Facilities**

The University owns and operates the Richmond Facility, established in 2001, a 76-acre site for its Center for Southeastern Tropical Advanced Remote Sensing (“CSTARS”) and Richmond Satellite Operations Center (“RSOC”) in south Miami-Dade County. The facility includes a 20 m antenna for satellite communications and two 11 m X-band receiving systems for reception of data from low earth orbiting and earth viewing satellite platforms.

In addition, UHealth opened UHealth Doral Ambulatory Center, a six-story, 160,000-square-foot multispecialty ambulatory care center located in Doral, in September 2024. UHealth opened UHealth SoLé Mia Ambulatory Center, a seven-story, 370,000-square-foot health care facility located in North Miami, in September 2025. The ambulatory care centers include imaging, comprehensive cancer care, interventional/surgical space, multispecialty and primary care.

The libraries at the University include the Otto G. Richter Library and the libraries in the Schools of Architecture, Business, Law, Medicine, Music, and Marine & Atmospheric Science, providing access to more than 4 million volumes, over 152,000 current serials titles, 151,000 electronic journals, 1.5 million electronic books, over 4 million microforms, and over 214,000 audio, film, video, and cartographic materials. The libraries expanding digital collections feature more than 1.5 million images and document pages.

## **ACCREDITATION**

The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges (“SACSCOC”) to award bachelor’s, master’s, specialist, and doctoral degrees and other credentials such as certificates and diplomas at approved degree levels. The University is a member of the American Council on Education (“ACE”), the Association of American Universities (“AAU”), and the National Association of Independent Colleges and Universities (“NAICU”).

The University holds the following program and specialized accreditations: Accreditation Board for Engineering and Technology Engineering Accreditation Commission (“ABET-EAC”); Accreditation Council for Graduate Medical Education (“ACGME”); American Bar Association (“ABA”); American Dental Association Commission on Dental Accreditation (“ADA-CODA”); Association of MBAs and Business Graduates Association (“AMBA”); American Music Therapy Association (“AMTA”); American Nurses Credentialing Center (“ANCC”); American Physical Therapy Association Commission on Accreditation in Physical Therapy Education (“APTA-CAPTE”); American Psychological Association (“APA”); Association to Advance Collegiate Schools of Business International (“AACSB-Intl”); Commission on Accreditation of Athletic Training Education (“CAATE”); Commission on Accreditation of Healthcare Management Education (“CAHME”); Commission on Accreditation of Medical Physics Education Programs, Inc. (“CAMPEP”); Commission on Collegiate Nursing Education (“CCNE”); Commission on English Language Program Accreditation (“CEA”); Council on Accreditation of Nurse Anesthesia Educational Programs (“COA”); Council on Education for Public Health (“CEPH”); Education Quality Accreditation Agency (“EQUAA”); EFMD Quality Improvement Systems (“EQUIS”); Florida Department of Education (“FDOE”); Joint Review Committee on Education in Radiologic Technology (“JRCERT”); Liaison Committee on Medical Education (“LCME”); National Architectural Accrediting Board, Inc. (“NAAB”); National Association of Schools of Music (“NASM”); Psychological Clinical Science Accreditation System (“PCSAS”); and Society for Simulation in Healthcare. The College of Arts and Sciences has a chapter of Phi Beta Kappa. The University is also a member of the National Collegiate Athletic Association (“NCAA”) and the Atlantic Coast Conference (“ACC”).

The Hospital is accredited by TJC and is recognized by one or more specialty-focused organizations.

**UNIVERSITY OF MIAMI**  
**Series 2026 Financing Plan**  
**Proforma Income Statement**

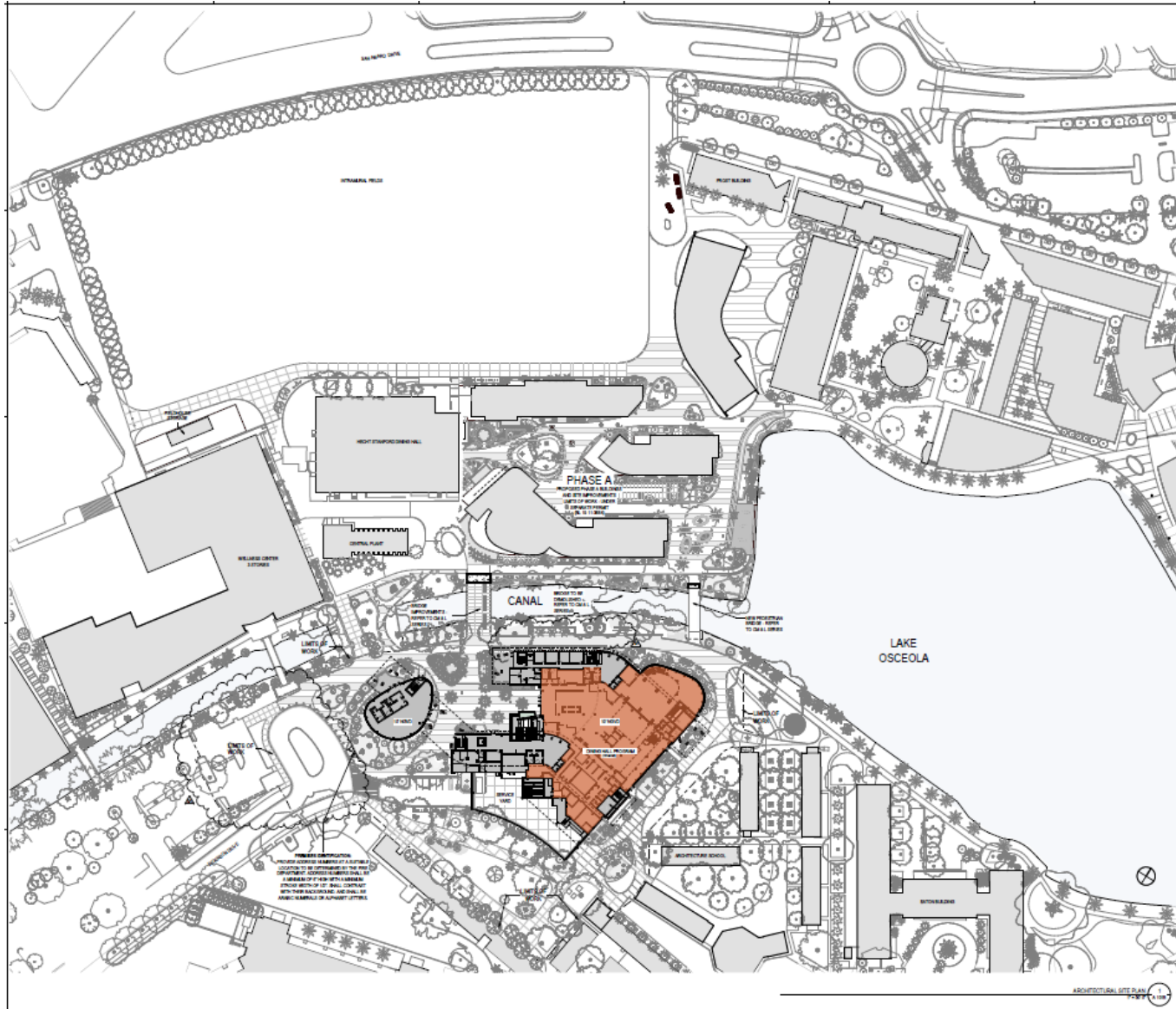
<b>FOR THE YEAR ENDED</b>			
(in millions)			
	<b>5/31/2026</b>	<b>5/31/2027</b>	<b>5/31/2028</b>
	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
<b>OPERATING ACTIVITIES</b>			
Operating Revenues:			
Tuition & Fees, Net	794.0	835.8	871.1
Other Sources	5,850.7	6,170.0	6,355.1
<b>Total Operating Revenues</b>	<b>\$6,644.7</b>	<b>\$7,005.8</b>	<b>\$7,226.2</b>
Operating Expenses:			
Interest	73.6	98.8	97.4
Other Expenses	6,195.1	6,529.6	6,718.1
<b>Total Operating Expenses</b>	<b>\$6,268.7</b>	<b>\$6,628.4</b>	<b>\$6,815.5</b>
<b>Change in new assets without donor restrictions from operating activities</b>	<b>\$376.0</b>	<b>\$377.4</b>	<b>\$410.7</b>

**UNIVERSITY OF MIAMI  
Series 2026 Financing Plan  
Project List**

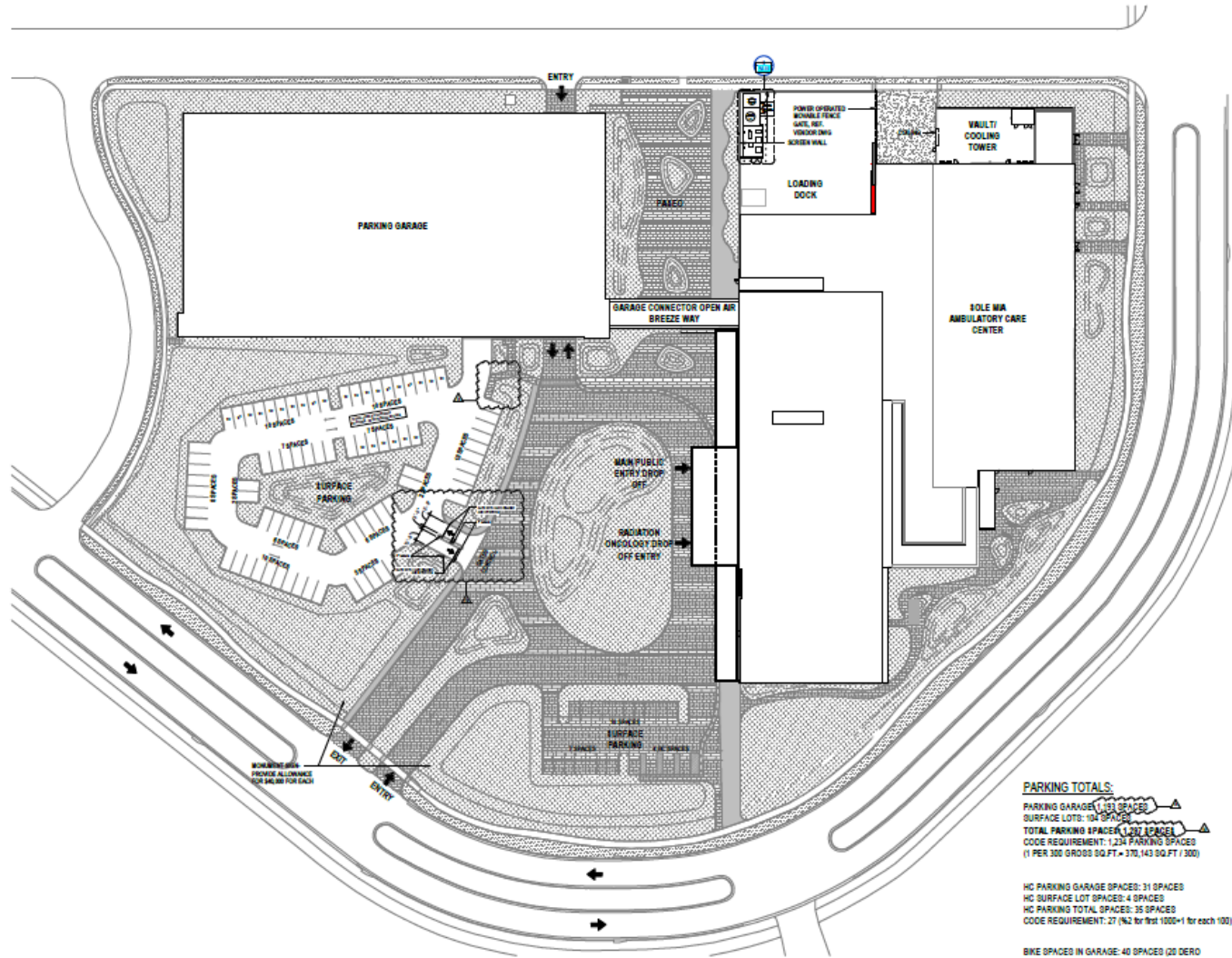
<b>Board Approved Capital Projects</b>		
<b>Entity</b>	<b>Project Name</b>	<b>Estimated Project Cost to Fund (\$ millions)</b>
<i>Coral Gables Projects:</i>		
	Centennial Village - Phase II Student Housing	81.3
Total		\$81.3
<i>Medical Projects:</i>		
	UHealth SoLe Mia Ambulatory Center - Phase I	164.1
	UHealth SoLe Mia Ambulatory Center - Phase II	19.0
	UHealth Tower Expansion and Lobby & Entrance Renovation	120.1
	UHealth Doral Ambulatory Center	21.1
Total		\$324.3
	<i>Potential project cost increase <sup>1</sup>:</i>	\$69.4
<b>Total (Par Value)</b>		<b>\$475.0</b>

<sup>1</sup> Potential project cost increase pending board approval.

# Centennial Village - Site Plan



# UHealth SoLe Mia Ambulatory Center – Site Plan



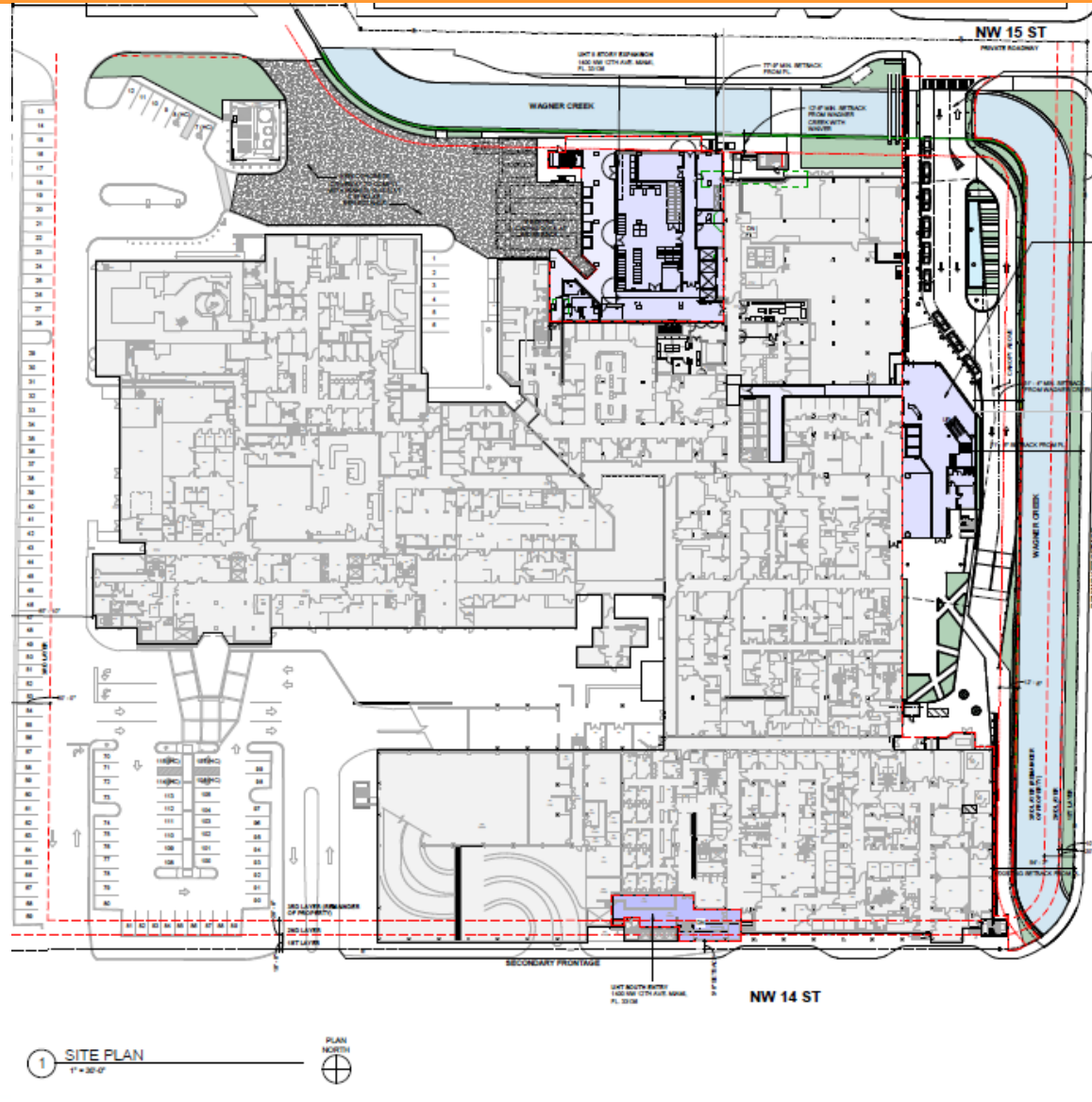
**PARKING TOTALS:**  
 PARKING GARAGE: 143 SPACES  
 SURFACE LOT: 104 SPACES  
**TOTAL PARKING SPACES: 247 SPACES**  
 CODE REQUIREMENT: 1,234 PARKING SPACES  
 (1 PER 100 GROSS SQ. FT. = 370, 143 GROSS FT. / 300)

HC PARKING GARAGE SPACES: 31 SPACES  
 HC SURFACE LOT SPACES: 4 SPACES  
 HC PARKING TOTAL SPACES: 35 SPACES  
 CODE REQUIREMENT: 27 (N2 for first 1000+1 for each 100)

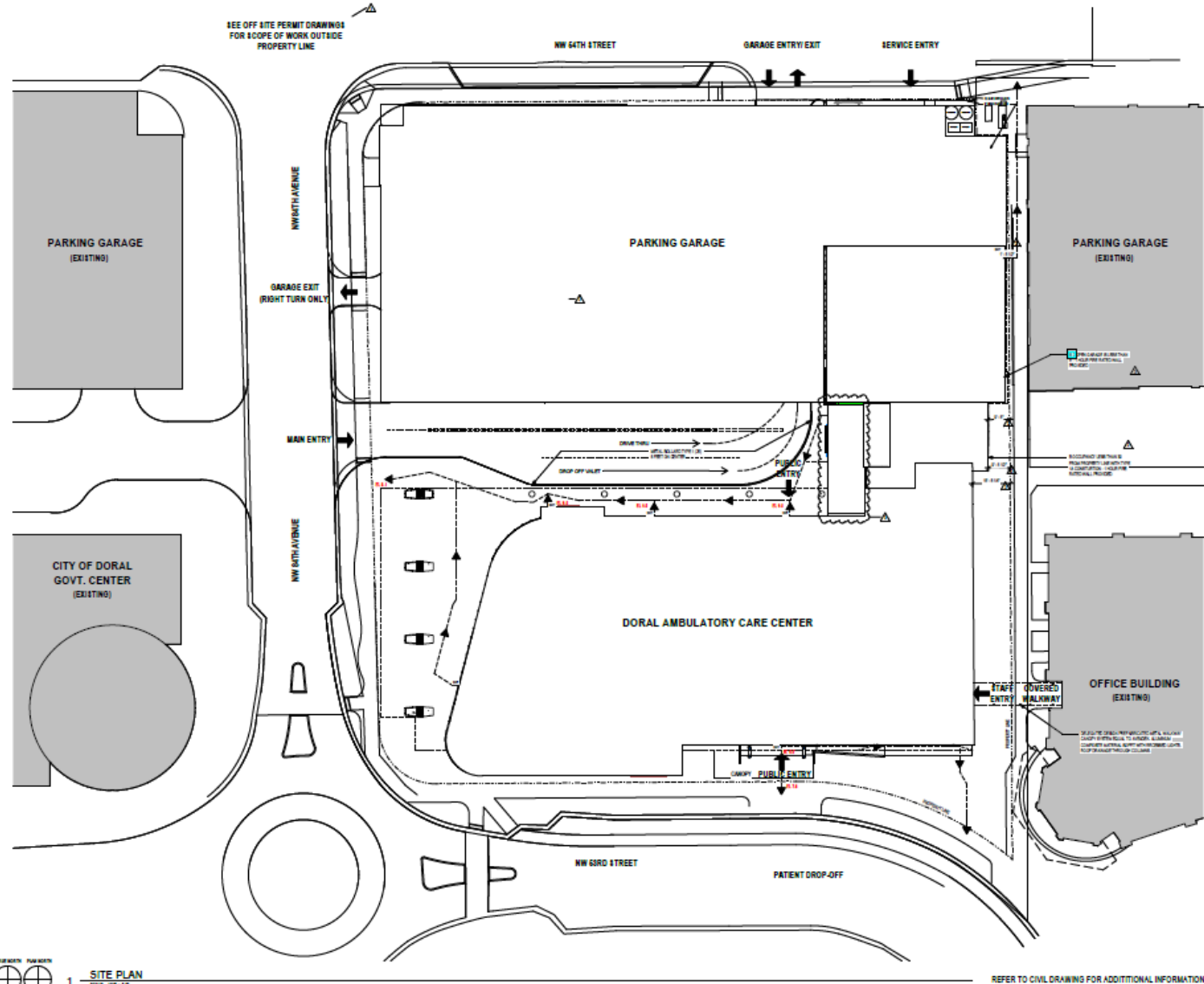
BIKE SPACES IN GARAGE: 40 SPACES (20 DERO STALLS W/ 2 EACH)  
 MOTORCYCLE SPACES: 9 SPACES



# UHealth Tower Expansion and Lobby & Entrance Renovation – Site Plan



# UHealth Doral Ambulatory Center – Site Plan



**UNIVERSITY  
OF MIAMI**

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**FINANCIAL STATEMENTS**

**Fiscal years ended MAY 31, 2021 and 2020**

**(With Independent Auditors' Report Thereon)**



KPMG LLP  
Brickell City Center, Suite 1200  
78 SW 7 Street  
Miami, FL 33130

## Independent Auditors' Report

The Board of Trustees  
University of Miami:

### Report on the Financial Statements

We have audited the accompanying financial statements of University of Miami (the University), which comprise the statement of financial position as of May 31, 2021, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Miami as of May 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

#### *Emphasis of Matter*

As discussed in Note 2 to the financial statements, in fiscal year 2021, the University adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, as amended. Our opinion is not modified with respect to this matter.



*Other Matter*

The accompanying financial statements of University of Miami as of May 31, 2020 and for the year then ended were audited by other auditors whose report thereon dated September 18, 2020, expressed an unmodified opinion on those financial statements.

KPMG LLP

Miami, Florida  
September 24, 2021

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF FINANCIAL POSITION**  
**May 31, 2021 and 2020**  
**( in millions )**

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 550.7	\$ 978.3
Deposit with bond trustee	3.8	14.9
Accounts and loans receivable, net	642.7	495.1
Contributions receivable, net	164.3	211.2
Other assets	247.6	131.4
Investments	2,136.9	1,506.8
Property and equipment, net	2,159.9	2,151.6
Trusts held by others	65.2	50.3
<b>Total Assets</b>	<b>\$ 5,971.1</b>	<b>\$ 5,539.6</b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 392.9	\$ 321.6
Deferred revenues and other deposits	231.5	236.9
Accrued pension and postretirement benefit costs	61.0	124.1
Other liabilities	383.2	223.2
Actuarial liability of annuities payable	5.6	4.2
Liability for medical self-insurance	61.2	81.4
Government advances for student loans	1.7	25.2
Bonds and notes payable	1,408.1	2,032.6
<b>Total Liabilities</b>	<b>2,545.2</b>	<b>3,049.2</b>
<b>Net Assets</b>		
Without donor restrictions	1,685.7	1,074.4
With donor restrictions	1,740.2	1,416.0
<b>Total Net Assets</b>	<b>3,425.9</b>	<b>2,490.4</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,971.1</b>	<b>\$ 5,539.6</b>

*See accompanying notes to financial statements.*

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended May 31, 2021 and 2020**  
**( in millions )**

	2021	2020
<b>Changes in net assets without donor restrictions</b>		
<b>Operating activities</b>		
<b>Operating revenues</b>		
Tuition and fees, net	\$ 610.2	\$ 587.6
Grants and contracts, net	512.8	578.6
Net patient revenue - medical professional practice	589.3	503.7
Net patient revenue - hospitals and clinics	1,973.5	1,573.4
Gifts and trusts, net	49.8	48.8
Net assets released from restrictions	12.7	14.4
Endowment spending distribution	43.9	41.9
Investment return	15.8	11.1
Auxiliary enterprises, net	138.6	153.2
Other sources	153.5	171.5
<b>Total operating revenues</b>	<b>4,100.1</b>	<b>3,684.2</b>
<b>Operating expenses</b>		
Compensation and benefits	2,051.1	2,123.1
Supplies and services	1,046.2	977.3
Depreciation and amortization	173.0	158.1
Utilities and maintenance	80.5	78.8
Interest	54.8	46.0
Other	262.1	275.9
<b>Total operating expenses</b>	<b>3,667.7</b>	<b>3,659.2</b>
<b>Change in net assets without donor restrictions from operating activities</b>	<b>432.4</b>	<b>25.0</b>
<b>Non-Operating activities</b>		
Endowment, annuity, and other investment return, net of distributions	71.6	(2.0)
Gifts and trusts, net	0.6	0.6
Net loss on disposal of long-lived assets	(0.1)	(0.7)
Other components of net periodic pension costs	7.0	(11.2)
Net assets released from restrictions for property and equipment	19.1	15.5
<b>Change in net assets without donor restrictions from non-operating activities</b>	<b>98.2</b>	<b>2.2</b>
<b>Postretirement benefits related changes other than net periodic benefit cost</b>	<b>62.1</b>	<b>39.9</b>
<b>Increase in net assets without donor restrictions</b>	<b>592.7</b>	<b>67.1</b>
<b>Changes in net assets with donor restrictions</b>		
Endowment, annuity, and other investment return, net of distributions	262.6	(12.0)
Gifts and trusts, net	93.2	73.3
Changes in value of annuities payable and trusts held by others	0.2	0.3
Net assets released from restrictions	(31.8)	(29.9)
<b>Increase in net assets with donor restrictions</b>	<b>324.2</b>	<b>31.7</b>
<b>Increase in total net assets</b>	<b>916.9</b>	<b>98.8</b>
<b>Net Assets</b>		
Net assets, beginning	2,490.4	2,391.6
Cumulative-effect adjustment from adoption of ASC 842, net assets without donor restrictions	18.6	-
Net assets, beginning, as adjusted	2,509.0	2,391.6
<b>End of year</b>	<b>\$ 3,425.9</b>	<b>\$ 2,490.4</b>

*See accompanying notes to financial statements.*

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended May 31, 2021 and 2020**  
**( in millions )**

	2021	2020
<b>Cash flows from operating activities</b>		
Increase in total net assets	\$ 916.9	\$ 98.8
Adjustments to reconcile increase in total net assets to net cash provided by operating activities		
Net realized and unrealized gains on investments	(368.4)	(6.9)
Gifts for plant expansion and endow ment	(152.3)	(58.9)
Depreciation and amortization	173.0	158.1
Provision for doubtful accounts	8.6	58.1
Net loss on sale and/or disposal of other assets and property and equipment	0.1	-
Present value adjustment on annuities payable and trusts held by others	(1.9)	(0.3)
Amortization of debt premiums, discounts, and issue costs	(2.2)	(2.3)
Postretirement benefits related changes other than net periodic benefit cost	(62.1)	(39.9)
Change in operating assets and liabilities		
(Increase) decrease in		
Accounts and loans receivable	(148.6)	88.8
Contributions receivable	123.9	(25.3)
Other assets	(124.5)	(36.0)
Increase (decrease) in		
Accounts payable and accrued expenses	79.5	29.3
Deferred revenues, annuities payable, and other liabilities	190.6	129.5
Accrued pension and postretirement benefit costs	(1.0)	16.9
Medical self-insurance	(20.2)	(5.9)
Government advances for student loans	(23.5)	0.4
<b>Net cash provided by operating activities</b>	<b>587.9</b>	<b>404.4</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(1,148.9)	(917.4)
Proceeds from the sales and maturities of investments	879.9	723.0
Capital expenditures for property and equipment	(178.1)	(340.2)
Student and shared appreciation mortgage loans		
New loans made	-	(0.2)
Principal collected	(1.5)	1.8
<b>Net cash used in investing activities</b>	<b>(448.6)</b>	<b>(533.0)</b>
<b>Cash flows from financing activities</b>		
Gifts for plant expansion and endow ment	51.4	65.6
Proceeds from the issuance of debt	-	709.0
Payments on bonds and notes payable	(622.3)	(33.3)
Payments on finance leases	(7.1)	-
<b>Net cash (used in) provided by financing activities</b>	<b>(578.0)</b>	<b>741.3</b>

*See accompanying notes to financial statements.*

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF CASH FLOWS - (Continued)**  
**Years Ended May 31, 2021 and 2020**  
**( in millions )**

	2021	2020
<b>Cash and cash equivalents, and deposit with bond trustee</b>		
Net (decrease) increase	\$ (438.7)	\$ 612.7
Beginning of year	993.2	380.5
<b>End of year</b>	<b>\$ 554.5</b>	<b>\$ 993.2</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 63.6	\$ 63.1
Donated securities	5.8	9.1
Accrued liabilities related to additions of property	8.2	5.7

*See accompanying notes to financial statements.*

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2021 and 2020**

**1. ORGANIZATION**

The University of Miami (the University) is a private not-for-profit institution located in South Florida. Founded in 1925, the University owns and operates educational and research facilities as well as a health care system. Its mission is to educate and nurture students, to create knowledge through innovative research programs, to provide service to the community and beyond, and to pursue excellence in health care.

These financial statements include the accounts of the University's departments and facilities, including its hospitals and clinics ("University of Miami Hospitals & Clinics"), which is a division of the University. All significant intercompany accounts and transactions have been eliminated in the preparation of these statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

***Basis of Presentation***

The financial statements of the University have been prepared on the accrual basis of accounting and in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for not-for-profit organizations.

The two net asset categories as reflected in the accompanying financial statements are as follows:

- **Net assets without donor restrictions** - Net assets are free of donor-imposed restrictions. This category includes the University's investment in property and equipment and amounts designated by management for support of operations, programs, and facilities expansion. The University has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the University and, therefore, the University's policy is to record them as net assets without donor restrictions. This category includes all revenues, expenses, gains, and losses that are not changes in net assets with donor restrictions.
- **Net assets with donor restrictions** - Net assets are those whose use by the University is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the University pursuant to those stipulations. These net assets are available for program purposes, i.e., education, research, public service, and scholarships, as well as for buildings and equipment. This category also includes assets that are invested in perpetuity, the income from which is expended for program purposes. Net assets with permanent donor restrictions cannot be removed by actions of the University.

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. GAAP requires that management make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

***Income Taxes***

The University is generally exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC), except for unrelated business income. Accordingly, no significant provision for income taxes is made in the financial statements. At May 31, 2021 and 2020, there were no uncertain tax positions. The University files tax returns with U.S. federal and other state tax authorities for which generally the statute of limitations extends to the year ended May 31, 2018.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Activities***

The University's revenues and expenses related to conducting its core activities are classified as operating in the statements of activities. Endowment, annuity, and other investment return, net of distributions, as well as other components of net periodic pension costs, changes in postretirement obligations, net assets released from restriction for property and equipment, and certain other activities, are classified as non-operating in the statements of activities.

***Cash Equivalents and Deposit with Bond Trustee***

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. At May 31, 2021 and 2020, the amounts held in escrow included \$3.8 and \$14.9 million, respectively, for the 2018A bonds (see note 10). These amounts are reported as a separate financial statement line titled "Deposit with bond trustee" and are part of the cash and cash equivalents for purposes of the statements of cash flows.

***Investments***

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 5 for fair value measurements. Realized gains and losses are recognized at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific-identification method. Unrealized gains and losses are recognized for the change in fair value between reporting periods. Interest and dividend income is recognized when earned.

The University's investments include various types of investment securities that are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

***Revenue Recognition***

Revenue is recognized as performance obligations are satisfied, which are determined based on the nature of the services and goods provided.

Tuition and fees revenue is reported within the fiscal year in which educational services are provided. When classes or courses overlap the reporting period, only the portion of the revenue where the performance obligation has not been met is deferred to the next fiscal year.

Scholarships and fellowships awarded to students for tuition, fees, and room and board are based upon need and merit. These awards include amounts funded by the endowment, research funds, and gifts, and reduce the published price of tuition for students receiving such aid. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Revenue Recognition (continued)***

Institutional aid is netted against tuition and fees, and auxiliary enterprises revenue in the statements of activities as follows (in millions):

	2021	2020
Scholarships and fellowships:		
Institutionally funded	\$ 272.1	\$ 252.7
Externally funded - gifts and grants	28.2	26.1
Total amount netted against tuition and fees revenue	\$ 300.3	\$ 278.8
Amount netted against auxiliary enterprises revenue	\$ 24.1	\$ 23.3

The federal government reimburses the University for facilities and administrative costs incurred in connection with research grants and contracts based on approved rates through 2021. Facilities and administrative cost recovery from government and private sources included in grants and contracts revenues totaled \$75.6 and \$76.5 million during the years ended May 31, 2021 and 2020, respectively.

Net patient revenue is recorded at the transaction price estimated to reflect the consideration due from patients and third-party payors in exchange for the services provided. The various activities of the University of Miami Hospital & Clinics (the Hospital, a division of the University), including medical care, prescription drugs, and room and board, are considered a single performance obligation. Performance obligations related to patient services are satisfied over time and have a duration of less than one year. Revenue for the Hospital and the Professional Medical Practice (UMMG, a division of the University) is recognized based on actual charges incurred in relation to total expected or actual charges, with a reduction for explicit and implicit price concessions.

The Hospital and UMMG apply the portfolio approach as a practical expedient to group patient contracts with similar characteristics, such that the revenue for a given portfolio would not be materially different than if it were evaluated on an individual contract basis. This grouping is based upon the inpatient/outpatient setting of the services and third-party payors.

The Hospital and UMMG's performance obligations have a duration of less than one year. Therefore, they have elected to apply the optional exemption to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. These unsatisfied or partially unsatisfied performance obligations primarily relate to services provided at the end of the reporting period. Such obligations are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Net patient revenue and accounts receivable consist primarily of patient revenues that are recorded based upon established billing rates less explicit price concessions (including contractual allowances and discounts) and implicit price concessions, effectively the estimated net realizable value. Revenues are recorded in the period the services are provided based upon the estimated amounts due from the patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, and employers. Estimates of contractual allowances represent the difference between established rates for services and amounts reimbursed by third-party payors based upon the payment terms specified in the related contractual agreements. During the year ended May 31, 2020, the Hospital recorded an adjustment that reduced patient revenue by approximately \$34.3 million, as a result of changes in anticipated net realizable amounts related to prior fiscal years.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Revenue Recognition (continued)***

Net patient revenue, disaggregated by payor source for the Hospital and UMMG was as follows (in millions):

	Year ended May 31, 2021		
	UMMG	Hospital	Total
Medicare	\$ 110.1	\$ 744.4	\$ 854.5
Medicaid	153.5	159.8	313.3
Commercial and other	277.9	940.1	1,218.0
Patients	47.8	129.2	177.0
	<u>\$ 589.3</u>	<u>\$ 1,973.5</u>	<u>\$ 2,562.8</u>
	Year ended May 31, 2020		
	UMMG	Hospital	Total
Medicare	\$ 51.1	\$ 393.2	\$ 444.3
Medicaid	99.6	82.2	181.8
Commercial and other	318.6	916.1	1,234.7
Patients	34.4	181.9	216.3
	<u>\$ 503.7</u>	<u>\$ 1,573.4</u>	<u>\$ 2,077.1</u>

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. The estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined. In the opinion of management, adequate provisions for adjustments that may result from such reviews and audits have been made through May 31, 2021, in the accompanying financial statements. The impact of such adjustments to revenues for the years ended May 31, 2021 and 2020, were increases of \$24.5 and \$14.6 million, respectively.

Grant and contract revenues are received from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return or may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large. Revenues from exchange transactions are recognized as the performance obligations are met, which is generally as the related costs are incurred.

Conditional promises not reflected in the financial statements, which consist primarily of the difference between the award amount and the revenue recognized for the non-exchange grants, were \$874.6 and \$853.8 million at May 31, 2021 and 2020, respectively.

Gifts of cash, property, and marketable securities are recorded as revenue at fair value when received. Unconditional pledges (note 4) are recognized as revenue based on the estimated present value of the future cash flows, net of allowances, when the commitment is received. Pledges made and collected in the same reporting period are recorded when received in the appropriate net asset category. Conditional pledges are recorded as revenue only when donor conditions are substantially met. Gifts and trusts at May 31, 2021 and 2020 are reported net of uncollectible pledges and reserves of \$5.7 and \$45.1 million, respectively.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)**

***COVID-19 Pandemic***

In January 2020, the Secretary of the U.S. Department of Health and Human Services (HHS) declared a national public health emergency due to a novel strain of coronavirus (COVID-19). In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. In response to the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted on March 27, 2020, and the Paycheck Protection Program and Health Care Enhancement Act (the PPPHCE Act) was enacted on April 24, 2020. The resulting measures to contain the spread and impact of COVID-19 have impacted the University's results of operations. As a result of the COVID-19 pandemic, federal and state governments have passed legislation, promulgated regulations, and taken other administrative actions intended to assist both higher education institutions and health care providers by providing economic relief. At May 31, 2021 and 2020, HHS Stimulus relief payments are generally reflected within other sources under operating revenues in the accompanying statements of activities. The University recognizes grant revenue when there is reasonable assurance it has complied with the terms and conditions associated with the grant. Those estimates could change materially in the future based on evolving grant compliance guidance provided by the government.

During the years ended May 31, 2021 and 2020, the University received \$11.8 and \$8.2 million, respectively, from the U.S. Department of Education/Higher Education Emergency Relief Fund (HEERF). This money was given to provide economic relief to support the costs of shifting classes online, and for grants to students for food, housing, technology, and other purposes related to the disruption of campus operations due to the COVID-19 crisis. As of May 31, 2021 and 2020, HEERF payments of \$18.4 and \$1.6 million, respectively, are reflected within grants and contracts, net in the accompanying statement of activities, and \$6.6 million at May 31, 2020 is included within deferred revenues and other deposits in the accompanying statement of financial position.

During the years ended May 31, 2021 and 2020, the University received \$6.5 and \$40.5 million, respectively, in payments through the PHSSEF distributions to support health care providers with health care-related expenses or lost revenue attributable to COVID-19. The recognition of amounts received is conditioned upon the provision of care for individuals with possible or actual cases of COVID-19 after January 31, 2020, certification that payment will be used to prevent, prepare for, and respond to COVID-19 and shall reimburse the recipient only for health care-related expenses or lost revenues that are attributable to COVID-19, and receipt of the funds, among other requirements. In both years, the PHSSEF relief payments are reflected within other sources under operating revenues in the accompanying statement of activities.

Medicare-accelerated payments of \$120.1 million were received by the University during the year ended May 31, 2020, and no payments were received during the year ended May 31, 2021. The program requires that the Centers for Medicare & Medicaid Services (CMS) begin to recoup the accelerated payments after 1 year starting from the date that the first advancement was received. Section 2501 of the Continuing Appropriations Act of 2021 stipulates auto recoupment from claims at 25% of net reimbursement for the first 11 months and then 50% for the next 6 months. At the end of the recoupment period, if the remaining balance is not paid within 30 days of a demand letter, then interest will be accrued at 4% on the outstanding balance. Since the recoupment methodology is designed to allow for full recoupment by the end of a 17-month period assuming there has been no significant drop-off in Medicare activity, the University expects to fully liquidate by June 2022. As of May 31, 2021 and 2020, the outstanding balance of \$110.0 and \$120.1 million, respectively, is reflected within deferred revenues and other deposits in the accompanying statement of financial position.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Deferred Revenues***

Deferred revenues are primarily composed of amounts received for grants and contracts that are not billed on a cost-reimbursement basis and student tuition received but has not yet been earned. If services are conducted over a fiscal year-end, deferred revenue is allocated based on number of days or another reasonable method.

Future performance obligations will be met within the next fiscal year, with the exception of a dining services agreement that at May 31, 2021 totaled \$17.1 million and extends 20 more years.

***Auxiliary Enterprises***

Auxiliary enterprises include residence halls, food services, retail stores, and athletics. Fee charges are directly related to the costs of services rendered and are recognized as revenue when the services or goods are delivered. These services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. Performance obligations for housing and dining services are delivered over the academic terms.

***Annuities Payable and Trusts Held by Others***

Certain gift annuities, charitable lead, and remainder annuity trust agreements have been entered into with donors. Assets reported under these agreements are valued at fair value based on either the present value of expected cash flows or the value of the University's share of the underlying assets.

These assets are included in trusts held by others on the statements of financial position, except for gift annuities, which are included in cash and cash equivalents and investments. Gift annuities included in cash and cash equivalents, and investments totaled \$17.2 and \$14.2 million at May 31, 2021 and 2020, respectively. Generally, revenue from gift annuities and trusts is recognized at the date the agreements are established net of liabilities for the present value of the estimated future payments to donors and/or other beneficiaries.

The liabilities are adjusted during the term of the gift annuities for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

The University is also the beneficiary of certain perpetual trusts, which are included in trusts held by others on the statements of financial position. The fair value of the trusts, which are based on either the present value of the estimated future cash receipts or the fair value of the assets held in the trust, are recognized as assets and gift and trust revenue as of the date the University is notified of the establishment of the trust. The carrying value of the assets is adjusted for changes in fair value.

***Medical School***

Faculty physicians, in addition to teaching and conducting research, engage in the practice of medicine, which generates patient care revenue. Revenues and expenses, including compensation and administrative operations from the practice of medicine, are reflected as University revenues and expenses.

The University and the Public Health Trust of Miami-Dade County, Florida (PHT), owner and operator of Jackson Memorial Hospital (JMH), have entered into an affiliation agreement related to their independent missions within the designated land and facilities that comprise the Jackson Memorial Medical Center. Pursuant to that agreement, the PHT provides clinical facilities for the teaching of the University's medical students. Medical education of its students is the sole responsibility of the University. In addition, the University has agreed to permit its faculty to apply for privileges at JMH to train and supervise JMH house staff (interns, residents, and fellows) and to treat hospital patients in their capacity as members of JMH's attending medical staff.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Medical School (continued)***

All such treatment and training are the sole responsibility of the PHT in its capacity as the legal owner and operator of the Jackson Health System's public hospitals and clinics and its statutory teaching hospital (JMH). The affiliation agreement provides the terms for the mutual reimbursement of services provided.

***Insurance***

The University manages property and liability risks through a combination of commercial insurance policies and self-insurance.

The University is self-insured for medical professional liability and maintains commercial excess loss coverage within specified limits. Provisions for medical professional liability claims and related costs are based on several factors, including an annual actuarial study using a discount rate of 2.0% and 3.0% at May 31, 2021 and 2020, respectively.

***Property and Equipment***

Property and equipment is stated at cost less accumulated depreciation and amortization. Property and equipment under finance leases are initially valued and recorded based on the present value of minimum lease payments. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Depreciation on property and equipment held under finance leases is amortized over the shorter of the expected useful life of the asset or term of the related lease. Depreciation is not recorded on land, art objects, and construction in progress. Leasehold improvements are amortized over the lesser of the lease term or the useful life.

Costs associated with the development and installation of internal-use software are accounted for in accordance with the ***Intangibles – Goodwill and Other, Internal Use Software*** subtopic of the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC). Accordingly, internal-use software costs are expensed or capitalized according to the provisions of the accounting standard. Capitalized software costs are included in computers and software.

***Collections***

Collections at the University include works of art and literary works that are maintained in the University's galleries, libraries, and buildings. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service and, therefore, are not recognized as assets on the statements of financial position. The University's policy is to use the proceeds from deaccessioned collection items for the acquisition of new collection items. No collection items were deaccessioned for the years ended May 31, 2021 and 2020.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Continued)**

***Lease Right-Of-Use Assets and Liabilities***

Operating leases as a lessee are included in other assets and other liabilities on the statement of financial position. The assets and liabilities associated with finance leases as a lessee are included in property and equipment, net, and other liabilities, respectively, on the statement of financial position.

Right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating and finance lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The commencement date is when the University either takes possession of the asset or, in the case of real estate leases, when the landlord makes the building available for use. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases.

***Impairment of Long-Lived Assets***

U.S. GAAP requires that long-lived assets held by an entity, including intangible assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. No asset impairments were recorded by the University in fiscal years 2021 and 2020.

***Accounting Pronouncements Adopted***

In February 2016, the FASB issued ASU 2016-02, **Leases**. Under the new guidance, lessees are required to recognize the following for all leases with a term of 12 months or greater at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and (b) a right-of-use (ROU) asset, representing the lessee's right to use, or control the use of, a specified asset for the lease term. Leases are classified as either operating or finance leases (formerly referred to as capital leases). Recognition, measurement, and presentation of expenses and cash flows arising from a lease are determined by a lease's classification. The University adopted the new standard on June 1, 2020 using the modified retrospective transition method that allows for application of the standard at the adoption date rather than at the beginning of the earliest comparative period presented in the financial statements. As permitted under the transition guidance, the University elected a package of practical expedients which, among other provisions, allowed the University to carry forward historical lease classifications. See note 16 for impact to the financial statements upon adoption.

In August 2018, the FASB issued ASU 2018-14, **Compensation—Retirement Benefits—Defined Benefit Plans - General (Subtopic 715-20)**. This standard modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The University implemented this standard effective June 1, 2020, and the impact of the changes in required disclosures is reflected in note 9 on a retrospective basis.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2021 and 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Continued)**

***New Accounting Pronouncements Not Yet Adopted***

In March 2020, the FASB issued ASU 2020-04, ***Facilitation of the effects of reference rate reform on financial reporting (Topic 848)***, which provides temporary optional guidance to ease the potential burden in accounting for reference rate reform due to the discontinuation of the London Interbank Offered Rate (“LIBOR”). The amendments apply to contracts, hedges, and other transactions affected by reference rate reform due to reference to LIBOR or another reference rate expected to be discontinued. The pronouncement is effective immediately and can be applied through December 31, 2022. The University is currently evaluating the impact of the new standard on the financial statements.

***Inventories***

The University’s inventories are carried at the lower of cost or net realizable value. Inventories are used in the provision of patient care and generally are not held for sale. Inventories are recorded within other assets on the statement of financial position.

***Subsequent Events***

The University evaluated events and transactions occurring subsequent to May 31, 2021, through September 24, 2021, the date of issuance of the financial statements. During this period, there were no subsequent events requiring recognition or disclosure in the financial statements except as disclosed in note 10.

**3. ACCOUNTS AND LOANS RECEIVABLE**

At May 31, accounts and loans receivable consist of the following (in millions):

	2021	2020
Accounts and loans receivable, net:		
Patient care	\$ 495.4	\$ 324.3
Grants, contracts, and other	103.4	106.7
Shared appreciation mortgages	18.8	21.0
Student	22.5	15.1
Student loans, net	2.6	28.0
Total	\$ 642.7	\$ 495.1

Approximately 5.8% and 14.8% of accounts and loans receivable, net are due from the Medicare program at May 31, 2021 and 2020, respectively.

Accounts and loans receivable are presented net of allowances for doubtful accounts. Patient care receivables are presented net of implicit and explicit price concessions. At May 31, 2021 and 2020, allowances for doubtful accounts were \$14.6 and \$15.9 million, respectively.

Shared appreciation mortgages were provided as part of a program to attract and retain excellent faculty and senior administrators through home mortgage financing assistance. Shared appreciation notes amounting to \$21.2 and \$23.4 million (each gross of \$2.4 million allowance for doubtful accounts) at May 31, 2021 and 2020, respectively, from University faculty and senior administrators are collateralized by second mortgages on residential properties. The program was suspended effective December 31, 2008, with limited exceptions.

Student loans are made primarily pursuant to federal programs and availability of funding. The related receivables have significant government restrictions as to marketability, interest rates, and repayment terms.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2021 and 2020**

**4. CONTRIBUTIONS RECEIVABLE (PLEDGES)**

Unconditional pledges are recorded at the present value of their future cash flows using a discount rate ranging from 1.6% to 3.1% at May 31, 2021 and 2020, commensurate with the risk involved at the time the pledge is recorded. They are expected to be realized in the following periods at May 31 (in millions):

	2021	2020
In one year or less	\$ 95.5	\$ 132.4
Between one year and five years	94.6	125.2
More than five years	12.8	46.9
	202.9	304.5
Discount of \$15.0 and allowance for doubtful pledges of \$23.6 for 2021 and \$22.5 and \$70.8 for 2020, respectively	(38.6)	(93.3)
Total	\$ 164.3	\$ 211.2

The methodology for calculating the allowance is based on the administration's review of individually significant outstanding pledges, analysis of the aging of payment schedules for all outstanding pledges, as well as other factors including current economic conditions.

At May 31, 2021, net contributions receivable includes \$84.6 and \$74.1 million, respectively, due from members of the University's Board of Trustees. At May 31, 2021 and 2020, conditional promises to give and bequest intentions totaling \$640.5 and \$514.0 million, respectively, were not reflected in the financial statements.

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS**

***Fair Value Measurements***

***Variable Rate Swap Agreement***

The University entered into an interest rate swap agreement on October 25, 2004, to manage the market risk associated with outstanding variable-rate debt. The swap agreement provides that the University receive a variable rate based on three-month LIBOR and pay a fixed rate of 4.2% and matures on April 3, 2034. Parties to the interest rate swap agreement are subject to market risk for changes in interest rates as well as risk of credit loss in the event of nonperformance by the counterparty. The University deals only with high-quality counterparties that meet rating criteria for financial stability and creditworthiness. The estimated fair value liability of the swap agreement was \$3.1 and \$4.2 million as of May 31, 2021 and 2020, respectively, and is included in other investments. Changes in the fair value, which for fiscal years 2021 and 2020 amounted to an unrealized gain (loss) of \$1.2 and (\$1.1) million, respectively, are recorded as non-operating activities in the statements of activities. The notional amount was \$13.1 and \$13.9 million for fiscal years 2021 and 2020, respectively.

***Investments***

The fair market value of investments at May 31, 2021 and 2020 amounted to \$2,136.9 and \$1,506.8 million, with a cost basis of \$1,763.6 and \$1,449.7 million, respectively. Short-term investments consist primarily of commercial paper and U.S. Treasury securities with original maturities when purchased in excess of three months. The majority of investments are combined in investment pools with each individual account subscribing to or disposing of shares on the basis of the fair value per share. At May 31, 2021 and 2020, the fair value of the University's primary investment pool (the Growth Pool) amounted to \$1,421.2 and \$1,064.5 million, with a cost basis of \$1,059.6 and \$1,009.0 million, respectively. The Growth Pool is managed by multiple investment managers with asset allocation per the University's investment policy.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

FASB ASC 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for investments measured at fair value:

**Level 1** — Inputs include valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Inputs to the valuation methodologies include unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

**Level 2** — Inputs include valuations for assets traded in less active dealer or broker markets. Inputs to the valuation methodologies include quoted prices from third-party pricing services for identical or similar assets in active and/or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** — Inputs primarily consist of trusts recorded at fair value based on the underlying value of the assets in the trust or discounted cash flow of the expected payment streams. The trusts reported at Level 3 are primarily perpetual trusts managed by third parties invested in stocks, mutual funds, and fixed-income securities that are traded in active markets with observable inputs, which would result in Level 1 and 2 hierarchical reporting. However, since the University has an interest in the trust and not the underlying trust assets, these perpetual trusts are reported as Level 3.

Categories included in limited partnerships and limited liability companies and other investments represent alternative investments, which are valued at the net asset value (NAV) of the entities as determined by the fund managers. The University uses the NAV of hedge funds and limited partnerships as fair value as a practical expedient except where certain conditions exist.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of any input that is significant to the fair value measurement. The University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at May 31, 2021.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

	Total	Fair Value Measurement at May 31, 2021 (in millions)		
		Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 515.5	\$ 515.5	\$ -	\$ -
Short-term investments	345.9	345.9	-	-
Corporate bonds	199.7	-	199.7	-
Debt securities:				
U.S. Treasury and other government agencies	0.1	0.1	-	-
Publicly traded stocks:				
Large-mid cap	25.3	25.3	-	-
Small cap	44.5	44.5	-	-
Mutual funds:				
Equities:				
Emerging markets	31.6	31.6	-	-
International	154.5	154.5	-	-
Large-mid cap	358.3	358.3	-	-
Fixed income	120.2	120.2	-	-
Balanced	1.2	1.2	-	-
Exchange-traded fund:				
Real estate funds	4.8	4.8	-	-
Limited partnerships and limited liability companies measured at NAV <sup>1</sup> :				
Equities:				
Emerging markets	70.5	-	-	-
International	109.2	-	-	-
Large-mid cap	188.3	-	-	-
Small cap	2.8	-	-	-
Fixed income	237.0	-	-	-
Private equity	104.2	-	-	-
Other:				
Event arbitrage	42.4	-	-	-
Long-short composite	32.3	-	-	-
Multi-strategy	51.7	-	-	-
Real assets related securities	4.9	-	-	-
Real estate	10.6	-	-	-
Interest rate swap	(3.1)	-	(3.1)	-
Total investments, cash equivalents, and swap	2,652.4	1,601.9	196.6	-
Trusts held by others	65.2	-	-	65.2
Total assets	\$ 2,717.6	\$ 1,601.9	\$ 196.6	\$ 65.2

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

	Total	Fair Value Measurement at May 31, 2020 (in millions)		
		Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash equivalents	\$ 888.3	\$ 888.3	\$ -	\$ -
Short-term investments	318.4	311.9	6.5	-
Corporate bonds	104.3	-	104.3	-
<b>Debt securities:</b>				
U.S. Treasury and other government agencies	0.1	0.1	-	-
<b>Publicly traded stocks:</b>				
Large-mid cap	24.8	24.8	-	-
Small cap	28.0	28.0	-	-
<b>Mutual funds:</b>				
<b>Equities:</b>				
Emerging markets	58.1	58.1	-	-
International	114.2	114.2	-	-
Large-mid cap	251.3	251.3	-	-
Small cap	29.0	29.0	-	-
Fixed income	51.5	51.5	-	-
Balanced	1.0	1.0	-	-
<b>Limited partnerships and limited liability companies measured at NAV<sup>1</sup>:</b>				
<b>Equities:</b>				
Emerging markets	19.3	-	-	-
International	77.6	-	-	-
Large-mid cap	119.3	-	-	-
Fixed income	90.3	-	-	-
Private equity	45.1	-	-	-
<b>Other:</b>				
Event arbitrage	32.9	-	-	-
Long-short composite	59.1	-	-	-
Multi-strategy	57.2	-	-	-
Real assets related securities	5.8	-	-	-
Real estate	23.7	-	-	-
Interest rate swap	(4.2)	-	(4.2)	-
Total investments, cash equivalents, and swap	2,395.1	1,758.2	106.6	-
Trusts held by others	50.3	-	-	50.3
Total assets	<u>\$ 2,445.4</u>	<u>\$ 1,758.2</u>	<u>\$ 106.6</u>	<u>\$ 50.3</u>

<sup>1</sup>In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2021 and 2020**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

The following table sets forth a summary of changes in the fair value of the University's Level 3 assets:

For the years ended (in millions):

	Trusts Held by Others
May 31, 2019	\$ 52.1
Net unrealized loss included in net assets	(1.8)
May 31, 2020	50.3
Net unrealized gain included in net assets	14.9
May 31, 2021	\$ 65.2

The following tables summarize the University's investments whose fair value is reported using net asset value per share (in millions) as a practical expedient:

	At May 31, 2021			
	Fair Value	Future Commitments	Redemption Frequency	Days Notice
Investments:				
Limited partnerships and limited liability companies:				
Equities:				
Emerging markets (b)	\$ 70.5	\$ -	(M)	5–30 days
International (c)	109.2	-	(M)	3–6 days
Large-mid cap (d)	188.3	-	(Q)	60 days
Small cap (e)	2.8	-	(D)	1 day
Fixed income (f)	237.0	-	N/A	N/A
Private equity (g)	104.2	82.6	*	N/A
Other:				
Event arbitrage (h)	42.4	0.8	(Q)/(A)	65–90 days
Long-short composite (i)	32.3	-	(M)/(A)	45–50 days
Multi-strategy (a)	51.7	-	(BM), (W)	5–30 days
Real assets related securities (j)	4.9	1.0	*	N/A
Real estate (k)	10.6	3.6	*	N/A
Total investments	\$ 853.9	\$ 88.0		

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
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**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

	At May 31, 2020			
	Fair Value	Future Commitments	Redemption Frequency	Days Notice
Investments:				
Limited partnerships and limited liability companies:				
Equities:				
Emerging markets (b)	\$ 19.3	\$ -	(M)	5–30 days
International (c)	77.6	-	(M)	3–6 days
Large-mid cap (d)	119.3	-	(Q)	60 days
Fixed income (f)	90.3	-	N/A	N/A
Private equity (g)	45.1	83.6	*	N/A
Other:				
Event arbitrage (h)	32.9	1.8	(Q)/(A)	65–90 days
Long-short composite (i)	59.1	-	(M)/(A)	45–50 days
Multi-strategy (a)	57.2	-	(BM), (W)	5–75 days
Real assets related securities (j)	5.8	1.0	*	N/A
Real estate (k)	23.7	5.1	*	N/A
Total investments	<u>\$ 530.3</u>	<u>\$ 91.5</u>		

Redemption Frequency: (A) Annually, (Q) Quarterly, (M) Monthly, (D) Daily, (BM) Bimonthly, (W) Weekly

- (\*) The expected liquidation date for these assets ranges up to 2031 and is based on a combination of the inception date of the fund and the expected life of the fund as outlined in the partnership agreement inclusive of the manager's ability to extend the fund's life.
- (a) This class consists of investments across stocks, bonds, currencies, and commodities.
- (b) This class consists of investments in small and mid-cap equities domiciled in or with significant underlying exposure to emerging markets. The firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations.
- (c) This class consists of investments in equities domiciled outside of the United States. The firms may utilize all-cap, all-style strategy or may focus on narrower strategies, but all funds have a long-time horizon.
- (d) This class consists of investments in large and mid-cap equities domiciled in the United States. Some firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations. Other firms follow a diversified strategy in line with a large cap equity index such as the S&P 500. One fund follows a highly diversified strategy with more than 1,000 holdings held across the independently constructed analyst portfolios. Overall investments are geared to be long/short beta neutral with exposures in line with the S&P 500.
- (e) This class consists of investments in small cap equities domiciled in the United States, which track the holdings of the Russell 2000 Index.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
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**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

- (f) This class consists of investments in debt securities. Some firms focus on buying government bonds throughout the world and may also engage in currency hedges and may do so via futures. Other firms focus on buying below investment grade debt.
- (g) This class consists of investments in private equity. These firms will make direct investments in private companies or in one case the firm manages a fund of funds that makes commitments to other private equity, venture capital and buyout funds. These firms invest across all sectors in both the U.S. and globally. The portfolios are illiquid and will be locked for 10–12 years.
- (h) This class consists of investments that focus on event-driven and credit strategies. Event-driven strategies are when the hedge funds buy the debt of companies that are in financial distress or have already filed for bankruptcy. Credit strategies focus on capital structure arbitrage. These firms look for relative value between senior and junior securities of the same corporate issuer. They also trade securities of equivalent credit quality from different corporate issuers, or different tranches in the complex capital of structured debt vehicles.
- (i) This class consists of hedge funds that focus on decentralized stock selection, predominately long equity strategy with some opportunistic debt investing. Firms typically hold 10–20 long positions and 5–15 shorts positions, with a gross exposure usually below 140%, focused on the small and mid-cap portion of the market.
- (j) This class consists of investments that hedge inflation through the holding of real assets directly or indirectly. Indirectly holding may occur through a fund of funds with underlying holdings in publicly traded mutual funds that invest in commodity markets, fixed-income securities, and equities. Direct holding may occur through direct investment in private companies in the energy and mining sector. The later holding is illiquid and will be locked for 10–12 years.
- (k) This class consists of investments in underlying properties via debt and/or equity positions. These firms look to uncover real estate opportunities in traditional properties (commercial, residential, industrial, etc.) but will also look for more unique opportunities. The firms vary in focus from regional to global. These investments are illiquid and will typically exist for 10–12 years.

The University's investment policy and strategy for its investments, as established by the Investment Committee (the Committee) of the Board and ratified by the Executive Committee of the Board, is to provide for growth of capital with a moderate level of volatility by investing assets based on its target allocations. The weighted average target allocations for University assets are 60.0% Public Equity, 14.0% Fixed Income, and 26.0% other investments.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
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**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investment Return***

The components of total investment return as reflected in the statements of activities are as follows (in millions):

	2021	2020
Changes in Net Assets Without Donor Restrictions		
Operating:		
Endowment spending distribution	\$ 43.9	\$ 41.9
Investment return	15.8	11.1
Total operating investment return	59.7	53.0
Non-Operating:		
Unrestricted:		
Endowment interest and dividend income, realized and unrealized gains and losses, net of endowment spending distribution	51.8	(4.4)
Other net realized and unrealized gains	19.8	2.4
Total unrestricted non-operating investment return	71.6	(2.0)
Total investment gain from net assets without donor restrictions	131.3	51.0
Changes in Net Assets With Donor Restrictions		
Investment income, net of endowment spending distribution	262.6	(12.0)
Total non-operating investment loss	262.6	(12.0)
Total investment return	\$ 393.9	\$ 39.0

**6. FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS**

The carrying amounts of cash and cash equivalents, patient, student and other receivables, accounts payable, and accrued expenses approximate fair value due to the short maturity of these financial instruments. The carrying amounts of notes payable with variable interest rates approximate their fair value since the variable rates reflect current market rates for notes with similar maturities and credit quality. The fair value of bonds and notes payable with fixed interest rates, which is classified as Level 2 within the fair value hierarchy, is based on rates assumed to be currently available for bond issues with similar terms and average maturities.

**UNIVERSITY OF MIAMI**  
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**7. PROPERTY AND EQUIPMENT**

Property and equipment and related accumulated depreciation and amortization at May 31 consist of the following (in millions):

	<u>Useful Lives</u>	<u>2021</u>	<u>2020</u>
Land		\$ 101.0	\$ 100.8
Land improvements	20 years	143.3	132.9
Buildings and building improvements	8 to 50 years	2,714.4	2,556.2
Leasehold improvements	1 to 50 years	76.8	89.3
Construction in progress		139.0	200.7
Moveable equipment	3 to 20 years	724.8	709.8
Building and equipment under finance leases	1 to 39 years	37.8	-
Computers and software	5 to 15 years	236.8	233.8
Library materials	12 years	158.1	139.3
Art objects		59.4	58.5
		<u>4,391.4</u>	<u>4,221.3</u>
Accumulated depreciation and amortization		<u>(2,231.5)</u>	<u>(2,069.7)</u>
Total		<u>\$ 2,159.9</u>	<u>\$ 2,151.6</u>

Depreciation expense is \$166.2 and \$158.3 million for the years ended May 30, 2021 and 2020, respectively.

Interest on borrowings is capitalized during construction, net of any project specific borrowings' investment income earned through the temporary investment of project tax exempt borrowings. Net interest expense of \$6.7 and \$15.1 million was capitalized for the years ended May 31, 2021 and 2020, respectively.

**8. ENDOWMENT**

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Quasi endowment funds are resources segregated for long-term investment and include investment return on unrestricted investments, and other resources designated by the Board for future programs and operations.

***Spending Policy***

The University's endowment spending policy on accounts in the Growth Pool is to distribute annually 4.5% percent of the three-year moving average market value (calculated quarterly with a November 30 valuation date) of the Growth Pool. For all other endowment accounts, the spending policy is to distribute only interest and dividends as permitted by the gift instrument.

New endowments must be received prior to December 31 in order to activate the spending distribution for the next fiscal year. In addition, no distribution is made from an endowment until its funding reaches, by December 31, the level stipulated by policy.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
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**8. ENDOWMENT (Continued)**

***Return Objectives and Risk Parameters***

The University has adopted investment and spending policies to protect the purchasing power of the endowment and to minimize the effect of capital market fluctuations on operating budgets.

The intent of the University's policy for its primary investment pool (the Growth Pool), as approved by the Board, is to achieve a rate of return equal to or greater than the respective benchmark, while assuming a moderate level of risk. To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The current long-term return objective is to earn a return of at least the Consumer Price Index plus 5%, net of fees. Actual returns in any given year may vary from this amount.

***Application of Relevant Law***

The Board's interpretation of its fiduciary responsibilities for donor-restricted endowments under Uniform Prudent Management of Institutional Funds Act in Florida (FL UPMIFA) is that it is required to use reasonable care and caution as would be exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FL UPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund.

FL UPMIFA specifies that unless stated otherwise in the gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for the spending distribution. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, the University's policy is to report the historical value for such endowments and the net accumulated appreciation as net assets with donor restrictions. The amounts appropriated for the spending distribution are based on the endowment spending rate per unit and the number of units for each fund.

The unspent market appreciation of donor-restricted endowment funds is presented as net assets with donor restrictions until appropriated for expenditure by the Board. When losses on the investments of a donor-restricted endowment fund exceed the net appreciation classified in donor-restricted net assets, the excess loss reduces net assets with donor restrictions. At May 31, 2021 and 2020, the net deficiency in the market value of certain endowment-related assets, which fell below the donor required level, amounted to \$0 and \$5.1 million, respectively, and resulted from unfavorable market fluctuations that occurred shortly after the investment of new donor-restricted contributions, as well as continued appropriations for certain programs deemed prudent by the University.

**UNIVERSITY OF MIAMI**  
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**8. ENDOWMENT (Continued)**

Endowment net assets consist of the following (in millions):

	Without Donor Restrictions	With Donor Restrictions	Total
At May 31, 2020:			
Donor-restricted endowment funds:			
At historical value	\$ -	\$ 623.8	\$ 623.8
Accumulated net appreciation	-	242.6	242.6
Quasi endowment funds	184.4	-	184.4
Total	<u>\$ 184.4</u>	<u>\$ 866.4</u>	<u>\$ 1,050.8</u>
At May 31, 2021:			
Donor-restricted endowment funds:			
At historical value	\$ -	\$ 664.4	\$ 664.4
Accumulated net appreciation	-	488.3	488.3
Quasi endowment funds	240.7	-	240.7
Total	<u>\$ 240.7</u>	<u>\$ 1,152.7</u>	<u>\$ 1,393.4</u>

Changes in endowment net assets for the fiscal years ended May 31, 2021 and 2020 consist of the following (in millions):

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, May 31, 2019	<u>\$ 186.8</u>	<u>\$ 810.6</u>	<u>\$ 997.4</u>
Endowment investment return:			
Investment income	1.7	8.1	9.8
Net depreciation (realized and unrealized)	2.1	15.6	17.7
Total investment return	3.8	23.7	27.5
Gifts and trusts	0.6	65.6	66.2
Endowment spending distribution for programs	(8.2)	(34.2)	(42.4)
Endowment distributions reinvested	-	0.5	0.5
Net transfers to quasi endowment funds	1.4	-	1.4
Other	-	0.2	0.2
Balance, May 31, 2020	<u>184.4</u>	<u>866.4</u>	<u>1,050.8</u>
Endowment investment return:			
Investment income	1.6	7.6	9.2
Net appreciation (realized and unrealized)	58.1	274.4	332.5
Total investment return	59.7	282.0	341.7
Gifts and trusts	0.6	40.1	40.7
Endowment spending distribution for programs	(7.9)	(35.6)	(43.5)
Endowment spending distribution rollover	-	(0.4)	(0.4)
Net transfers to quasi endowment funds	3.9	-	3.9
Other	-	0.2	0.2
Balance, May 31, 2021	<u>\$ 240.7</u>	<u>\$ 1,152.7</u>	<u>\$ 1,393.4</u>

**UNIVERSITY OF MIAMI  
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**9. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS**

The University has two non-contributory retirement plans, the Faculty Retirement Plan, and the Employee Retirement Plan. These two plans were closed to employees hired after May 31, 2007. Effective June 1, 2007, a new retirement plan was established, the Retirement Savings Plan.

The University also sponsors an unfunded, defined benefit postretirement health plan that covers all full-time and part-time regular employees who elect coverage and satisfy the plan's eligibility requirements when they retire. The plan is contributory with retiree contributions established as a percentage of the total cost for retiree health care and for the health care of their dependents. The University pays all benefits on a current basis.

In addition to the below noted plans, there are deferred compensation arrangements for certain employees, principally clinical faculty, the liability for which is included in other liabilities.

**The Retirement Savings Plan (Savings Plan)** is a defined contribution plan in which the University makes an automatic core contribution of 5% of pay with a dollar-for-dollar match on voluntary contributions up to an additional 5% of pay once the employee meets certain eligibility requirements. Eligible employees can begin making voluntary contributions to the Savings Plan at any time. Participation is limited to faculty and staff hired on or after June 1, 2007 or who elected, prior to June 1, 2007, to transfer to this plan from the Faculty Retirement Plan or from the Employee Retirement Plan. Core and matching contributions to the Savings Plan for 2021 and 2020 were \$21.0 and \$75.2 million, respectively. Due to COVID-19, contributions were suspended June 2020 through February 2021.

**The Retirement Savings Plan II (Savings Plan II)** is a defined contribution plan the University established, effective January 1, 2008, that covers substantially all employees of UHealth Tower (a facility of the Hospital). The plan is available to employees who meet certain eligibility requirements and requires that UHealth Tower match certain percentages of participants' contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan II at any time. Core and matching contributions to the Savings Plan II were \$1.5 and \$8.2 million for the years ended May 31, 2021 and 2020, respectively.

**The UHealth Retirement Savings Plan III (Savings Plan III)** is a defined contribution plan the University established, effective October 17, 2019, that covers employees working in the UMH or in the UHealth Corporation eligibility companies. The plan is available to employees who meet certain eligibility requirements and requires that UM match certain percentages of participants' contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan III immediately upon hire. Core and matching contributions to the Savings Plan III for 2021 and 2020 were \$0.3 and \$0 million, respectively.

**Faculty Retirement Plan (Faculty Plan)** is a defined contribution plan for eligible faculty hired between September 30, 1977 and May 31, 2007, and certain faculty hired on or before September 30, 1977, who ceased participation in the Employee Retirement Plan. Under the terms of the Faculty Plan, the University makes contributions to individual retirement accounts for each eligible faculty member. Payment from the retirement account commences when the faculty member has separated from service and elects to begin distributions in accordance with plan provisions.

Contributions to the Faculty Plan are based upon a combination of compensation, tenure status, length of service, and other factors and are funded as accrued. These contributions were \$5.9 and \$19.9 million for the years ended May 31, 2021 and 2020, respectively.

**The Supplemental Retirement Annuity (SRA) Program** is a defined contribution plan for employees that are participants in the Defined Contribution Retirement Plan for Faculty of the University of Miami or the Retirement Plan for Employees of the University of Miami. The Plan was established on January 1, 1975. On April 19, 2006, the Board of Trustees of the University (the Board) voted to close the Plan to new employees hired on or after June 1, 2007. This plan consists of only employee voluntary contributions.

**UNIVERSITY OF MIAMI  
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**9. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

*The Employee Retirement Plan (Employee Plan)* is a defined benefit plan primarily for full-time non-faculty employees hired before June 1, 2007. Employee Plan assets are held by a Trustee. The benefit is based on the higher of two formulas: a formula based on years of service and the employee's compensation for the consecutive five-year period of employment that produces the highest average; and a cash balance benefit formula determined each year based on compensation and investment earnings.

The measurement date for the Employee Plan and postretirement health plan is May 31.

The following benefit payments, which reflect expected future service, are expected to be paid, for the fiscal years ending May 31 (in millions):

	Pension Benefits	Postretirement Benefits
2022	\$ 58.0	\$ 0.4
2023	60.2	0.3
2024	60.9	0.4
2025	56.9	0.4
2026	58.7	0.4
2027–2031	287.9	2.5

During the fiscal year ending May 31, 2022, the University expects to contribute \$14.4 million to the Employee Plan and \$0.4 million to its Postretirement Health Plan.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**9. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

The tables that follow provide a reconciliation of the changes in the plans' projected benefit obligations, fair value of assets, and funded status at May 31, 2021 and 2020 (in millions):

	Pension Benefits		Postretirement Benefits	
	2021	2020	2021	2020
Change in Benefit Obligation:				
Benefit obligation at beginning of year	\$ 977.3	\$ 917.3	\$ 7.1	\$ 8.0
Service cost – benefits attributed to employee service during period and administrative expenses	17.5	18.2	0.6	0.6
Interest costs accrued to measure benefit obligation at present value	28.2	33.0	0.2	0.3
Plan participant contributions	-	-	0.7	0.7
Actuarial (gain) loss	(31.5)	70.9	(1.0)	(1.2)
Benefits paid and administrative expenses	(74.7)	(62.1)	(0.4)	(1.3)
Benefit obligation at end of year	916.8	977.3	7.2	7.1
Change in Plan Assets:				
Plan assets at fair value at beginning of year	860.3	778.2	-	-
Investment return on plan assets	64.8	131.6	-	-
Benefits paid and plan expenses	(74.7)	(62.1)	(0.4)	(1.3)
Employer contributions	12.6	12.6	(0.3)	0.6
Plan participant contributions	-	-	0.7	0.7
Plan assets at fair value at end of year	863.0	860.3	-	-
Funded status:				
Accrued pension and postretirement benefit costs recognized on the statements of financial position	\$ (53.8)	\$ (117.0)	\$ (7.2)	\$ (7.1)
Amounts recognized in unrestricted net assets consist of:				
Net actuarial loss (gain)	\$ 190.2	\$ 258.7	\$ (3.2)	\$ (2.2)
Prior service credit	(27.3)	(34.6)	(0.1)	(0.2)
	\$ 162.9	\$ 224.1	\$ (3.3)	\$ (2.4)

At May 31, 2021 and 2020, the accumulated benefit obligation of the Employee Plan was \$887.6 and \$950.7 million, respectively, which was \$24.6 and \$90.3 million in excess of Employee Plan assets, respectively. The investment return on plan assets exceeded the expected rate of return due to favorable market performance for the years ended May 31, 2021 and 2020.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**9. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

The following table provides the components of net periodic pension cost for the plans for the years ended May 31, 2021 and 2020 (in millions):

	Pension Benefits		Postretirement Benefits	
	2021	2020	2021	2020
Service costs – benefits attributed to employee service during periods and administrative expenses	\$ 17.5	\$ 18.2	\$ 0.6	\$ 0.6
Interest costs accrued to measure benefit obligation at present value	28.2	33.0	0.2	0.3
Expected return on plan assets	(49.0)	(44.2)	-	-
Amortization of prior service cost/(credit) - includes changes in pension formula and cost of plan amendments	(7.3)	(7.6)	(0.1)	(0.1)
Recognized net actuarial loss and assumption changes	21.2	30.0	(0.2)	-
Net periodic benefit cost	<u>\$ 10.6</u>	<u>\$ 29.4</u>	<u>\$ 0.5</u>	<u>\$ 0.8</u>

The components of net periodic benefit cost other than the service cost component are included in the line item "Other components of net periodic pension cost" in the statements of activities.

The net actuarial loss (gain) and prior service credit expected to be recognized in net periodic benefit cost over the next fiscal year are as follows (in millions):

	Pension Benefits	Postretirement Benefits
Net actuarial loss (gain)	\$ 13.7	\$ (3.2)
Prior service credit	(7.3)	(0.1)

A 6.25% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2022. The rate is assumed to decrease each year until reaching the ultimate of 4.5% in 2028. Assumed health care cost trend rates have an effect on the amounts reported for the health care plan.

**UNIVERSITY OF MIAMI  
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May 31, 2021 and 2020**

**9. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

The following weighted-average assumptions were used for the above calculations:

	Pension Benefits		Postretirement Benefits	
	2021	2020	2021	2020
Discount rate for benefit obligation	3.05%	3.05%	2.94%	2.86%
Discount rate for net periodic benefit cost	3.05%	3.75%	2.86%	3.71%
Expected return on plan assets	6.00%	6.00%	N/A	N/A
Rate of compensation increase related to net periodic benefit cost	0.00%/3.00%	2.50%/0.00%/3.00%	N/A	N/A

The rate of compensation increase assumption related to the benefit obligation is 0.0% in fiscal year 2021, and 3.0% thereafter. To develop the expected long-term rate of return for the Employee Plan assets, the University considered the historical returns of the major market indicators relating to the target asset allocation, as well as the current economic and financial market conditions.

The University used mortality tables issued by the Society of Actuaries. These tables represent recent mortality experience for a large U.S. population dataset that is reasonably representative of the population covered under the plan. Specifically, the University selected separate mortality rates for non-annuitants (the Pri-2012 “Employees” table) and annuitants (the Pri-2012 “Healthy Retiree” and “Contingent Spouses” mortality tables), without collar adjustment. Mortality improvement was also assumed beyond the valuation date because recent experience evidenced by Social Security beneficiaries indicated that longevity has continued to improve. For years after 2012, generational improvement was projected using scales MP-2020 and MP-2019 for the years ended May 31, 2021 and 2020, respectively.

***Employee Plan Assets***

The investment policy and objectives, as established by the University, are to ensure that the Employee Plan has sufficient liquidity and investment returns relative to anticipated cash flow and funding requirements, including benefit obligations. The University has incorporated a Dynamic Glide Path (“the Glide Path”) approach to the asset allocation for the Employee Plan. The intent of the Glide Path is to minimize the Plan’s funded ratio volatility.

The current Glide Path asset allocation for a funded ratio greater than 90% but less than or equal to 100% is as follows: 10% to 40% growth assets (including public equities, fixed income (non-duration-matched), and other investments); and 60% to 90% fixed income (duration-matched). Public equity securities include registered mutual funds, unregistered limited partnerships, common collective trusts, and 103-12 investment entities, which invest in large cap, mid cap, and small cap companies primarily located in the United States, as well as international and emerging markets. Fixed-income securities include collective investment funds and registered mutual funds, which invest in government and government agency securities, corporate credit (investment-grade and high yield), structured products - leveraged loans, and other related credit instruments.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
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**9. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

***Employee Plan Assets (continued)***

Other investments include uncorrelated long and short investments in markets and instruments, illiquid investments in public and private equity companies, real estate, and common collective trusts investing in real assets related securities similar to those of the HFRI Fund of Funds Index, Cambridge Associates Global Private Equity Index, and Bloomberg Commodity Index. At a minimum, the University reviews the Glide Path and asset allocation annually for appropriateness.

	Total	Fair Value Measurements at May 31, 2021 (in millions)		
		Level 1	Level 2	Level 3
Publicly traded stocks:				
Small cap	\$ 6.9	\$ 6.9	\$ -	\$ -
Mutual funds:				
Equities:				
Emerging markets	6.9	6.9	-	-
International	17.4	17.4	-	-
Fixed income	120.3	25.9	94.4	-
Unregistered limited partnerships and limited liability companies measured at NAV <sup>1</sup> :				
Equities:				
Emerging markets	13.3	-	-	-
Large-mid cap	40.6	-	-	-
Private equity	3.6	-	-	-
Other:				
Real estate	1.1	-	-	-
Common collective trusts:				
Equities measured at NAV <sup>1</sup> :				
Large cap	46.5	-	-	-
Fixed income	140.1	-	-	-
Multi-strategy	14.8	-	-	-
Short-term investment funds	20.7	-	-	-
103-12 investment entities:				
Equities:				
International measured at NAV <sup>1</sup>	29.3	-	-	-
Corporate and government bonds:				
Fixed income	376.9	246.5	130.4	-
Other investments measured at NAV <sup>1</sup>				
Private equity	7.3	-	-	-
Long-short composite	0.2	-	-	-
Fixed income	10.4	-	-	-
Multi-strategy	10.8	-	-	-
Other	(4.1)	-	-	-
Total	\$ 863.0	\$ 303.6	\$ 224.8	\$ -

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2021 and 2020**

**9. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

***Employee Plan Assets (continued)***

	Total	Fair Value Measurements at May 31, 2020 (in millions)		
		Level 1	Level 2	Level 3
Publicly traded stocks:				
Small cap	\$ 20.7	\$ 20.7	\$ -	\$ -
Mutual funds:				
Equities:				
Emerging markets	17.9	17.9	-	-
International	47.9	47.9	-	-
Fixed income	81.5	81.5	-	-
Unregistered limited partnerships and limited liability companies measured at NAV <sup>1</sup> :				
Equities:				
Emerging markets	12.7	-	-	-
Large-mid cap	42.1	-	-	-
Private equity	3.3	-	-	-
Other:				
Real estate	1.8	-	-	-
Common collective trusts:				
Equities measured at NAV <sup>1</sup> :				
Large cap	86.5	-	-	-
Fixed income	122.7	-	-	-
Multi-strategy	22.4	-	-	-
Short-term investment funds	19.1	-	-	-
103-12 investment entities:				
Equities:				
International measured at NAV <sup>1</sup>	38.8	-	-	-
Corporate and government bonds:				
Fixed income	310.8	205.8	105.0	-
Other investments measured at NAV <sup>1</sup>				
Private equity	3.4	-	-	-
Long-short composite	0.2	-	-	-
Fixed income	9.5	-	-	-
Multi-strategy	17.8	-	-	-
Other	1.2	-	-	-
	<b>\$ 860.3</b>	<b>\$ 373.8</b>	<b>\$ 105.0</b>	<b>\$ -</b>

<sup>1</sup>In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the pension and other postretirement benefit plans table provided within note 9.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**10. BONDS AND NOTES PAYABLE**

Bonds and notes payable at May 31 consist of the following (in millions):

	Final Maturity	2021 Interest Rate	2021	2020
Miami-Dade County, Florida				
Educational Facilities Authority				
Revenue Bonds, Series 2018A	2053	4.00–5.00%	\$ 231.4	\$ 232.1
Revenue Bonds, Series 2018B (Taxable)	2051	4.47%	17.3	17.3
Revenue and Revenue Refunding Bonds				
Series 2015A	2045	4.00–5.00%	403.0	403.0
Revenue and Revenue Refunding Bonds,				
Series 2015B (Taxable)	2050	5.07%	258.1	258.1
Revenue Bonds, Series 2012A	2042	4.00–5.00%	94.6	94.6
Revenue Bonds, Series 2012B (Taxable)	2023	3.158–3.308%	4.2	7.0
Revenue Refunding Bonds, Series 2007B	2034	5.25%	148.5	159.3
Total Miami-Dade County Educational Facilities Authority			1,157.1	1,171.4
Notes payable to banks and others	2021 to 2030	-	9.2	10.2
Lines of credits to banks	2021 to 2025	Variable	96.8	698.0
Notes payable to banks and others	2021 to 2025	Variable	99.8	105.8
Par amount of bonds and notes payable			1,362.9	1,985.4
Net unamortized premium			53.2	56.0
Net unamortized issue costs			(8.0)	(8.8)
Total			\$ 1,408.1	\$ 2,032.6

The annual maturities for bonds and notes payable at May 31, 2021 are as follows (in millions):

2022	\$ 21.2
2023	21.9
2024	25.3
2025	196.5
2026	19.2
Thereafter	1,078.8
Total	\$ 1,362.9

In August 2015, the University entered into a \$600.0 million senior credit facility with a syndicate of lenders, including a line of credit of \$500.0 million and a Term Loan A of \$100.0 million. Effective March 20, 2020, the University refinanced and executed a new \$605.0 million senior credit facility, including a revolving credit facility of \$500.0 million and new Term Loan A of \$105.0 million. The \$500.0 million line of credit and the new Term Loan A have variable interest rates equal to the LIBOR Daily Floating Rate plus 0.70% per annum, and maturity dates of March 19, 2025. The outstanding balance of the Term Loan A at May 31, 2021 and 2020 was \$99.8 and \$105.0 million, respectively. At May 31, 2021 and 2020, the outstanding balance of the line of credit was \$96.8 million and \$498.0, respectively. Effective June 25, 2021, the University executed Amendment No. 1 to the existing senior credit facility to expand the line of credit available from \$500.0 to \$700.0 million; all other key terms of the agreement remained the same.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2021 and 2020**

**10. BONDS AND NOTES PAYABLE (Continued)**

In April 2020, the University entered into a \$200.0 million 364-day credit facility with a syndicate of lenders. The \$200.0 million credit facility has a variable interest rate equal to the LIBOR Daily Floating Rate plus 2.00% per annum, provided that LIBOR is not less than 1.00% and has a maturity date of April 16, 2021. The outstanding balance at May 31, 2020 was \$200.0 million. In August 2020, the University repaid the \$200.0 million credit facility. The 364-day credit facility was terminated on April 16, 2021, and there was no balance outstanding on the line of credit on May 31, 2021.

Total interest paid on all bonds and notes was \$63.6 and \$62.7 million for the years ended May 31, 2021 and 2020, respectively. All of the bonds and notes payable listed in the table above are unsecured. The bonds and the notes do not contain any significant financial covenants, except the \$605.0 million senior credit facility has a covenant that requires a minimum revenue of \$2.1 billion during a Required Covenant Year. The University has performed and observed each covenant and condition of the bonds and notes, and no default has occurred.

**11. NET ASSETS**

At May 31, net assets consist of the following (in millions):

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions:		
Designated for operations, programs, facilities expansion, and student loans	\$ 653.8	\$ 244.8
Cumulative pension and postretirement benefits related changes other than net periodic benefit cost	(159.6)	(221.7)
Invested in plant facilities	950.8	866.9
Designated for endowment and similar funds	240.7	184.4
Total net assets without donor restrictions	<u>\$ 1,685.7</u>	<u>\$ 1,074.4</u>
Net assets with donor restrictions:		
Gifts for programs and facilities expansion	\$ 90.2	\$ 86.8
Contributions (pledges) and trusts	484.7	453.0
Life income and annuity funds	12.5	9.8
Endowment and similar funds	1,152.8	866.4
Total net assets with donor restrictions	<u>\$ 1,740.2</u>	<u>\$ 1,416.0</u>

At May 31, 2021 and 2020, net assets with donor restrictions included amounts that were restricted in perpetuity of \$703.5 and \$665.4 million, respectively, and certain term endowment funds of \$50.7 and \$35.1 million that were available for future distribution, respectively.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

## 12. GIFTS AND TRUSTS

The University's Division of Development and Alumni Relations (DAR) reports total gifts and trusts based on the Management Reporting Standards issued by the Council for Advancement and Support of Education (CASE). Gifts, trusts, and pledges (gifts and trusts) reported for financial statement purposes are recorded on the accrual basis.

The table below summarizes gifts and trusts received for the years ended May 31, 2021 and 2020, reported in the statements of activities as well as the CASE standards as reported by DAR (in millions):

	Unaudited	
	2021	2020
Unrestricted gifts and trusts in support of programs	\$ 49.8	\$ 48.8
Unrestricted gifts and trusts for plant expansion	0.6	0.6
Restricted gifts and trusts for programs, plant expansion, and endowments, net	93.2	73.3
Total gifts and trusts, per statements of activities	143.6	122.7
Increases (decreases) to reflect gifts and trusts per CASE standards		
Pledges, net	46.9	49.9
Non-government grants, included in grants and contracts revenue	18.1	30.1
Other recovered costs included in other income	2.8	-
Differences in valuation/recording:		
Funds held in trust by others	(1.0)	(3.4)
Annuity	0.1	0.1
Timing	(0.5)	(0.7)
Supporting organizations donations recorded under CASE only	0.4	-
Gifts-in-kind	(9.8)	1.7
Total gifts and trusts as reported by DAR	\$ 200.6	\$ 200.4

## 13. FUNCTIONAL EXPENSES

Operating expenses are reported in the statements of activities by natural classification. Expenses related to the University by both natural classification and functional classification for the years ended May 31, 2021 and 2020 are summarized below (in millions):

	2021			
	Academic and research	Health care services	Administrative and support services	Total
Compensation and benefits	\$ 723.0	\$ 979.0	\$ 349.1	\$ 2,051.1
Supplies and services	158.7	758.9	128.6	1,046.2
Depreciation and amortization	53.7	45.4	73.9	173.0
Utilities and maintenance	33.6	36.8	10.1	80.5
Interest	16.2	16.2	22.4	54.8
Other	61.0	128.5	72.6	262.1
Total operating expenses	\$ 1,046.2	\$ 1,964.8	\$ 656.7	\$ 3,667.7

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**13. FUNCTIONAL EXPENSES (Continued)**

	2020			
	Academic and research	Health care services	Administrative and support services	Total
Compensation and benefits	\$ 742.0	\$ 1,034.9	\$ 346.2	\$ 2,123.1
Supplies and services	169.6	707.6	100.1	977.3
Depreciation and amortization	54.2	41.4	62.5	158.1
Utilities and maintenance	33.7	35.2	9.9	78.8
Interest	14.3	15.1	16.6	46.0
Other	69.5	117.2	89.2	275.9
Total operating expenses	<u>\$ 1,083.3</u>	<u>\$ 1,951.4</u>	<u>\$ 624.5</u>	<u>\$ 3,659.2</u>

Certain natural expenses are attributable to more than one supporting functional expense category. These expenses consist primarily of depreciation, amortization, interest, and facilities-related expenses. Operations and maintenance expense of \$186.6 and \$189.7 million for the years ended May 31, 2021 and 2020, respectively, were also allocated. The method used for allocations is based on square footage used by each function, and these expenses are allocated consistently. In addition, square footage for multi-functional spaces is proportionately allocated based on utilization, which is calculated using salary data.

**14. COMMITMENTS AND CONTINGENCIES**

The University had contractual obligations of approximately \$57.6 million at May 31, 2021 for various construction projects and purchases of equipment.

The University, in its normal operations, is a defendant in various legal actions. Additionally, amounts received and expended under various federal and state programs are subject to audit by governmental agencies. Management is of the opinion that the outcome of these matters would not have a material effect on the University's financial position or results of operations.

**15. LIQUIDITY AND AVAILABILITY OF RESOURCES**

As part of the University's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily requirements. Cash flows have seasonal variations during the year attributable to tuition billing, patient service, and research reimbursements, and a concentration of contributions received at calendar and fiscal year-end.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**15. LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)**

The University's financial assets and resources available to meet cash needs for general expenditures within one year as of May 31, 2021 and 2020 are as follows (in millions):

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 550.7	\$ 978.3
Accounts and loans receivable, net	621.7	449.9
Pledge payments available for operations	37.1	41.3
Working capital in investments	331.7	469.4
Subsequent fiscal year endowment distributions	<u>46.2</u>	<u>43.7</u>
Total financial assets available within one year	1,587.4	1,982.6
Liquidity resources:		
Bank lines	<u>602.0</u>	<u>-</u>
Total financial assets and liquidity resources available within one year	<u>\$ 2,189.4</u>	<u>\$ 1,982.6</u>

In addition to the liquidity resources noted above, the University has a board-designated endowment of \$240.7 and \$184.4 million as of May 31, 2021 and 2020, respectively, to help manage unanticipated liquidity needs. Although the University does not intend to spend from its board-designated endowment funds as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if required. However, both board-designated and donor-restricted endowment funds contain investments with lock-up provisions that reduce total investments that could be made available to meet cash flow needs.

**16. LEASES**

On June 1, 2020, the University adopted Topic 842 by applying the guidance at adoption date. As a result, the comparative information as of May 31, 2020 was not adjusted. As of June 1, 2020, the University recognized operating right of use assets and lease liabilities for its leases on its statements of financial position. The balances at adoption date of prepaid and accrued rent, lease incentives, and unamortized assets and liabilities were reclassified and are now presented within other assets for operating leases and property and equipment, net for finance leases on the University's statements of financial position.

Upon adoption, the University recognized \$205.1 and \$205.8 million of right-of-use assets and lease obligations, respectively, within the statement of financial position, and an adjustment of \$18.6 million to the opening balance of net assets without donor restrictions at June 1, 2020.

The University has elected to account for lease and non-lease components as a single lease component. The University also elected the package of practical expedients, which allows lessees to make an election to not reassess conclusions previously made under ASC 840 with regard to whether leases and contracts in place at adoption of ASC 842 (a) are or contain leases, (b) the lease classification for existing leases, and (c) the initial direct costs for any existing leases.

At May 31, 2021, the University recognized under operating leases \$156.2 million as right-of-use assets within other assets, and \$176.3 million as lease obligations within other liabilities. For its finance leases, the University recognized \$32.9 million as right-of-use assets within property and equipment, net and \$14.7 million as lease obligations within other liabilities.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**16. LEASES (Continued)**

The University is obligated under numerous operating and finance leases to pay base rent through the respective lease expiration dates. Real property under operating and finance leases ranges with remaining lease terms of up to 92 years through fiscal 2113. As well, the University leases various equipment under operating and finance leases expiring at various dates through 2026. Aggregate future minimum lease payments under noncancelable finance and operating leases as of May 31, 2021 are as follows:

	<b>Finance Leases</b>	<b>Operating Leases</b>
2022	\$ 4.9	\$ 28.9
2023	3.5	21.8
2024	3.5	16.2
2025	2.5	14.1
2026	0.5	10.0
Thereafter	-	151.6
Total lease payments	<u>14.9</u>	<u>242.6</u>
Less: Interest portion	<u>(0.2)</u>	<u>(66.3)</u>
Total lease liabilities	<u>\$ 14.7</u>	<u>\$ 176.3</u>

At May 31, 2020, the University's operating lease expense was \$26.1 million, and its future minimum lease payments under noncancelable operating leases were as follows (in millions):

2021	\$ 17.8
2022	17.2
2023	13.0
2024	12.5
2025	11.5
Thereafter	<u>264.3</u>
Total	<u>\$ 336.3</u>

As well, at May 31, 2020, the present value of the future minimum lease payments for the University's finance leases totaled \$7.5 million.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2021 and 2020**

**16. LEASES (Continued)**

The components of lease expense for the year ended May 31, 2021 are as follows:

	<b>2021</b>
Finance lease expense:	
Amortization of right-of-use assets	\$ 6.8
Interest on lease liabilities	0.2
Operating lease expense	34.9
Short-term lease expense	2.5
Variable lease expense	7.2
Total lease expense	\$ 51.6
Other lease information:	
Operating cash flows from operating leases	\$ 38.9
Operating and investing cash flows from finance leases	25.1
Right-of-use assets obtained in exchange for new lease liabilities:	
Finance leases	\$ 11.1
Operating leases	12.9
Weighted-average remaining lease term:	
Finance leases	4 years
Operating leases	27 years
Weighted-average discount rate:	
Finance leases	0.92%
Operating leases	1.16%

The University is the lessor in several long-term non-cancelable operating leases for commercial space through fiscal year 2072. Operating lessor income of \$6.2 million is included in other income within the statement of activities for the year ended May 31, 2021. Future minimum operating rental revenue due as of May 31, 2021 is summarized below (in millions):

2022	\$ 3.7
2023	2.4
2024	2.0
2025	1.6
2026	1.4
Thereafter	50.0
Total future minimum rentals	\$ 61.1

The University has an agreement to use the Hard Rock Stadium on a limited basis through December 31, 2032. The University is treating this as a short-term lease due to the usage being less than 12 months. The short-term lease cost incurred during any one year does not reasonably reflect the short-term lease commitment. Remaining payments under this agreement are \$12.5 million as of May 31, 2021.



**UNIVERSITY  
OF MIAMI**

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**FINANCIAL STATEMENTS**

**Fiscal years ended MAY 31, 2022 and 2021**

**(With Independent Auditors' Report Thereon)**



KPMG LLP  
Brickell City Center, Suite 1200  
78 SW 7 Street  
Miami, FL 33130

## Independent Auditors' Report

The Board of Trustees  
University of Miami:

### *Opinion*

We have audited the financial statements of the University of Miami (the University), which comprise the statements of financial position as of May 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University of Miami as of May 31, 2022 and 2021, 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 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 Financial Statements*

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

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

*KPMG LLP*

Miami, Florida  
September 20, 2022

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF FINANCIAL POSITION**  
**May 31, 2022 and 2021**  
**( in millions )**

<b>Assets</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 525.1	\$ 550.7
Deposit with bond trustee	-	3.8
Accounts and loans receivable, net	708.9	642.7
Contributions receivable, net	175.4	164.3
Other assets	277.7	247.6
Investments	2,609.4	2,136.9
Property and equipment, net	2,222.8	2,159.9
Trusts held by others	63.3	65.2
<b>Total Assets</b>	<b>\$ 6,582.6</b>	<b>\$ 5,971.1</b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 417.1	\$ 392.9
Deferred revenues and other deposits	144.4	231.5
Liability for medical self-insurance	40.4	61.2
Other liabilities	387.8	383.2
Accrued pension and postretirement benefit costs	64.6	61.0
Actuarial liability of annuities payable	5.5	5.6
Government advances for student loans	2.3	1.7
Bonds and notes payable	1,785.4	1,408.1
<b>Total Liabilities</b>	<b>2,847.5</b>	<b>2,545.2</b>
<b>Net Assets</b>		
Without donor restrictions	1,980.8	1,685.7
With donor restrictions	1,754.3	1,740.2
<b>Total Net Assets</b>	<b>3,735.1</b>	<b>3,425.9</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,582.6</b>	<b>\$ 5,971.1</b>

*See accompanying notes to financial statements.*

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended May 31, 2022 and 2021**  
**( in millions )**

	2022	2021
<b>Changes in net assets without donor restrictions</b>		
<b>Operating activities</b>		
<b>Operating revenues</b>		
Tuition and fees, net	\$ 650.4	\$ 610.2
Grants and contracts, net	554.9	512.8
Net patient revenue - medical professional practice	651.4	589.3
Net patient revenue - hospitals and clinics	2,292.0	1,973.5
Gifts and trusts, net	60.0	49.8
Net assets released from restrictions	13.5	12.7
Endowment spending distribution	46.4	43.9
Investment return	23.5	15.8
Auxiliary enterprises, net	239.2	138.6
Other sources	170.8	153.5
<b>Total operating revenues</b>	<b>4,702.1</b>	<b>4,100.1</b>
<b>Operating expenses</b>		
Compensation and benefits	2,383.7	2,051.1
Supplies and services	1,233.3	1,046.2
Depreciation and amortization	179.0	173.0
Utilities and maintenance	82.6	80.5
Interest	51.9	54.8
Other	447.4	262.1
<b>Total operating expenses</b>	<b>4,377.9</b>	<b>3,667.7</b>
<b>Change in net assets without donor restrictions from operating activities</b>	<b>324.2</b>	<b>432.4</b>
<b>Non-Operating activities</b>		
Endowment, annuity, and other investment return, net of distributions	(55.9)	71.6
Gifts and trusts, net	1.0	0.6
Net loss on disposal of long-lived assets	0.3	(0.1)
Other components of net periodic pension costs	(20.1)	7.0
Net assets released from restrictions for property and equipment	28.6	19.1
<b>Change in net assets without donor restrictions from non-operating activities</b>	<b>(46.1)</b>	<b>98.2</b>
<b>Postretirement benefits related changes other than net periodic benefit cost</b>	<b>17.0</b>	<b>62.1</b>
<b>Increase in net assets without donor restrictions</b>	<b>295.1</b>	<b>592.7</b>
<b>Changes in net assets with donor restrictions</b>		
Endowment, annuity, and other investment return, net of distributions	(77.3)	262.6
Gifts and trusts, net	132.2	93.2
Changes in value of annuities payable and trusts held by others	1.3	0.2
Net assets released from restrictions	(42.1)	(31.8)
<b>Increase in net assets with donor restrictions</b>	<b>14.1</b>	<b>324.2</b>
<b>Increase in total net assets</b>	<b>309.2</b>	<b>916.9</b>
<b>Net Assets</b>		
Net assets, beginning	3,425.9	2,490.4
Cumulative-effect adjustment from adoption of ASC 842, net assets without donor restrictions	-	18.6
Net assets, beginning, as adjusted	3,425.9	2,509.0
<b>End of year</b>	<b>\$ 3,735.1</b>	<b>\$ 3,425.9</b>

*See accompanying notes to financial statements.*

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended May 31, 2022 and 2021**  
**( in millions )**

	2022	2021
<b>Cash flows from operating activities</b>		
Increase in total net assets	\$ 309.2	\$ 916.9
Adjustments to reconcile increase in total net assets to net cash provided by operating activities		
Net realized and unrealized losses (gains) on investments	96.7	(368.4)
Gifts for plant expansion and endowment	(77.2)	(152.3)
Depreciation and amortization	179.0	173.0
Provision for doubtful accounts	11.2	8.6
Net loss on sale and/or disposal of other assets and property and equipment	8.5	0.1
Present value adjustment on annuities payable and trusts held by others	(2.5)	(1.9)
Amortization of debt premiums, discounts, and issue costs	(2.2)	(2.2)
Postretirement benefits related changes other than net periodic benefit cost	(17.0)	(62.1)
Change in operating assets and liabilities		
(Increase) decrease in		
Accounts and loans receivable	(68.1)	(148.6)
Contributions receivable	(9.6)	123.9
Other assets	(29.3)	(124.5)
Increase (decrease) in		
Accounts payable and accrued expenses	45.7	79.5
Deferred revenues, annuities payable, and other liabilities	(73.5)	190.6
Accrued pension and postretirement benefit costs	20.6	(1.0)
Medical self-insurance	(20.8)	(20.2)
Government advances for student loans	0.6	(23.5)
<b>Net cash provided by operating activities</b>	<b>371.3</b>	<b>587.9</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(1,481.6)	(1,148.9)
Proceeds from the sales and maturities of investments	942.5	879.9
Capital expenditures for property and equipment	(269.4)	(178.1)
Student and shared appreciation mortgage loans		
New loans made	(0.1)	-
Principal collected	(2.3)	(1.5)
<b>Net cash used in investing activities</b>	<b>(810.9)</b>	<b>(448.6)</b>
<b>Cash flows from financing activities</b>		
Gifts for plant expansion and endowment	39.3	51.4
Proceeds from the issuance of debt	497.5	-
Payments on bonds and notes payable	(118.0)	(622.3)
Payments on finance leases	(8.6)	(7.1)
<b>Net cash provided by (used in) financing activities</b>	<b>410.2</b>	<b>(578.0)</b>

*See accompanying notes to financial statements.*

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF CASH FLOWS - (Continued)**  
**Years Ended May 31, 2022 and 2021**  
**( in millions )**

	2022		2021
<b>Cash and cash equivalents, and deposit with bond trustee</b>			
Net decrease	\$ (29.4)	\$	(438.7)
Beginning of year	554.5		993.2
<b>End of year</b>	<b>\$ 525.1</b>	<b>\$</b>	<b>554.5</b>
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for interest	\$ 58.8	\$	63.6
Donated securities	26.3		5.8
Accrued liabilities related to additions of property	21.5		8.2

*See accompanying notes to financial statements.*

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2022 and 2021**

**1. ORGANIZATION**

The University of Miami (the University) is a private not-for-profit institution located in South Florida. Founded in 1925, the University owns and operates educational and research facilities as well as a health care system. Its mission is to educate and nurture students, to create knowledge through innovative research programs, to provide service to the community and beyond, and to pursue excellence in health care.

These financial statements include the accounts of the University's departments and facilities, including its hospitals and clinics ("University of Miami Hospitals & Clinics"), which is a division of the University. All significant intercompany accounts and transactions have been eliminated in the preparation of these statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

***Basis of Presentation***

The financial statements of the University have been prepared on the accrual basis of accounting and in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for not-for-profit organizations.

The two net asset categories as reflected in the accompanying financial statements are as follows:

- **Net assets without donor restrictions** - Net assets are free of donor-imposed restrictions. This category includes the University's investment in property and equipment and amounts designated by management for support of operations, programs, and facilities expansion. The University has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the University and, therefore, the University's policy is to record them as net assets without donor restrictions. This category includes all revenues, expenses, gains, and losses that are not changes in net assets with donor restrictions.
- **Net assets with donor restrictions** - Net assets are those whose use by the University is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the University pursuant to those stipulations. These net assets are available for program purposes, i.e., education, research, public service, and scholarships, as well as for buildings and equipment. This category also includes assets that are invested in perpetuity, the income from which is expended for program purposes. Net assets with permanent donor restrictions cannot be removed by actions of the University.

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. GAAP requires that management make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

***Income Taxes***

The University is generally exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC), except for unrelated business income. Accordingly, no significant provision for income taxes is made in the financial statements. At May 31, 2022 and 2021, there were no uncertain tax positions. The University files tax returns with U.S. federal and other state tax authorities for which generally the statute of limitations extends to the year ended May 31, 2019.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2022 and 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Activities***

The University's revenues and expenses related to conducting its core activities are classified as operating in the statements of activities. Endowment, annuity, and other investment return, net of distributions, as well as other components of net periodic pension costs, changes in postretirement obligations, net assets released from restriction for property and equipment, and certain other activities, are classified as non-operating in the statements of activities.

***Cash Equivalents and Deposit with Bond Trustee***

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. At May 31, 2022 and 2021, the amounts held in escrow included \$0 and \$3.8 million, respectively, for the 2018A bonds (see note 9). These amounts are reported as a separate financial statement line titled "Deposit with bond trustee" and are part of the cash and cash equivalents for purposes of the statements of cash flows.

***Investments***

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 5 for fair value measurements. Realized gains and losses are recognized at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific-identification method. Unrealized gains and losses are recognized for the change in fair value between reporting periods. Interest and dividend income is recognized when earned.

The University's investments include various types of investment securities that are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

***Revenue Recognition***

Revenue is recognized as performance obligations are satisfied, which are determined based on the nature of the services and goods provided.

Tuition and fees revenue is reported within the fiscal year in which educational services are provided. When classes or courses overlap the reporting period, only the portion of the revenue where the performance obligation has not been met is deferred to the next fiscal year.

Scholarships and fellowships awarded to students for tuition, fees, and room and board are based upon need and merit. These awards include amounts funded by the endowment, research funds, and gifts, and reduce the published price of tuition for students receiving such aid. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2022 and 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Continued)**

***Revenue Recognition (continued)***

Institutional aid is netted against tuition and fees, and auxiliary enterprises revenue in the statements of activities as follows (in millions):

	2022	2021
Scholarships and fellowships:		
Institutionally funded	\$ 315.6	\$ 272.1
Externally funded - gifts and grants	30.3	28.2
Total amount netted against tuition and fees revenue	\$ 345.9	\$ 300.3
 Amount netted against auxiliary enterprises revenue	 \$ 28.0	 \$ 24.1

Net patient revenue is recorded at the transaction price estimated to reflect the consideration due from patients and third-party payors in exchange for the services provided. The various activities of the University of Miami Hospital & Clinics (the Hospital, a division of the University), including medical care, prescription drugs, and room and board, are considered a single performance obligation. Performance obligations related to patient services are satisfied over time and have a duration of less than one year. Revenue for the Hospital and the Professional Medical Practice (UMMG, a division of the University) is recognized based on actual charges incurred in relation to total expected or actual charges, with a reduction for explicit and implicit price concessions.

The Hospital and UMMG apply the portfolio approach as a practical expedient to group patient contracts with similar characteristics, such that the revenue for a given portfolio would not be materially different than if it were evaluated on an individual contract basis. This grouping is based upon the inpatient/outpatient setting of the services and third-party payors.

The Hospital and UMMG's performance obligations have a duration of less than one year. Therefore, they have elected to apply the optional exemption to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. These unsatisfied or partially unsatisfied performance obligations primarily relate to services provided at the end of the reporting period. Such obligations are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Net patient revenue and accounts receivable consist primarily of patient revenues that are recorded based upon established billing rates less explicit price concessions (including contractual allowances and discounts) and implicit price concessions, effectively the estimated net realizable value. Revenues are recorded in the period the services are provided based upon the estimated amounts due from the patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, and employers. Estimates of contractual allowances represent the difference between established rates for services and amounts reimbursed by third-party payors based upon the payment terms specified in the related contractual agreements.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2022 and 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Revenue Recognition (continued)***

Net patient revenue, disaggregated by payor source for the Hospital and UMMG was as follows (in millions):

	Year ended May 31, 2022		
	UMMG	Hospital	Total
Medicare and Medicare HMO	\$ 157.1	\$ 675.1	\$ 832.2
Medicaid and Medicaid HMO	144.2	192.6	336.8
Managed Care	294.7	1,388.0	1,682.7
Other	55.4	36.3	91.7
	<u>\$ 651.4</u>	<u>\$ 2,292.0</u>	<u>\$ 2,943.4</u>
	Year ended May 31, 2021		
	UMMG	Hospital	Total
Medicare and Medicare HMO	\$ 110.1	\$ 744.4	\$ 854.5
Medicaid and Medicaid HMO	153.5	159.8	313.3
Managed Care	277.9	940.1	1,218.0
Other	47.8	129.2	177.0
	<u>\$ 589.3</u>	<u>\$ 1,973.5</u>	<u>\$ 2,562.8</u>

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. The estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined. In the opinion of management, adequate provisions for adjustments that may result from such reviews and audits have been made through May 31, 2022, in the accompanying financial statements. The impact of such adjustments to revenues for the years ended May 31, 2022 and 2021, were increases of \$18.9 and \$24.5 million, respectively.

Grant and contract revenues are received from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return or may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large. Revenues from exchange transactions are recognized as the performance obligations are met, which is generally as the related costs are incurred.

The federal government reimburses the University for facilities and administrative costs incurred in connection with research grants and contracts based on approved rates through 2022. Facilities and administrative cost recovery from government and private sources included in grants and contracts revenues totaled \$86.3 and \$75.6 million during the years ended May 31, 2022 and 2021, respectively.

Conditional promises not reflected in the financial statements, which consist primarily of the difference between the award amount and the revenue recognized for the non-exchange grants, were \$909.5 and \$874.6 million at May 31, 2022 and 2021, respectively.

Gifts of cash, property, and marketable securities are recorded as revenue at fair value when received. Unconditional pledges (note 4) are recognized as revenue based on the estimated present value of the future cash flows, net of allowances, when the commitment is received. Pledges made and collected in the same reporting period are recorded when received in the appropriate net asset category. Conditional pledges are recorded as revenue only when donor conditions are substantially met. Gifts and trusts at May 31, 2022 and 2021 are reported net of uncollectible pledges and reserves of \$6.4 and \$5.7 million, respectively.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2022 and 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***COVID-19 Pandemic***

In January 2020, the Secretary of the U.S. Department of Health and Human Services (HHS) declared a national public health emergency due to a novel strain of coronavirus (COVID-19). In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The resulting measures to contain the spread and impact of COVID-19 have impacted the University's results of operations. As a result of the COVID-19 pandemic, federal and state governments have passed legislation, promulgated regulations, and taken other administrative actions intended to assist both higher education institutions and health care providers by providing economic relief. At May 31, 2022 and 2021, stimulus relief payments are generally reflected within other sources under operating revenues in the accompanying statements of activities. The University recognizes grant revenue when there is reasonable assurance it has complied with the terms and conditions associated with the grant. Those estimates could change materially in the future based on evolving grant compliance guidance provided by the government.

During the years ended May 31, 2022 and 2021, the University received \$21.3 and \$11.8 million, respectively, from the U.S. Department of Education/Higher Education Emergency Relief Fund (HEERF). This money was given to provide economic relief to support the costs of shifting classes online, and for grants to students for food, housing, technology, and other purposes related to the disruption of campus operations due to the COVID-19 crisis. As of May 31, 2022 and 2021, HEERF payments of \$21.3 and \$18.4 million, respectively, are reflected within grants and contracts, net in the accompanying statement of activities.

During the years ended May 31, 2022 and 2021, the University received \$3.7 and \$6.5 million, respectively, in payments through the PHSSEF distributions to support health care providers with health care-related expenses or lost revenue attributable to COVID-19. The recognition of amounts received is conditioned upon the provision of care for individuals with possible or actual cases of COVID-19 after January 31, 2020, certification that payment will be used to prevent, prepare for, and respond to COVID-19 and shall reimburse the recipient only for health care-related expenses or lost revenues that are attributable to COVID-19, and receipt of the funds, among other requirements. In both years, the PHSSEF relief payments are reflected within other sources under operating revenues in the accompanying statement of activities.

Medicare-accelerated payments of \$120.1 million were received by the University during the year ended May 31, 2020, and no payments were received during the years ended May 31, 2022 and 2021. The program requires that the Centers for Medicare & Medicaid Services (CMS) begin to recoup the accelerated payments after 1 year starting from the date that the first advancement was received. Section 2501 of the Continuing Appropriations Act of 2021 stipulates auto recoupment from claims at 25% of net reimbursement for the first 11 months and then 50% for the next 6 months. At the end of the recoupment period, if the remaining balance is not paid within 30 days of a demand letter, then interest will be accrued at 4% on the outstanding balance. The University expects to fully liquidate by July 2022. As of May 31, 2022 and 2021, the outstanding balance of \$19.9 and \$110.0 million, respectively, is reflected within deferred revenues and other deposits in the accompanying statement of financial position.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2022 and 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Continued)**

***Deferred Revenues***

Deferred revenues are primarily comprised of amounts received for grants and contracts that are not billed on a cost-reimbursement basis and student tuition received but has not yet been earned. If services are conducted over a fiscal year-end, deferred revenue is allocated based on number of days or another reasonable method.

Future performance obligations will be met within the next fiscal year, with the exception of a dining services agreement that at May 31, 2022 totaled \$16.3 million and extends 19 more years.

***Auxiliary Enterprises***

Auxiliary enterprises include residence halls, food services, retail stores, and athletics. Fee charges are directly related to the costs of services rendered and are recognized as revenue when the services or goods are delivered. These services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. Performance obligations for housing and dining services are met over the academic terms.

***Annuities Payable and Trusts Held by Others***

Certain gift annuities, charitable lead, and remainder annuity trust agreements have been entered into with donors. Assets reported under these agreements are valued at fair value based on either the present value of expected cash flows or the value of the University's share of the underlying assets.

These assets are included in trusts held by others on the statements of financial position, except for gift annuities, which are included in cash and cash equivalents and investments. Gift annuities included in cash and cash equivalents, and investments totaled \$17.5 and \$17.2 million at May 31, 2022 and 2021, respectively. Generally, revenue from gift annuities and trusts is recognized at the date the agreements are established net of liabilities for the present value of the estimated future payments to donors and/or other beneficiaries.

The liabilities are adjusted during the term of the gift annuities for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

The University is also the beneficiary of certain perpetual trusts, which are included in trusts held by others on the statements of financial position. The fair value of the trusts, which are based on either the present value of the estimated future cash receipts or the fair value of the assets held in the trust, are recognized as assets and gift and trust revenue as of the date the University is notified of the establishment of the trust. The carrying value of the assets is adjusted for changes in fair value.

***Medical School***

Faculty physicians, in addition to teaching and conducting research, engage in the practice of medicine, which generates patient care revenue. Revenues and expenses, including compensation and administrative operations from the practice of medicine, are reflected as University revenues and expenses.

***Related Parties***

The University and the Public Health Trust of Miami-Dade County, Florida (PHT), owner and operator of Jackson Memorial Hospital (JMH), have entered into an affiliation agreement related to their independent missions within the designated land and facilities that comprise the Jackson Memorial Medical Center. Pursuant to that agreement, the PHT provides clinical facilities for the teaching of the University's medical students. Medical education of its students is the sole responsibility of the University. In addition, the University has agreed to permit its faculty to apply for privileges at JMH to train and supervise JMH house staff (interns, residents, and fellows) and to treat hospital patients in their capacity as members of JMH's attending medical staff.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2022 and 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Continued)**

***Related Parties (continued)***

All such treatment and training are the sole responsibility of the PHT in its capacity as the legal owner and operator of the Jackson Health System's public hospitals and clinics and its statutory teaching hospital (JMH). The affiliation agreement provides the terms for the mutual reimbursement of services provided.

Other related party transactions are disclosed in note 3 regarding shared appreciation mortgages to faculty and administrators and note 4 regarding gift contributions from the University's Board of Trustees.

***Insurance***

The University manages property and liability risks through a combination of commercial insurance policies and self-insurance.

The University is self-insured for medical professional liability and maintains commercial excess loss coverage within specified limits. Provisions for medical professional liability claims and related costs are based on several factors, including an annual actuarial study using a discount rate of 2.0% at May 31, 2022 and 2021, respectively.

***Property and Equipment***

Property and equipment is stated at cost less accumulated depreciation and amortization. Property and equipment under finance leases are initially valued and recorded based on the present value of minimum lease payments. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Depreciation on property and equipment held under finance leases is amortized over the shorter of the expected useful life of the asset or term of the related lease. Depreciation is not recorded on land, art objects, and construction in progress. Leasehold improvements are amortized over the lesser of the lease term or the useful life.

Internal-use software costs are expensed or capitalized according to the provisions of the accounting standard. Capitalized software costs are included in computers and software.

***Collections***

Collections at the University include works of art and literary works that are maintained in the University's galleries, libraries, and buildings. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service and, therefore, are capitalized but not depreciated. The University's policy is to use the proceeds from deaccessioned collection items for the acquisition of new collection items. No collection items were deaccessioned for the years ended May 31, 2022 and 2021.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2022 and 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Lease Right-Of-Use Assets and Liabilities***

Operating leases as a lessee are included in other assets and other liabilities on the statement of financial position. The assets and liabilities associated with finance leases as a lessee are included in property and equipment, net, and other liabilities, respectively, on the statement of financial position.

Right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating and finance lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The commencement date is when the University either takes possession of the asset or, in the case of real estate leases, when the landlord makes the building available for use. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases.

***Impairment of Long-Lived Assets***

U.S. GAAP requires that long-lived assets held by an entity, including intangible assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable.

No asset impairments were recorded by the University during the years ended May 31, 2022 and 2021.

***Inventories***

The University's inventories are carried at the lower of cost or net realizable value. Inventories are used in the provision of patient care and generally are not held for sale. Inventories are recorded within other assets on the statement of financial position.

***Subsequent Events***

The University evaluated events and transactions occurring subsequent to May 31, 2022, through September 20, 2022, the date of issuance of the financial statements. During this period, there were no subsequent events requiring recognition or disclosure in the financial statements except as disclosed in note 9 relating to an agreement amendment.

**UNIVERSITY OF MIAMI**  
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**3. ACCOUNTS AND LOANS RECEIVABLE**

At May 31, accounts and loans receivable consist of the following (in millions):

	<u>2022</u>	<u>2021</u>
Accounts and loans receivable, net:		
Patient care	\$ 551.9	\$ 495.4
Grants, contracts, and other	123.8	103.4
Shared appreciation mortgages	16.3	18.8
Student	14.9	22.5
Student loans, net	2.0	2.6
Total	<u>\$ 708.9</u>	<u>\$ 642.7</u>

Approximately 11.5% and 5.8% of accounts and loans receivable, net are due from the Medicare program at May 31, 2022 and 2021, respectively.

Accounts and loans receivable are presented net of allowances for doubtful accounts. Patient care receivables are presented net of implicit and explicit price concessions. At May 31, 2022 and 2021, allowances for doubtful accounts were \$16.5 and \$14.6 million, respectively.

Shared appreciation mortgages were provided as part of a program to attract and retain excellent faculty and senior administrators through home mortgage financing assistance. Shared appreciation notes amounting to \$18.7 and \$21.2 million (each gross of \$2.4 million allowance for doubtful accounts) at May 31, 2022 and 2021, respectively, from University faculty and senior administrators are collateralized by second mortgages on residential properties. The program was suspended effective December 31, 2008, with limited exceptions.

Student loans are made primarily pursuant to federal programs and availability of funding. The related receivables have significant government restrictions as to marketability, interest rates, and repayment terms.

**UNIVERSITY OF MIAMI  
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**4. CONTRIBUTIONS RECEIVABLE (PLEDGES)**

Unconditional pledges are recorded at the present value of their future cash flows using a discount rate ranging from 2.9% to 1.6% at May 31, 2022 and 2021, commensurate with the risk involved at the time the pledge is recorded. They are expected to be realized in the following periods at May 31 (in millions):

	2022	2021
In one year or less	\$ 101.0	\$ 95.5
Between one year and five years	102.0	94.6
More than five years	13.4	12.8
	216.4	202.9
Discount of \$15.6 and allowance for doubtful pledges of \$25.4 for 2022 and \$15.0 and \$23.6 for 2021, respectively	(41.0)	(38.6)
Total	\$ 175.4	\$ 164.3

The methodology for calculating the allowance is based on the administration's review of individually significant outstanding pledges, analysis of the aging of payment schedules for all outstanding pledges, as well as other factors including current economic conditions.

At May 31, 2022, net contributions receivable includes \$81.0 and \$84.6 million, respectively, due from members of the University's Board of Trustees. At May 31, 2022 and 2021, conditional promises to give and bequest intentions totaling \$622.9 and \$640.5 million, respectively, were not reflected in the financial statements.

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS**

***Fair Value Measurements***

***Variable Rate Swap Agreement***

The University entered into an interest rate swap agreement on October 25, 2004, to manage the market risk associated with outstanding variable-rate debt. The swap agreement provides that the University receive a variable rate based on three-month LIBOR and pay a fixed rate of 4.2% and matures on April 3, 2034. Parties to the interest rate swap agreement are subject to market risk for changes in interest rates as well as risk of credit loss in the event of nonperformance by the counterparty. The University deals only with high-quality counterparties that meet rating criteria for financial stability and creditworthiness. The estimated fair value liability of the swap agreement was \$1.7 and \$3.1 million as of May 31, 2022 and 2021, respectively, and is included in other investments. Changes in the fair value, which for fiscal years 2022 and 2021 amounted to an unrealized gain of \$1.4 and \$1.2 million, respectively, are recorded as non-operating activities in the statements of activities. The notional amount was \$12.4 and \$13.1 million for fiscal years 2022 and 2021, respectively.

***Investments***

The fair market value of investments at May 31, 2022 and 2021 amounted to \$2,609.4 and \$2,136.9 million, with a cost basis of \$2,393.7 and \$1,763.6 million, respectively. Short-term investments consist primarily of commercial paper and U.S. Treasury securities with original maturities when purchased in excess of three months. The majority of investments are combined in investment pools with each individual account subscribing to or disposing of shares on the basis of the fair value per share. At May 31, 2022 and 2021, the fair value of the University's primary investment pool (the Growth Pool) amounted to \$1,416.1 and \$1,421.2 million, with a cost basis of \$1,178.9 and \$1,059.6 million, respectively. The Growth Pool is managed by multiple investment managers with asset allocation per the University's investment policy.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
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**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

FASB ASC 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for investments measured at fair value:

**Level 1** — Inputs include valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Inputs to the valuation methodologies include unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

**Level 2** — Inputs include valuations for assets traded in less active dealer or broker markets. Inputs to the valuation methodologies include quoted prices from third-party pricing services for identical or similar assets in active and/or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** — Inputs primarily consist of trusts recorded at fair value based on the underlying value of the assets in the trust or discounted cash flow of the expected payment streams. The trusts reported at Level 3 are primarily perpetual trusts managed by third parties invested in stocks, mutual funds, and fixed-income securities that are traded in active markets with observable inputs, which would result in Level 1 and 2 hierarchical reporting. However, since the University has an interest in the trust and not the underlying trust assets, these perpetual trusts are reported as Level 3.

Categories included in limited partnerships and limited liability companies and other investments represent alternative investments, which are valued at the net asset value (NAV) of the entities as determined by the fund managers. The University uses the NAV of hedge funds and limited partnerships as fair value as a practical expedient except where certain conditions exist.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of any input that is significant to the fair value measurement. The University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at May 31, 2022.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
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**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

	Total	Fair Value Measurement at May 31, 2022 (in millions)		
		Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash equivalents	\$ 484.6	\$ 484.6	\$ -	\$ -
Short-term investments	794.3	794.3	-	-
Corporate bonds	141.6	-	141.6	-
<b>Debt securities:</b>				
U.S. Treasury and other government agencies	15.0	15.0	-	-
Domestic and foreign corporate debt securities	81.4	-	81.4	-
<b>Publicly traded stocks:</b>				
Large-mid cap	39.7	39.7	-	-
Small cap	38.5	38.5	-	-
International	29.8	29.8	-	-
<b>Mutual funds:</b>				
<b>Equities:</b>				
Emerging markets	35.4	35.4	-	-
International	159.9	159.9	-	-
Large-mid cap	321.7	310.3	11.4	-
Small cap	0.2	0.2	-	-
Long-short composite	14.8	14.8	-	-
Fixed income	195.2	145.8	49.4	-
Balanced	1.1	1.1	-	-
<b>Exchange-traded fund:</b>				
Real estate funds	5.2	5.2	-	-
Private Equity - S.A.F.E. Agreement	2.5	-	2.5	-
<b>Limited partnerships and limited liability companies measured at NAV<sup>1</sup>:</b>				
<b>Equities:</b>				
Emerging markets	58.4	-	-	-
International	56.3	-	-	-
Large-mid cap	175.6	-	-	-
Small cap	2.5	-	-	-
Fixed income	139.4	-	-	-
Private equity	164.3	-	-	-
<b>Other:</b>				
Event arbitrage	48.5	-	-	-
Long-short composite	13.9	-	-	-
Multi-strategy	36.5	-	-	-
Real assets related securities	20.6	-	-	-
Real estate	18.8	-	-	-
Interest rate swap	(1.7)	-	(1.7)	-
Total investments, cash equivalents, and swap	3,094.0	2,074.6	284.6	-
Trusts held by others	63.3	-	-	63.3
<b>Total assets</b>	<b>\$ 3,157.3</b>	<b>\$ 2,074.6</b>	<b>\$ 284.6</b>	<b>\$ 63.3</b>

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2022 and 2021**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

	Total	Fair Value Measurement at May 31, 2021 (in millions)		
		Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash equivalents	\$ 515.5	\$ 515.5	\$ -	\$ -
Short-term investments	345.9	345.9	-	-
Corporate bonds	199.7	-	199.7	-
<b>Debt securities:</b>				
U.S. Treasury and other government agencies	0.1	0.1	-	-
<b>Publicly traded stocks:</b>				
Large-mid cap	25.3	25.3	-	-
Small cap	44.5	44.5	-	-
<b>Mutual funds:</b>				
<b>Equities:</b>				
Emerging markets	31.6	31.6	-	-
International	154.5	154.5	-	-
Large-mid cap	358.3	358.3	-	-
<b>Fixed income</b>				
Balanced	1.2	1.2	-	-
<b>Exchange-traded fund:</b>				
Real estate funds	4.8	4.8	-	-
<b>Limited partnerships and limited liability companies measured at NAV<sup>1</sup>:</b>				
<b>Equities:</b>				
Emerging markets	70.5	-	-	-
International	109.2	-	-	-
Large-mid cap	188.3	-	-	-
Small cap	2.8	-	-	-
<b>Fixed income</b>				
Private equity	237.0	-	-	-
Other:	104.2	-	-	-
Event arbitrage	42.4	-	-	-
Long-short composite	32.3	-	-	-
Multi-strategy	51.7	-	-	-
Real assets related securities	4.9	-	-	-
Real estate	10.6	-	-	-
Interest rate swap	(3.1)	-	(3.1)	-
Total investments, cash equivalents, and swap	2,652.4	1,601.9	196.6	-
Trusts held by others	65.2	-	-	65.2
<b>Total assets</b>	<b>\$ 2,717.6</b>	<b>\$ 1,601.9</b>	<b>\$ 196.6</b>	<b>\$ 65.2</b>

<sup>1</sup>In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2022 and 2021**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

The change in Trust held by others from \$65.2 million to \$63.3 million is due to an unrealized loss of \$1.9 million.

The following tables summarize the University's investments whose fair value is reported using net asset value per share (in millions) as a practical expedient:

	At May 31, 2022			
	Fair Value	Future Commitments	Redemption Frequency	Days Notice
Investments:				
Limited partnerships and limited liability companies:				
Equities:				
Emerging markets (b)	\$ 58.4	\$ -	(M).(D)	1-30 days
International (c)	56.3	-	(M).(W)	1-6 days
Large-mid cap (d)	175.6	-	(Q)	1-60 days
Small cap (e)	2.5	-	(D)	1 day
Fixed income (f)	139.4	-	(M).(D)	1-30 days
Private equity (g)	164.3	80.4	(M).(*)	1-50 days
Other:				
Event arbitrage (h)	48.5	13.5	(Q).(*)	1-90 days
Long-short composite (i)	13.9	-	(A)	45 days
Multi-strategy (a)	36.5	-	(M)	1-30 days
Real assets related securities (j)	20.6	2.7	(A).(*)	1-90 days
Real estate (k)	18.8	0.7	*	N/A
Total investments	<u>\$ 734.8</u>	<u>\$ 97.3</u>		

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
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**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

	At May 31, 2021			
	Fair Value	Future Commitments	Redemption Frequency	Days Notice
Investments:				
Limited partnerships and limited liability companies:				
Equities:				
Emerging markets (b)	\$ 70.5	\$ -	(M)	5–30 days
International (c)	109.2	-	(M)	3–6 days
Large-mid cap (d)	188.3	-	(Q)	60 days
Small cap (e)	2.8	-	(D)	1 day
Fixed income (f)	237.0	-	N/A	N/A
Private equity (g)	104.2	82.6	*	N/A
Other:				
Event arbitrage (h)	42.4	0.8	(Q)/(A)	65–90 days
Long-short composite (i)	32.3	-	(M)/(A)	45–50 days
Multi-strategy (a)	51.7	-	(BM), (W)	5–30 days
Real assets related securities (j)	4.9	1.0	*	N/A
Real estate (k)	10.6	3.6	*	N/A
Total investments	<u>\$ 853.9</u>	<u>\$ 88.0</u>		

Redemption Frequency: (A) Annually, (Q) Quarterly, (M) Monthly, (D) Daily, (BM) Bimonthly, (W) Weekly

- (\*) The expected liquidation date for these assets ranges up to 2032 and is based on a combination of the inception date of the fund and the expected life of the fund as outlined in the partnership agreement inclusive of the manager's ability to extend the fund's life.
- (a) This class consists of investments across stocks, bonds, currencies, and commodities.
- (b) This class consists of investments in small and mid-cap equities domiciled in or with significant underlying exposure to emerging markets. The firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations.
- (c) This class consists of investments in equities domiciled outside of the United States. The firms may utilize all-cap, all-style strategy or may focus on narrower strategies, but all funds have a long time horizon.
- (d) This class consists of investments in large and mid-cap equities domiciled in the United States. Some firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations. Other firms follow a diversified strategy in line with a large cap equity index such as the S&P 500. One fund follows a highly diversified strategy with more than 1,000 holdings held across the independently constructed analyst portfolios. Overall investments are geared to be long/short beta neutral with exposures in line with the S&P 500.
- (e) This class consists of investments in small cap equities domiciled in the United States. Some firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations. Other firms follow a diversified strategy in line with a small cap equity index such as the Russell 3000.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
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**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

- (f) This class consists of investments in debt securities. Some firms focus on buying government bonds throughout the world and may also engage in currency hedges and may do so via futures. Other firms focus on buying below investment grade debt.
- (g) This class consists of investments in private equity. These firms will make direct investments in private companies or in one case the firm manages a fund of funds that makes commitments to other private equity, venture capital and buyout funds. These firms invest across all sectors in both the US and globally. The portfolios are illiquid and will be locked for 10 – 12 years.
- (h) This class consists of investments that focus on event driven and credit strategies. Event-driven strategies are when the hedge funds buy the debt of companies that are in financial distress or have already filed for bankruptcy. Credit strategies focus on capital structure arbitrage. These firms look for relative value between senior and junior securities of the same corporate issuer. They also trade securities of equivalent credit quality from different corporate issuers, or different tranches in the complex capital of structured debt vehicles.
- (i) This class consists of hedge funds that focus on decentralized stock selection, predominately long equity strategy with some opportunistic debt investing. Firms typically hold 10-20 long positions and 5-15 shorts positions, with a gross exposure usually below 140%, focused on the small and mid-cap portion of the market.
- (j) This class consists of investments that hedge inflation through the holding of real assets directly or indirectly. Indirectly holding may occur through a fund of funds with underlying holdings in publicly traded mutual funds that invest in commodity markets, fixed income securities, and equities. Direct holding may occur through direct investment in private companies in the energy and mining sector. The later holding is illiquid and will be locked for 10 – 12 years.
- (k) This class consists of investments in underlying properties via debt and/or equity positions. These firms look to uncover real estate opportunities in traditional properties (commercial, residential, industrial, etc.) but will also look for more unique opportunities. The firms vary in focus from regional to global. These investments are illiquid and will typically exist for 10 – 12 years.

The University's investment policy and strategy for its investments, as established by the Investment Committee (the Committee) of the Board and ratified by the Executive Committee of the Board, is to provide for growth of capital with a moderate level of volatility by investing assets based on its target allocations. The weighted average target allocations for University assets is 64.0% Public Equity, 15.0% Fixed Income, and 21.0% other investments.

Public Equity securities include investments in large-mid cap and small cap companies primarily located in the United States, as well as international companies similar to the MSCI EAFE and MSCI EM Indices. Fixed income securities include corporate bonds and loans of companies from diversified industries, mortgage-backed securities, and U.S. treasuries similar to the Bloomberg Barclays US Aggregate Index. Other investments include private equity funds, real estate funds, and hedge funds similar to those of the HFRI Funds of Funds, S&P 500, and Bloomberg Commodity Indexes. Investments periodically are rebalanced to meet established target allocations. In addition, the Committee reviews its investment policy and target allocations periodically and effects changes when required, to ensure that strategic objectives are achieved.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2022 and 2021**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investment Return***

The components of total investment return as reflected in the statements of activities are as follows (in millions):

	<u>2022</u>	<u>2021</u>
Changes in Net Assets Without Donor Restrictions		
Operating:		
Endowment spending distribution	\$ 46.4	\$ 43.9
Investment return	<u>23.5</u>	<u>15.8</u>
Total operating investment return	<u>69.9</u>	<u>59.7</u>
Non-Operating:		
Unrestricted:		
Endowment interest and dividend income, realized and unrealized (losses)/gains, net of endowment spending distribution	(15.1)	51.8
Other net realized and unrealized (losses)/gains	<u>(40.8)</u>	<u>19.8</u>
Total unrestricted non-operating investment return	<u>(55.9)</u>	<u>71.6</u>
Total investment gain from net assets without donor restrictions	<u>14.0</u>	<u>131.3</u>
Changes in Net Assets With Donor Restrictions		
Investment (loss)/income, net of endowment spending distribution	<u>(77.3)</u>	<u>262.6</u>
Total non-operating investment (losses)/gains	<u>(77.3)</u>	<u>262.6</u>
Total investment return	<u>\$ (63.3)</u>	<u>\$ 393.9</u>

**UNIVERSITY OF MIAMI**  
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**May 31, 2022 and 2021**

**6. PROPERTY AND EQUIPMENT**

Property and equipment and related accumulated depreciation and amortization at May 31 consist of the following (in millions):

	<u>Useful Lives</u>	<u>2022</u>	<u>2021</u>
Land		\$ 101.0	\$ 101.0
Land improvements	20 years	148.4	143.3
Buildings and building improvements	8 to 50 years	2,750.0	2,714.4
Leasehold improvements	1 to 50 years	78.6	76.8
Construction in progress		255.3	139.0
Moveable equipment	3 to 20 years	711.9	724.8
Building and equipment under finance leases	1 to 39 years	42.2	37.8
Computers and software	5 to 15 years	237.0	236.8
Library materials	12 years	169.1	158.1
Art objects		59.9	59.4
		<u>4,553.4</u>	<u>4,391.4</u>
Accumulated depreciation and amortization		<u>(2,330.6)</u>	<u>(2,231.5)</u>
Total		<u>\$ 2,222.8</u>	<u>\$ 2,159.9</u>

Depreciation and amortization expense is \$179.0 and \$166.2 million for the years ended May 30, 2022 and 2021, respectively.

Interest on borrowings is capitalized during construction, net of any project specific borrowings' investment income earned through the temporary investment of project tax exempt borrowings. Net interest expense of \$7.9 and \$6.7 million was capitalized for the years ended May 31, 2022 and 2021, respectively.

**7. ENDOWMENT**

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Quasi endowment funds are resources segregated for long-term investment and include investment return on unrestricted investments, and other resources designated by the Board for future programs and operations.

***Spending Policy***

The University's endowment spending policy on accounts in the Growth Pool is to distribute annually 4.5% percent of the three-year moving average market value (calculated quarterly with a November 30 valuation date) of the Growth Pool. For all other endowment accounts, the spending policy is to distribute only interest and dividends as permitted by the gift instrument.

New endowments must be received prior to December 31 in order to activate the spending distribution for the next fiscal year. In addition, no distribution is made from an endowment until its funding reaches, by December 31, the level stipulated by policy.

**UNIVERSITY OF MIAMI**  
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**May 31, 2022 and 2021**

**7. ENDOWMENT (Continued)**

***Return Objectives and Risk Parameters***

The University has adopted investment and spending policies to protect the purchasing power of the endowment and to minimize the effect of capital market fluctuations on operating budgets.

The intent of the University's policy for its primary investment pool (the Growth Pool), as approved by the Board, is to ensure that current and future spending requirements are supported while preserving the Growth Pool's purchasing power through asset growth. To satisfy its long-term rate-of-return objectives, the University relies on a diversified asset allocation with exposures to public and private equities, hedge funds, real assets, and fixed income. The current long-term return objective is to earn a return in excess of its Total Portfolio Benchmark, net of fees. Actual returns in any given year may vary from this amount.

***Application of Relevant Law***

The Board's interpretation of its fiduciary responsibilities for donor-restricted endowments under Uniform Prudent Management of Institutional Funds Act in Florida (FL UPMIFA) is that it is required to use reasonable care and caution as would be exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FL UPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund.

FL UPMIFA specifies that unless stated otherwise in the gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for the spending distribution. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, the University's policy is to report the historical value for such endowments and the net accumulated appreciation as net assets with donor restrictions. The amounts appropriated for the spending distribution are based on the endowment spending rate per unit and the number of units for each fund.

The unspent market appreciation of donor-restricted endowment funds is presented as net assets with donor restrictions until appropriated for expenditure by the Board. When losses on the investments of a donor-restricted endowment fund exceed the net appreciation classified in donor-restricted net assets, the excess loss reduces net assets with donor restrictions. At May 31, 2022 and 2021, the net deficiency in the market value of certain endowment-related assets, which fell below the donor required level, amounted to \$1.5 and \$0 million, respectively, and resulted from unfavorable market fluctuations that occurred shortly after the investment of new donor-restricted contributions, as well as continued appropriations for certain programs deemed prudent by the University.

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**7. ENDOWMENT (Continued)**

Endowment net assets consist of the following (in millions):

	Without Donor Restrictions	With Donor Restrictions	Total
At May 31, 2021:			
Donor-restricted endowment funds:			
At historical value	\$ -	\$ 664.4	\$ 664.4
Accumulated net appreciation	-	488.3	488.3
Quasi endowment funds	240.7	-	240.7
Total	<u>\$ 240.7</u>	<u>\$ 1,152.7</u>	<u>\$ 1,393.4</u>
At May 31, 2022:			
Donor-restricted endowment funds:			
At historical value	\$ -	\$ 702.0	\$ 702.0
Accumulated net appreciation	-	414.6	414.6
Quasi endowment funds	227.7	-	227.7
Total	<u>\$ 227.7</u>	<u>\$ 1,116.6</u>	<u>\$ 1,344.3</u>

Changes in endowment net assets for the fiscal years ended May 31, 2022 and 2021 consist of the following (in millions):

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, May 31, 2020	<u>\$ 184.4</u>	<u>\$ 866.4</u>	<u>\$ 1,050.8</u>
Endowment investment return:			
Investment income	1.6	7.6	9.2
Net appreciation (realized and unrealized)	58.1	274.4	332.5
Total investment return	59.7	282.0	341.7
Gifts and trusts	0.6	40.1	40.7
Endowment spending distribution for programs	(7.9)	(35.6)	(43.5)
Endowment spending distribution rollover	-	(0.4)	(0.4)
Net transfers to quasi endowment funds	3.9	-	3.9
Other	-	0.2	0.2
Balance, May 31, 2021	<u>240.7</u>	<u>1,152.7</u>	<u>1,393.4</u>
Endowment investment return:			
Investment income	2.6	12.3	14.9
Net appreciation (realized and unrealized)	(9.5)	(48.0)	(57.5)
Total investment return	(6.9)	(35.7)	(42.6)
Gifts and trusts	1.0	37.2	38.2
Endowment spending distribution for programs	(8.2)	(38.2)	(46.4)
Net transfers to quasi endowment funds	1.1	-	1.1
Other	-	0.6	0.6
Balance, May 31, 2022	<u>\$ 227.7</u>	<u>\$ 1,116.6</u>	<u>\$ 1,344.3</u>

**UNIVERSITY OF MIAMI  
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**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS**

The University has two non-contributory retirement plans, the Faculty Retirement Plan, and the Employee Retirement Plan. These two plans were closed to employees hired after May 31, 2007. Effective June 1, 2007, a new retirement plan was established, the Retirement Savings Plan.

The University also sponsors an unfunded, defined benefit postretirement health plan that covers all full-time and part-time regular employees who elect coverage and satisfy the plan's eligibility requirements when they retire. The plan is contributory with retiree contributions established as a percentage of the total cost for retiree health care and for the health care of their dependents. The University pays all benefits on a current basis.

In addition to the below noted plans, there are deferred compensation arrangements for certain employees, principally clinical faculty, the liability for which is included in other liabilities.

**The Retirement Savings Plan (Savings Plan)** is a defined contribution plan in which the University makes an automatic core contribution of 5% of pay with a dollar-for-dollar match on voluntary contributions up to an additional 5% of pay once the employee meets certain eligibility requirements. Eligible employees can begin making voluntary contributions to the Savings Plan at any time. Participation is limited to faculty and staff hired on or after June 1, 2007 or who elected, prior to June 1, 2007, to transfer to this plan from the Faculty Retirement Plan or from the Employee Retirement Plan. Core and matching contributions to the Savings Plan for 2022 and 2021 were \$87.3 and \$21.0 million, respectively. Due to COVID-19, contributions were suspended June 2020 through February 2021.

**The Retirement Savings Plan II (Savings Plan II)** is a defined contribution plan the University established, effective January 1, 2008, that covers substantially all employees of UHealth Tower (a facility of the Hospital). The plan is available to employees who meet certain eligibility requirements and requires that UHealth Tower match certain percentages of participants' contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan II at any time. Core and matching contributions to the Savings Plan II were \$8.0 and \$1.5 million for the years ended May 31, 2022 and 2021, respectively.

**The UHealth Retirement Savings Plan III (Savings Plan III)** is a defined contribution plan the University established, effective October 17, 2019, that covers employees working in the UMH or in the UHealth Corporation eligibility companies. The plan is available to employees who meet certain eligibility requirements and requires that UM match certain percentages of participants' contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan III immediately upon hire. Core and matching contributions to the Savings Plan III for 2022 and 2021 were \$3.1 and \$0.3 million, respectively.

**Faculty Retirement Plan (Faculty Plan)** is a defined contribution plan for eligible faculty hired between September 30, 1977 and May 31, 2007, and certain faculty hired on or before September 30, 1977, who ceased participation in the Employee Retirement Plan. Under the terms of the Faculty Plan, the University makes contributions to individual retirement accounts for each eligible faculty member. Payment from the retirement account commences when the faculty member has separated from service and elects to begin distributions in accordance with plan provisions.

Contributions to the Faculty Plan are based upon a combination of compensation, tenure status, length of service, and other factors and are funded as accrued. These contributions were \$20.1 and \$5.9 million for the years ended May 31, 2022 and 2021, respectively.

**The Supplemental Retirement Annuity (SRA) Program** is a defined contribution plan for employees that are participants in the Defined Contribution Retirement Plan for Faculty of the University of Miami or the Retirement Plan for Employees of the University of Miami. The Plan was established on January 1, 1975. On April 19, 2006, the Board of Trustees of the University (the Board) voted to close the Plan to new employees hired on or after June 1, 2007. This plan consists of only employee voluntary contributions.

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**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

*The Employee Retirement Plan (Employee Plan)* is a defined benefit plan primarily for full-time non-faculty employees hired before June 1, 2007. Employee Plan assets are held by a Trustee. The benefit is based on the higher of two formulas: a formula based on years of service and the employee's compensation for the consecutive five-year period of employment that produces the highest average; and a cash balance benefit formula determined each year based on compensation and investment earnings.

The measurement date for the Employee Plan and postretirement health plan is May 31.

The following benefit payments, which reflect expected future service, are expected to be paid, for the fiscal years ending May 31 (in millions):

	Pension Benefits	Postretirement Benefits
2023	\$ 44.7	\$ 0.4
2024	47.5	0.4
2025	42.9	0.4
2026	45.9	0.5
2027	48.2	0.5
2028–2032	236.1	2.9

During the fiscal year ending May 31, 2023, the University expects to contribute \$14.4 million to the Employee Plan and \$0.4 million to its Postretirement Health Plan.

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**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

The tables that follow provide a reconciliation of the changes in the plans' projected benefit obligations, fair value of assets, and funded status at May 31, 2022 and 2021 (in millions):

	Pension Benefits		Postretirement Benefits	
	2022	2021	2022	2021
Change in Benefit Obligation:				
Benefit obligation at beginning of year	\$ 916.8	\$ 977.3	\$ 7.2	\$ 7.1
Service cost – benefits attributed to employee service during period and administrative expenses	14.5	17.5	0.6	0.6
Interest costs accrued to measure benefit obligation at present value	26.7	28.2	0.2	0.2
Plan participant contributions	-	-	0.7	0.7
Actuarial gain	(122.6)	(31.5)	(0.6)	(1.0)
Benefits paid and administrative expenses	(38.3)	(74.7)	(0.9)	(0.4)
Settlements	(125.9)	-	-	-
Benefit obligation at end of year	671.2	916.8	7.2	7.2
Change in Plan Assets:				
Plan assets at fair value at beginning of year	863.0	860.3	-	-
Investment return on plan assets	(99.4)	64.8	-	-
Benefits paid and plan expenses	(38.3)	(74.7)	(0.9)	(0.4)
Employer contributions	14.4	12.6	0.2	(0.3)
Plan participant contributions	-	-	0.7	0.7
Settlements	(125.9)	-	-	-
Plan assets at fair value at end of year	613.8	863.0	-	-
Funded status:				
Accrued pension and postretirement benefit costs recognized on the statements of financial position	\$ (57.4)	\$ (53.8)	\$ (7.2)	\$ (7.2)
Amounts recognized in unrestricted net assets consist of:				
Net actuarial loss (gain)	\$ 166.3	\$ 190.2	\$ (3.6)	\$ (3.2)
Prior service credit	(20.0)	(27.3)	(0.1)	(0.1)
	\$ 146.3	\$ 162.9	\$ (3.7)	\$ (3.3)

At May 31, 2022 and 2021, the accumulated benefit obligation of the Employee Plan was \$656.2 and \$887.6 million, respectively, which was \$42.4 and \$24.6 million in excess of Employee Plan assets, respectively. The investment return on plan assets exceeded the expected rate of return due to favorable market performance for the year ended May 31, 2021. However, for the year ended May 31, 2022, the actual return was less than assumed due to interest rate changes and a lower return on assets. In addition, the ending plan assets at fair value decreased from the prior year due to a retiree annuity purchase transaction. The University purchased annuities for retirees who had a monthly benefit of \$1,000 or less, noting that the annuitization would not impact the retirees' monthly benefit or the other participants and would provide an economic savings to the University.

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**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

The following table provides the components of net periodic pension cost for the plans for the years ended May 31, 2022 and 2021 (in millions):

	Pension Benefits		Postretirement Benefits	
	2022	2021	2022	2021
Service costs – benefits attributed to employee service during periods and administrative expenses	\$ 14.6	\$ 17.5	\$ 0.6	\$ 0.6
Interest costs accrued to measure benefit obligation at present value	26.7	28.2	0.2	0.2
Expected return on plan assets	(44.9)	(49.0)	-	-
Amortization of prior service cost/(credit) - includes changes in pension formula and cost of plan amendments	(7.3)	(7.3)	(0.1)	(0.1)
Recognized net actuarial loss and assumption changes	14.3	21.2	(0.2)	(0.2)
Settlements	31.2	-	-	-
Net periodic benefit cost	<u>\$ 34.6</u>	<u>\$ 10.6</u>	<u>\$ 0.5</u>	<u>\$ 0.5</u>

The components of net periodic benefit cost other than the service cost component are included as a non-operating cost in the line item “Other components of net periodic pension cost” in the statements of activities.

The net actuarial loss (gain) and prior service credit expected to be recognized in net periodic benefit cost over the next fiscal year are as follows (in millions):

	Pension Benefits	Postretirement Benefits
Net actuarial loss (gain)	\$ 12.9	\$ (3.6)
Prior service credit	(7.3)	(0.1)

A 6.75% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2023. The rate is assumed to decrease each year until reaching the ultimate of 4.5% in 2032. Assumed health care cost trend rates have an effect on the amounts reported for the health care plan.

**UNIVERSITY OF MIAMI  
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May 31, 2022 and 2021**

**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

The following weighted-average assumptions were used for the above calculations:

	Pension Benefits		Postretirement Benefits	
	2022	2021	2022	2021
Discount rate for benefit obligation	4.60%	3.05%	4.31%	2.94%
Discount rate for net periodic benefit cost	3.05%	3.05%	2.94%	2.86%
Expected return on plan assets	5.50%	6.00%	N/A	N/A
Rate of compensation increase related to net periodic benefit cost	3.00%	0.00%/3.00%	N/A	N/A

The rate of compensation increase assumption related to the benefit obligation is 0% in fiscal year 2021, and 3.0% thereafter. To develop the expected long-term rate of return for the Employee Plan assets, the University considered the historical returns of the major market indicators relating to the target asset allocation, as well as the current economic and financial market conditions.

The University used mortality tables issued by the Society of Actuaries. These tables represent recent mortality experience for a large U.S. population dataset that is reasonably representative of the population covered under the plan. Specifically, the University selected separate mortality rates for non-annuitants (the Pri-2012 “Employees” table) and annuitants (the Pri-2012 “Healthy Retiree” and “Contingent Spouses” mortality tables), without collar adjustment. Mortality improvement was also assumed beyond the valuation date because recent experience evidenced by Social Security beneficiaries indicated that longevity has continued to improve. For years after 2012, generational improvement was projected using scales MP-2021 and MP-2020 for the years ended May 31, 2022 and 2021, respectively.

***Employee Plan Assets***

The investment policy and objectives, as established by the University, are to ensure that the Employee Plan has sufficient liquidity and investment returns relative to anticipated cash flow and funding requirements, including benefit obligations. The University has incorporated a Dynamic Glide Path (“the Glide Path”) approach to the asset allocation for the Employee Plan. The intent of the Glide Path is to minimize the Plan’s funded ratio volatility. The current Glide Path asset allocation for a funded ratio greater than 90% but less than or equal to 100% is as follows: 10% to 40% growth assets (including public equities, fixed income (non-duration-matched), and other investments); and 60% to 90% fixed income (duration-matched). Public equity securities include registered mutual funds, unregistered limited partnerships, common collective trusts, and 103-12 investment entities, which invest in large cap, mid cap, and small cap companies primarily located in the United States, as well as international and emerging markets. Fixed-income securities include collective investment funds and registered mutual funds, which invest in government and government agency securities, corporate credit (investment-grade and high yield), structured products - leveraged loans, and other related credit instruments.

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**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

***Employee Plan Assets (continued)***

Other investments include uncorrelated long and short investments in markets and instruments, illiquid investments in public and private equity companies, real estate, and common collective trusts investing in real assets related securities similar to those of the HFRI Fund of Funds Index, Cambridge Associates Global Private Equity Index, and Bloomberg Commodity Index. At a minimum, the University reviews the Glide Path and asset allocation annually for appropriateness.

	Total	Fair Value Measurements at May 31, 2022 (in millions)		
		Level 1	Level 2	Level 3
Mutual funds:				
Equities:				
Emerging markets	\$ 1.4	\$ 1.4	\$ -	\$ -
International	5.6	5.6	-	-
Fixed income	94.5	15.0	79.5	-
Unregistered limited partnerships and limited liability companies measured at NAV <sup>1</sup> :				
Equities:				
Emerging markets	8.3	-	-	-
Large-mid cap	40.5	-	-	-
Private equity	4.1	-	-	-
Other:				
Real estate	1.0	-	-	-
Common collective trusts:				
Large cap	11.3	-	11.3	-
Fixed income	90.1	-	90.1	-
Short-term investment funds	27.8	-	27.8	-
Equities measured at NAV <sup>1</sup> :				
Multi-strategy	15.2	-	-	-
103-12 investment entities:				
Equities:				
International measured at NAV <sup>1</sup>	20.0	-	-	-
Corporate and government bonds:				
Fixed income	265.0	162.6	102.4	-
Other investments				
Fixed income	2.6	1.2	1.4	-
Other investments measured at NAV <sup>1</sup>				
Fixed income	9.3	-	-	-
Private equity	7.1	-	-	-
Multi-strategy	11.2	-	-	-
Other	(1.2)	-	-	-
<b>Total</b>	<b>\$ 613.8</b>	<b>\$ 185.8</b>	<b>\$ 312.5</b>	<b>\$ -</b>

**UNIVERSITY OF MIAMI  
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**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

***Employee Plan Assets (continued)***

	Total	Fair Value Measurements at May 31, 2021 (in millions)		
		Level 1	Level 2	Level 3
Publicly traded stocks:				
Small cap	\$ 6.9	\$ 6.9	\$ -	\$ -
Mutual funds:				
Equities:				
Emerging markets	6.9	6.9	-	-
International	17.4	17.4	-	-
Fixed income	120.3	25.9	94.4	-
Unregistered limited partnerships and limited liability companies measured at NAV <sup>1</sup> :				
Equities:				
Emerging markets	13.3	-	-	-
Large-mid cap	40.6	-	-	-
Private equity	3.6	-	-	-
Other:				
Real estate	1.1	-	-	-
Common collective trusts:				
Equities measured at NAV <sup>1</sup> :				
Large cap	46.5	-	-	-
Fixed income	140.1	-	-	-
Multi-strategy	14.8	-	-	-
Short-term investment funds	20.7	-	-	-
103-12 investment entities:				
Equities:				
International measured at NAV <sup>1</sup>	29.3	-	-	-
Corporate and government bonds:				
Fixed income	376.9	246.5	130.4	-
Other investments measured at NAV <sup>1</sup>				
Private equity	7.3	-	-	-
Long-short composite	0.2	-	-	-
Fixed income	10.4	-	-	-
Multi-strategy	10.8	-	-	-
Other	(4.1)	-	-	-
<b>Total</b>	<b>\$ 863.0</b>	<b>\$ 303.6</b>	<b>\$ 224.8</b>	<b>\$ -</b>

<sup>1</sup>In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the pension and other postretirement benefit plans table provided within note 8.

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**9. BONDS AND NOTES PAYABLE**

Bonds and notes payable at May 31 consist of the following (in millions):

	Final Maturity by Fiscal Year	2022 Interest Rate	2022	2021
Miami-Dade County, Florida				
Educational Facilities Authority				
Revenue Bonds, Series 2018A	2053	4.00-5.00%	\$ 230.7	\$ 231.4
Revenue Bonds, Series 2018B (Taxable)	2051	4.47%	17.3	17.3
Revenue and Revenue Refunding Bonds Series 2015A	2045	4.00-5.00%	403.0	403.0
Revenue and Revenue Refunding Bonds, Series 2015B (Taxable)	2050	5.07%	258.1	258.1
Revenue Bonds, Series 2012A	2042	4.00-5.00%	94.6	94.6
Revenue Bonds, Series 2012B (Taxable)	2023	3.31%	1.2	4.2
Revenue Refunding Bonds, Series 2007B	2034	5.25%	137.3	148.5
Total Miami-Dade County Educational Facilities Authority			1,142.2	1,157.1
University of Miami				
Taxable Bonds Series 2022	2052	4.06%	500.0	-
Total Bonds			1,642.2	1,157.1
Notes payable to banks and others	2030	-	8.2	9.2
Lines of credits to banks	2025	Variable	-	96.8
Notes payable to banks and others	2025	Variable	94.5	99.8
Par amount of bonds and notes payable			1,744.9	1,362.9
Net unamortized premium			50.4	53.2
Net unamortized issue costs			(9.9)	(8.0)
Total			\$ 1,785.4	\$ 1,408.1

The annual maturities for bonds and notes payable at May 31, 2022 are as follows (in millions):

2023	\$ 21.9
2024	25.3
2025	99.7
2026	19.2
2027	20.1
Thereafter	1,558.7
Total	\$ 1,744.9

In August 2015, the University entered into a \$600.0 million senior credit facility with a syndicate of lenders, including a line of credit of \$500.0 million and a Term Loan A of \$100.0 million. Effective March 20, 2020, the University refinanced and executed a new \$605.0 million senior credit facility, including a revolving credit facility of \$500.0 million and new Term Loan A of \$105.0 million. The \$500.0 million line of credit and the new Term Loan A have variable interest rates equal to the LIBOR Daily Floating Rate plus 0.70% per annum, and maturity dates of March 19, 2025. The outstanding balance of the Term Loan A at May 31, 2022 and 2021 was \$94.5 and \$99.8 million, respectively. At May 31, 2022 and 2021, the outstanding balance of the line of credit was \$0 million and \$96.8, respectively. In addition, the University has \$0.9 million in letter of credits which reduces the amount available to be drawn on the outstanding balance of the line of credit. Effective June 25, 2021, the University executed Amendment No. 1 to the existing senior credit facility to expand the line of credit available from \$500.0 to \$700.0 million; all other key terms of the agreement remained the same.

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**9. BONDS AND NOTES PAYABLE (Continued)**

Subsequent to year end, the University executed Amendment No. 2 to the existing senior credit facility for the conversion of the reference rate for loans under the Credit Agreement from LIBOR to Term SOFR; all other key terms of the agreement remained the same.

In April 2020, the University entered into a \$200.0 million 364-day credit facility with a syndicate of lenders. The \$200.0 million credit facility has a variable interest rate equal to the LIBOR Daily Floating Rate plus 2.00% per annum, provided that LIBOR is not less than 1.00% and has a maturity date of April 16, 2021. The outstanding balance at May 31, 2020 was \$200.0 million. In August 2020, the University repaid the \$200.0 million credit facility. The 364-day credit facility was terminated on April 16, 2021, and there was no balance outstanding on the line of credit on May 31, 2021.

In April 2022, the University issued \$500.0 million of Taxable Bonds, Series 2022 through a direct issuance. A portion of the proceeds is to be used to finance or refinance all or a part of the costs of the acquisition, construction, renovation, and equipping of educational, research, medical, healthcare, parking, and other facilities owned and operated by the University, including a new student housing village, ambulatory care center, and other capital various projects.

Total interest paid on all bonds and notes was \$58.8 and \$63.6 million for the years ended May 31, 2022 and 2021, respectively. All of the bonds and notes payable listed in the table above are unsecured. The bonds and the notes do not contain any significant financial covenants, except the \$605.0 million senior credit facility has a covenant that requires a minimum revenue of \$2.1 billion during a Required Covenant Year. The University has performed and observed each covenant and condition of the bonds and notes, and no default has occurred.

**10. NET ASSETS**

At May 31, net assets consist of the following (in millions):

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions:		
Designated for operations, programs, facilities expansion, and student loans	\$ 989.5	\$ 653.8
Cumulative pension and postretirement benefits related changes other than net periodic benefit cost	(142.5)	(159.6)
Invested in plant facilities	906.1	950.8
Designated for endowment and similar funds	<u>227.7</u>	<u>240.7</u>
Total net assets without donor restrictions	<u>\$ 1,980.8</u>	<u>\$ 1,685.7</u>
	<u>2022</u>	<u>2021</u>
Net assets with donor restrictions:		
Gifts for programs and facilities expansion	\$ 85.1	\$ 90.2
Contributions (pledges) and trusts	540.7	484.7
Life income and annuity funds	11.9	12.5
Endowment and similar funds	<u>1,116.6</u>	<u>1,152.8</u>
Total net assets with donor restrictions	<u>\$ 1,754.3</u>	<u>\$ 1,740.2</u>

**UNIVERSITY OF MIAMI**  
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**10. NET ASSETS (Continued)**

At May 31, 2022 and 2021, net assets with donor restrictions included amounts that were restricted in perpetuity of \$741.7 and \$703.5 million, respectively, and certain term endowment funds of \$54.3 and \$50.7 million that were available for future distribution, respectively.

**11. GIFTS AND TRUSTS**

The University's Division of Development and Alumni Relations (DAR) reports total gifts and trusts based on the Management Reporting Standards issued by the Council for Advancement and Support of Education (CASE). Gifts, trusts, and pledges (gifts and trusts) reported for financial statement purposes are recorded on the accrual basis.

The table below summarizes gifts and trusts received for the years ended May 31, 2022 and 2021, reported in the statements of activities as well as the CASE standards as reported by DAR (in millions):

	Unaudited	
	2022	2021
Unrestricted gifts and trusts in support of programs	\$ 60.0	\$ 49.8
Unrestricted gifts and trusts for plant expansion	1.0	0.6
Restricted gifts and trusts for programs, plant expansion, and endowments, net	132.2	93.2
Total gifts and trusts, per statements of activities	193.2	143.6
Increases (decreases) to reflect gifts and trusts per CASE standards		
Pledges, net	(6.3)	46.9
Non-government grants, included in grants and contracts revenue	20.7	18.1
Other recovered costs included in other income	1.9	2.8
Differences in valuation/recording:		
Funds held in trust by others	(2.2)	(1.0)
Annuity	0.8	0.1
Timing	(1.6)	(0.5)
Supporting organizations donations recorded under CASE only	2.8	0.4
Gifts-in-kind	(1.7)	(9.8)
Total gifts and trusts as reported by DAR	<u>\$ 207.6</u>	<u>\$ 200.6</u>

**UNIVERSITY OF MIAMI**  
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**May 31, 2022 and 2021**

**12. FUNCTIONAL EXPENSES**

Operating expenses are reported in the statements of activities by natural classification. Expenses related to the University by both natural classification and functional classification for the years ended May 31, 2022 and 2021 are summarized below (in millions):

	2022			
	Academic and research	Health care services	Administrative and support services	Total
Compensation and benefits	\$ 790.1	\$ 1,183.2	\$ 410.4	\$ 2,383.7
Supplies and services	182.2	907.0	144.1	1,233.3
Depreciation and amortization	56.3	47.8	74.9	179.0
Utilities and maintenance	40.8	31.4	10.4	82.6
Interest	14.8	17.4	19.7	51.9
Other	78.0	252.8	116.6	447.4
Total operating expenses	<u>\$ 1,162.2</u>	<u>\$ 2,439.6</u>	<u>\$ 776.1</u>	<u>\$ 4,377.9</u>

	2021			
	Academic and research	Health care services	Administrative and support services	Total
Compensation and benefits	\$ 723.0	\$ 979.0	\$ 349.1	\$ 2,051.1
Supplies and services	158.7	758.9	128.6	1,046.2
Depreciation and amortization	53.7	45.4	73.9	173.0
Utilities and maintenance	33.6	36.8	10.1	80.5
Interest	16.2	16.2	22.4	54.8
Other	61.0	128.5	72.6	262.1
Total operating expenses	<u>\$ 1,046.2</u>	<u>\$ 1,964.8</u>	<u>\$ 656.7</u>	<u>\$ 3,667.7</u>

Certain natural expenses are attributable to more than one supporting functional expense category. These expenses consist primarily of depreciation, amortization, interest, and facilities-related expenses. Operations and maintenance expense of \$214.7 and \$186.6 million for the years ended May 31, 2022 and 2021, respectively, were also allocated. The method used for allocations is based on square footage used by each function, and these expenses are allocated consistently. In addition, square footage for multi-functional spaces is proportionately allocated based on utilization, which is calculated using salary data.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2022 and 2021**

**13. LIQUIDITY AND AVAILABILITY OF RESOURCES**

As part of the University's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily requirements. Cash flows have seasonal variations during the year attributable to tuition billing, patient service, and research reimbursements, and a concentration of contributions received at calendar and fiscal year-end.

The University's financial assets and resources available to meet cash needs for general expenditures within one year as of May 31, 2022 and 2021 are as follows (in millions):

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 525.1	\$ 550.7
Accounts and loans receivable, net	690.9	621.7
Pledge payments available for operations	33.0	37.1
Working capital in investments	782.7	331.7
Subsequent fiscal year endowment distributions	<u>53.2</u>	<u>46.2</u>
Total financial assets available within one year	2,084.9	1,587.4
Liquidity resources:		
Bank lines	<u>700.0</u>	<u>602.0</u>
Total financial assets and liquidity resources available within one year	<u>\$ 2,784.9</u>	<u>\$ 2,189.4</u>

In addition to the liquidity resources noted above, the University has a board-designated endowment of \$227.7 and \$240.7 million as of May 31, 2022 and 2021, respectively, to help manage unanticipated liquidity needs. Although the University does not intend to spend from its board-designated endowment funds as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if required. However, both board-designated and donor-restricted endowment funds contain investments with lock-up provisions that reduce total investments that could be made available to meet cash flow needs.

**14. LEASES**

On June 1, 2020, the University adopted Topic 842 by applying the guidance at adoption date. As a result, the comparative information as of May 31, 2021 was not adjusted. As of June 1, 2020, the University recognized operating right of use assets and lease liabilities for its leases on its statements of financial position. The balances at adoption date of prepaid and accrued rent, lease incentives, and unamortized assets and liabilities were reclassified and are now presented within other assets for operating leases and property and equipment, net for finance leases on the University's statements of financial position.

Upon adoption, the University recognized \$205.1 and \$205.8 million of right-of-use assets and lease obligations, respectively, within the statement of financial position, and an adjustment of \$18.6 million to the opening balance of net assets without donor restrictions at June 1, 2020.

The University has elected to account for lease and non-lease components as a single lease component. The University also elected the package of practical expedients, which allows lessees to make an election to not reassess conclusions previously made under ASC 840 with regard to whether leases and contracts in place at adoption of ASC 842 (a) are or contain leases, (b) the lease classification for existing leases, and (c) the initial direct costs for any existing leases.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2022 and 2021**

**14. LEASES (Continued)**

At May 31, 2022 and 2021, the University recognized under operating leases \$185.0 and \$156.2 million, respectively, as right-of-use assets within other assets, and \$207.2 and \$176.3 million, respectively, as lease obligations within other liabilities. For its finance leases, the University recognized \$32.9 and \$32.9 million, respectively, as right-of-use assets within property and equipment, net and \$15.6 and \$14.7 million, respectively, as lease obligations within other liabilities.

The University is obligated under numerous operating and finance leases to pay base rent through the respective lease expiration dates. Real property under operating and finance leases with remaining lease terms of up to 91 years through fiscal 2113. As well, the University leases various equipment under operating and finance leases expiring at various dates through 2034. Aggregate future minimum lease payments under noncancelable finance and operating leases as of May 31, 2022 are as follows:

	<b>Finance Leases</b>	<b>Operating Leases</b>
2023	\$ 5.4	\$ 28.2
2024	4.9	23.9
2025	3.7	21.3
2026	1.4	15.6
2027	0.4	11.4
Thereafter	-	174.0
Total lease payments	<u>15.8</u>	<u>274.4</u>
Less: Interest portion	<u>(0.2)</u>	<u>(67.2)</u>
Total lease liabilities	<u>\$ 15.6</u>	<u>\$ 207.2</u>

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2022 and 2021**

**14. LEASES (Continued)**

The components of lease expense for the years ended May 31, 2022 and 2021 are as follows (in millions):

	<b>2022</b>	<b>2021</b>
Finance lease expense:		
Amortization of right-of-use assets	\$ 7.1	\$ 6.8
Interest on lease liabilities	0.2	0.2
Operating lease expense	36.0	34.9
Short-term lease expense	3.7	2.5
Variable lease expense	10.4	7.2
Total lease expense	\$ 57.4	\$ 51.6
Other lease information:		
Operating cash flows from operating leases	\$ 35.2	\$ 38.9
Operating and investing cash flows from finance leases	8.7	25.1
Right-of-use assets obtained in exchange for new lease liabilities:		
Finance leases	\$ 9.4	\$ 11.1
Operating leases	63.2	12.9
Weighted-average remaining lease term:		
Finance leases	3 years	4 years
Operating leases	25 years	27 years
Weighted-average discount rate:		
Finance leases	0.93%	0.92%
Operating leases	1.23%	1.16%

The University is the lessor in several long-term non-cancelable operating leases for commercial space through fiscal year 2072. Operating lessor income of \$6.3 million is included in other income within the statement of activities for the year ended May 31, 2022. Future minimum operating rental revenue due as of May 31, 2022 is summarized below (in millions):

2023	\$ 3.7
2024	2.7
2025	2.2
2026	1.9
2027	1.6
Thereafter	49.2
Total future minimum rentals	\$ 61.3

The University has an agreement to use the Hard Rock Stadium on a limited basis through December 31, 2032. The University is treating this as a short-term lease due to the usage being less than 12 months. The short-term lease cost incurred during any one year does not reasonably reflect the short-term lease commitment. Remaining payments under this agreement are \$11.6 million as of May 31, 2022.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2022 and 2021**

**15. COMMITMENTS AND CONTINGENCIES**

The University had contractual obligations of approximately \$247.5 million at May 31, 2022 for various construction projects and purchases of equipment.

The University, in its normal operations, is a defendant in various legal actions. Additionally, amounts received and expended under various federal and state programs are subject to audit by governmental agencies. Management is of the opinion that the outcome of these matters would not have a material effect on the University's financial position or results of operations.

**UNIVERSITY  
OF MIAMI**

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**FINANCIAL STATEMENTS**

**Fiscal years ended MAY 31, 2023 and 2022**

**(With Independent Auditors' Report Thereon)**



KPMG LLP  
Brickell City Center, Suite 1200  
78 SW 7 Street  
Miami, FL 33130

## Independent Auditors' Report

The Board of Trustees  
University of Miami:

### *Opinion*

We have audited the financial statements of University of Miami (the University), which comprise the statements of financial position as of May 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of May 31, 2023 and 2022, 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 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 Financial Statements*

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

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

*KPMG LLP*

Miami, Florida  
September 22, 2023

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF FINANCIAL POSITION**  
**May 31, 2023 and 2022**  
**( in millions )**

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 487.7	\$ 525.1
Accounts and loans receivable, net	362.0	302.1
Patient care receivable, net	396.0	406.8
Contributions receivable, net	155.0	175.4
Other assets	279.3	277.7
Investments	2,704.1	2,609.4
Property and equipment, net	2,587.6	2,222.8
Trusts held by others	55.4	63.3
<b>Total Assets</b>	<b>\$ 7,027.1</b>	<b>\$ 6,582.6</b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 491.5	\$ 417.1
Deferred revenues and other deposits	124.9	144.4
Liability for medical self-insurance	65.9	40.4
Other liabilities	397.1	387.8
Accrued pension and postretirement benefit costs	78.3	64.6
Actuarial liability of annuities payable	5.5	5.5
Government advances for student loans	1.6	2.3
Bonds and notes payable	1,761.2	1,785.4
<b>Total Liabilities</b>	<b>2,926.0</b>	<b>2,847.5</b>
<b>Net Assets</b>		
Without donor restrictions	2,357.4	1,980.8
With donor restrictions	1,743.7	1,754.3
<b>Total Net Assets</b>	<b>4,101.1</b>	<b>3,735.1</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,027.1</b>	<b>\$ 6,582.6</b>

*See accompanying notes to financial statements.*

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended May 31, 2023 and 2022**  
**( in millions )**

	2023	2022
<b>Changes in net assets without donor restrictions</b>		
<b>Operating activities</b>		
<b>Operating revenues</b>		
Tuition and fees, net	\$ 695.3	\$ 650.4
Grants and contracts, net	604.4	554.9
Net patient revenue – medical professional practice	698.2	651.4
Net patient revenue – hospitals and clinics	2,578.6	2,292.0
Gifts and trusts, net	65.2	60.0
Net assets released from restrictions	21.7	13.5
Endowment spending distribution	54.2	46.4
Investment return	57.1	23.5
Auxiliary enterprises, net	262.6	239.2
Other sources	152.4	170.8
<b>Total operating revenues</b>	<b>5,189.7</b>	<b>4,702.1</b>
<b>Operating expenses</b>		
Compensation and benefits	2,620.2	2,383.7
Supplies and services	1,438.5	1,233.3
Depreciation and amortization	181.2	179.0
Utilities and maintenance	92.4	82.6
Interest	63.2	51.9
Other	458.6	447.4
<b>Total operating expenses</b>	<b>4,854.1</b>	<b>4,377.9</b>
<b>Change in net assets without donor restrictions from operating activities</b>	<b>335.6</b>	<b>324.2</b>
<b>Non-Operating activities</b>		
Endowment, annuity, and other investment return, net of distributions	(8.9)	(55.9)
Gifts and trusts, net	0.5	1.0
Net loss on disposal of long-lived assets	0.7	0.3
Other components of net periodic pension costs	(7.3)	(20.1)
Net assets released from restrictions for property and equipment	64.7	28.6
<b>Change in net assets without donor restrictions from non-operating activities</b>	<b>49.7</b>	<b>(46.1)</b>
<b>Postretirement benefits related changes other than net periodic benefit cost</b>	<b>(8.7)</b>	<b>17.0</b>
<b>Increase in net assets without donor restrictions</b>	<b>376.6</b>	<b>295.1</b>
<b>Changes in net assets with donor restrictions</b>		
Endowment, annuity, and other investment return, net of distributions	(51.6)	(77.3)
Gifts and trusts, net	130.8	132.2
Changes in value of annuities payable and trusts held by others	(3.4)	1.3
Net assets released from restrictions	(86.4)	(42.1)
<b>(Decrease) Increase in net assets with donor restrictions</b>	<b>(10.6)</b>	<b>14.1</b>
<b>Increase in total net assets</b>	<b>366.0</b>	<b>309.2</b>
<b>Net Assets</b>		
Net assets, beginning	3,735.1	3,425.9
<b>End of year</b>	<b>\$ 4,101.1</b>	<b>\$ 3,735.1</b>

See accompanying notes to financial statements.

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended May 31, 2023 and 2022**  
**( in millions )**

	2023	2022
<b>Cash flows from operating activities</b>		
Increase in total net assets	\$ 366.0	\$ 309.2
Adjustments to reconcile increase in total net assets to net cash provided by operating activities		
Net realized and unrealized losses on investments	38.2	96.7
Gifts for plant expansion and endowment	(78.6)	(77.2)
Depreciation and amortization	181.2	179.0
Provision for doubtful accounts	16.6	11.2
Net loss on sale and/or disposal of other assets and property and equipment	7.1	8.5
Present value adjustment on annuities payable and trusts held by others	(0.1)	(2.5)
Amortization of debt premiums, discounts, and issue costs	(2.3)	(2.2)
Postretirement benefits related changes other than net periodic benefit cost	8.7	(17.0)
Change in operating assets and liabilities		
(Increase) decrease in		
Accounts and loans receivable	(61.1)	(2.5)
Patient care receivable	10.8	(65.6)
Contributions receivable	(10.2)	(9.6)
Other assets	(1.1)	(29.3)
Increase (decrease) in		
Accounts payable and accrued expenses	116.1	45.7
Deferred revenues, annuities payable, and other liabilities	(1.6)	(73.5)
Accrued pension and postretirement benefit costs	5.0	20.6
Medical self-insurance	25.5	(20.8)
Government advances for student loans	(0.7)	0.6
<b>Net cash provided by operating activities</b>	<b>619.5</b>	<b>371.3</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(1,465.0)	(1,481.6)
Proceeds from the sales and maturities of investments	1,347.4	942.5
Capital expenditures for property and equipment	(592.8)	(269.4)
Student and shared appreciation mortgage loans		
New loans made	(0.1)	(0.1)
Principal collected	(2.6)	(2.3)
<b>Net cash used in investing activities</b>	<b>(713.1)</b>	<b>(810.9)</b>
<b>Cash flows from financing activities</b>		
Gifts for plant expansion and endowment	86.2	39.3
Proceeds from the issuance of debt	-	497.5
Payments on bonds and notes payable	(21.9)	(118.0)
Payments on finance leases	(8.1)	(8.6)
<b>Net cash provided by financing activities</b>	<b>56.2</b>	<b>410.2</b>

*See accompanying notes to financial statements.*

**UNIVERSITY OF MIAMI**  
**STATEMENTS OF CASH FLOWS – (Continued)**  
**Years Ended May 31, 2023 and 2022**  
**( in millions )**

	2023	2022
<b>Cash and cash equivalents</b>		
Net decrease	\$ (37.4)	\$ (29.4)
Beginning of year	525.1	554.5
<b>End of year</b>	<b>\$ 487.7</b>	<b>\$ 525.1</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 80.0	\$ 58.8
Donated securities	10.4	26.3
Accrued liabilities related to additions of property	41.7	21.5

*See accompanying notes to financial statements.*

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2023 and 2022**

**1. ORGANIZATION**

The University of Miami (the University) is a private not-for-profit institution located in South Florida. Founded in 1925, the University owns and operates educational and research facilities as well as a health care system. Its mission is to educate and nurture students, to create knowledge through innovative research programs, to provide service to the community and beyond, and to pursue excellence in health care.

These financial statements include the accounts of the University's departments and facilities, including its hospitals and clinics ("University of Miami Hospitals & Clinics"), which is a division of the University. All significant intercompany accounts and transactions have been eliminated in the preparation of these statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

***Basis of Presentation***

The financial statements of the University have been prepared on the accrual basis of accounting and in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for not-for-profit organizations.

The two net asset categories as reflected in the accompanying financial statements are as follows:

- **Net assets without donor restrictions** - Net assets are free of donor-imposed restrictions. This category includes the University's investment in property and equipment and amounts designated by management for support of operations, programs, and facilities expansion. The University has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the University and, therefore, the University's policy is to record them as net assets without donor restrictions. This category includes all revenues, expenses, gains, and losses that are not changes in net assets with donor restrictions.
- **Net assets with donor restrictions** - Net assets are those whose use by the University is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the University pursuant to those stipulations. These net assets are available for program purposes, i.e., education, research, public service, and scholarships, as well as for buildings and equipment. This category also includes assets that are invested in perpetuity, the income from which is expended for program purposes. Net assets with permanent donor restrictions cannot be removed by actions of the University.

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. GAAP requires that management make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

***Income Taxes***

The University is generally exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC), except for unrelated business income. Accordingly, no significant provision for income taxes is made in the financial statements. At May 31, 2023 and 2022, there were no uncertain tax positions. The University files tax returns with U.S. federal and other state tax authorities for which generally the statute of limitations extends to the year ended May 31, 2020.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Activities***

The University's revenues and expenses related to conducting its core activities are classified as operating in the statements of activities. Endowment, annuity, and other investment return, net of distributions, as well as other components of net periodic pension costs, changes in postretirement obligations, net assets released from restriction for property and equipment, and certain other activities, are classified as non-operating in the statements of activities.

***Cash Equivalents***

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

***Investments***

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 5 for fair value measurements. Realized gains and losses are recognized at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific-identification method. Unrealized gains and losses are recognized for the change in fair value between reporting periods. Interest and dividend income is recognized when earned.

The University's investments include various types of investment securities that are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

***Revenue Recognition***

Revenue is recognized as performance obligations are satisfied, which are determined based on the nature of the services and goods provided.

Tuition and fees revenue is reported within the fiscal year in which educational services are provided. When classes or courses overlap the reporting period, only the portion of the revenue where the performance obligation has not been met is deferred to the next fiscal year.

Scholarships and fellowships awarded to students for tuition, fees, and room and board are based upon need and merit. These awards include amounts funded by the endowment, research funds, and gifts, and reduce the published price of tuition for students receiving such aid. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Revenue Recognition (continued)***

Institutional aid is netted against tuition and fees, and auxiliary enterprises revenue in the statements of activities as follows (in millions):

	<u>2023</u>	<u>2022</u>
Scholarships and fellowships:		
Institutionally funded	\$ 333.2	\$ 315.6
Externally funded - gifts and grants	<u>21.2</u>	<u>30.3</u>
Total amount netted against tuition and fees revenue	<u>\$ 354.4</u>	<u>\$ 345.9</u>
Amount netted against auxiliary enterprises revenue	<u>\$ 32.9</u>	<u>\$ 28.0</u>

Net patient revenue is recorded at the transaction price estimated to reflect the consideration due from patients and third-party payors in exchange for the services provided. The various activities of the University of Miami Hospital & Clinics (the Hospital, a division of the University), including medical care, prescription drugs, and room and board, are considered a single performance obligation. Performance obligations related to patient services are satisfied over time and have a duration of less than one year. Revenue for the Hospital and the Professional Medical Practice (UMMG, a division of the University) is recognized based on actual charges incurred in relation to total expected or actual charges, with a reduction for explicit and implicit price concessions.

The Hospital and UMMG apply the portfolio approach as a practical expedient to group patient contracts with similar characteristics, such that the revenue for a given portfolio would not be materially different than if it were evaluated on an individual contract basis. This grouping is based upon the inpatient/outpatient setting of the services and third-party payors.

The Hospital and UMMG's performance obligations have a duration of less than one year. Therefore, they have elected to apply the optional exemption to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. These unsatisfied or partially unsatisfied performance obligations primarily relate to services provided at the end of the reporting period. Such obligations are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Net patient revenue and accounts receivable consist primarily of patient revenues that are recorded based upon established billing rates less explicit price concessions (including contractual allowances and discounts) and implicit price concessions, effectively the estimated net realizable value. Revenues are recorded in the period the services are provided based upon the estimated amounts due from the patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, and employers. Estimates of contractual allowances represent the difference between established rates for services and amounts reimbursed by third-party payors based upon the payment terms specified in the related contractual agreements.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Revenue Recognition (continued)***

Net patient revenue, disaggregated by payor source for the Hospital and UMMG was as follows (in millions):

	Year ended May 31, 2023		
	UMMG	Hospital	Total
Medicare and Medicare HMO	\$ 162.9	\$ 666.7	\$ 829.6
Medicaid and Medicaid HMO	159.2	188.3	347.5
Managed Care	354.4	1,678.4	2,032.8
Other	21.7	45.2	66.9
	<u>\$ 698.2</u>	<u>\$ 2,578.6</u>	<u>\$ 3,276.8</u>
	Year ended May 31, 2022		
	UMMG	Hospital	Total
Medicare and Medicare HMO	\$ 157.1	\$ 675.1	\$ 832.2
Medicaid and Medicaid HMO	144.2	192.6	336.8
Managed Care	294.7	1,388.0	1,682.7
Other	55.4	36.3	91.7
	<u>\$ 651.4</u>	<u>\$ 2,292.0</u>	<u>\$ 2,943.4</u>

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. The estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined. In the opinion of management, adequate provisions for adjustments that may result from such reviews and audits have been made through May 31, 2023, in the accompanying financial statements. The impact of such adjustments to revenues for the years ended May 31, 2023 and 2022, were increases of \$37.8 and \$18.9 million, respectively.

Grant and contract revenues are received from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return or may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large. Revenues from exchange transactions are recognized as the performance obligations are met, which is generally as the related costs are incurred.

The federal government reimburses the University for facilities and administrative costs incurred in connection with research grants and contracts based on approved rates through 2023. Facilities and administrative cost recovery from government and private sources included in grants and contracts revenues totaled \$95.2 and \$86.3 million during the years ended May 31, 2023 and 2022, respectively.

Conditional promises not reflected in the financial statements, which consist primarily of the difference between the award amount and the revenue recognized for the non-exchange grants, were \$1,017.9 and \$909.5 million at May 31, 2023 and 2022, respectively.

Gifts of cash, property, and marketable securities are recorded as revenue at fair value when received. Unconditional pledges (note 4) are recognized as revenue based on the estimated present value of the future cash flows, net of allowances, when the commitment is received. Pledges made and collected in the same reporting period are recorded when received in the appropriate net asset category.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)**

***Revenue Recognition (continued)***

Conditional pledges are recorded as revenue only when donor conditions are substantially met. Gifts and trusts at May 31, 2023 and 2022 are reported net of uncollectible pledges and reserves of \$11.6 and \$6.4 million, respectively.

***Deferred Revenues***

Deferred revenues are primarily comprised of amounts received for grants and contracts that are not billed on a cost-reimbursement basis and student tuition received but has not yet been earned. If services are conducted over a fiscal year-end, deferred revenue is allocated based on number of days or another reasonable method.

Future performance obligations will be met within the next fiscal year, with the exception of a dining services agreement that at May 31, 2023 totaled \$16.2 million and terminates May 31, 2041.

***Auxiliary Enterprises***

Auxiliary enterprises include residence halls, food services, retail stores, and athletics. Fee charges are directly related to the costs of services rendered and are recognized as revenue when the services or goods are delivered. These services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. Performance obligations for housing and dining services are met over the academic terms.

***Annuities Payable and Trusts Held by Others***

Certain gift annuities, charitable lead, and remainder annuity trust agreements have been entered into with donors. Assets reported under these agreements are valued at fair value based on either the present value of expected cash flows or the value of the University's share of the underlying assets.

These assets are included in trusts held by others on the statements of financial position, except for gift annuities, which are included in cash and cash equivalents and investments. Gift annuities included in cash and cash equivalents, and investments totaled \$17.0 and \$17.5 million at May 31, 2023 and 2022, respectively. Generally, revenue from gift annuities and trusts is recognized at the date the agreements are established net of liabilities for the present value of the estimated future payments to donors and/or other beneficiaries.

The liabilities are adjusted during the term of the gift annuities for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

The University is also the beneficiary of certain perpetual trusts, which are included in trusts held by others on the statements of financial position. The fair value of the trusts, which are based on either the present value of the estimated future cash receipts or the fair value of the assets held in the trust, are recognized as assets and gift and trust revenue as of the date the University is notified of the establishment of the trust. The carrying value of the assets is adjusted for changes in fair value.

***Medical School***

Faculty physicians, in addition to teaching and conducting research, engage in the practice of medicine, which generates patient care revenue. Revenues and expenses, including compensation and administrative operations from the practice of medicine, are reflected as University revenues and expenses.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Continued)**

***Related Parties***

The University and the Public Health Trust of Miami-Dade County, Florida (PHT), owner and operator of Jackson Memorial Hospital (JMH), have entered into an affiliation agreement related to their independent missions within the designated land and facilities that comprise the Jackson Memorial Medical Center. Pursuant to that agreement, the PHT provides clinical facilities for the teaching of the University's medical students. Medical education of its students is the sole responsibility of the University. In addition, the University has agreed to permit its faculty to apply for privileges at JMH to train and supervise JMH house staff (interns, residents, and fellows) and to treat hospital patients in their capacity as members of JMH's attending medical staff.

All such treatment and training are the sole responsibility of the PHT in its capacity as the legal owner and operator of the Jackson Health System's public hospitals and clinics and its statutory teaching hospital (JMH). The affiliation agreement provides the terms for the mutual reimbursement of services provided.

Other related party transactions are disclosed in note 3 regarding shared appreciation mortgages to faculty and administrators and note 4 regarding gift contributions from the University's Board of Trustees.

***Insurance***

The University manages property and liability risks through a combination of commercial insurance policies and self-insurance.

The University is self-insured for medical professional liability and maintains commercial excess loss coverage within specified limits. Provisions for medical professional liability claims and related costs are based on several factors, including an annual actuarial study using a discount rate of 2% at May 31, 2023 and 2022, respectively.

***Property and Equipment***

Property and equipment is stated at cost less accumulated depreciation and amortization. Property and equipment under finance leases are initially valued and recorded based on the present value of minimum lease payments. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Depreciation on property and equipment held under finance leases is amortized over the shorter of the expected useful life of the asset or term of the related lease. Depreciation is not recorded on land, art objects, and construction in progress. Leasehold improvements are amortized over the lesser of the lease term or the useful life.

Internal-use software costs are expensed or capitalized according to the provisions of the accounting standard. Capitalized software costs are included in computers and software.

***Collections***

Collections at the University include works of art and literary works that are maintained in the University's galleries, libraries, and buildings. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service and, therefore, are capitalized but not depreciated. The University's policy is to use the proceeds from deaccessioned collection items for the acquisition of new collection items. No collection items were deaccessioned for the years ended May 31, 2023 and 2022.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Continued)**

***Lease Right-Of-Use Assets and Liabilities***

Operating leases as a lessee are included in other assets and other liabilities on the statements of financial position. The assets and liabilities associated with finance leases as a lessee are included in property and equipment, net, and other liabilities, respectively, on the statements of financial position.

Right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating and finance lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The commencement date is when the University either takes possession of the asset or, in the case of real estate leases, when the landlord makes the building available for use. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases.

***Impairment of Long-Lived Assets***

U.S. GAAP requires that long-lived assets held by an entity, including intangible assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable.

No asset impairments were recorded by the University during the years ended May 31, 2023 and 2022.

***Inventories***

The University's inventories are carried at the lower of cost or net realizable value. Inventories are used in the provision of patient care and generally are not held for sale. Inventories are recorded within other assets on the statements of financial position.

***Patient Care Receivables***

Patient care receivables are presented net of implicit and explicit price concessions and are recorded at their net realizable value. Approximately, 16.9% and 20.0% of patient care receivables, net are due from the Medicare program at May 31, 2023 and 2022, respectively.

***Subsequent Events***

The University evaluated events and transactions occurring subsequent to May 31, 2023, through September 22, 2023, the date of issuance of the financial statements. During this period, there were no subsequent events requiring recognition or disclosure in the financial statements.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**3. ACCOUNTS AND LOANS RECEIVABLE**

At May 31, accounts and loans receivable consist of the following (in millions):

	2023	2022
Accounts and loans receivable, net:		
Grants, contracts, and other	\$ 176.0	\$ 128.2
Third-party payors	154.3	140.7
Shared appreciation mortgages	15.9	16.3
Student	14.7	14.9
Student loans, net	1.1	2.0
Total	\$ 362.0	\$ 302.1

Accounts and loans receivable are presented net of allowances for doubtful accounts. At May 31, 2023 and 2022, allowances for doubtful accounts were \$17.9 and \$16.5 million, respectively.

Shared appreciation mortgages were provided as part of a program to attract and retain excellent faculty and senior administrators through home mortgage financing assistance. Shared appreciation notes amounting to \$18.3 and \$18.7 million (each gross of \$2.4 million allowance for doubtful accounts) at May 31, 2023 and 2022, respectively, from University faculty and senior administrators are collateralized by second mortgages on residential properties. The program was suspended effective December 31, 2008, with limited exceptions.

Student loans are made primarily pursuant to federal programs and availability of funding. The related receivables have significant government restrictions as to marketability, interest rates, and repayment terms.

**4. CONTRIBUTIONS RECEIVABLE (PLEDGES)**

Unconditional pledges are recorded at the present value of their future cash flows using a discount rate ranging from 3.6% and 2.9% at May 31, 2023 and 2022, commensurate with the risk involved at the time the pledge is recorded. They are expected to be realized in the following periods at May 31 (in millions):

	2023	2022
In one year or less	\$ 104.3	\$ 101.0
Between one year and five years	77.8	102.0
More than five years	14.3	13.4
	196.4	216.4
Discount of \$13.1 and allowance for doubtful pledges of \$28.3 for 2023 and \$15.6 and \$25.4 for 2022, respectively	(41.4)	(41.0)
Total	\$ 155.0	\$ 175.4

The methodology for calculating the allowance is based on the administration's review of individually significant outstanding pledges, analysis of the aging of payment schedules for all outstanding pledges, as well as other factors including current economic conditions.

At May 31, 2023 and 2022, net contributions receivable includes \$49.5 and \$81.0 million, respectively, due from members of the University's Board of Trustees. At May 31, 2023 and 2022, conditional promises to give and bequest intentions totaling \$715.0 and \$622.9 million, respectively, were not reflected in the financial statements.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS**

***Fair Value Measurements***

***Variable Rate Swap Agreement***

The University entered into an interest rate swap agreement on October 25, 2004, to manage the market risk associated with outstanding variable-rate debt. The swap agreement provides that the University receive a variable rate based on three-month LIBOR and pay a fixed rate of 4.2% and with an original maturity date of April 3, 2034. Parties to the interest rate swap agreement are subject to market risk for changes in interest rates as well as risk of credit loss in the event of nonperformance by the counterparty. The University deals only with high-quality counterparties that meet rating criteria for financial stability and creditworthiness. The estimated fair value liability of the swap agreement was \$1.0 and \$1.7 million as of May 31, 2023 and 2022, respectively, and is included in other investments. Changes in the fair value, which for fiscal years 2023 and 2022 amounted to an unrealized gain of \$0.7 and \$1.4 million, respectively, are recorded as non-operating activities in the statements of activities. The notional amount was \$11.5 and \$12.4 million for fiscal years 2023 and 2022, respectively.

Subsequent to year end, the University terminated the swap agreement at a cost of \$0.9 million.

***Investments***

The fair market value of investments at May 31, 2023 and 2022 amounted to \$2,704.1 and \$2,609.4 million, with a cost basis of \$2,531.8 and \$2,393.7 million, respectively. Short-term investments consist primarily of commercial paper and U.S. Treasury securities with original maturities when purchased in excess of three months. The majority of investments are combined in investment pools with each individual account subscribing to or disposing of shares on the basis of the fair value per share. At May 31, 2023 and 2022, the fair value of the University's primary investment pool (the Growth Pool) amounted to \$1,441.2 and \$1,416.1 million, with a cost basis of \$1,250.2 and \$1,178.9 million, respectively. The Growth Pool is managed by multiple investment managers with asset allocation per the University's investment policy.

FASB ASC 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for investments measured at fair value:

**Level 1** — Inputs include valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Inputs to the valuation methodologies include unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

**Level 2** — Inputs include valuations for assets traded in less active dealer or broker markets. Inputs to the valuation methodologies include quoted prices from third-party pricing services for identical or similar assets in active and/or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2023 and 2022**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

**Level 3** — Inputs primarily consist of trusts recorded at fair value based on the underlying value of the assets in the trust or discounted cash flow of the expected payment streams. The trusts reported at Level 3 are primarily perpetual trusts managed by third parties invested in stocks, mutual funds, and fixed-income securities that are traded in active markets with observable inputs, which would result in Level 1 and 2 hierarchical reporting. However, since the University has an interest in the trust and not the underlying trust assets, these perpetual trusts are reported as Level 3.

Categories included in limited partnerships and limited liability companies and other investments represent alternative investments, which are valued at the net asset value (NAV) of the entities as determined by the fund managers. The University uses the NAV of hedge funds and limited partnerships as fair value as a practical expedient except where certain conditions exist.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of any input that is significant to the fair value measurement. The University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at May 31, 2023.

	Total	Fair Value Measurement at May 31, 2023 (in millions)		
		Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash equivalents	\$ 546.1	\$ 546.1	\$ -	\$ -
Short-term investments	893.4	893.4	-	-
Corporate bonds	238.4	73.8	164.6	-
Debt securities	41.7	-	41.7	-
Publicly traded stocks	128.1	128.1	-	-
Mutual funds	720.4	672.6	47.8	-
Private Equity - S.A.F.E. Agreement	2.5	-	2.5	-
Limited partnerships and limited liability companies measured at NAV <sup>1</sup>	680.6	-	-	-
Interest rate swap	(1.0)	-	(1.0)	-
<b>Total investments, cash equivalents and swap</b>	<b>3,250.2</b>	<b>2,314.0</b>	<b>255.6</b>	<b>-</b>
Trusts held by others	55.4	-	-	55.4
<b>Total assets</b>	<b>\$ 3,305.6</b>	<b>\$ 2,314.0</b>	<b>\$ 255.6</b>	<b>\$ 55.4</b>

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2023 and 2022**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

	Total	Fair Value Measurement at May 31, 2022 (in millions)		
		Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash equivalents	\$ 484.6	\$ 484.6	\$ -	\$ -
Short-term investments	794.3	794.3	-	-
Corporate bonds	141.6	-	141.6	-
Debt securities	96.4	15.0	81.4	-
Publicly traded stocks	108.0	108.0	-	-
Mutual funds	728.3	667.5	60.8	-
Exchange traded fund	5.2	5.2	-	-
Private Equity - S.A.F.E. Agreement	2.5	-	2.5	-
Limited partnerships and limited liability companies measured at NAV <sup>1</sup>	734.8	-	-	-
Interest rate swap	(1.7)	-	(1.7)	-
<b>Total investments, cash equivalents and swap</b>	<b>3,094.0</b>	<b>2,074.6</b>	<b>284.6</b>	<b>-</b>
Trusts held by others	63.3	-	-	63.3
<b>Total assets</b>	<b>\$ 3,157.3</b>	<b>\$ 2,074.6</b>	<b>\$ 284.6</b>	<b>\$ 63.3</b>

<sup>1</sup> In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The change in Trust held by others from \$63.3 million to \$55.4 million is due to an unrealized loss of \$7.9 million.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2023 and 2022**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

The following tables summarize the University's investments whose fair value is reported using net asset value per share (in millions) as a practical expedient:

	At May 31, 2023		At May 31, 2022		Redemption Frequency	Days Notice
	Fair Value	Future Commitments	Fair Value	Future Commitments		
Investments:						
Limited partnerships and limited liability companies:						
Equities:						
Emerging markets (b)	\$ 51.3		\$ 58.4		(M),(D)	1-30 days
International (c)	55.5		56.3		(M),(W)	1-6 days
Large-mid cap (d)	190.4		175.6		(Q)	1-60 days
Small cap (e)	2.4		2.5		(D)	1 day
Fixed income (f)	78.8		139.4		(M),(D)	1-30 days
Private equity (g)	168.5	\$ 68.6	164.3	\$ 80.4	(M),(*)	1-50 days
Other:						
Event arbitrage (h)	57.8	6.0	48.5	13.5	(Q),(*)	1-90 days
Long-short composite (i)	-	-	13.9	-	(A)	45 days
Multi-strategy (a)	38.4	-	36.5	-	(M),(Q)	1-60 days
Real assets related securities (j)	20.4	0.9	20.6	2.7	(A),(*)	1-90 days
Real estate (k)	17.1	0.8	18.8	0.7	*	NA
Total investments	\$ 680.6	\$ 76.3	\$ 734.8	\$ 97.3		

Redemption Frequency: (A) Annually, (Q) Quarterly, (M) Monthly, (D) Daily, (W) Weekly

(\*) The expected liquidation date for these assets ranges up to 2033 and is based on a combination of the inception date of the fund and the expected life of the fund as outlined in the partnership agreement inclusive of the manager's ability to extend the fund's life.

- (a) This class consists of investments across stocks, bonds, currencies, and commodities.
- (b) This class consists of investments in small and mid-cap equities domiciled in or with significant underlying exposure to emerging markets. The firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations.
- (c) This class consists of investments in equities domiciled outside of the United States. The firms may utilize all-cap, all-style strategy or may focus on narrower strategies, but all funds have a long time horizon.
- (d) This class consists of investments in large and mid-cap equities domiciled in the United States. Some firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations. Other firms follow a diversified strategy in line with a large cap equity index such as the S&P 500. One fund follows a highly diversified strategy with more than 1,000 holdings held across the independently constructed analyst portfolios. Overall investments are geared to be long/short beta neutral with exposures in line with the S&P 500.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2023 and 2022**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Fair Value Measurements (continued)***

***Investments (continued)***

- (e) This class consists of investments in small cap equities domiciled in the United States. Some firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations. Other firms follow a diversified strategy in line with a small cap equity index such as the Russell 3000.
- (f) This class consists of investments in debt securities. Some firms focus on buying government bonds throughout the world and may also engage in currency hedges and may do so via futures. Other firms focus on buying below investment grade debt.
- (g) This class consists of investments in private equity. These firms will make direct investments in private companies or in one case the firm manages a fund of funds that makes commitments to other private equity, venture capital and buyout funds. These firms invest across all sectors in both the US and globally. The portfolios are illiquid and will be locked for 10 – 12 years.
- (h) This class consists of investments that focus on event driven and credit strategies. Event-driven strategies are when the hedge funds buy the debt of companies that are in financial distress or have already filed for bankruptcy. Credit strategies focus on capital structure arbitrage. These firms look for relative value between senior and junior securities of the same corporate issuer. They also trade securities of equivalent credit quality from different corporate issuers, or different tranches in the complex capital of structured debt vehicles.
- (i) This class consists of hedge funds that focus on decentralized stock selection, predominately long equity strategy with some opportunistic debt investing. Firms typically hold 10-20 long positions and 5-15 shorts positions, with a gross exposure usually below 140%, focused on the small and mid-cap portion of the market.
- (j) This class consists of investments that hedge inflation through the holding of real assets directly or indirectly. Indirectly holding may occur through a fund of funds with underlying holdings in publicly traded mutual funds that invest in commodity markets, fixed income securities, and equities. Direct holding may occur through direct investment in private companies in the energy and mining sector. The later holding is illiquid and will be locked for 10 – 12 years.
- (k) This class consists of investments in underlying properties via debt and/or equity positions. These firms look to uncover real estate opportunities in traditional properties (commercial, residential, industrial, etc.) but will also look for more unique opportunities. The firms vary in focus from regional to global. These investments are illiquid and will typically exist for 10 – 12 years.

The University's investment policy and strategy for its investments, as established by the Investment Committee (the Committee) of the Board and ratified by the Executive Committee of the Board, is to provide for growth of capital with a moderate level of volatility by investing assets based on its target allocations. The weighted average target allocations for University assets is 66.0% Public Equity, 10.0% Fixed Income, and 24.0% other investments.

Public Equity securities include investments in large-mid cap and small cap companies primarily located in the United States, as well as international companies similar to the MSCI EAFE and MSCI EM Indices. Fixed income securities include corporate bonds and loans of companies from diversified industries, mortgage-backed securities, and U.S. treasuries similar to the Bloomberg Barclays US Aggregate Index. Other investments include private equity funds, real estate funds, and hedge funds similar to those of the HFRI Funds of Funds, S&P 500, and Bloomberg Commodity Indexes. Investments periodically are rebalanced to meet established target allocations. In addition, the Committee reviews its investment policy and target allocations periodically and effects changes when required, to ensure that strategic objectives are achieved.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

***Investment Return***

The components of total investment return as reflected in the statements of activities are as follows (in millions):

	<u>2023</u>	<u>2022</u>
Changes in Net Assets Without Donor Restrictions		
Operating:		
Endowment spending distribution	\$ 54.2	\$ 46.4
Investment return	<u>57.1</u>	<u>23.5</u>
Total operating investment return	<u>111.3</u>	<u>69.9</u>
Non-Operating:		
Unrestricted:		
Endowment interest and dividend income, realized and unrealized losses, net of endowment spending distribution	(12.0)	(15.1)
Other net realized and unrealized gains/(losses)	<u>3.1</u>	<u>(40.8)</u>
Total unrestricted non-operating investment return	<u>(8.9)</u>	<u>(55.9)</u>
Total investment gain from net assets without donor restrictions	<u>102.4</u>	<u>14.0</u>
Changes in Net Assets With Donor Restrictions		
Investment loss, net of endowment spending distribution	<u>(51.6)</u>	<u>(77.3)</u>
Total non-operating investment losses	<u>(51.6)</u>	<u>(77.3)</u>
Total investment return	<u>\$ 50.8</u>	<u>\$ (63.3)</u>

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**6. PROPERTY AND EQUIPMENT**

Property and equipment and related accumulated depreciation and amortization at May 31 consist of the following (in millions):

	<u>Useful Lives</u>	<u>2023</u>	<u>2022</u>
Land		\$ 102.6	\$ 101.0
Land improvements	20 years	155.8	148.4
Buildings and building improvements	8 to 50 years	2,842.9	2,750.0
Leasehold improvements	1 to 50 years	81.0	78.6
Construction in progress		539.7	255.3
Moveable equipment	3 to 20 years	758.6	711.9
Building and equipment under finance leases	2 to 40 years	75.2	42.2
Computers and software	5 to 15 years	264.9	237.0
Library materials	12 years	179.5	169.1
Art objects		60.9	59.9
		<u>5,061.1</u>	<u>4,553.4</u>
Accumulated depreciation and amortization		<u>(2,473.5)</u>	<u>(2,330.6)</u>
Total		<u>\$ 2,587.6</u>	<u>\$ 2,222.8</u>

Depreciation and amortization expense is \$181.2 and \$179.0 million for the years ended May 31, 2023 and 2022, respectively.

Interest on borrowings is capitalized during construction, net of any project specific borrowings' investment income earned through the temporary investment of project tax exempt borrowings. Net interest expense of \$16.4 and \$7.9 million was capitalized for the years ended May 31, 2023 and 2022, respectively.

**7. ENDOWMENT**

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Quasi endowment funds are resources segregated for long-term investment and include investment return on unrestricted investments, and other resources designated by the Board for future programs and operations.

***Spending Policy***

The University's endowment spending policy on accounts in the Growth Pool is to distribute annually 4.5% percent of the three-year moving average market value (calculated quarterly with a November 30 valuation date) of the Growth Pool. For all other endowment accounts, the spending policy is to distribute only interest and dividends as permitted by the gift instrument.

New endowments must be received prior to December 31 in order to activate the spending distribution for the next fiscal year. In addition, no distribution is made from an endowment until its funding reaches, by December 31, the level stipulated by policy.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**7. ENDOWMENT (Continued)**

***Return Objectives and Risk Parameters***

The University has adopted investment and spending policies to protect the purchasing power of the endowment and to minimize the effect of capital market fluctuations on operating budgets.

The intent of the University's policy for its primary investment pool (the Growth Pool), as approved by the Board, is to ensure that current and future spending requirements are supported while preserving the Growth Pool's purchasing power through asset growth. To satisfy its long-term rate-of-return objectives, the University relies on a diversified asset allocation with exposures to public and private equities, hedge funds, real assets, and fixed income. The current long-term return objective is to earn a return in excess of its Total Portfolio Benchmark, net of fees. Actual returns in any given year may vary from this amount.

***Application of Relevant Law***

The Board's interpretation of its fiduciary responsibilities for donor-restricted endowments under Uniform Prudent Management of Institutional Funds Act in Florida (FL UPMIFA) is that it is required to use reasonable care and caution as would be exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FL UPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund.

FL UPMIFA specifies that unless stated otherwise in the gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for the spending distribution. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, the University's policy is to report the historical value for such endowments and the net accumulated appreciation as net assets with donor restrictions. The amounts appropriated for the spending distribution are based on the endowment spending rate per unit and the number of units for each fund.

The unspent market appreciation of donor-restricted endowment funds is presented as net assets with donor restrictions until appropriated for expenditure by the Board. When losses on the investments of a donor-restricted endowment fund exceed the net appreciation classified in donor-restricted net assets, the excess loss reduces net assets with donor restrictions. At May 31, 2023 and 2022, the net deficiency in the market value of certain endowment-related assets, which fell below the donor required level, amounted to \$1.9 and \$1.5 million, respectively, and resulted from unfavorable market fluctuations that occurred shortly after the investment of new donor-restricted contributions, as well as continued appropriations for certain programs deemed prudent by the University.

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**7. ENDOWMENT (Continued)**

Endowment net assets consist of the following (in millions):

	Without Donor Restrictions	With Donor Restrictions	Total
At May 31, 2022:			
Donor-restricted endowment funds:			
At historical value	\$ -	\$ 702.0	\$ 702.0
Accumulated net appreciation	-	414.6	414.6
Quasi endowment funds	<u>227.7</u>	<u>-</u>	<u>227.7</u>
Total	<u><u>227.7</u></u>	<u><u>1,116.6</u></u>	<u><u>\$ 1,344.3</u></u>
At May 31, 2023:			
Donor-restricted endowment funds:			
At historical value	\$ -	\$ 766.4	\$ 766.4
Accumulated net appreciation	-	367.9	367.9
Quasi endowment funds	<u>231.4</u>	<u>-</u>	<u>231.4</u>
Total	<u><u>\$ 231.4</u></u>	<u><u>\$ 1,134.3</u></u>	<u><u>\$ 1,365.7</u></u>

Changes in endowment net assets for the fiscal years ended May 31, 2023 and 2022 consist of the following (in millions):

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, May 31, 2021	<u>\$ 240.7</u>	<u>\$ 1,152.7</u>	<u>\$ 1,393.4</u>
Endowment investment return:			
Investment income	2.6	12.3	14.9
Net depreciation (realized and unrealized)	<u>(9.5)</u>	<u>(48.0)</u>	<u>(57.5)</u>
Total investment return	(6.9)	(35.7)	(42.6)
Gifts and trusts	1.0	37.2	38.2
Endowment spending distribution for programs	(8.2)	(38.2)	(46.4)
Net transfers to quasi endowment funds	1.1	-	1.1
Other	<u>-</u>	<u>0.6</u>	<u>0.6</u>
Balance, May 31, 2022	<u>227.7</u>	<u>1,116.6</u>	<u>1,344.3</u>
Endowment investment return:			
Investment income	3.3	15.7	19.0
Net depreciation (realized and unrealized)	<u>(3.5)</u>	<u>(20.0)</u>	<u>(23.5)</u>
Total investment return	(0.2)	(4.3)	(4.5)
Gifts and trusts	13.1	64.3	77.4
Endowment spending distribution for programs	(11.9)	(42.3)	(54.2)
Net transfers to quasi endowment funds	<u>2.7</u>	<u>-</u>	<u>2.7</u>
Balance, May 31, 2023	<u><u>\$ 231.4</u></u>	<u><u>\$ 1,134.3</u></u>	<u><u>\$ 1,365.7</u></u>

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS**

The University has two non-contributory retirement plans, the Faculty Retirement Plan, and the Employee Retirement Plan. These two plans were closed to employees hired after May 31, 2007. Effective June 1, 2007, a new retirement plan was established, the Retirement Savings Plan.

The University also sponsors an unfunded, defined benefit postretirement health plan that covers all full-time and part-time regular employees who elect coverage and satisfy the plan's eligibility requirements when they retire. The plan is contributory with retiree contributions established as a percentage of the total cost for retiree health care and for the health care of their dependents. The University pays all benefits on a current basis.

In addition to the below noted plans, there are deferred compensation arrangements for certain employees, principally clinical faculty, the liability for which is included in other liabilities.

**The Retirement Savings Plan (Savings Plan)** is a defined contribution plan in which the University makes an automatic core contribution of 5% of pay with a dollar-for-dollar match on voluntary contributions up to an additional 5% of pay once the employee meets certain eligibility requirements. Eligible employees can begin making voluntary contributions to the Savings Plan at any time. Participation is limited to faculty and staff hired on or after June 1, 2007 or who elected, prior to June 1, 2007, to transfer to this plan from the Faculty Retirement Plan or from the Employee Retirement Plan. Core and matching contributions to the Savings Plan for 2023 and 2022 were \$88.1 and \$87.3 million, respectively.

**The Retirement Savings Plan II (Savings Plan II)** is a defined contribution plan the University established, effective January 1, 2008, that covers substantially all employees of UHealth Tower (a facility of the Hospital). The plan is available to employees who meet certain eligibility requirements and requires that UHealth Tower match certain percentages of participants' contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan II at any time. Core and matching contributions to the Savings Plan II were \$8.1 and \$8.0 million for the years ended May 31, 2023 and 2022, respectively.

**The UHealth Retirement Savings Plan III (Savings Plan III)** is a defined contribution plan the University established, effective October 17, 2019, that covers employees working in the UMH or in the UHealth Corporation eligibility companies. The plan is available to employees who meet certain eligibility requirements and requires that UM match certain percentages of participants' contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan III immediately upon hire. Core and matching contributions to the Savings Plan III for 2023 and 2022 were \$11.6 and \$3.1 million, respectively.

**Faculty Retirement Plan (Faculty Plan)** is a defined contribution plan for eligible faculty hired between September 30, 1977 and May 31, 2007, and certain faculty hired on or before September 30, 1977, who ceased participation in the Employee Retirement Plan. Under the terms of the Faculty Plan, the University makes contributions to individual retirement accounts for each eligible faculty member. Payment from the retirement account commences when the faculty member has separated from service and elects to begin distributions in accordance with plan provisions.

Contributions to the Faculty Plan are based upon a combination of compensation, tenure status, length of service, and other factors and are funded as accrued. These contributions were \$18.4 and \$20.1 million for the years ended May 31, 2023 and 2022, respectively.

**The Supplemental Retirement Annuity (SRA) Program** is a defined contribution plan for employees that are participants in the Defined Contribution Retirement Plan for Faculty of the University of Miami or the Retirement Plan for Employees of the University of Miami. The Plan was established on January 1, 1975. On April 19, 2006, the Board of Trustees of the University (the Board) voted to close the Plan to new employees hired on or after June 1, 2007. This plan consists of only employee voluntary contributions.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2023 and 2022**

**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

*The Employee Retirement Plan (Employee Plan)* is a defined benefit plan primarily for full-time non-faculty employees hired before June 1, 2007. Employee Plan assets are held by a Trustee. The benefit is based on the higher of two formulas: a formula based on years of service and the employee's compensation for the consecutive five-year period of employment that produces the highest average; and a cash balance benefit formula determined each year based on compensation and investment earnings.

The measurement date for the Employee Plan and postretirement health plan is May 31.

The following benefit payments, which reflect expected future service, are expected to be paid, for the fiscal years ending May 31 (in millions):

	Pension Benefits	Postretirement Benefits
2024	\$ 47.6	\$ 0.4
2025	43.3	0.4
2026	47.2	0.4
2027	49.6	0.5
2028	50.1	0.5
2029–2033	242.0	3.2

During the fiscal year ending May 31, 2024, the University expects to contribute \$15.0 million to the Employee Plan and \$0.4 million to its Postretirement Health Plan.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
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**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

The tables that follow provide a reconciliation of the changes in the plans' projected benefit obligations, fair value of assets, and funded status at May 31, 2023 and 2022 (in millions):

	Pension Benefits		Postretirement Benefits	
	2023	2022	2023	2022
Change in Benefit Obligation:				
Benefit obligation at beginning of year	\$ 671.2	\$ 916.8	\$ 7.2	\$ 7.2
Service cost – benefits attributed to employee service during period and administrative expenses	12.5	14.5	0.5	0.6
Interest costs accrued to measure benefit obligation at present value	29.1	26.7	0.3	0.2
Plan participant contributions	-	-	0.7	0.7
Actuarial gain	(33.4)	(122.6)	0.1	(0.6)
Benefits paid and administrative expenses	(55.1)	(38.3)	(1.6)	(0.9)
Settlements	-	(125.9)	-	-
Benefit obligation at end of year	624.3	671.2	7.2	7.2
Change in Plan Assets:				
Plan assets at fair value at beginning of year	613.8	863.0	-	-
Investment return on plan assets	(19.8)	(99.4)	-	-
Benefits paid and plan expenses	(55.2)	(38.3)	(1.6)	(0.9)
Employer contributions	14.4	14.4	0.9	0.2
Plan participant contributions	-	-	0.7	0.7
Settlements	-	(125.9)	-	-
Plan assets at fair value at end of year	553.2	613.8	-	-
Funded status:				
Accrued pension and postretirement benefit costs recognized on the statements of financial position	\$ (71.1)	\$ (57.4)	\$ (7.2)	\$ (7.2)
Amounts recognized in unrestricted net assets consist of:				
Net actuarial loss (gain)	\$ 167.3	\$ 166.3	\$ (3.3)	\$ (3.6)
Prior service credit	(12.8)	(20.0)	-	(0.1)
	\$ 154.5	\$ 146.3	\$ (3.3)	\$ (3.7)

At May 31, 2023 and 2022, the accumulated benefit obligation of the Employee Plan was \$611.7 and \$656.2 million, respectively, which was \$58.5 and \$42.4 million in excess of Employee Plan assets, respectively. For both years ending May 31, 2023 and 2022, the actual return was less than assumed due to interest rate changes and a lower return on assets. In addition, the ending plan assets at fair value decreased from the prior year due to a retiree annuity purchase transaction. The University purchased annuities for retirees who had a monthly benefit of \$1,000 or less, noting that the annuitization would not impact the retirees' monthly benefit or the other participants and would provide economic savings to the University.

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2023 and 2022**

**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

The following table provides the components of net periodic pension cost for the plans for the years ended May 31, 2023 and 2022 (in millions):

	Pension Benefits		Postretirement Benefits	
	2023	2022	2023	2022
Service costs – benefits attributed to employee service during periods and administrative expenses	\$ 12.5	\$ 14.6	\$ 0.5	\$ 0.6
Interest costs accrued to measure benefit obligation at present value	29.1	26.7	0.3	0.2
Expected return on plan assets	(28.8)	(44.9)	-	-
Amortization of prior service cost/(credit) - includes changes in pension formula and cost of plan amendments	(7.3)	(7.3)	(0.1)	(0.1)
Recognized net actuarial loss and assumption changes	14.2	14.3	(0.2)	(0.2)
Settlements	-	31.2	-	-
Net periodic benefit cost	\$ 19.7	\$ 34.6	\$ 0.5	\$ 0.5

The components of net periodic benefit cost other than the service cost component are included as a non-operating cost in the line item “Other components of net periodic pension cost” in the statements of activities.

The net actuarial loss (gain) and prior service credit expected to be recognized in net periodic benefit cost over the next fiscal year are as follows (in millions):

	Pension Benefits	Postretirement Benefits
Net actuarial loss (gain)	\$ 15.3	\$ (3.3)
Prior service credit	(7.3)	-

An 8.25% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2023. The rate is assumed to decrease each year until reaching the ultimate of 4.50% in 2032. Assumed health care cost trend rates have an effect on the amounts reported for the health care plan.

**UNIVERSITY OF MIAMI  
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**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

The following weighted-average assumptions were used for the above calculations:

	Pension Benefits		Postretirement Benefits	
	2023	2022	2023	2022
Discount rate for benefit obligation	5.45 %	4.60 %	5.12 %	4.31 %
Discount rate for net periodic benefit cost	4.60 %	3.05 %	4.31 %	2.94 %
Expected return on plan assets	5.00 %	5.50 %	N/A	N/A
Rate of compensation increase related to net periodic benefit cost	3.00 %	3.00 %	N/A	N/A

The rate of compensation increase assumption related to the benefit obligation is 3.0%. To develop the expected long-term rate of return for the Employee Plan assets, the University considered the historical returns of the major market indicators relating to the target asset allocation, as well as the current economic and financial market conditions.

The University used mortality tables issued by the Society of Actuaries. These tables represent recent mortality experience for a large U.S. population dataset that is reasonably representative of the population covered under the plan. Specifically, the University selected separate mortality rates for non-annuitants (the Pri-2012 “Employees” table) and annuitants (the Pri-2012 “Healthy Retiree “ and “Contingent Spouses” mortality tables), without collar adjustment. Mortality improvement was also assumed beyond the valuation date because recent experience evidenced by Social Security beneficiaries indicated that longevity has continued to improve. For years after 2012, generational improvement was projected using scales MP-2021 for the years ended May 31, 2023 and 2022, respectively.

***Employee Plan Assets***

The investment policy and objectives, as established by the University, are to ensure that the Employee Plan has sufficient liquidity and investment returns relative to anticipated cash flow and funding requirements, including benefit obligations. The University has incorporated a Dynamic Glide Path (“the Glide Path”) approach to the asset allocation for the Employee Plan. The intent of the Glide Path is to minimize the Plan’s funded ratio volatility. The current Glide Path asset allocation for a funded ratio greater than 85% but less than or equal to 100% is as follows: 15% to 45% growth assets (including public equities, fixed income (non-duration-matched), and other investments); and 55% to 85% fixed income (duration-matched). Public equity securities include registered mutual funds, unregistered limited partnerships, common collective trusts, and 103-12 investment entities, which invest in large cap, mid cap, and small cap companies primarily located in the United States, as well as international and emerging markets. Fixed-income securities include collective investment funds and registered mutual funds, which invest in government and government agency securities, corporate credit (investment-grade and high yield), structured products - leveraged loans, and other related credit instruments.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

***Employee Plan Assets (continued)***

Other investments include uncorrelated long and short investments in markets and instruments, illiquid investments in public and private equity companies, real estate, and common collective trusts investing in real assets related securities similar to those of the HFRI Fund of Funds Index, Cambridge Associates Global Private Equity Index, and Bloomberg Commodity Index. At a minimum, the University reviews the Glide Path and asset allocation annually for appropriateness.

	Total	Fair Value Measurements at May 31, 2023 (in millions)		
		Level 1	Level 2	Level 3
Mutual funds:				
Equities:				
Emerging markets	\$ 3.8	\$ 3.8	\$ -	\$ -
International	7.4	7.4	-	-
Fixed income	79.8	16.8	63.0	-
Unregistered limited partnerships and limited liability companies measured at NAV <sup>1</sup> :				
Equities:				
Emerging markets	7.7	-	-	-
Large-mid cap	35.5	-	-	-
Private equity	2.9	-	-	-
Other:				
Real estate	0.7	-	-	-
Common collective trusts:				
Large cap	28.4	-	28.4	-
Fixed income	74.0	-	74.0	-
Short-term investment funds	16.6	-	16.6	-
Equities measured at NAV <sup>1</sup> :				
Multi-strategy	15.4	-	-	-
103-12 investment entities:				
Equities:				
International measured at NAV <sup>1</sup>	21.3	-	-	-
Corporate and government bonds:				
Fixed income	239.9	159.7	80.2	-
Other investments				
Fixed income	4.2	0.6	3.6	-
Other investments measured at NAV <sup>1</sup>				
Fixed income	9.8	-	-	-
Private equity	5.3	-	-	-
Multi-strategy	9.0	-	-	-
Other	(8.5)	-	-	-
<b>Total</b>	<b>\$ 553.2</b>	<b>\$ 188.3</b>	<b>\$ 265.8</b>	<b>\$ -</b>

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2023 and 2022**

**8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**

***Employee Plan Assets (continued)***

	Total	Fair Value Measurements at May 31, 2022 (in millions)		
		Level 1	Level 2	Level 3
Mutual funds:				
Equities:				
Emerging markets	\$ 1.4	\$ 1.4	\$ -	\$ -
International	5.6	5.6	-	-
Fixed income	94.5	15.0	79.5	-
Unregistered limited partnerships and limited liability companies measured at NAV <sup>1</sup> :				
Equities:				
Emerging markets	8.3	-	-	-
Large-mid cap	40.5	-	-	-
Private equity	4.1	-	-	-
Other:				
Real estate	1.0	-	-	-
Common collective trusts:				
Large cap	11.3	-	11.3	-
Fixed income	90.1	-	90.1	-
Short-term investment funds	27.8	-	27.8	-
Equities measured at NAV <sup>1</sup> :				
Multi-strategy	15.2	-	-	-
103-12 investment entities:				
Equities:				
International measured at NAV <sup>1</sup>	20.0	-	-	-
Corporate and government bonds:				
Fixed income	265.0	162.6	102.4	-
Other investments				
Fixed income	2.6	1.2	1.4	-
Other investments measured at NAV <sup>1</sup>				
Fixed income	9.3	-	-	-
Private equity	7.1	-	-	-
Multi-strategy	11.2	-	-	-
Other	(1.2)	-	-	-
<b>Total</b>	<b>\$ 613.8</b>	<b>\$ 185.8</b>	<b>\$ 312.5</b>	<b>\$ -</b>

<sup>1</sup> In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the pension and other postretirement benefit plans table provided within note 8.

**UNIVERSITY OF MIAMI  
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**9. BONDS AND NOTES PAYABLE**

Bonds and notes payable at May 31 consist of the following (in millions):

	Final Maturity by Fiscal Year	2023 Interest Rate	2023	2022
Miami-Dade County, Florida				
Educational Facilities Authority				
Revenue Bonds, Series 2018A	2053	4.00-5.00%	\$ 230.0	\$ 230.7
Revenue Bonds, Series 2018B (Taxable)	2051	4.47 %	17.3	17.3
Revenue and Revenue Refunding Bonds Series 2015A	2045	4.00-5.00%	403.0	403.0
Revenue and Revenue Refunding Bonds, Series 2015B (Taxable)	2050	5.07 %	258.1	258.1
Revenue Bonds, Series 2012A	2042	4.00-5.00%	92.8	94.6
Revenue Bonds, Series 2012B (Taxable)	2023	3.31 %	-	1.2
Revenue Refunding Bonds, Series 2007B	2034	5.25 %	125.3	137.3
Total Miami-Dade County Educational Facilities Authority			1,126.5	1,142.2
University of Miami				
Taxable Bonds Series 2022	2052	4.06 %	500.0	500.0
Total Bonds			1,626.5	1,642.2
Notes payable to banks and others	2030	-	7.2	8.2
Lines of credits to banks	2025	Variable	-	-
Notes payable to banks and others	2025	Variable	89.3	94.5
Par amount of bonds and notes payable			1,723.0	1,744.9
Net unamortized premium			47.4	50.4
Net unamortized issue costs			(9.2)	(9.9)
Total			\$ 1,761.2	\$ 1,785.4

The annual maturities for bonds and notes payable at May 31, 2023 are as follows (in millions):

2024	\$ 25.3
2025	99.7
2026	19.2
2027	20.1
2028	21.1
Thereafter	1,537.6
Total	\$ 1,723.0

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2023 and 2022**

**9. BONDS AND NOTES PAYABLE (Continued)**

In August 2015, the University entered into a \$600.0 million senior credit facility with a syndicate of lenders, including a line of credit of \$500.0 million and a Term Loan A of \$100.0 million. Effective March 20, 2020, the University refinanced and executed a new \$605.0 million senior credit facility, including a revolving credit facility of \$500.0 million and new Term Loan A of \$105.0 million. The Term Loan A has a variable interest rate equal to the LIBOR Daily Floating Rate plus 0.70% per annum, and a maturity date of March 19, 2025. The outstanding balance of the Term Loan A at May 31, 2023 and 2022 was \$89.3 and \$94.5 million, respectively. The line of credit was paid down during fiscal year 2022. There were no outstanding borrowings on the line of credit as of May 31, 2023 and 2022, respectively. In addition, the University has \$0.9 million in letter of credits which reduces the amount available to be drawn on the line of credit. Effective June 25, 2021, the University executed Amendment No. 1 to the existing senior credit facility to expand the line of credit available from \$500.0 to \$700.0 million; all other key terms of the agreement remained the same. Effective July 29, 2022, the University executed Amendment No. 2 to the existing senior credit facility for the conversion of the reference rate for loans under the Credit Agreement from LIBOR to Term SOFR; all other key terms of the agreement remained the same.

In April 2022, the University issued \$500.0 million of Taxable Bonds, Series 2022 through a direct issuance. A portion of the proceeds is to be used to finance or refinance all or a part of the costs of the acquisition, construction, renovation, and equipping of educational, research, medical, healthcare, parking, and other facilities owned and operated by the University, including a new student housing village, ambulatory care center, and other capital various projects.

Total interest paid on all bonds and notes was \$80.0 and \$58.8 million for the years ended May 31, 2023 and 2022, respectively. All of the bonds and notes payable listed in the table above are unsecured. The bonds and the notes do not contain any significant financial covenants, except the \$605.0 million senior credit facility has a covenant that requires a minimum revenue of \$2.1 billion during a Required Covenant Year. The University has performed and observed each covenant and condition of the bonds and notes, and no default has occurred.

**10. NET ASSETS**

At May 31, net assets consist of the following (in millions):

	2023	2022
Net assets without donor restrictions:		
Designated for operations, programs, facilities expansion, and student loans	\$ 1,257.5	\$ 989.5
Cumulative pension and postretirement benefits related changes other than net periodic benefit cost	(151.2)	(142.5)
Invested in plant facilities	1,019.7	906.1
Designated for endowment and similar funds	231.4	227.7
Total net assets without donor restrictions	\$ 2,357.4	\$ 1,980.8
Net assets with donor restrictions:		
Gifts for programs and facilities expansion	\$ 100.5	\$ 85.1
Contributions (pledges) and trusts	497.4	540.7
Life income and annuity funds	11.5	11.9
Endowment and similar funds	1,134.3	1,116.6
Total net assets with donor restrictions	\$ 1,743.7	\$ 1,754.3

At May 31, 2023 and 2022, net assets with donor restrictions included amounts that were restricted in perpetuity of \$792.2 and \$741.7 million, respectively, and certain term endowment funds of \$52.9 and \$54.3 million that were available for future distribution, respectively.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
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**11. FUNCTIONAL EXPENSES**

Operating expenses are reported in the statements of activities by natural classification. Expenses related to the University by both natural classification and functional classification for the years ended May 31, 2023 and 2022 are summarized below (in millions):

	2023			Total
	Academic and research	Health care services	Administrative and support services	
Compensation and benefits	\$ 872.4	\$ 1,235.2	\$ 512.6	\$ 2,620.2
Supplies and services	216.8	1,068.0	153.7	1,438.5
Depreciation and amortization	61.7	50.5	69.0	181.2
Utilities and maintenance	42.5	32.3	17.6	92.4
Interest	19.8	21.3	22.1	63.2
Other	134.5	200.7	123.4	458.6
<b>Total operating expenses</b>	<b>\$ 1,347.7</b>	<b>\$ 2,608.0</b>	<b>\$ 898.4</b>	<b>\$ 4,854.1</b>

	2022			Total
	Academic and research	Health care services	Administrative and support services	
Compensation and benefits	\$ 790.1	\$ 1,183.2	\$ 410.4	\$ 2,383.7
Supplies and services	182.2	907.0	144.1	1,233.3
Depreciation and amortization	56.3	47.8	74.9	179.0
Utilities and maintenance	40.8	31.4	10.4	82.6
Interest	14.8	17.4	19.7	51.9
Other	78.0	252.8	116.6	447.4
<b>Total operating expenses</b>	<b>\$ 1,162.2</b>	<b>\$ 2,439.6</b>	<b>\$ 776.1</b>	<b>\$ 4,377.9</b>

Certain natural expenses are attributable to more than one supporting functional expense category. These expenses consist primarily of depreciation, amortization, interest, and facilities-related expenses. Operations and maintenance expense of \$300.5 and \$214.7 million for the years ended May 31, 2023 and 2022, respectively, were also allocated. The method used for allocations is based on square footage used by each function, and these expenses are allocated consistently. In addition, square footage for multi-functional spaces is proportionately allocated based on utilization, which is calculated using salary data.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**12. LIQUIDITY AND AVAILABILITY OF RESOURCES**

As part of the University's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily requirements. Cash flows have seasonal variations during the year attributable to tuition billing, patient service, and research reimbursements, and a concentration of contributions received at calendar and fiscal year-end.

The University's financial assets and resources available to meet cash needs for general expenditures within one year as of May 31, 2023 and 2022 are as follows (in millions):

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 487.7	\$ 525.1
Accounts and loans receivable, net	345.2	284.1
Patient care receivable, net	396.0	406.8
Pledge payments available for operations	52.5	33.0
Working capital in investments	888.0	782.7
Subsequent fiscal year endowment distributions	54.8	53.2
Total financial assets available within one year	2,224.2	2,084.9
Liquidity resources:		
Bank lines	700.0	700.0
Total financial assets and liquidity resources available within one year	\$ 2,924.2	\$ 2,784.9

In addition to the liquidity resources noted above, the University has a board-designated endowment of \$231.4 and \$227.7 million as of May 31, 2023 and 2022, respectively, to help manage unanticipated liquidity needs. Although the University does not intend to spend from its board-designated endowment funds as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if required. However, both board-designated and donor-restricted endowment funds contain investments with lock-up provisions that reduce total investments that could be made available to meet cash flow needs.

**13. LEASES**

The University has elected to account for lease and non-lease components as a single lease component. The University also elected the package of practical expedients, which allows lessees to make an election to not reassess conclusions previously made under ASC 840 with regard to whether leases and contracts in place at adoption of ASC 842 (a) are or contain leases, (b) the lease classification for existing leases, and (c) the initial direct costs for any existing leases.

At May 31, 2023 and 2022, the University recognized under operating leases \$169.1 and \$185.0 million, respectively, as right-of-use assets within other assets, and \$194.2 and \$207.2 million, respectively, as lease obligations within other liabilities. For its finance leases, the University recognized \$58.6 and \$32.9 million, respectively, as right-of-use assets within property and equipment, net and \$42.1 and \$15.6 million, respectively, as lease obligations within other liabilities.

**UNIVERSITY OF MIAMI**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2023 and 2022**

**13. LEASES (Continued)**

The University is obligated under numerous operating and finance leases to pay base rent through the respective lease expiration dates. Real property under operating and finance leases ranges with remaining lease terms of up to 90 years through fiscal 2113. As well, the University leases various equipment under operating and finance leases expiring at various dates through 2034. Aggregate future minimum lease payments under noncancelable finance and operating leases as of May 31, 2023 are as follows:

	Finance Leases	Operating Leases
2024	\$ 9.2	\$ 26.1
2025	6.4	23.5
2026	3.5	17.9
2027	1.4	13.0
2028	0.9	11.0
Thereafter	57.4	169.5
Total lease payments	78.8	261.0
Less: Interest portion	(36.7)	(66.8)
Total lease liabilities	<u>\$ 42.1</u>	<u>\$ 194.2</u>

The components of lease expense for the years ended May 31, 2023 and 2022 are as follows (in millions):

	2023	2022
Finance lease expense:		
Amortization of right-of-use assets	\$ 8.5	\$ 7.1
Interest on lease liabilities	0.9	0.2
Operating lease expense	36.5	36.0
Short-term lease expense	5.9	3.7
Variable lease expense	9.5	10.4
Total lease expense	<u>\$ 61.3</u>	<u>\$ 57.4</u>
Other lease information:		
Operating cash flows from operating leases	\$ 35.2	\$ 35.2
Operating and investing cash flows from finance leases	8.1	8.7
Right-of-use assets obtained in exchange for new lease liabilities:		
Finance leases	\$ 33.0	\$ 9.4
Operating leases	15.8	63.2
Weighted-average remaining lease term:		
Finance leases	30 years	3 years
Operating leases	29 years	25 years
Weighted-average discount rate:		
Finance leases	3.31 %	0.93 %
Operating leases	1.52 %	1.23 %

**UNIVERSITY OF MIAMI  
NOTES TO FINANCIAL STATEMENTS  
May 31, 2023 and 2022**

**13. LEASES (Continued)**

The University is the lessor in several long-term non-cancelable operating leases for commercial space through fiscal year 2072. Operating lessor income of \$6.6 million is included in other income within the statements of activities for the year ended May 31, 2023. Future minimum operating rental revenue due as of May 31, 2023 is summarized below (in millions):

2024	\$	3.8
2025		2.8
2026		2.3
2027		1.9
2028		1.5
Thereafter		<u>47.8</u>
Total future minimum rentals	\$	<u><u>60.1</u></u>

The University has an agreement to use the Hard Rock Stadium on a limited basis through December 31, 2032. The University is treating this as a short-term lease due to the usage being less than 12 months. The short-term lease cost incurred during any one year does not reasonably reflect the short-term lease commitment. Remaining payments under this agreement are \$10.6 million as of May 31, 2023.

**14. COMMITMENTS AND CONTINGENCIES**

The University had contractual obligations of approximately \$497.9 million at May 31, 2023 for various construction projects and purchases of equipment.

The University, in its normal operations, is a defendant in various legal actions. Additionally, amounts received and expended under various federal and state programs are subject to audit by governmental agencies. Management is of the opinion that the outcome of these matters would not have a material effect on the University's financial position or results of operations.

UNIVERSITY  
OF MIAMI

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Consolidated Financial Statements  
Fiscal years ended May 31, 2024 and 2023  
(With Independent Auditors' Report Thereon)



KPMG LLP  
Suite 800  
500 W 5th St  
Winston-Salem, NC 27101

## Independent Auditors' Report

Board of Trustees  
University of Miami:

### *Opinion*

We have audited the consolidated financial statements of University of Miami (the University), which comprises the consolidated statements of financial position as of May 31, 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 May 31, 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.

*KPMG LLP*

Winston-Salem, North Carolina  
September 20, 2024

**UNIVERSITY OF MIAMI**

## Consolidated Statements of Financial Position

May 31, 2024 and 2023

(In millions)

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 504.6	\$ 487.7
Accounts and loans receivable, net	365.7	362.0
Patient care receivable, net	429.3	396.0
Contributions receivable, net	199.2	155.0
Other assets	234.9	279.3
Investments	2,877.5	2,704.1
Property and equipment, net	3,101.0	2,587.6
Trusts held by others	62.1	55.4
Total assets	<u>\$ 7,774.3</u>	<u>\$ 7,027.1</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 496.8	\$ 491.5
Deferred revenues and other deposits	125.6	124.9
Liability for medical self-insurance	75.9	65.9
Other liabilities	372.0	404.2
Accrued pension and postretirement benefit costs	82.1	78.3
Bonds and notes payable	1,824.3	1,761.2
Total liabilities	<u>2,976.7</u>	<u>2,926.0</u>
Net assets:		
Without donor restrictions	2,817.1	2,357.4
With donor restrictions	1,980.5	1,743.7
Total net assets	<u>4,797.6</u>	<u>4,101.1</u>
Total liabilities and net assets	<u>\$ 7,774.3</u>	<u>\$ 7,027.1</u>

See accompanying notes to financial statements.

**UNIVERSITY OF MIAMI**

Consolidated Statements of Activities

Years ended May 31, 2024 and 2023

(In millions)

	<u>2024</u>	<u>2023</u>
Changes in net assets without donor restrictions		
Operating activities		
Operating revenues:		
Tuition and fees, net	\$ 733.5	\$ 695.3
Grants and contracts, net	672.8	604.4
Net patient revenue – medical professional practice	679.1	698.2
Net patient revenue – hospitals and clinics	2,926.3	2,578.6
Gifts and trusts, net	70.6	65.2
Net assets released from restrictions	24.5	21.7
Endowment spending distribution	54.7	54.2
Investment return	98.5	57.1
Auxiliary enterprises, net	290.7	262.6
Other sources	108.0	152.4
Total operating revenues	<u>5,658.7</u>	<u>5,189.7</u>
Operating expenses		
Compensation and benefits	2,870.5	2,620.2
Supplies and services	1,593.3	1,438.5
Depreciation and amortization	207.1	181.2
Utilities and maintenance	97.7	92.4
Interest	50.6	63.2
Other	487.9	458.6
Total operating expenses	<u>5,307.1</u>	<u>4,854.1</u>
Change in net assets without donor restrictions from operating activities	<u>351.6</u>	<u>335.6</u>
Non-Operating activities		
Endowment, annuity, and other investment return, net of distributions	54.5	(8.9)
Gifts and trusts, net	3.0	0.5
Net gain on disposal of long lived assets	1.8	0.7
Other components of net periodic pension costs	(12.6)	(7.3)
Net assets released from restrictions for property and equipment	52.9	64.7
Change in net assets without donor restrictions from non-operating activities	<u>99.6</u>	<u>49.7</u>
Postretirement benefits related changes other than net periodic benefit cost	<u>8.5</u>	<u>(8.7)</u>
Increase in net assets without donor restrictions	<u>459.7</u>	<u>376.6</u>
<i>Changes in net assets with donor restrictions</i>		
Endowment, annuity, and other investment return, net of distributions	152.7	(51.6)
Gifts and trusts, net	158.6	130.8
Changes in value of annuities payable and trusts held by others	2.9	(3.4)
Net assets released from restrictions	(77.4)	(86.4)
Increase (decrease) in net assets with donor restrictions	<u>236.8</u>	<u>(10.6)</u>
Increase in total net assets	696.5	366.0
<i>Net Assets</i>		
Net assets, beginning of year	<u>4,101.1</u>	<u>3,735.1</u>
End of year	<u>\$ 4,797.6</u>	<u>\$ 4,101.1</u>

See accompanying notes to financial statements.

**UNIVERSITY OF MIAMI**  
Consolidated Statements of Cash Flows  
Years ended May 31, 2024 and 2023  
(In millions)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase in total net assets	\$ 696.5	\$ 366.0
Adjustments to reconcile increase in total net assets to net cash provided by operating activities:		
Net realized and unrealized (gains) losses on investments	(244.8)	38.2
Gifts for plant expansion and endowment	(110.6)	(78.6)
Depreciation and amortization	207.1	181.2
Provision for doubtful accounts	16.3	16.6
Net loss on sale and/or disposal of other assets and property and equipment	12.5	7.1
Present value adjustment on annuities payable and trusts held by others	(0.2)	(0.1)
Amortization of debt premiums, discounts, and issue costs	(2.2)	(2.3)
Postretirement benefits related changes other than net periodic benefit cost	(8.5)	8.7
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts and loans receivable	(4.5)	(61.1)
Patient care receivable	(33.3)	10.8
Contributions receivable	(15.2)	(10.2)
Other assets	15.1	(1.1)
Increase (decrease) in:		
Accounts payable and accrued expenses	68.6	116.1
Deferred revenues and other liabilities	(18.0)	(2.3)
Accrued pension and postretirement benefit costs	12.3	5.0
Medical self-insurance	10.0	25.5
Net cash provided by operating activities	<u>\$ 601.1</u>	<u>\$ 619.5</u>
Cash flows from investing activities:		
Purchases of investments	\$ (1,517.0)	\$ (1,465.0)
Proceeds from the sales and maturities of investments	1,608.9	1,347.4
Capital expenditures for property and equipment	(766.4)	(592.8)
Student and shared appreciation mortgage loans		
New loans made	(0.1)	(0.1)
Principal collected	(3.3)	(2.6)
Net cash used in investing activities	<u>\$ (677.9)</u>	<u>\$ (713.1)</u>
Cash flows from financing activities:		
Gifts for plant expansion and endowment	\$ 38.8	\$ 86.2
Proceeds from the issuance of debt	89.9	—
Payments on bonds and notes payable	(24.6)	(21.9)
Payments on finance leases	(10.4)	(8.1)
Net cash provided by financing activities	<u>\$ 93.7</u>	<u>\$ 56.2</u>
Cash and cash equivalents:		
Net increase (decrease)	\$ 16.9	\$ (37.4)
Beginning of year	487.7	525.1
End of year	<u>\$ 504.6</u>	<u>\$ 487.7</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 82.2	\$ 80.0
Donated securities	22.6	10.4
Accrued liabilities related to additions of property	63.3	41.7
Non-cash payment and issuance of debt	85.1	—
Derecognition of ROU assets and related lease liabilities	50.1	—

See accompanying notes to financial statements.

**UNIVERSITY OF MIAMI**

## Notes to Consolidated Financial Statements

May 31, 2024 and 2023

**(1) Organization**

The University of Miami (the University) is a private not-for-profit institution located in South Florida. Founded in 1925, the University owns and operates educational and research facilities as well as a health care system. Its mission is to educate and nurture students, to create knowledge through innovative research programs, to provide service to the community and beyond, and to pursue excellence in health care.

These consolidated financial statements include the accounts of the University's departments and facilities, including its hospitals and clinics ("University of Miami Hospitals & Clinics"), which is a division of the University. Also included are the accounts of University of Miami Insurance Company ("UMIC"), the University's wholly owned captive insurance company. All significant intercompany accounts and transactions have been eliminated in the preparation of these statements.

**(2) Summary of Significant Accounting Policies and Reporting Practices****(a) Basis of Presentation**

The consolidated financial statements of the University have been prepared on the accrual basis of accounting and in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for not-for-profit organizations.

The two net asset categories as reflected in the accompanying consolidated financial statements are as follows:

- **Net assets without donor restrictions** - Net assets are free of donor-imposed restrictions. This category includes the University's investment in property and equipment and amounts designated by management for support of operations, programs, and facilities expansion. The University has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the University and, therefore, the University's policy is to record them as net assets without donor restrictions. This category includes all revenues, expenses, gains, and losses that are not changes in net assets with donor restrictions.
- **Net assets with donor restrictions** - Net assets are those whose use by the University is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the University pursuant to those stipulations. These net assets are available for program purposes, i.e., education, research, public service, and scholarships, as well as for buildings and equipment. This category also includes assets that are invested in perpetuity, the income from which is expended for program purposes. Net assets with permanent donor restrictions cannot be removed by actions of the University.

**(b) Use of Estimates**

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires that management make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**UNIVERSITY OF MIAMI**

## Notes to Consolidated Financial Statements

May 31, 2024 and 2023

**(c) Income Taxes**

The University is generally exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC), except for unrelated business income. Accordingly, no significant provision for income taxes is made in the consolidated financial statements. At May 31, 2024 and 2023, there were no uncertain tax positions. The University files tax returns with U.S. federal and other state tax authorities for which generally the statute of limitations extends to the year ended May 31, 2021.

**(d) Activities**

The University's revenues and expenses related to conducting its core activities are classified as operating in the consolidated statements of activities. Endowment, annuity, and other investment return, net of distributions, as well as other components of net periodic pension costs, changes in postretirement obligations, net assets released from restriction for property and equipment, and certain other activities, are classified as non-operating in the consolidated statements of activities.

**(e) Cash Equivalents**

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

**(f) Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 5 for fair value measurements. Realized gains and losses are recognized at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific-identification method. Unrealized gains and losses are recognized for the change in fair value between reporting periods. Interest and dividend income is recognized when earned.

The University's investments include various types of investment securities that are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the consolidated financial statements.

**(g) Revenue Recognition**

Revenue is recognized as performance obligations are satisfied, which are determined based on the nature of the services and goods provided.

Tuition and fees revenue is reported within the fiscal year in which educational services are provided. When classes or courses overlap the reporting period, only the portion of the revenue where the performance obligation has not been met is deferred to the next fiscal year.

Scholarships and fellowships awarded to students for tuition, fees, and room and board are based upon need and merit. These awards include amounts funded by the endowment, research funds, and gifts, and reduce the published price of tuition for students receiving such aid. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition

**UNIVERSITY OF MIAMI**

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student.

Institutional aid is netted against tuition and fees, and auxiliary enterprises revenue in the consolidated statements of activities as follows (in millions):

	<u>2024</u>	<u>2023</u>
Scholarships and fellowships:		
Institutionally funded	\$ 359.6	\$ 333.2
Externally funded – gifts and grants	<u>22.0</u>	<u>21.2</u>
Total amount netted against tuition and fees revenue	<u>\$ 381.6</u>	<u>\$ 354.4</u>
Amount netted against auxiliary enterprises revenue	\$ 31.2	\$ 32.9

Net patient revenue is recorded at the transaction price estimated to reflect the consideration due from patients and third-party payors in exchange for the services provided. The various activities of the University of Miami Hospital & Clinics (the Hospital, a division of the University), including medical care, prescription drugs, and room and board, are considered a single performance obligation. Performance obligations related to patient services are satisfied over time and have a duration of less than one year. Revenue for the Hospital and the Professional Medical Practice (UMMG, a division of the University) is recognized based on actual charges incurred in relation to total expected or actual charges, with a reduction for explicit and implicit price concessions.

The Hospital and UMMG apply the portfolio approach as a practical expedient to group patient contracts with similar characteristics, such that the revenue for a given portfolio would not be materially different than if it were evaluated on an individual contract basis. This grouping is based upon the inpatient/outpatient setting of the services and third-party payors.

The Hospital and UMMG’s performance obligations have a duration of less than one year. Therefore, they have elected to apply the optional exemption to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. These unsatisfied or partially unsatisfied performance obligations primarily relate to services provided at the end of the reporting period. Such obligations are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Net patient revenue and accounts receivable consist primarily of patient revenues that are recorded based upon established billing rates less explicit price concessions (including contractual allowances and discounts) and implicit price concessions, effectively the estimated net realizable value. Revenues are recorded in the period the services are provided based upon the estimated amounts due from the patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, and employers. Estimates of contractual allowances represent the difference between established rates for services and amounts reimbursed by third-party payors based upon the payment terms specified in the related contractual agreements.

**UNIVERSITY OF MIAMI**

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

Net patient revenue, disaggregated by payor source for the Hospital and UMMG was as follows (in millions):

	<b>Year ended May 31, 2024</b>		
	<b>UMMG</b>	<b>Hospital</b>	<b>Total</b>
Medicare and Medicare HMO	\$ 164.7	\$ 807.7	\$ 972.4
Medicaid and Medicaid HMO	154.7	193.5	348.2
Managed Care	359.3	1,896.5	2,255.8
Other	0.4	28.6	29.0
	<u>\$ 679.1</u>	<u>\$ 2,926.3</u>	<u>\$ 3,605.4</u>
	<b>Year ended May 31, 2023</b>		
	<b>UMMG</b>	<b>Hospital</b>	<b>Total</b>
Medicare and Medicare HMO	\$ 162.9	\$ 666.7	\$ 829.6
Medicaid and Medicaid HMO	159.2	188.3	347.5
Managed Care	354.4	1,678.4	2,032.8
Other	21.7	45.2	66.9
	<u>\$ 698.2</u>	<u>\$ 2,578.6</u>	<u>\$ 3,276.8</u>

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. The estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined. In the opinion of management, adequate provisions for adjustments that may result from such reviews and audits have been made through May 31, 2024, in the accompanying consolidated financial statements. The impact of such adjustments to revenues for the years ended May 31, 2024 and 2023, were increases of \$39.3 and \$37.8 million, respectively.

Grant and contract revenues are received from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return or may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large. Revenues from exchange transactions are recognized as the performance obligations are met, which is generally as the related costs are incurred.

The federal government reimburses the University for facilities and administrative costs incurred in connection with research grants and contracts based on approved rates through 2024. Facilities and administrative cost recovery from government and private sources included in grants and contracts revenues totaled \$99.2 and \$95.2 million during the years ended May 31, 2024 and 2023, respectively.

Conditional promises not reflected in the consolidated financial statements, which consist primarily of the difference between the award amount and the revenue recognized for the non-exchange grants, was \$895.2 million at May 31, 2024.

**UNIVERSITY OF MIAMI**

## Notes to Consolidated Financial Statements

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Gifts of cash, property, and marketable securities are recorded as revenue at fair value when received. Unconditional pledges (note 4) are recognized as revenue based on the estimated present value of the future cash flows, net of allowances, when the commitment is received. Pledges made and collected in the same reporting period are recorded when received in the appropriate net asset category.

Conditional pledges are recorded as revenue only when donor conditions are substantially met. Gifts and trusts at May 31, 2024 and 2023 are reported net of uncollectible pledges and reserves of \$11.0 and \$11.6 million, respectively.

**(h) Deferred Revenues**

Deferred revenues are primarily comprised of amounts received for grants and contracts that are not billed on a cost-reimbursement basis and student tuition received but has not yet been earned. If services are conducted over a fiscal year-end, deferred revenue is allocated based on number of days or another reasonable method.

Future performance obligations will be met within the next fiscal year, with the exception of a dining services agreement that at May 31, 2024 totaled \$15.3 million and terminates May 31, 2041.

**(i) Auxiliary Enterprises**

Auxiliary enterprises include residence halls, food services, retail stores, and athletics. Fee charges are directly related to the costs of services rendered and are recognized as revenue when the services or goods are delivered. These services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. Performance obligations for housing and dining services are met over the academic terms.

**(j) Annuities Payable and Trusts Held by Others**

Certain gift annuities, charitable lead, and remainder annuity trust agreements have been entered into with donors. Assets reported under these agreements are valued at fair value based on either the present value of expected cash flows or the value of the University's share of the underlying assets.

These assets are included in trusts held by others on the consolidated statements of financial position, except for gift annuities, which are included in cash and cash equivalents and investments. Gift annuities included in cash and cash equivalents, and investments totaled \$19.1 and \$17.0 million at May 31, 2024 and 2023, respectively. Generally, revenue from gift annuities and trusts is recognized at the date the agreements are established net of liabilities for the present value of the estimated future payments to donors and/or other beneficiaries.

The liabilities are adjusted during the term of the gift annuities for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

The University is also the beneficiary of certain perpetual trusts, which are included in trusts held by others on the consolidated statements of financial position. The fair value of the trusts, which are based on either the present value of the estimated future cash receipts or the fair value of the assets held in the trust, are recognized as assets and gift and trust revenue as of the date the University is notified of the establishment of the trust. The carrying value of the assets is adjusted for changes in fair value.

**UNIVERSITY OF MIAMI**

## Notes to Consolidated Financial Statements

May 31, 2024 and 2023

**(k) Medical School**

Faculty physicians, in addition to teaching and conducting research, engage in the practice of medicine, which generates patient care revenue. Revenues and expenses, including compensation and administrative operations from the practice of medicine, are reflected as University revenues and expenses.

The University and the Public Health Trust of Miami-Dade County, Florida (PHT), owner and operator of Jackson Memorial Hospital (JMH), have entered into an affiliation agreement related to their independent missions within the designated land and facilities that comprise the Jackson Memorial Medical Center. Pursuant to that agreement, the PHT provides clinical facilities for the teaching of the University's medical students. Medical education of its students is the sole responsibility of the University. In addition, the University has agreed to permit its faculty to apply for privileges at JMH to train and supervise JMH house staff (interns, residents, and fellows) and to treat hospital patients in their capacity as members of JMH's attending medical staff.

All such treatment and training are the sole responsibility of the PHT in its capacity as the legal owner and operator of the Jackson Health System's public hospitals and clinics and its statutory teaching hospital (JMH). The affiliation agreement provides the terms for the mutual reimbursement of services provided.

**(l) Related Parties**

Related party transactions are disclosed in note 3 regarding shared appreciation mortgages to faculty and administrators and note 4 regarding gift contributions from the University's Board of Trustees.

**(m) Insurance**

The University manages property and liability risks through a combination of commercial insurance policies and self-insurance.

The University is self-insured for medical professional liability and maintains commercial excess loss coverage within specified limits. Provisions for medical professional liability claims and related costs are based on several factors, including an annual actuarial study on an undiscounted basis at May 31, 2024, and on a discounted basis with a discount rate of 2.0% at May 31, 2023.

**(n) Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation and amortization. Property and equipment under finance leases are initially valued and recorded based on the present value of minimum lease payments. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Depreciation on property and equipment held under finance leases is amortized over the shorter of the expected useful life of the asset or term of the related lease. Depreciation is not recorded on land, art objects, and construction in progress. Leasehold improvements are amortized over the lesser of the lease term or the useful life.

Internal-use software costs are expensed or capitalized according to the provisions of the accounting standard. Capitalized software costs are included in computers and software.

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## Notes to Consolidated Financial Statements

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**(o) Art Objects**

Collections at the University include works of art and literary works that are maintained in the University's galleries, libraries, and buildings. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service and, therefore, are capitalized but not depreciated. The University's policy is to use the proceeds from deaccessioned collection items for the acquisition of new collection items. During the year ended May 31, 2024, the University returned and deaccessioned donated fine arts objects and recorded a loss on disposal of \$4.3M. No collection items were deaccessioned for the year ended May 31, 2023.

**(p) Lease Right-Of-Use Assets and Liabilities**

Operating leases as a lessee are included in other assets and other liabilities on the consolidated statements of financial position. The assets and liabilities associated with finance leases as a lessee are included in property and equipment, net, and other liabilities, respectively, on the consolidated statements of financial position.

Right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating and finance lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The commencement date is when the University either takes possession of the asset or, in the case of real estate leases, when the landlord makes the building available for use. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases.

**(q) Impairment of Long-Lived Assets**

U.S. GAAP requires that long-lived assets held by an entity, including intangible assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable.

No asset impairments were recorded by the University during the years ended May 31, 2024 and 2023.

**(r) Inventories**

The University's inventories are carried at the lower of cost or net realizable value. Inventories are used in the provision of patient care and generally are not held for sale. Inventories are recorded within other assets on the consolidated statements of financial position.

**(s) Patient Care Receivables**

Patient care receivables are presented net of implicit and explicit price concessions and are recorded at their net realizable value. Approximately, 13.2% and 16.9% of patient care receivables, net are due from the Medicare program at May 31, 2024 and 2023, respectively.

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Notes to Consolidated Financial Statements

May 31, 2024 and 2023

**(t) Accounting Pronouncement Adopted**

In June 2016, the Financing Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. The previous standard delays the recognition of a credit loss on a financial asset until the loss is probable of occurring. The new standard removes the requirement that a credit loss be probable of occurring for it to be recognized, and requires entities to use historical experience, current conditions, and reasonable and supportable forecasts to estimate their future expected credit losses. On June 1, 2023, the University adopted the standard using a modified retrospective approach and concluded there was no material impact to the consolidated financial statements.

**(u) Subsequent Events**

The University evaluated events and transactions occurring subsequent to May 31, 2024, through September 20, 2024, the date of issuance of the consolidated financial statements. During this period, there were no subsequent events requiring recognition or disclosure in the consolidated financial statements except as disclosed in note 9 relating to the line of credit.

**(3) Accounts and Loans Receivable**

At May 31, accounts and loans receivable consist of the following (in millions):

	<b>2024</b>	<b>2023</b>
Accounts and loans receivable, net:		
Grants, contracts, and other	\$ 177.0	\$ 176.0
Third-party payors	161.7	154.3
Shared appreciation mortgages	14.9	15.9
Student	11.1	14.7
Student loans, net	1.0	1.1
Total	\$ 365.7	\$ 362.0

Accounts and loans receivable are presented net of allowances for doubtful accounts. At May 31, 2024 and 2023, allowances for doubtful accounts were \$23.9 and \$17.9 million, respectively.

Shared appreciation mortgages were provided as part of a program to attract and retain excellent faculty and senior administrators through home mortgage financing assistance. Shared appreciation notes amounting to \$17.3 and \$18.3 million (each gross of \$2.4 million allowance for doubtful accounts) at May 31, 2024 and 2023, respectively, from University faculty and senior administrators are collateralized by second mortgages on residential properties. The program was suspended effective December 31, 2008, with limited exceptions.

Student loans are made primarily pursuant to federal programs and availability of funding. The related receivables have significant government restrictions as to marketability, interest rates, and repayment terms.

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### Notes to Consolidated Financial Statements

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#### (4) Contributions Receivable (Pledges)

Unconditional pledges are recorded at the present value of their future cash flows using a discount rate ranging from 4.5% and 3.6% at May 31, 2024 and 2023, commensurate with the risk involved at the time the pledge is recorded. They are expected to be realized in the following periods at May 31 (in millions):

	2024	2023
In one year or less	\$ 123.3	\$ 104.3
Between one year and five years	109.9	77.8
More than five years	12.0	14.3
	245.2	196.4
Discount of \$15.8 and allowance for doubtful pledges of \$30.2 for 2024, and \$13.1 and \$28.3 for 2023, respectively	(46.0)	(41.4)
Total	\$ 199.2	\$ 155.0

The methodology for calculating the allowance is based on the administration's review of individually significant outstanding pledges, analysis of the aging of payment schedules for all outstanding pledges, as well as other factors including current economic conditions.

At May 31, 2024 and 2023, net contributions receivable includes \$50.7 and \$49.5 million, respectively, due from members of the University's Board of Trustees. During the years ended May 31, 2024 and 2023, the gift revenues recognized from members of the University's Board of Trustees were \$36.5 and \$26.6 million, respectively. At May 31, 2024 and 2023, conditional promises to give and bequest intentions totaling \$671.2 and \$715.0 million, respectively, were not reflected in the consolidated financial statements.

#### (5) Fair Value of Financial Instruments

##### (a) Variable Rate Swap Agreement

The University entered into an interest rate swap agreement on October 25, 2004, to manage the market risk associated with outstanding variable-rate debt. The University terminated the swap agreement on July 18, 2023 at a cost of \$0.9 million. The notional amount was \$0 and \$11.5 million for fiscal years 2024 and 2023, respectively.

##### (b) Investments

The fair market value of investments at May 31, 2024 and 2023 amounted to \$2,877.5 and \$2,704.1 million, with a cost basis of \$2,505.6 and \$2,531.8 million, respectively. Short-term investments consist primarily of commercial paper and U.S. Treasury securities with original maturities when purchased in excess of three months, and are recorded within investments on the consolidated statements of financial position. The majority of investments are combined in investment pools with each individual account subscribing to or disposing of shares on the basis of the fair value per share. At May 31, 2024 and 2023, the fair value of the University's primary investment pool (the Growth Pool) amounted to \$1,665.4 and \$1,441.2 million, with a cost basis of \$1,291.0 and \$1,250.2 million, respectively. The Growth Pool is managed by multiple investment managers with asset allocation per the University's investment policy.

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## Notes to Consolidated Financial Statements

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The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 820 which provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for investments measured at fair value:

**Level 1** — Inputs include valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Inputs to the valuation methodologies include unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

**Level 2** — Inputs include valuations for assets traded in less active dealer or broker markets. Inputs to the valuation methodologies include quoted prices from third-party pricing services for identical or similar assets in active and/or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** — Inputs primarily consist of trusts recorded at fair value based on the underlying value of the assets in the trust or discounted cash flow of the expected payment streams. The trusts reported at Level 3 are primarily perpetual trusts managed by third parties invested in stocks, mutual funds, and fixed-income securities that are traded in active markets with observable inputs, which would result in Level 1 and 2 hierarchical reporting. However, since the University has an interest in the trust and not the underlying trust assets, these perpetual trusts are reported as Level 3.

Categories included in limited partnerships and limited liability companies and other investments represent alternative investments, which are valued at the net asset value (NAV) of the entities as determined by the fund managers. The University uses the NAV of certain hedge funds and limited partnerships and limited liability companies as fair value as a practical expedient except where certain conditions exist.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of any input that is significant to the fair value measurement. The University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at May 31, 2024.

The following tables summarize the University's investments and cash equivalents in which cash equivalents are recorded within cash and cash equivalents on the consolidated statements of financial position.

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	Fair value measurement at May 31, 2024 (In millions)			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 545.8	\$ 545.8	\$ —	\$ —
Short-term investments	620.3	620.3	—	—
Corporate bonds	471.0	356.4	114.6	—
Debt securities	44.8	—	44.8	—
Publicly traded stocks	137.6	137.6	—	—
Mutual funds	783.8	768.0	15.8	—
Exchange traded funds	25.8	25.8	—	—
Private Equity – S.A.F.E. Agreement	3.3	—	3.3	—
Limited partnerships and limited liability companies measured at NAV <sup>1</sup>	790.9	—	—	—
Total investments and cash equivalents	3,423.3	2,453.9	178.5	—
Trusts held by others	62.1	—	—	62.1
Total assets	<u>\$ 3,485.4</u>	<u>\$ 2,453.9</u>	<u>\$ 178.5</u>	<u>\$ 62.1</u>

	Fair value measurement at May 31, 2023 (In millions)			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 546.1	\$ 546.1	\$ —	\$ —
Short-term investments	893.4	893.4	—	—
Corporate bonds	238.4	73.8	164.6	—
Debt securities	41.7	—	41.7	—
Publicly traded stocks	128.1	128.1	—	—
Mutual funds	720.4	672.6	47.8	—
Private Equity – S.A.F.E. Agreement	2.5	—	2.5	—
Limited partnerships and limited liability companies measured at NAV <sup>1</sup>	680.6	—	—	—
Interest rate swap	(1.0)	—	(1.0)	—
Total investments, cash equivalents and swap	3,250.2	2,314.0	255.6	—
Trusts held by others	55.4	—	—	55.4
Total assets	<u>\$ 3,305.6</u>	<u>\$ 2,314.0</u>	<u>\$ 255.6</u>	<u>\$ 55.4</u>

<sup>1</sup> In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The change in Trust held by others from \$55.4 million to \$62.1 million is due to an unrealized gain of \$6.7 million.

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The following tables summarize the University's investments whose fair value is reported using net asset value per share (in millions) as a practical expedient:

	At May 31, 2024		At May 31, 2023		Redemption frequency	Days notice
	Fair value	Future commitments	Fair value	Future commitments		
Investments:						
Limited partnerships and limited liability companies:						
Equities:						
Emerging markets (b)	\$ 60.6	\$ —	\$ 51.3	\$ —	(M),(D)	1-30 days
International (c)	70.1	2.2	55.5	—	(M),(W)	1-6 days
Large-mid cap (d)	249.7	—	190.4	—	(Q)	1-60 days
Small cap (e)	2.7	—	2.4	—	(D)	1 day
Fixed income (f)	66.6	—	78.8	—	(M),(D)	1-30 days
Private equity (g)	190.5	89.1	168.5	68.6	(M),(*)	1-50 days
Other:						
Event arbitrage (h)	62.2	6.0	57.8	6.0	(Q),(*)	1-90 days
Multi-strategy (a)	43.6	—	38.4	—	(M),(Q)	1-60 days
Real assets related securities (i)	20.4	0.7	20.4	0.9	(A),(*)	1-90 days
Real estate (j)	24.5	0.2	17.1	0.8	*	N/A
Total investments	\$ 790.9	\$ 98.2	\$ 680.6	\$ 76.3		

Redemption Frequency: (A) Annually, (Q) Quarterly, (M) Monthly, (D) Daily, (W) Weekly

- (\*) The expected liquidation date for these assets ranges up to 2037 and is based on a combination of the inception date of the fund and the expected life of the fund as outlined in the partnership agreement inclusive of the manager's ability to extend the fund's life.
- (a) This class consists of investments across stocks, bonds, currencies, and commodities.
- (b) This class consists of investments in small and mid-cap equities domiciled in or with significant underlying exposure to emerging markets. The firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations.
- (c) This class consists of investments in equities domiciled outside of the United States. The firms may utilize all-cap, all-style strategy or may focus on narrower strategies, but all funds have a long time horizon.
- (d) This class consists of investments in large and mid-cap equities domiciled in the United States. Some firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations. Other firms follow a diversified strategy in line with a large cap equity index such as the S&P 500. One fund follows a highly diversified strategy with more than 1,000 holdings held across the independently constructed analyst portfolios. Overall investments are geared to be long/short beta neutral with exposures in line with the S&P 500.
- (e) This class consists of investments in small cap equities domiciled in the United States. Some firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling

## UNIVERSITY OF MIAMI

### Notes to Consolidated Financial Statements

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valuations. Other firms follow a diversified strategy in line with a small cap equity index such as the Russell 3000.

- (f) This class consists of investments in debt securities. Some firms focus on buying government bonds throughout the world and may also engage in currency hedges and may do so via futures. Other firms focus on buying below investment grade debt.
- (g) This class consists of investments in private equity. These firms will make direct investments in private companies or in one case the firm manages a fund of funds that makes commitments to other private equity, venture capital and buyout funds. These firms invest across all sectors in both the US and globally. The portfolios are illiquid and will be locked for 10 – 12 years.
- (h) This class consists of investments that focus on event driven and credit strategies. Event-driven strategies are when the hedge funds buy the debt of companies that are in financial distress or have already filed for bankruptcy. Credit strategies focus on capital structure arbitrage. These firms look for relative value between senior and junior securities of the same corporate issuer. They also trade securities of equivalent credit quality from different corporate issuers, or different tranches in the complex capital of structured debt vehicles.
- (i) This class consists of investments that hedge inflation through the holding of real assets directly or indirectly. Indirectly holding may occur through a fund of funds with underlying holdings in publicly traded mutual funds that invest in commodity markets, fixed income securities, and equities. Direct holding may occur through direct investment in private companies in the energy and mining sector. The later holding is illiquid and will be locked for 10 – 12 years.
- (j) This class consists of investments in underlying properties via debt and/or equity positions. These firms look to uncover real estate opportunities in traditional properties (commercial, residential, industrial, etc.) but will also look for more unique opportunities. The firms vary in focus from regional to global. These investments are illiquid and will typically exist for 10 – 12 years.

The University's investment policy and strategy for its investments, as established by the Investment Committee (the Committee) of the Board and ratified by the Executive Committee of the Board, is to provide for growth of capital with a moderate level of volatility by investing assets based on its target allocations. The weighted average target allocations for University assets is 66.0% Public Equity, 10.0% Fixed Income, and 24.0% other investments.

Public Equity securities include investments in large-mid cap and small cap companies primarily located in the United States, as well as international companies similar to the MSCI EAFE and MSCI EM Indices. Fixed income securities include corporate bonds and loans of companies from diversified industries, mortgage-backed securities, and U.S. treasuries similar to the Bloomberg Barclays US Aggregate Index. Other investments include private equity funds, real estate funds, and hedge funds similar to those of the HFRI Funds of Funds, S&P 500, and Bloomberg Commodity Indexes. Investments periodically are rebalanced to meet established target allocations. In addition, the Committee reviews its investment policy and target allocations periodically and effects changes when required, to ensure that strategic objectives are achieved.

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**(c) Investment Return**

The components of total investment return as reflected in the consolidated statements of activities are as follows (in millions):

	<u>2024</u>	<u>2023</u>
Changes in net assets without donor restrictions		
Operating:		
Endowment spending distribution	\$ 54.7	\$ 54.2
Investment return	<u>98.5</u>	<u>57.1</u>
Total operating investment return	<u>153.2</u>	<u>111.3</u>
Non-operating:		
Unrestricted:		
Endowment interest and dividend income, realized and unrealized gains and (losses), net of endowment spending distribution	29.1	(12.0)
Other net realized and unrealized gains	<u>25.4</u>	<u>3.1</u>
Total unrestricted non-operating investment return	<u>54.5</u>	<u>(8.9)</u>
Total investment gain from net assets without donor restrictions	<u>207.7</u>	<u>102.4</u>
Changes in net assets with donor restrictions		
Investment loss, net of endowment spending distribution	<u>152.7</u>	<u>(51.6)</u>
Total non-operating investment gains (losses)	<u>152.7</u>	<u>(51.6)</u>
Total investment return	<u>\$ 360.4</u>	<u>\$ 50.8</u>

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**(6) Property and Equipment**

Property and equipment and related accumulated depreciation and amortization at May 31 consist of the following (in millions):

	<u>Useful lives</u>	<u>2024</u>	<u>2023</u>
Land		\$ 109.9	\$ 102.6
Land improvements	20 years	158.1	155.8
Buildings and building improvements	8 to 50 years	3,004.6	2,842.9
Leasehold improvements	1 to 50 years	91.8	81.0
Construction in progress		878.4	539.7
Moveable equipment	3 to 20 years	839.1	758.6
Building and equipment under finance leases	2 to 40 years	100.1	75.2
Computers and software	5 to 15 years	347.0	264.9
Library materials	12 years	189.5	179.5
Art objects		58.3	60.9
		<u>5,776.8</u>	<u>5,061.1</u>
Accumulated depreciation and amortization		<u>(2,675.8)</u>	<u>(2,473.5)</u>
Total		<u>\$ 3,101.0</u>	<u>\$ 2,587.6</u>

Depreciation and amortization expense is \$207.1 and \$181.2 million for the years ended May 31, 2024 and 2023, respectively.

Interest on borrowings is capitalized during construction, net of any project specific borrowings' investment income earned through the temporary investment of project tax exempt borrowings. Net interest expense of \$30.7 and \$16.4 million was capitalized for the years ended May 31, 2024 and 2023, respectively.

**(7) Endowment**

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Quasi endowment funds are resources segregated for long-term investment and include investment return on unrestricted investments, and other resources designated by the Board for future programs and operations.

**(a) Spending Policy**

The University's endowment spending policy on accounts in the Growth Pool is to distribute annually 4.5% percent of the three-year moving average market value (calculated quarterly with a November 30 valuation date) of the Growth Pool. For all other endowment accounts, the spending policy is to distribute only interest and dividends as permitted by the gift instrument.

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New endowments must be received prior to December 31 in order to activate the spending distribution for the next fiscal year. In addition, no distribution is made from an endowment until its funding reaches, by December 31, the level stipulated by policy.

**(b) Return Objectives and Risk Parameters**

The University has adopted investment and spending policies to protect the purchasing power of the endowment and to minimize the effect of capital market fluctuations on operating budgets.

The intent of the University's policy for its primary investment pool (the Growth Pool), as approved by the Board, is to ensure that current and future spending requirements are supported while preserving the Growth Pool's purchasing power through asset growth. To satisfy its long-term rate-of-return objectives, the University relies on a diversified asset allocation with exposures to public and private equities, hedge funds, real assets, and fixed income. The current long-term return objective is to earn a return in excess of its Total Portfolio Benchmark, net of fees. Actual returns in any given year may vary from this amount.

**(c) Application of Relevant Law**

The Board's interpretation of its fiduciary responsibilities for donor-restricted endowments under Uniform Prudent Management of Institutional Funds Act in Florida (FL UPMIFA) is that it is required to use reasonable care and caution as would be exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FL UPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund.

FL UPMIFA specifies that unless stated otherwise in the gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for the spending distribution. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, the University's policy is to report the historical value for such endowments and the net accumulated appreciation as net assets with donor restrictions. The amounts appropriated for the spending distribution are based on the endowment spending rate per unit and the number of units for each fund.

The unspent market appreciation of donor-restricted endowment funds is presented as net assets with donor restrictions until appropriated for expenditure by the Board. When losses on the investments of a donor-restricted endowment fund exceed the net appreciation classified in donor-restricted net assets, the excess loss reduces net assets with donor restrictions. At May 31, 2024, there were no endowment-related assets that fell below the donor required level; whereas at May 31, 2023, the net deficiency amounted to \$1.9 million, and resulted from unfavorable market fluctuations that occurred shortly after the investment of new donor-restricted contributions, as well as continued appropriations for certain programs deemed prudent by the University.

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Endowment net assets consist of the following (in millions):

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
At May 31, 2023:			
Donor-restricted endowment funds:			
At historical value	\$ —	\$ 766.4	\$ 766.4
Accumulated net appreciation	—	367.9	367.9
Quasi endowment funds	<u>231.4</u>	<u>—</u>	<u>231.4</u>
Total	<u>\$ 231.4</u>	<u>\$ 1,134.3</u>	<u>\$ 1,365.7</u>
At May 31, 2024:			
Donor-restricted endowment funds:			
At historical value	\$ —	\$ 802.5	\$ 802.5
Accumulated net appreciation	—	515.0	515.0
Quasi endowment funds	<u>272.4</u>	<u>—</u>	<u>272.4</u>
Total	<u>\$ 272.4</u>	<u>\$ 1,317.5</u>	<u>\$ 1,589.9</u>

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Changes in endowment net assets for the fiscal years ended May 31, 2024 and 2023 consist of the following (in millions):

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Balance, May 31, 2022	\$ 227.7	\$ 1,116.6	\$ 1,344.3
Endowment investment return:			
Investment income	3.3	15.7	19.0
Net appreciation (realized and unrealized)	(3.5)	(20.0)	(23.5)
Total investment return	(0.2)	(4.3)	(4.5)
Gifts and trusts	13.1	64.3	77.4
Endowment spending distribution for programs	(11.9)	(42.3)	(54.2)
Net transfers to quasi endowment funds	2.7	—	2.7
Balance, May 31, 2023	<u>231.4</u>	<u>1,134.3</u>	<u>1,365.7</u>
Endowment investment return:			
Investment income	3.1	15.3	18.4
Net appreciation (realized and unrealized)	35.8	176.7	212.5
Total investment return	38.9	192.0	230.9
Gifts and trusts	3.0	36.0	39.0
Endowment spending distribution for programs	(9.8)	(44.9)	(54.7)
Net transfers to quasi endowment funds	8.9	—	8.9
Other transfers	—	0.1	0.1
Balance, May 31, 2024	<u>\$ 272.4</u>	<u>\$ 1,317.5</u>	<u>\$ 1,589.9</u>

**(8) Pension and Other Postretirement Benefit Plans**

The University has two non-contributory retirement plans, the Faculty Retirement Plan, and the Employee Retirement Plan. These two plans were closed to employees hired after May 31, 2007. Effective June 1, 2007, a new retirement plan was established, the Retirement Savings Plan.

The University also sponsors an unfunded, defined benefit postretirement health plan that covers all full-time and part-time regular employees who elect coverage and satisfy the plan's eligibility requirements when they retire. The plan is contributory with retiree contributions established as a percentage of the total cost for retiree health care and for the health care of their dependents. The University pays all benefits on a current basis.

In addition to the below noted plans, there are deferred compensation arrangements for certain employees, principally clinical faculty, the liability for which is included in other liabilities.

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**The Retirement Savings Plan (Savings Plan)** is a defined contribution plan in which the University makes an automatic core contribution of 5% of pay with a dollar-for-dollar match on voluntary contributions up to an additional 5% of pay once the employee meets certain eligibility requirements. Eligible employees can begin making voluntary contributions to the Savings Plan at any time. Participation is limited to faculty and staff hired on or after June 1, 2007 or who elected, prior to June 1, 2007, to transfer to this plan from the Faculty Retirement Plan or from the Employee Retirement Plan. Core and matching contributions to the Savings Plan for 2024 and 2023 were \$100.4 and \$88.1 million, respectively.

**The Retirement Savings Plan II (Savings Plan II)** is a defined contribution plan the University established, effective January 1, 2008, that covers substantially all employees of UHealth Tower (a facility of the Hospital). The plan is available to employees who meet certain eligibility requirements and requires that UHealth Tower match certain percentages of participants' contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan II at any time. Core and matching contributions to the Savings Plan II were \$7.9 and \$8.1 million for the years ended May 31, 2024 and 2023, respectively.

**The UHealth Retirement Savings Plan III (Savings Plan III)** is a defined contribution plan the University established, effective October 17, 2019, that covers employees working in the UMH or in the UHealth Corporation eligibility companies. The plan is available to employees who meet certain eligibility requirements and requires that UM match certain percentages of participants' contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan III immediately upon hire. Core and matching contributions to the Savings Plan III for 2024 and 2023 were \$17.9 and \$11.6 million, respectively.

**Faculty Retirement Plan (Faculty Plan)** is a defined contribution plan for eligible faculty hired between September 30, 1977 and May 31, 2007, and certain faculty hired on or before September 30, 1977, who ceased participation in the Employee Retirement Plan. Under the terms of the Faculty Plan, the University makes contributions to individual retirement accounts for each eligible faculty member. Payment from the retirement account commences when the faculty member has separated from service and elects to begin distributions in accordance with plan provisions.

Contributions to the Faculty Plan are based upon a combination of compensation, tenure status, length of service, and other factors and are funded as accrued. These contributions were \$18.6 and \$18.4 million for the years ended May 31, 2024 and 2023, respectively.

**The Supplemental Retirement Annuity (SRA) Program** is a defined contribution plan for employees that are participants in the Defined Contribution Retirement Plan for Faculty of the University of Miami or the Retirement Plan for Employees of the University of Miami. The Plan was established on January 1, 1975. On April 19, 2006, the Board of Trustees of the University (the Board) voted to close the Plan to new employees hired on or after June 1, 2007. This plan consists of only employee voluntary contributions.

**The Employee Retirement Plan (Employee Plan)** is a defined benefit plan primarily for full-time non-faculty employees hired before June 1, 2007. Employee Plan assets are held by a Trustee. The benefit is based on the higher of two formulas: a formula based on years of service and the employee's compensation for the consecutive five-year period of employment that produces the highest average; and a cash balance benefit formula determined each year based on compensation and investment earnings.

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The measurement date for the Employee Plan and postretirement health plan is May 31.

The following benefit payments, which reflect expected future service, are expected to be paid, for the fiscal years ending May 31 (in millions):

	<u>Pension benefits</u>	<u>Postretirement benefits</u>
2025	\$ 44.8	\$ 0.4
2026	48.0	0.5
2027	50.2	0.5
2028	50.0	0.6
2029	51.0	0.6
2030–2034	242.7	4.0

During the fiscal year ending May 31, 2025, the University expects to contribute \$15.0 million to the Employee Plan and \$0.4 million to its Postretirement Health Plan.

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### Notes to Consolidated Financial Statements

May 31, 2024 and 2023

The tables that follow provide a reconciliation of the changes in the plans' projected benefit obligations, fair value of assets, and funded status at May 31, 2024 and 2023 (in millions):

	<u>Pension benefits</u>		<u>Postretirement benefits</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Change in Benefit Obligation:</b>				
Benefit obligation at beginning of year	\$ 624.3	\$ 671.2	\$ 7.2	\$ 7.2
Service cost – benefits attributed to employee service during period and administrative expenses	13.6	12.5	0.8	0.5
Interest costs accrued to measure benefit obligation at present value	32.2	29.1	0.4	0.3
Plan participant contributions	—	—	0.7	0.7
Actuarial loss (gain)	3.4	(33.4)	0.3	0.1
Benefits paid and administrative expenses	(46.7)	(55.1)	(0.6)	(1.6)
Benefit obligation at end of year	<u>626.8</u>	<u>624.3</u>	<u>8.8</u>	<u>7.2</u>
<b>Change in Plan Assets:</b>				
Plan assets at fair value at beginning of year	553.2	613.8	—	—
Investment return on plan assets	32.0	(19.8)	—	—
Benefits paid and plan expenses	(46.7)	(55.2)	(0.6)	(1.6)
Employer contributions	15.0	14.4	(0.1)	0.9
Plan participant contributions	—	—	0.7	0.7
Plan assets at fair value at end of year	<u>553.5</u>	<u>553.2</u>	<u>—</u>	<u>—</u>
<b>Funded status:</b>				
Accrued pension and postretirement benefit costs recognized on the consolidated statements of financial position	<u>\$ (73.3)</u>	<u>\$ (71.1)</u>	<u>\$ (8.8)</u>	<u>\$ (7.2)</u>
<b>Amounts recognized in unrestricted net assets consist of:</b>				
Net actuarial loss (gain)	\$ 151.0	\$ 167.3	\$ (2.8)	\$ (3.3)
Prior service credit	(5.5)	(12.8)	—	—
	<u>\$ 145.5</u>	<u>\$ 154.5</u>	<u>\$ (2.8)</u>	<u>\$ (3.3)</u>

At May 31, 2024 and 2023, the accumulated benefit obligation of the Employee Plan was \$612.3 and \$611.7 million, respectively, which was \$58.8 and \$58.5 million in excess of Employee Plan assets, respectively. The investment return on plan assets exceeded the expected rate of return due to favorable market performance for the year ended May 31, 2024. However, for the year ended May 31, 2023, the actual return was less than assumed due to interest rate changes and a lower return on assets.

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The following table provides the components of net periodic pension cost for the plans for the years ended May 31, 2024 and 2023 (in millions):

	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
Service costs – benefits attributed to employee service during periods and administrative expenses	\$ 13.6	\$ 12.5	\$ 0.8	\$ 0.5
Interest costs accrued to measure benefit obligation at present value	32.2	29.1	0.4	0.3
Expected return on plan assets	(28.3)	(28.8)	-	-
Amortization of prior service cost/(credit) - includes changes in pension formula and cost of plan amendments	(7.3)	(7.3)	-	(0.1)
Recognized net actuarial loss and assumption changes	16.0	14.2	(0.1)	(0.2)
Net periodic benefit cost	<u>\$ 26.2</u>	<u>\$ 19.7</u>	<u>\$ 1.1</u>	<u>\$ 0.5</u>

The components of net periodic benefit cost other than the service cost component are included as a non-operating cost in the line item “Other components of net periodic pension cost” in the consolidated statements of activities.

The net actuarial loss (gain) and prior service credit expected to be recognized in net periodic benefit cost over the next fiscal year are as follows (in millions):

	Pension benefits	Postretirement benefits
Net actuarial loss (gain)	\$ 12.5	\$ (2.8)
Prior service credit	(4.7)	—

An 8.75% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2024. The rate is assumed to decrease each year until reaching the ultimate of 4.50% in 2033. Assumed health care cost trend rates have an effect on the amounts reported for the health care plan.

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The following weighted average assumptions were used for the above calculations:

	<b>Pension benefits</b>		<b>Postretirement benefits</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Discount rate for benefit obligation	5.65 %	5.45 %	5.48 %	5.12 %
Discount rate for net periodic benefit cost	5.45	4.60	5.12	4.31
Expected return on plan assets	5.50	5.00	N/A	N/A
Rate of compensation increase related to net periodic benefit cost	3.00	3.00	N/A	N/A

The rate of compensation increase assumption related to the benefit obligation is 3.50% for fiscal year ended May 31, 2024 and 3.00% thereafter. To develop the expected long-term rate of return for the Employee Plan assets, the University considered the historical returns of the major market indicators relating to the target asset allocation, as well as the current economic and financial market conditions.

The University used mortality tables issued by the Society of Actuaries. These tables represent recent mortality experience for a large U.S. population dataset that is reasonably representative of the population covered under the plan. Specifically, the University selected separate mortality rates for non-annuitants (the Pri-2012 “Employees” table) and annuitants (the Pri-2012 “Healthy Retiree “ and “Contingent Spouses” mortality tables), without collar adjustment. Mortality improvement was also assumed beyond the valuation date because recent experience evidenced by Social Security beneficiaries indicated that longevity has continued to improve. For years after 2012, generational improvement was projected using scales MP-2021 for the years ended May 31, 2024 and 2023, respectively.

**Employee Plan Assets**

The investment policy and objectives, as established by the University, are to ensure that the Employee Plan has sufficient liquidity and investment returns relative to anticipated cash flow and funding requirements, including benefit obligations. The University has incorporated a Dynamic Glide Path (“the Glide Path”) approach to the asset allocation for the Employee Plan. The intent of the Glide Path is to minimize the Plan’s funded ratio volatility. The current Glide Path asset allocation for a funded ratio greater than 85% but less than or equal to 100% is as follows: 15% to 45% growth assets (including public equities, fixed income (non-duration-matched), and other investments); and 55% to 85% fixed income (duration-matched). Public equity securities include registered mutual funds, unregistered limited partnerships, common collective trusts, and 103-12 investment entities, which invest in large cap, mid cap, and small cap companies primarily located in the United States, as well as international and emerging markets. Fixed-income securities include collective investment funds and registered mutual funds, which invest in government and government agency securities, corporate credit (investment-grade and high yield), structured products - leveraged loans, and other related credit instruments.

Other investments include uncorrelated long and short investments in markets and instruments, illiquid investments in public and private equity companies, real estate, and common collective trusts investing in real assets related securities similar to those of the HFRI Fund of Funds Index, Cambridge Associates

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Global Private Equity Index, and Bloomberg Commodity Index. At a minimum, the University reviews the Glide Path and asset allocation annually for appropriateness.

	Fair value measurements at May 31, 2024 (In millions)			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Equities:				
Emerging markets	\$ 3.0	\$ 3.0	\$ —	\$ —
International	3.7	3.7	—	—
Fixed income	83.4	18.3	65.1	—
Unregistered limited partnerships and limited liability companies measured at NAV <sup>1</sup> :				
Equities:				
Emerging markets	8.7	—	—	—
Large-mid cap	46.6	—	—	—
Private equity	2.4	—	—	—
Other:				
Real estate	0.5	—	—	—
Common collective trusts:				
Large cap	23.3	—	23.3	—
Fixed income	78.2	—	78.2	—
Short-term investment funds	16.2	—	16.2	—
Equities measured at NAV <sup>1</sup> :				
Multi-strategy	4.5	—	—	—
103-12 investment entities:				
Equities:				
International measured at NAV <sup>1</sup>	27.2	—	—	—
Corporate and government bonds:				
Fixed income	235.1	163.8	71.3	—
Other investments				
Fixed income	4.6	0.8	3.8	—
Other investments measured at NAV <sup>1</sup>				
Fixed income	11.0	—	—	—
Private equity	3.1	—	—	—
Multi-strategy	9.2	—	—	—
Other	0.2	—	0.2	—
Other	(7.4)	—	—	—
Total	\$ 553.5	\$ 189.6	\$ 258.1	\$ —

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	Fair value measurements at May 31, 2023 (In millions)			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Equities:				
Emerging markets	\$ 3.8	\$ 3.8	\$ —	\$ —
International	7.4	7.4	—	—
Fixed income	79.8	16.8	63.0	—
Unregistered limited partnerships and limited liability companies measured at NAV <sup>1</sup> :				
Equities:				
Emerging markets	7.7	—	—	—
Large-mid cap	35.5	—	—	—
Private equity	2.9	—	—	—
Other:				
Real estate	0.7	—	—	—
Common collective trusts:				
Large cap	28.4	—	28.4	—
Fixed income	74.0	—	74.0	—
Short-term investment funds	16.6	—	16.6	—
Equities measured at NAV <sup>1</sup> :				
Multi-strategy	15.4	—	—	—
103-12 investment entities:				
Equities:				
International measured at NAV <sup>1</sup>	21.3	—	—	—
Corporate and government bonds:				
Fixed income	239.9	159.7	80.2	—
Other investments				
Fixed income	4.2	0.6	3.6	—
Other investments measured at NAV <sup>1</sup>				
Fixed income	9.8	—	—	—
Private equity	5.3	—	—	—
Multi-strategy	9.0	—	—	—
Other	(8.5)	—	—	—
Total	\$ 553.2	\$ 188.3	\$ 265.8	\$ —

<sup>1</sup> In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the pension and other postretirement benefit plans table provided within note 8.

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**(9) Bonds and Notes Payable**

Bonds and notes payable at May 31 consist of the following (in millions):

	<u>Final maturity by fiscal year</u>	<u>2024 Interest rate</u>	<u>2024</u>	<u>2023</u>
Miami-Dade County, Florida				
Educational Facilities Authority				
Revenue Bonds, Series 2018A	2053	4.00-5.00%	\$ 229.2	\$ 230.0
Revenue Bonds, Series 2018B (Taxable)	2051	4.47 %	17.3	17.3
Revenue and Revenue Refunding Bonds				
Series 2015A	2045	4.00-5.00%	403.0	403.0
Revenue and Revenue Refunding Bonds, Series 2015B (Taxable)	2050	5.07 %	258.1	258.1
Revenue Bonds, Series 2012A	2042	4.00-5.00%	89.6	92.8
Revenue Refunding Bonds, Series 2007B	2034	5.25 %	112.8	125.3
Total Miami-Dade County Educational			<u>1,110.0</u>	<u>1,126.5</u>
Facilities authority				
University of Miami			500.0	500.0
Taxable Bonds Series 2022	2052	4.06 %	<u>500.0</u>	<u>500.0</u>
Total bonds			1,610.0	1,626.5
Notes payable to banks and others	2030	—	6.2	7.2
Lines of credits to banks	2029	Variable	75.0	—
Notes payable to banks and others	2029	Variable	<u>98.8</u>	<u>89.3</u>
Par amount of bonds and notes payable			1,790.0	1,723.0
Net unamortized premium			44.7	47.4
Net unamortized issue costs			<u>(10.4)</u>	<u>(9.2)</u>
Total			<u>\$ 1,824.3</u>	<u>\$ 1,761.2</u>

The annual maturities for bonds and notes payable at May 31, 2024 are as follows (in millions):

2025	\$ 98.3
2026	24.2
2027	25.8
2028	29.2
2029	97.2
Thereafter	<u>1,515.3</u>
Total	<u>\$ 1,790.0</u>

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## Notes to Consolidated Financial Statements

May 31, 2024 and 2023

In August 2015, the University entered into a \$600.0 million senior credit facility with a syndicate of lenders, including a line of credit of \$500.0 million and a Term Loan A of \$100.0 million. Effective March 20, 2020, the University refinanced and executed a new \$605.0 million senior credit facility, including a revolving credit facility of \$500.0 million and new Term Loan A of \$105.0 million. Effective June 25, 2021, the University executed Amendment No. 1 to the \$605.0 million senior credit facility to expand the line of credit available from \$500.0 to \$700.0 million; all other key terms of the agreement remained the same. Effective July 29, 2022, the University executed Amendment No. 2 to the \$605.0 million senior credit facility for the conversion of the reference rate for loans under the Credit Agreement from LIBOR to Term SOFR; all other key terms of the agreement remained the same. In January 2024, the University refinanced and executed a new \$1.0 billion senior credit facility, including a revolving credit facility of \$900.0 million and new Term Loan of \$100.0 million. The Term Loan has a variable interest rate equal to the Term SOFR plus 1.10% per annum, and a maturity date of January 5, 2029. The outstanding balance of the Term Loan A at May 31, 2024 and 2023 was \$98.8 and \$89.3 million, respectively. At May 31, 2024 and 2023, the outstanding balance of the line of credit was \$75.0 and \$0.0 million, respectively. In addition, the University has \$0.9 million in standby letters of credit which reduces the amount available to be drawn on the line of credit. Subsequent to May 31, 2024, an additional \$72.0 million was drawn from the line of credit, totaling the outstanding balance on the line of credit to approximately \$147.0 million as of September 20, 2024.

In April 2022, the University issued \$500.0 million of Taxable Bonds, Series 2022 through a direct issuance. A portion of the proceeds is to be used to finance or refinance all or a part of the costs of the acquisition, construction, renovation, and equipping of educational, research, medical, healthcare, parking, and other facilities owned and operated by the University, including a new student housing village, ambulatory care center, and other capital various projects.

Total interest paid on all bonds and notes was \$82.2 and \$80.0 million for the years ended May 31, 2024 and 2023, respectively. All of the bonds and notes payable listed in the table above are unsecured. The bonds and the notes do not contain any significant financial covenants, except the \$1.0 billion senior credit facility has a covenant that requires a minimum revenue of \$2.1 billion during a Required Covenant Year. The University has performed and observed each covenant and condition of the bonds and notes, and no default has occurred.

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Notes to Consolidated Financial Statements

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**(10) Net Assets**

At May 31, net assets consist of the following (in millions):

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions:		
Designated for operations, programs, facilities expansion, and student loans	\$ 1,427.2	\$ 1,257.5
Cumulative pension and postretirement benefits related changes other than net periodic benefit cost	(142.7)	(151.2)
Invested in plant facilities	1,260.2	1,019.7
Designated for endowment and similar funds	<u>272.4</u>	<u>231.4</u>
Total net assets without donor restrictions	<u>2,817.1</u>	<u>2,357.4</u>
Net assets with donor restrictions:		
Gifts for programs and facilities expansion	97.3	100.5
Contributions receivable and trusts held by others	552.3	497.4
Life income and annuity funds	13.4	11.5
Endowment and similar funds	<u>1,317.5</u>	<u>1,134.3</u>
Total net assets with donor restrictions	<u>\$ 1,980.5</u>	<u>\$ 1,743.7</u>

At May 31, 2024 and 2023, net assets with donor restrictions included amounts that were restricted in perpetuity of \$830.2 and \$792.2 million, respectively, and certain term endowment funds of \$49.4 and \$52.9 million that were available for future distribution, respectively.

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Notes to Consolidated Financial Statements

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**(11) Functional Expenses**

Operating expenses are reported in the consolidated statements of activities by natural classification. Expenses related to the University by both natural classification and functional classification for the years ended May 31, 2024 and 2023 are summarized below (in millions):

	<b>2024</b>			
	<b>Academic and research</b>	<b>Health care services</b>	<b>Administrative and support services</b>	<b>Total</b>
Compensation and benefits	\$ 935.3	\$ 1,420.9	\$ 514.3	\$ 2,870.5
Supplies and services	270.2	1,152.1	171.0	1,593.3
Depreciation and amortization	67.4	59.4	80.3	207.1
Utilities and maintenance	43.4	31.2	23.1	97.7
Interest	14.4	19.1	17.1	50.6
Other	127.0	185.2	175.7	487.9
Total operating expenses	<u>\$ 1,457.7</u>	<u>\$ 2,867.9</u>	<u>\$ 981.5</u>	<u>\$ 5,307.1</u>

	<b>2023</b>			
	<b>Academic and research</b>	<b>Health care services</b>	<b>Administrative and support services</b>	<b>Total</b>
Compensation and benefits	\$ 872.4	\$ 1,235.2	\$ 512.6	\$ 2,620.2
Supplies and services	216.8	1,068.0	153.7	1,438.5
Depreciation and amortization	61.7	50.5	69.0	181.2
Utilities and maintenance	42.5	32.3	17.6	92.4
Interest	19.8	21.3	22.1	63.2
Other	134.5	200.7	123.4	458.6
Total operating expenses	<u>\$ 1,347.7</u>	<u>\$ 2,608.0</u>	<u>\$ 898.4</u>	<u>\$ 4,854.1</u>

Certain natural expenses are attributable to more than one supporting functional expense category. These expenses consist primarily of depreciation, amortization, interest, and facilities-related expenses. Operations and maintenance expense of \$300.9 and \$300.5 million for the years ended May 31, 2024 and 2023, respectively, were also allocated. The method used for allocations is based on square footage used by each function, and these expenses are allocated consistently. In addition, square footage for multi-functional spaces is proportionately allocated based on utilization, which is calculated using salary data.

**(12) Liquidity and Availability of Resources**

As part of the University's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily requirements. Cash flows have seasonal variations during the year attributable to tuition billing, patient service, and research reimbursements, and a concentration of contributions received at calendar and fiscal year-end.

**UNIVERSITY OF MIAMI**

## Notes to Consolidated Financial Statements

May 31, 2024 and 2023

The University's financial assets and resources available to meet cash needs for general expenditures within one year as of May 31, 2024 and 2023 are as follows (in millions):

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 504.6	\$ 487.7
Accounts and loans receivable, net	349.9	345.2
Patient care receivable, net	429.3	396.0
Pledge payments available for operations	56.1	52.5
Working capital in investments	734.3	888.0
Subsequent fiscal year endowment distributions	<u>59.6</u>	<u>54.8</u>
Total financial assets available within one year	2,133.8	2,224.2
Liquidity resources:		
Bank lines	<u>553.0</u>	<u>700.0</u>
Total financial assets and liquidity resources available within one year	\$ <u><u>2,686.8</u></u>	\$ <u><u>2,924.2</u></u>

The bank lines are net of draws totaling \$72.0 million made subsequent to May 31, 2024. In addition to the liquidity resources noted above, the University has a board-designated endowment of \$272.4 and \$231.4 million as of May 31, 2024 and 2023, respectively, to help manage unanticipated liquidity needs. Although the University does not intend to spend from its board-designated endowment funds as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if required. However, both board-designated and donor-restricted endowment funds contain investments with lock-up provisions that reduce total investments that could be made available to meet cash flow needs.

**(13) Leases**

The University has elected to account for lease and non-lease components as a single lease component. The University also elected the package of practical expedients, which allows lessees to make an election to not reassess conclusions previously made under ASC 840 with regard to whether leases and contracts in place at adoption of ASC 842 (a) are or contain leases, (b) the lease classification for existing leases, and (c) the initial direct costs for any existing leases.

At May 31, 2024 and 2023, the University recognized under operating leases \$116.6 and \$169.1 million, respectively, as right-of-use assets within other assets, and \$136.9 and \$194.2 million, respectively, as lease obligations within other liabilities. For its finance leases, the University recognized \$74.6 and \$58.6 million, respectively, as right-of-use assets within property and equipment, net and \$59.6 and \$42.1 million, respectively, as lease obligations within other liabilities.

The University is obligated under numerous operating and finance leases to pay base rent through the respective lease expiration dates. Real property under operating and finance leases ranges with remaining lease terms of up to 89 years through fiscal 2113. As well, the University leases various equipment under

**UNIVERSITY OF MIAMI**

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

operating and finance leases expiring at various dates through 2034. Aggregate future minimum lease payments under noncancelable finance and operating leases as of May 31, 2024 are as follows:

	<u>Finance leases</u>	<u>Operating leases</u>
2025	\$ 15.7	\$ 23.9
2026	12.7	20.2
2027	10.2	15.9
2028	1.7	13.9
2029	0.9	11.0
Thereafter	<u>55.9</u>	<u>147.9</u>
Total lease payments	97.1	232.8
Less interest portion	<u>(37.5)</u>	<u>(95.9)</u>
Total lease liabilities	<u>\$ 59.6</u>	<u>\$ 136.9</u>

The components of lease expense for the years ended May 31, 2024 and 2023 are as follows (in millions):

	<u>2024</u>	<u>2023</u>
Finance lease expense:		
Amortization of right-of-use assets	\$ 11.2	\$ 8.5
Interest on lease liabilities	1.5	0.9
Operating lease expense	32.4	36.5
Short-term lease expense	9.1	5.9
Variable lease expense	<u>16.4</u>	<u>9.5</u>
Total lease expense	<u>\$ 70.6</u>	<u>\$ 61.3</u>
Other lease information:		
Operating cash flows from operating leases	\$ 31.2	\$ 35.2
Operating and investing cash flows from finance leases	10.4	8.1
Right-of-use assets obtained in exchange for new lease liabilities:		
Finance leases	\$ 27.9	\$ 33.0
Operating leases	20.8	15.8
Weighted-average remaining lease term:		
Finance leases	27 years	30 years
Operating leases	20 years	29 years
Weighted-average discount rate:		
Finance leases	3.82 %	3.31 %
Operating leases	3.30 %	1.52 %

**UNIVERSITY OF MIAMI**

## Notes to Consolidated Financial Statements

May 31, 2024 and 2023

The University is the lessor in several long-term non-cancelable operating leases for commercial space through fiscal year 2072. Operating lessor income of \$7.0 million is included in other income within the statements of activities for the year ended May 31, 2024. Future minimum operating rental revenue due as of May 31, 2024 is summarized below (in millions):

2025	\$	4.4
2026		3.0
2027		2.4
2028		2.0
2029		1.5
Thereafter		<u>55.9</u>
Total future minimum rentals	\$	<u><u>69.2</u></u>

The University has an agreement to use the Hard Rock Stadium on a limited basis through December 31, 2032. The University is treating this as a short-term lease due to the usage being less than 12 months. The short-term lease cost incurred during any one year does not reasonably reflect the short-term lease commitment. Remaining payments under this agreement are \$9.6 million as of May 31, 2024.

**(14) Commitments and Contingencies**

The University had contractual obligations of approximately \$164.3 million at May 31, 2024 for various construction projects and purchases of equipment.

The University, in its normal operations, is a defendant in various legal actions. Additionally, amounts received and expended under various federal and state programs are subject to audit by governmental agencies. Management is of the opinion that the outcome of these matters would not have a material effect on the University's financial position or results of operations.

UNIVERSITY  
OF MIAMI

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Consolidated Financial Statements  
Fiscal years ended May 31, 2025 and 2024  
(With Independent Auditors' Report Thereon)



KPMG LLP  
Suite 800  
500 W 5th St  
Winston-Salem, NC 27101

## Independent Auditors' Report

Board of Trustees  
University of Miami:

### *Opinion*

We have audited the consolidated financial statements of University of Miami (the University), which comprises the consolidated statements of financial position as of May 31, 2025 and 2024, 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 May 31, 2025 and 2024, 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.

*KPMG LLP*

Winston-Salem, North Carolina  
September 22, 2025

**UNIVERSITY OF MIAMI**

Consolidated Statements of Financial Position

May 31, 2025 and 2024  
(In millions)

<b>Assets</b>	<b>2025</b>	<b>2024</b>
Cash and cash equivalents	\$ 499.9	\$ 504.6
Deposits with bond trustee	87.0	—
Accounts and loans receivable, net	472.8	365.7
Patient care receivable, net	366.6	429.3
Contributions receivable, net	154.8	199.2
Other assets	276.8	234.9
Investments	3,026.9	2,877.5
Property and equipment, net	3,976.1	3,101.0
Trusts held by others	64.7	62.1
Total assets	\$ 8,925.6	\$ 7,774.3
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 629.5	\$ 496.8
Deferred revenues and other deposits	142.4	125.6
Liability for medical self-insurance	81.0	75.9
Other liabilities	428.7	372.0
Accrued pension and postretirement benefit costs	82.0	82.1
Bonds and notes payable	2,216.8	1,824.3
Total liabilities	3,580.4	2,976.7
Net assets:		
Without donor restrictions	3,315.0	2,817.1
With donor restrictions	2,030.2	1,980.5
Total net assets	5,345.2	4,797.6
Total liabilities and net assets	\$ 8,925.6	\$ 7,774.3

See accompanying notes to financial statements.

**UNIVERSITY OF MIAMI**

Consolidated Statements of Activities

Years ended May 31, 2025 and 2024

(In millions)

	<u>2025</u>	<u>2024</u>
Changes in net assets without donor restrictions:		
Operating activities:		
Operating revenues:		
Tuition and fees, net	\$ 767.7	\$ 733.5
Grants and contracts, net	716.2	672.8
Net patient revenue – medical professional practice	757.5	679.1
Net patient revenue – hospitals and clinics	3,293.0	2,926.3
Gifts and trusts, net	77.4	70.6
Net assets released from restrictions	26.6	24.5
Endowment spending distribution	61.3	54.7
Investment return	112.0	98.5
Auxiliary enterprises, net	322.4	290.7
Other sources	96.3	108.0
Total operating revenues	<u>6,230.4</u>	<u>5,658.7</u>
Operating expenses:		
Compensation and benefits	3,197.6	2,870.5
Supplies and services	1,811.7	1,593.3
Depreciation and amortization	247.2	207.1
Utilities and maintenance	105.2	97.7
Interest	63.6	50.6
Other	433.8	487.9
Total operating expenses	<u>5,859.1</u>	<u>5,307.1</u>
Change in net assets without donor restrictions from operating activities	<u>371.3</u>	<u>351.6</u>
Non-operating activities:		
Endowment, annuity, and other investment return, net of distributions	20.5	54.5
Gifts and trusts, net	0.4	3.0
Gain on early extinguishment of debt	23.9	—
Net gain on disposal of long lived assets	—	1.8
Other components of net periodic pension costs	(13.7)	(12.6)
Net assets released from restrictions for property and equipment	84.4	52.9
Change in net assets without donor restrictions from non-operating activities	<u>115.5</u>	<u>99.6</u>
Postretirement benefits related changes other than net periodic benefit cost	<u>11.1</u>	<u>8.5</u>
Increase in net assets without donor restrictions	<u>497.9</u>	<u>459.7</u>
Changes in net assets with donor restrictions		
Endowment, annuity, and other investment return, net of distributions	76.4	152.7
Gifts and trusts, net	84.3	158.6
Changes in value of annuities payable and trusts held by others	—	2.9
Net assets released from restrictions	(111.0)	(77.4)
Increase in net assets with donor restrictions	<u>49.7</u>	<u>236.8</u>
Increase in total net assets	547.6	696.5
Net assets:		
Net assets, beginning of year	<u>4,797.6</u>	<u>4,101.1</u>
End of year	<u>\$ 5,345.2</u>	<u>\$ 4,797.6</u>

See accompanying notes to financial statements.

## UNIVERSITY OF MIAMI

## Consolidated Statements of Cash Flows

Years ended May 31, 2025 and 2024

(In millions)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Increase in total net assets	\$ 547.6	\$ 696.5
Adjustments to reconcile increase in total net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(148.4)	(244.8)
Gifts for plant expansion and endowment	(56.1)	(110.6)
Depreciation and amortization	247.2	207.1
Provision for doubtful accounts	23.1	16.3
Net loss on sale and/or disposal of other assets and property and equipment	6.6	12.5
Present value adjustment on annuities payable and trusts held by others	0.2	(0.2)
Amortization of debt premiums, discounts, and issue costs	(3.8)	(2.2)
Gain on early extinguishment of debt	(23.9)	—
Postretirement benefits related changes other than net periodic benefit cost	(11.1)	(8.5)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts and loans receivable	(110.8)	(4.5)
Patient care receivable	62.7	(33.3)
Contributions receivable	8.3	(15.2)
Other assets	1.8	15.1
Increase (decrease) in:		
Accounts payable and accrued expenses	161.6	68.6
Deferred revenues and other liabilities	21.4	(18.0)
Accrued pension and postretirement benefit costs	11.0	12.3
Medical self-insurance	5.1	10.0
Net cash provided by operating activities	<u>\$ 742.5</u>	<u>\$ 601.1</u>
Cash flows from investing activities:		
Purchases of investments	\$ (1,490.7)	\$ (1,517.0)
Proceeds from the sales and maturities of investments	1,519.0	1,608.9
Capital expenditures for property and equipment	(1,041.8)	(766.4)
Payment for asset acquisition, net of cash acquired	(92.1)	—
Student and shared appreciation mortgage loans:		
New loans made	—	(0.1)
Principal collected	(0.8)	(3.3)
Net cash used in investing activities	<u>\$ (1,106.4)</u>	<u>\$ (677.9)</u>
Cash flows from financing activities:		
Gifts for plant expansion and endowment	\$ 40.9	\$ 38.8
Proceeds from the issuance of debt	1,020.2	89.9
Payments on retired borrowings	(427.7)	—
Payments on existing bonds and notes payable	(172.3)	(24.6)
Payments on finance leases	(14.9)	(10.4)
Net cash provided by financing activities	<u>\$ 446.2</u>	<u>\$ 93.7</u>
Cash and cash equivalents:		
Net increase	\$ 82.3	\$ 16.9
Beginning of year	<u>504.6</u>	<u>487.7</u>
End of year	<u>\$ 586.9</u>	<u>\$ 504.6</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 92.6	\$ 82.2
Donated securities	32.2	22.6
Accrued liabilities related to additions of property	29.1	63.3
Non-cash payment and issuance of debt	—	85.1
Gain on early extinguishment of debt	22.9	—
Derecognition of ROU assets and related lease liabilities	1.3	50.1

See accompanying notes to financial statements.

**UNIVERSITY OF MIAMI**

## Notes to Consolidated Financial Statements

May 31, 2025 and 2024

**(1) Organization**

The University of Miami (“the University”) is a private not-for-profit institution located in South Florida. Founded in 1925, the University owns and operates educational and research facilities as well as a health care system. The mission of the University is to transform lives through teaching, research, and patient care in service of the community.

These consolidated financial statements include the accounts of the University’s departments and facilities, including its hospital and clinics (“University of Miami Hospital & Clinics”), which is a division of the University. Also included are the accounts of the University of Miami Insurance Company (“UMIC”), the University’s wholly owned captive insurance company, and Dominion Tower L.C., whose net assets were acquired as part of an asset acquisition. All significant intercompany accounts and transactions have been eliminated in the preparation of these statements.

**(2) Summary of Significant Accounting Policies and Reporting Practices****(a) Basis of Presentation**

The consolidated financial statements of the University have been prepared on the accrual basis of accounting and in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) for not-for-profit organizations.

The two net asset categories as reflected in the accompanying consolidated financial statements are as follows:

- **Net assets without donor restrictions** - Net assets are free of donor-imposed restrictions. This category includes the University’s investment in property and equipment and amounts designated by management for support of operations, programs, and facilities expansion. The University has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the University and, therefore, the University’s policy is to record them as net assets without donor restrictions. This category includes all revenues, expenses, gains, and losses that are not changes in net assets with donor restrictions.
- **Net assets with donor restrictions** - Net assets are those whose use by the University is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the University pursuant to those stipulations. These net assets are available for program purposes, i.e., education, research, public service, and scholarships, as well as for buildings and equipment. This category also includes assets that are invested in perpetuity, the income from which is expended for program purposes. Net assets with permanent donor restrictions cannot be removed by actions of the University.

**(b) Use of Estimates**

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires that management make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**UNIVERSITY OF MIAMI**

## Notes to Consolidated Financial Statements

May 31, 2025 and 2024

**(c) Income Taxes**

The University is generally exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code ("IRC"), except for unrelated business income or income earned through taxable subsidiaries. The University files tax returns with U.S. federal and other state tax authorities for which generally the statute of limitations extends to the year ended May 31, 2022.

On March 31, 2025 ("acquisition date"), the University acquired 100% of the outstanding membership interests in Dominion Tower, L.C, a taxable corporation. For financial reporting purposes, the acquisition was determined to be an asset acquisition under Accounting Standards Codification ("ASC") 805-50. Although accounted for as an asset acquisition for U.S. GAAP purposes, the subsidiary continues to exist as a separate legal entity and remains subject to federal and state income taxes. As a result of the acquisition, the University recorded deferred tax liabilities of \$28.4 million primarily related to basis differences in acquired assets and liabilities. For the post-acquisition period ended May 31, 2025, Dominion Tower incurred a net operating loss that was not material and no material current federal or state income tax provision was recorded.

Accordingly, the University has no significant provision for income taxes in its consolidated financial statements. Additionally, at May 31, 2025 and 2024, there were no uncertain tax positions.

**(d) Activities**

The University's revenues and expenses related to conducting its core activities are classified as operating in the consolidated statements of activities. Endowment, annuity, and other investment return, net of distributions, as well as other components of net periodic pension costs, changes in postretirement obligations, net assets released from restriction for property and equipment, and certain other activities, are classified as non-operating in the consolidated statements of activities.

**(e) Cash and Cash Equivalents and Deposits with Bond Trustee**

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Included in cash and cash equivalents, the University has restricted balances of \$25.9 and \$2.6 million as of May 31, 2025 and 2024, respectively, for contractual and regulatory requirements. In addition, at May 31, 2025 and 2024, the amounts held in escrow included \$87.0 and \$0 million, respectively for the 2024A and 2024B bonds (see note 9). These amounts are reported as a separate financial statement line titled "Deposits with bond trustee" and are part of the Cash and cash equivalents balance in the Statements of Cash Flows.

**(f) Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 5 for fair value measurements. Realized gains and losses are recognized at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific-identification method. Unrealized gains and losses are recognized for the change in fair value between reporting periods. Interest and dividend income are recognized when earned.

## UNIVERSITY OF MIAMI

### Notes to Consolidated Financial Statements

May 31, 2025 and 2024

The University's investments include various types of investment securities that are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the consolidated financial statements.

#### **(g) Revenue Recognition**

Revenue is recognized as performance obligations are satisfied, which are determined based on the nature of the services and goods provided.

Tuition and fees revenue is reported within the fiscal year in which educational services are provided. When classes or courses overlap the reporting period, only the portion of the revenue where the performance obligation has not been met is deferred to the next fiscal year.

Scholarships and fellowships awarded to students for tuition, fees, and room and board are based upon need and merit. These awards include amounts funded by the endowment, research funds, and gifts, and reduce the published price of tuition for students receiving such aid. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student.

Institutional aid is netted against tuition and fees, and auxiliary enterprises revenue in the consolidated statements of activities as follows (in millions):

	2025	2024
Scholarships and fellowships:		
Institutionally funded	\$ 389.2	\$ 359.6
Externally funded – gifts and grants	24.1	22.0
Total amount netted against tuition and fees revenue	\$ 413.3	\$ 381.6
Amount netted against auxiliary enterprises revenue	\$ 37.2	\$ 31.2

Net patient revenue is recorded at the transaction price estimated to reflect the consideration due from patients and third-party payors in exchange for the services provided. The various activities of the University of Miami Hospital & Clinics ("the Hospital", a division of the University), including medical care, prescription drugs, and room and board, are considered a single performance obligation. Performance obligations related to patient services are satisfied over time and have a duration of less than one year. Revenue for the Hospital and the Professional Medical Practice ("UMMG", a division of the University) is recognized based on actual charges incurred in relation to total expected or actual charges, with a reduction for explicit and implicit price concessions.

The Hospital and UMMG apply the portfolio approach as a practical expedient to group patient contracts with similar characteristics, such that the revenue for a given portfolio would not be materially different than if it were evaluated on an individual contract basis. This grouping is based upon the inpatient/outpatient setting of the services and third-party payors.

**UNIVERSITY OF MIAMI**

Notes to Consolidated Financial Statements

May 31, 2025 and 2024

The Hospital and UMMG's performance obligations have a duration of less than one year. Therefore, they have elected to apply the optional exemption to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. These unsatisfied or partially unsatisfied performance obligations primarily relate to services provided at the end of the reporting period. Such obligations are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Net patient revenue and accounts receivable consist primarily of patient revenues that are recorded based upon established billing rates less explicit price concessions (including contractual allowances and discounts) and implicit price concessions, effectively the estimated net realizable value. Revenues are recorded in the period the services are provided based upon the estimated amounts due from the patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, and employers. Estimates of contractual allowances represent the difference between established rates for services and amounts reimbursed by third-party payors based upon the payment terms specified in the related contractual agreements.

Net patient revenue, disaggregated by payor source for the Hospital and UMMG was as follows (in millions):

	Year ended May 31, 2025		
	UMMG	Hospital	Total
Medicare and Medicare HMO	\$ 182.6	\$ 927.1	\$ 1,109.7
Medicaid and Medicaid HMO	124.4	188.2	312.6
Managed Care	424.1	2,152.0	2,576.1
Other	26.4	25.7	52.1
	\$ 757.5	\$ 3,293.0	\$ 4,050.5

	Year ended May 31, 2024		
	UMMG	Hospital	Total
Medicare and Medicare HMO	\$ 164.7	\$ 807.7	\$ 972.4
Medicaid and Medicaid HMO	154.7	193.5	348.2
Managed Care	359.3	1,896.5	2,255.8
Other	0.4	28.6	29.0
	\$ 679.1	\$ 2,926.3	\$ 3,605.4

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. The estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined. In the opinion of management, adequate provisions for adjustments that may result from such reviews and audits have

**UNIVERSITY OF MIAMI**

## Notes to Consolidated Financial Statements

May 31, 2025 and 2024

been made through May 31, 2025, in the accompanying consolidated financial statements. The impact of such adjustments to revenues for the years ended May 31, 2025 and 2024, was an increase of \$20.2 and \$39.3 million, respectively.

Grant and contract revenues are received from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return or may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large. Revenues from exchange transactions are recognized as the performance obligations are met, which is generally as the related costs are incurred.

The federal government reimburses the University for facilities and administrative costs incurred in connection with research grants and contracts based on approved rates through 2025. Facilities and administrative cost recovery from government and private sources included in grants and contracts revenues totaled \$110.6 and \$99.2 million during the years ended May 31, 2025 and 2024, respectively.

Conditional promises not reflected in the consolidated financial statements, which consist primarily of the difference between the award amount and the revenue recognized for the non-exchange grants, was \$902.4 million at May 31, 2025.

Gifts of cash, property, and marketable securities are recorded as revenue at fair value when received. Unconditional pledges (note 4) are recognized as revenue based on the estimated present value of the future cash flows, net of allowances, when the commitment is received. Pledges made and collected in the same reporting period are recorded when received in the appropriate net asset category.

Conditional pledges are recorded as revenue only when donor conditions are substantially met. Gifts and trusts at May 31, 2025 and 2024 are reported net of uncollectible pledges and reserves of \$16.7 and \$11.0 million, respectively.

**(h) Deferred Revenues**

Deferred revenues are primarily comprised of amounts received for grants and contracts that are not billed on a cost-reimbursement basis and student tuition received but has not yet been earned. If services are conducted over a fiscal year-end, deferred revenue is allocated based on number of days or another reasonable method.

Future performance obligations will be met within the next fiscal year, with the exception of a dining services agreement that at May 31, 2025 totaled \$14.4 million and terminates May 31, 2041.

**(i) Auxiliary Enterprises**

Auxiliary enterprises include residence halls, food services, retail stores, and athletics. Fee charges are directly related to the costs of services rendered and are recognized as revenue when the services or goods are delivered. These services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. Performance obligations for housing and dining services are met over the academic terms.

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**(j) Annuities Payable and Trusts Held by Others**

Certain gift annuities, charitable lead, and remainder annuity trust agreements have been entered into with donors. Assets reported under these agreements are valued at fair value based on either the present value of expected cash flows or the value of the University's share of the underlying assets.

These assets are included in trusts held by others on the consolidated statements of financial position, except for gift annuities, which are included in cash and cash equivalents and investments. Gift annuities included in cash and cash equivalents, and investments totaled \$19.9 and \$19.1 million at May 31, 2025 and 2024, respectively. Generally, revenue from gift annuities and trusts is recognized at the date the agreements are established net of liabilities for the present value of the estimated future payments to donors and/or other beneficiaries.

The liabilities are adjusted during the term of the gift annuities for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

The University is also the beneficiary of certain perpetual trusts, which are included in trusts held by others on the consolidated statements of financial position. The fair value of the trusts, which are based on either the present value of the estimated future cash receipts or the fair value of the assets held in the trust, are recognized as assets and gift and trust revenue as of the date the University is notified of the establishment of the trust. The carrying value of the assets is adjusted for changes in fair value.

**(k) Medical School**

Faculty physicians, in addition to teaching and conducting research, engage in the practice of medicine, which generates patient care revenue. Revenues and expenses, including compensation and administrative operations from the practice of medicine, are reflected as University revenues and expenses.

The University and the Public Health Trust of Miami-Dade County, Florida ("PHT"), owner and operator of Jackson Memorial Hospital ("JMH"), have entered into an affiliation agreement related to their independent missions within the designated land and facilities that comprise the Jackson Memorial Medical Center. Pursuant to that agreement, the PHT provides clinical facilities for the teaching of the University's medical students. Medical education of its students is the sole responsibility of the University. In addition, the University has agreed to permit its faculty to apply for privileges at JMH to train and supervise JMH house staff (interns, residents, and fellows) and to treat hospital patients in their capacity as members of JMH's attending medical staff.

All such treatment and training are the sole responsibility of the PHT in its capacity as the legal owner and operator of the Jackson Health System's public hospitals and clinics and its statutory teaching hospital (JMH). The affiliation agreement provides the terms for the mutual reimbursement of services provided.

**(l) Related Parties**

Related party transactions are disclosed in note 3 regarding shared appreciation mortgages to faculty and administrators and note 4 regarding gift contributions from the University's Board of Trustees.

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**(m) Insurance**

The University manages property and liability risks through a combination of commercial insurance policies and self-insurance.

The University is self-insured for medical professional liability and maintains commercial excess loss coverage within specified limits. Provisions for medical professional liability claims and related costs are based on several factors, including an annual actuarial study on an undiscounted basis at both May 31, 2025 and May 31, 2024.

**(n) Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation and amortization. Property and equipment under finance leases are initially valued and recorded based on the present value of minimum lease payments. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Depreciation on property and equipment held under finance leases is amortized over the shorter of the expected useful life of the asset or term of the related lease. Depreciation is not recorded on land, art objects, and construction in progress. Leasehold improvements are amortized over the lesser of the lease term or the useful life.

Internal-use software costs are expensed or capitalized according to the provisions of the accounting standard. Capitalized software costs are included in computers and software.

**(o) Art Objects**

Collections at the University include works of art and literary works that are maintained in the University's galleries, libraries, and buildings. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service and, therefore, are capitalized but not depreciated. The University's policy is to use the proceeds from deaccessioned collection items for the acquisition of new collection items. The University had no returned and deaccessioned donated fine arts objects for the year ending May 31, 2025; however, the University recorded a loss on disposal of \$4.3 million for the year ending May 31, 2024.

**(p) Lease Right-Of-Use Assets and Liabilities**

Operating leases as a lessee are included in other assets and other liabilities on the consolidated statements of financial position. The assets and liabilities associated with finance leases as a lessee are included in property and equipment, net, and other liabilities, respectively, on the consolidated statements of financial position.

Right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating and finance lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The commencement date is when the University either takes possession of the asset or, in the case of real estate leases, when the landlord makes the building available for use. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense

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for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases.

**(q) Impairment of Long-Lived Assets**

U.S. GAAP requires that long-lived assets held by an entity, including intangible assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable.

No asset impairments were recorded by the University during the years ended May 31, 2025 and 2024.

**(r) Inventories**

The University's inventories are carried at the lower of cost or net realizable value. Inventories are used in the provision of patient care and generally are not held for sale. Inventories are recorded within other assets on the consolidated statements of financial position.

**(s) Patient Care Receivables**

Patient care receivables are presented net of implicit and explicit price concessions and are recorded at their net realizable value. Approximately, 10.6% and 13.2% of patient care receivables, net are due from the Medicare program at May 31, 2025 and 2024, respectively.

**(t) Recent Accounting Pronouncements**

In December 2023, the Financing Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2023-08, *Intangibles – Goodwill and Other Crypto Assets (Subtopic 350-60)*. The new standard removes the previous impairment-only accounting model and requires measuring crypto assets at fair value. The new standard is effective for fiscal year beginning after December 15, 2024. The University is currently evaluating the impact of the new standard on the financial statements and believes the adoption will not have a significant impact on its financial position, results of operations, or cash flows.

In July 2025, FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The standard provides a new practical expedient and accounting policy election to simplify the measurement of credit losses for accounts receivable and contract assets arising from revenue transactions under ASC 606. The amendments are effective for fiscal year beginning after December 15, 2025. The University is currently evaluating the impact of the new standard on the financial statements.

**(u) Subsequent Events**

The University evaluated events and transactions occurring subsequent to May 31, 2025, through September 22, 2025, the date of issuance of the consolidated financial statements. During this period, there were no subsequent events requiring recognition or disclosure in the consolidated financial statements.

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**(3) Accounts and Loans Receivable**

At May 31, accounts and loans receivable consist of the following (in millions):

	<u>2025</u>	<u>2024</u>
Accounts and loans receivable, net:		
Grants, contracts, and other	\$ 230.2	\$ 177.0
Third-party payors	215.2	161.7
Shared appreciation mortgages	12.3	14.9
Student	14.3	11.1
Student loans, net	<u>0.8</u>	<u>1.0</u>
Total	<u>\$ 472.8</u>	<u>\$ 365.7</u>

Accounts and loans receivable are presented net of allowances for doubtful accounts. At May 31, 2025 and 2024, allowances for doubtful accounts were \$29.1 and \$23.9 million, respectively.

Shared appreciation mortgages were provided as part of a program to attract and retain excellent faculty and senior administrators through home mortgage financing assistance. Shared appreciation notes amounting to \$16.4 and \$17.3 million, gross of allowance for doubtful accounts of \$4.1 and \$2.4 million at May 31, 2025 and 2024, respectively, from University faculty and senior administrators are collateralized by second mortgages on residential properties. The program was suspended effective December 31, 2008, with limited exceptions.

Student loans are made primarily pursuant to federal programs and availability of funding. The related receivables have significant government restrictions as to marketability, interest rates, and repayment terms.

**(4) Contributions Receivable (Pledges)**

Unconditional pledges are recorded at the present value of their future cash flows using a discount rate ranging from 1.6% to 5.1%, commensurate with the risk involved at the time the pledge is recorded. They are expected to be realized in the following periods at May 31 (in millions):

	<u>2025</u>	<u>2024</u>
In one year or less	\$ 110.3	\$ 123.3
Between one year and five years	80.4	109.9
More than five years	<u>9.5</u>	<u>12.0</u>
	200.2	245.2
Discount of \$12.7 and allowance for doubtful pledges of \$32.7 for 2025, and \$15.8 and \$30.2 for 2024, respectively	<u>(45.4)</u>	<u>(46.0)</u>
Total	<u>\$ 154.8</u>	<u>\$ 199.2</u>

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The methodology for calculating the allowance is based on the administration's review of individually significant outstanding pledges, analysis of the aging of payment schedules for all outstanding pledges, as well as other factors including current economic conditions.

At May 31, 2025 and 2024, net contributions receivable includes \$35.8 and \$50.7 million, respectively, due from members of the University's Board of Trustees. During the years ended May 31, 2025 and 2024, the gift revenues recognized from members of the University's Board of Trustees were \$24.5 and \$36.5 million, respectively. At May 31, 2025 and 2024, conditional promises to give and bequest intentions totaling \$728.6 and \$671.2 million, respectively, were not reflected in the consolidated financial statements.

#### (5) Fair Value of Financial Instruments

##### (a) Investments

The fair market value of investments at May 31, 2025 and 2024 amounted to \$3,026.9 and \$2,877.5 million, with a cost basis of \$2,566.5 and \$2,505.6 million, respectively. Short-term investments consist primarily of commercial paper and U.S. Treasury securities with original maturities when purchased in excess of three months, and are recorded within investments on the consolidated statements of financial position. The majority of investments are combined in investment pools with each individual account subscribing to or disposing of shares on the basis of the fair value per share. At May 31, 2025 and 2024, the fair value of the University's primary investment pool ("the Growth Pool") amounted to \$1,796.0 and \$1,665.4 million, with a cost basis of \$1,341.1 and \$1,291.0 million, respectively. The Growth Pool is managed by multiple investment managers with asset allocation per the University's investment policy.

The framework for measuring fair value under ASC 820 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for investments measured at fair value:

**Level 1** — Inputs include valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Inputs to the valuation methodologies include unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

**Level 2** — Inputs include valuations for assets traded in less active dealer or broker markets. Inputs to the valuation methodologies include quoted prices from third-party pricing services for identical or similar assets in active and/or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** — Inputs primarily consist of trusts recorded at fair value based on the underlying value of the assets in the trust or discounted cash flow of the expected payment streams. The trusts reported at Level 3 are primarily perpetual trusts managed by third parties invested in stocks, mutual funds, and

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fixed-income securities that are traded in active markets with observable inputs, which would result in Level 1 and 2 hierarchal reporting. However, since the University has an interest in the trust and not the underlying trust assets, these perpetual trusts are reported as Level 3.

Categories included in limited partnerships and limited liability companies and other investments represent alternative investments, which are valued at the net asset value (“NAV”) of the entities as determined by the fund managers. The University uses the NAV of certain hedge funds and limited partnerships and limited liability companies as fair value as a practical expedient except where certain conditions exist.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of any input that is significant to the fair value measurement. The University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at May 31, 2025.

The following tables summarize the University’s investments and cash equivalents in which cash equivalents are recorded within cash and cash equivalents on the consolidated statements of financial position.

	Fair value measurement at May 31, 2025 (In millions)			
	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash equivalents	\$ 548.9	\$ 548.9	\$ —	\$ —
Short-term investments	561.3	561.3	—	—
Corporate bonds	529.7	400.2	129.5	—
Debt securities	42.8	—	42.8	—
Publicly traded stocks	103.8	103.8	—	—
Mutual funds	890.9	877.3	13.6	—
Exchange traded funds	21.4	21.4	—	—
Private Equity – S.A.F.E. Agreement	2.8	—	2.8	—
Limited partnerships and limited liability companies measured at NAV <sup>1</sup>	874.2	—	—	—
Total investments and cash equivalents	3,575.8	2,512.9	188.7	—
Trusts held by others	64.7	—	—	64.7
Total assets	\$ 3,640.5	\$ 2,512.9	\$ 188.7	\$ 64.7

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	<b>Fair value measurement at May 31, 2024 (In millions)</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Assets:</b>				
Cash equivalents	\$ 545.8	\$ 545.8	\$ —	\$ —
Short-term investments	620.3	620.3	—	—
Corporate bonds	471.0	356.4	114.6	—
Debt securities	44.8	—	44.8	—
Publicly traded stocks	137.6	137.6	—	—
Mutual funds	783.8	768.0	15.8	—
Exchange traded funds	25.8	25.8	—	—
Private Equity – S.A.F.E. Agreement	3.3	—	3.3	—
Limited partnerships and limited liability companies measured at NAV <sup>1</sup>	<u>790.9</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total investments and cash equivalents	3,423.3	2,453.9	178.5	—
Trusts held by others	<u>62.1</u>	<u>—</u>	<u>—</u>	<u>62.1</u>
Total assets	<u>\$ 3,485.4</u>	<u>\$ 2,453.9</u>	<u>\$ 178.5</u>	<u>\$ 62.1</u>

<sup>1</sup> In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The change in Trust held by others from \$62.1 million to \$64.7 million is due to an unrealized gain of \$2.6 million.

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The following tables summarize the University's investments whose fair value is reported using net asset value per share (in millions) as a practical expedient:

	At May 31, 2025		At May 31, 2024		Redemption frequency	Days notice
	Fair value	Future commitments	Fair value	Future commitments		
Investments:						
Limited partnerships and limited liability companies:						
Equities:						
Emerging markets (b)	\$ 119.5	\$ —	\$ 60.6	\$ —	(M),(D)	1-30 days
International (c)	74.6	1.2	70.1	2.2	(M),(W)	1-6 days
Large-mid cap (d)	235.7	—	249.7	—	(Q)	1-60 days
Small cap (e)	2.8	—	2.7	—	(D)	1 day
Fixed income (f)	84.0	—	66.6	—	(BM),(D)	1-30 days
Private equity (g)	215.3	80.5	190.5	89.1	(M),(*)	1-50 days
Other:						
Event arbitrage (h)	59.7	2.0	62.2	6.0	(Q),(*)	1-90 days
Multi-strategy (a)	44.0	—	43.6	—	(Q)	1-60 days
Real assets related securities (i)	24.6	0.8	20.4	0.7	(A),(*)	1-90 days
Real estate (j)	14.0	0.2	24.5	0.2	(Q),(*)	1-60 days
Total investments	\$ 874.2	\$ 84.7	\$ 790.9	\$ 98.2		

Redemption Frequency: (A) Annually, (Q) Quarterly, (M) Monthly, (D) Daily, (BM) Bimonthly, (W) Weekly

- (\*) The expected liquidation date for these assets ranges up to 2037 and is based on a combination of the inception date of the fund and the expected life of the fund as outlined in the partnership agreement inclusive of the manager's ability to extend the fund's life.
- (a) This class consists of investments across stocks, bonds, currencies, and commodities.
- (b) This class consists of investments in large and all-cap equities domiciled in or with significant underlying exposure to emerging markets. The firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations.
- (c) This class consists of investments in equities domiciled outside of the United States. The firms may utilize all-cap, all-style strategy or may focus on narrower strategies, but all funds have a long time horizon.
- (d) This class consists of investments in large and mid-cap equities domiciled in the United States. Some firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations. Other firms follow a diversified strategy in line with a large cap equity index such as the S&P 500. One fund follows a highly diversified strategy with more than 1,000 holdings held across the independently constructed analyst portfolios. Overall investments are geared to be long/short beta neutral with exposures in line with the S&P 500.

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- (e) This class consists of investments in small cap equities domiciled in the United States. Some firms utilize a fundamental, bottom-up process and focus on finding quality companies at compelling valuations. Other firms follow a growth strategy looking for companies with accelerated earnings in line with a small cap equity index such as the Russell 2000 growth.
- (f) This class consists of investments in debt securities. Some firms focus on buying government bonds in the US and internationally. They may also engage in currency hedges and may do so via futures. Other firms focus on buying below investment grade debt.
- (g) This class consists of investments in private equity. These firms will make direct investments in private companies or in one case the firm manages a fund of funds that makes commitments to other private equity, venture capital and buyout funds. These firms may invest across a range of sectors in both the US and globally. The portfolios are illiquid and will be locked for 10 – 12 years.
- (h) This class consists of investments that focus on event driven and credit strategies. Event-driven strategies are when the hedge funds buy the debt of companies that are in financial distress or have already filed for bankruptcy. Credit strategies focus on capital structure arbitrage. These firms look for relative value between senior and junior securities of the same corporate issuer. They also trade securities of equivalent credit quality from different corporate issuers, or different tranches in the complex capital of structured debt vehicles.
- (i) This class consists of investments that hedge inflation through the holding of real assets directly or indirectly. Indirect holding may occur through a fund of funds with underlying holdings in publicly traded mutual funds that invest in commodity markets, infrastructure, fixed income securities, and equities. Direct holdings may include investments in private companies in sectors such as energy, mining, transportation, and communications infrastructure. These direct holdings are generally illiquid and will be locked for 10 – 12 years.
- (j) This class consists of investments in underlying properties via debt and/or equity positions. These firms look to uncover real estate opportunities in traditional properties (commercial, residential, industrial, etc.) but will also look for more unique opportunities. The firms vary in focus from regional to global. These investments are illiquid and will typically exist for 10 – 12 years.

The University's investment policy and strategy for its investments, as established by the Investment Committee ("the Committee") of the Board and ratified by the Executive Committee of the Board, is to provide for growth of capital with a moderate level of volatility by investing assets based on its target allocations. The weighted average target allocations for University assets are 66.0% Public Equity, 10.0% Fixed Income, and 24.0% other investments.

Public Equity securities include investments in large-mid cap and small cap companies primarily located in the United States, as well as international companies similar to the MSCI EAFE and MSCI EM Indices. Fixed income securities include corporate bonds and loans of companies from diversified industries, mortgage-backed securities, and U.S. treasuries similar to the Bloomberg Barclays US Aggregate Index. Other investments include private equity funds, real estate funds, and hedge funds similar to those of the HFRI Funds of Funds, Cambridge Associates Global Private Equity Index, and Bloomberg Commodity Indexes. Investments periodically are rebalanced to meet established target

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allocations. In addition, the Committee reviews its investment policy and target allocations periodically and effects changes when required, to ensure that strategic objectives are achieved.

**(b) Investment Return**

The components of total investment return as reflected in the consolidated statements of activities are as follows (in millions):

	<b>2025</b>	<b>2024</b>
Changes in net assets without donor restrictions		
Operating:		
Endowment spending distribution	\$ 61.3	\$ 54.7
Investment return	112.0	98.5
Total operating investment return	173.3	153.2
Non-operating:		
Unrestricted:		
Endowment interest and dividend income, realized and unrealized gains, net of endowment spending distribution	14.4	29.1
Other net realized and unrealized gains	6.1	25.4
Total unrestricted non-operating investment return	20.5	54.5
Total investment gain from net assets without donor restrictions	193.8	207.7
Changes in net assets with donor restrictions		
Investment loss, net of endowment spending distribution	76.4	152.7
Total non-operating investment gains	76.4	152.7
Total investment return	\$ 270.2	\$ 360.4

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**(6) Property and Equipment**

Property and equipment and related accumulated depreciation and amortization at May 31 consist of the following (in millions):

	<u>Useful lives</u>	<u>2025</u>	<u>2024</u>
Land		\$ 304.5	\$ 109.9
Land improvements	20 years	163.1	158.1
Buildings and building improvements	8 to 50 years	3,661.7	3,004.6
Leasehold improvements	1 to 50 years	113.4	91.8
Construction in progress		823.4	878.4
Moveable equipment	3 to 20 years	1,013.6	839.1
Building and equipment under finance leases	2 to 40 years	95.9	100.1
Computers and software	5 to 15 years	422.8	347.0
Library materials	12 years	207.4	189.5
Art objects		59.4	58.3
		<u>6,865.2</u>	<u>5,776.8</u>
Accumulated depreciation and amortization		<u>(2,889.1)</u>	<u>(2,675.8)</u>
Total		<u>\$ 3,976.1</u>	<u>\$ 3,101.0</u>

Depreciation and amortization expense is \$247.2 and \$207.1 million for the years ended May 31, 2025 and 2024, respectively.

Interest on borrowings is capitalized during construction, net of any project specific borrowings' investment income earned through the temporary investment of project tax exempt borrowings. Net interest expense of \$31.3 and \$30.7 million was capitalized for the years ended May 31, 2025 and 2024, respectively.

**(7) Endowment**

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Quasi endowment funds are resources segregated for long-term investment and include investment return on unrestricted investments, and other resources designated by the Board for future programs and operations.

**(a) Spending Policy**

The University's endowment spending policy on accounts in the Growth Pool is to distribute annually 4.5% percent of the three-year moving average market value (calculated quarterly with a November 30 valuation date) of the Growth Pool. For all other endowment accounts, the spending policy is to distribute only interest and dividends as permitted by the gift instrument.

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New endowments must be received prior to December 31 in order to activate the spending distribution for the next fiscal year. In addition, no distribution is made from an endowment until its funding reaches, by December 31, the level stipulated by policy.

**(b) Return Objectives and Risk Parameters**

The University has adopted investment and spending policies to protect the purchasing power of the endowment and to minimize the effect of capital market fluctuations on operating budgets.

The intent of the University's policy for the Growth Pool, as approved by the Board, is to ensure that current and future spending requirements are supported while preserving the Growth Pool's purchasing power through asset growth. To satisfy its long-term rate-of-return objectives, the University relies on a diversified asset allocation with exposures to public and private equities, hedge funds, real assets, and fixed income. The current long-term return objective is to earn a return in excess of its Total Portfolio Benchmark, net of fees. Actual returns in any given year may vary from this amount.

**(c) Application of Relevant Law**

The Board's interpretation of its fiduciary responsibilities for donor-restricted endowments under Uniform Prudent Management of Institutional Funds Act in Florida ("FL UPMIFA") is that it is required to use reasonable care and caution as would be exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FL UPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund.

FL UPMIFA specifies that unless stated otherwise in the gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for the spending distribution. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, the University's policy is to report the historical value for such endowments and the net accumulated appreciation as net assets with donor restrictions. The amounts appropriated for the spending distribution are based on the endowment spending rate per unit and the number of units for each fund.

The unspent market appreciation of donor-restricted endowment funds is presented as net assets with donor restrictions until appropriated for expenditure by the Board. When losses on the investments of a donor-restricted endowment fund exceed the net appreciation classified in donor-restricted net assets, the excess loss reduces net assets with donor restrictions. At May 31, 2025 and 2024, there were no endowment-related assets that fell below the donor-required level.

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Endowment net assets consist of the following (in millions):

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
At May 31, 2024:			
Donor-restricted endowment funds:			
At historical value	\$ —	\$ 802.5	\$ 802.5
Accumulated net appreciation	—	515.0	515.0
Quasi endowment funds	<u>272.4</u>	<u>—</u>	<u>272.4</u>
Total	<u>\$ 272.4</u>	<u>\$ 1,317.5</u>	<u>\$ 1,589.9</u>
At May 31, 2025:			
Donor-restricted endowment funds:			
At historical value	\$ —	\$ 834.9	\$ 834.9
Accumulated net appreciation	—	589.6	589.6
Quasi endowment funds	<u>288.3</u>	<u>—</u>	<u>288.3</u>
Total	<u>\$ 288.3</u>	<u>\$ 1,424.5</u>	<u>\$ 1,712.8</u>

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Changes in endowment net assets for the fiscal years ended May 31, 2025 and 2024 consist of the following (in millions):

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Balance, May 31, 2023	\$ 231.4	\$ 1,134.3	\$ 1,365.7
Endowment investment return:			
Investment income	3.1	15.3	18.4
Net appreciation (realized and unrealized)	35.8	176.7	212.5
Total investment return	38.9	192.0	230.9
Gifts and trusts	3.0	36.0	39.0
Endowment spending distribution for programs	(9.8)	(44.9)	(54.7)
Net transfers to quasi endowment funds	8.9	—	8.9
Other transfers	—	0.1	0.1
Balance, May 31, 2024	272.4	1,317.5	1,589.9
Endowment investment return:			
Investment income	3.9	18.8	22.7
Net appreciation (realized and unrealized)	21.3	104.2	125.5
Total investment return	25.2	123.0	148.2
Gifts and trusts	0.5	31.9	32.4
Endowment spending distribution for programs	(10.9)	(50.4)	(61.3)
Net transfers to quasi endowment funds	1.1	—	1.1
Other transfers	—	2.5	2.5
Balance, May 31, 2025	\$ <u>288.3</u>	\$ <u>1,424.5</u>	\$ <u>1,712.8</u>

**(8) Pension and Other Postretirement Benefit Plans**

The University has two non-contributory retirement plans, the Faculty Retirement Plan, and the Employee Retirement Plan. These two plans were closed to employees hired after May 31, 2007. Effective June 1, 2007, a new retirement plan was established, the Retirement Savings Plan.

The University also sponsors an unfunded, defined benefit postretirement health plan that covers all full-time and part-time regular employees who elect coverage and satisfy the plan's eligibility requirements when they retire. The plan is contributory with retiree contributions established as a percentage of the total cost for retiree health care and for the health care of their dependents. The University pays all benefits on a current basis.

In addition to the below noted plans, there are deferred compensation arrangements for certain employees, principally clinical faculty, the liability for which is included in other liabilities.

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**The Retirement Savings Plan (“Savings Plan”)** is a defined contribution plan in which the University makes an automatic core contribution of 5% of pay with a dollar-for-dollar match on voluntary contributions up to an additional 5% of pay once the employee meets certain eligibility requirements. Eligible employees can begin making voluntary contributions to the Savings Plan at any time. Participation is limited to faculty and staff hired on or after June 1, 2007 or who elected, prior to June 1, 2007, to transfer to this plan from the Faculty Retirement Plan or from the Employee Retirement Plan. Core and matching contributions to the Savings Plan for 2025 and 2024 were \$103.9 and \$100.4 million, respectively.

**The Retirement Savings Plan II (“Savings Plan II”)** is a defined contribution plan the University established, effective January 1, 2008, that covers substantially all employees of UHealth Tower (a facility of the Hospital). The plan is available to employees who meet certain eligibility requirements and requires that UHealth Tower match certain percentages of participants’ contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan II at any time. Core and matching contributions to the Savings Plan II were \$7.2 and \$7.9 million for the years ended May 31, 2025 and 2024, respectively.

**The UHealth Retirement Savings Plan III (“Savings Plan III”)** is a defined contribution plan the University established, effective October 17, 2019, that covers employees working in the University of Miami Hospital (“UMH”) or in the UHealth Corporation eligibility companies. The plan is available to employees who meet certain eligibility requirements and requires that UM match certain percentages of participants’ contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan III immediately upon hire. Core and matching contributions to the Savings Plan III for 2025 and 2024 were \$27.5 and \$17.9 million, respectively.

**Faculty Retirement Plan (“Faculty Plan”)** is a defined contribution plan for eligible faculty hired between September 30, 1977 and May 31, 2007, and certain faculty hired on or before September 30, 1977, who ceased participation in the Employee Retirement Plan. Under the terms of the Faculty Plan, the University makes contributions to individual retirement accounts for each eligible faculty member. Payment from the retirement account commences when the faculty member has separated from service and elects to begin distributions in accordance with plan provisions.

Contributions to the Faculty Plan are based upon a combination of compensation, tenure status, length of service, and other factors and are funded as accrued. These contributions were \$17.6 and \$18.6 million for the years ended May 31, 2025 and 2024, respectively.

**The Supplemental Retirement Annuity (“SRA”) Program** is a defined contribution plan for employees that are participants in in the Defined Contribution Retirement Plan for Faculty of the University of Miami or the Retirement Plan for Employees of the University of Miami. The Plan was established on January 1, 1975. On April 19, 2006, the Board of Trustees of the University (“the Board”) voted to close the Plan to new employees hired on or after June 1, 2007. This plan consists of only employee voluntary contributions.

**The Employee Retirement Plan (“Employee Plan”)** is a defined benefit plan primarily for full-time non-faculty employees hired before June 1, 2007. Employee Plan assets are held by a Trustee. The benefit is based on the higher of two formulas: a formula based on years of service and the employee’s compensation for the consecutive five-year period of employment that produces the highest average; and a cash balance benefit formula determined each year based on compensation and investment earnings.

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The measurement date for the Employee Plan and postretirement health plan is May 31.

The following benefit payments, which reflect expected future service, are expected to be paid, for the fiscal years ending May 31 (in millions):

	<u>Pension benefits</u>	<u>Postretirement benefits</u>
2026	\$ 47.9	\$ 0.5
2027	50.8	0.6
2028	51.4	0.6
2029	52.0	0.7
2030	51.8	0.8
2031–2035	241.6	5.4

During the fiscal year ending May 31, 2026, the University expects to contribute \$10.0 million to the Employee Plan and \$0.5 million to its Postretirement Health Plan.

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The tables that follow provide a reconciliation of the changes in the plans' projected benefit obligations, fair value of assets, and funded status at May 31, 2025 and 2024 (in millions):

	Pension benefits		Postretirement benefits	
	2025	2024	2025	2024
Change in Benefit Obligation:				
Benefit obligation at beginning of year	\$ 626.8	\$ 624.3	\$ 8.8	\$ 7.2
Service cost – benefits attributed to employee service during period and administrative expenses	12.4	13.6	0.8	0.8
Interest costs accrued to measure benefit obligation at present value	33.1	32.2	0.5	0.4
Plan participant contributions	—	—	0.8	0.7
Actuarial (gain) loss	(0.1)	3.4	2.5	0.3
Benefits paid and administrative expenses	(54.9)	(46.7)	(2.1)	(0.6)
Benefit obligation at end of year	617.3	626.8	11.3	8.8
Change in Plan Assets:				
Plan assets at fair value at beginning of year	553.5	553.2	—	—
Investment return on plan assets	33.0	32.0	—	—
Benefits paid and plan expenses	(54.9)	(46.7)	(2.1)	(0.6)
Employer contributions	15.0	15.0	1.4	(0.1)
Plan participant contributions	—	—	0.7	0.7
Plan assets at fair value at end of year	546.6	553.5	—	—
Funded status:				
Accrued pension and postretirement benefit costs recognized on the consolidated statements of financial position	\$ (70.7)	\$ (73.3)	\$ (11.3)	\$ (8.8)
Amounts recognized in unrestricted net assets consist of:				
Net actuarial loss (gain)	\$ 132.6	\$ 151.0	\$ (0.2)	\$ (2.8)
Prior service credit	(0.8)	(5.5)	—	—
	\$ 131.8	\$ 145.5	\$ (0.2)	\$ (2.8)

At May 31, 2025 and 2024, the accumulated benefit obligation of the Employee Plan was \$602.5 and \$612.3 million, respectively, which was \$55.8 and \$58.8 million in excess of Employee Plan assets, respectively. The investment return on plan assets exceeded the expected rate of return due to favorable market performance for the year ended May 31, 2025.

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The following table provides the components of net periodic pension cost for the plans for the years ended May 31, 2025 and 2024 (in millions):

	<b>Pension Benefits</b>		<b>Postretirement Benefits</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Service costs – benefits attributed to employee service during periods and administrative expenses	\$ 12.4	13.6	\$ 0.8	0.8
Interest costs accrued to measure benefit obligation at present value	33.1	32.2	0.5	0.4
Expected return on plan assets	(28.2)	(28.3)	—	—
Amortization of prior service cost/(credit) - includes changes in pension formula and cost of plan amendments	(4.7)	(7.3)	—	—
Recognized net actuarial loss and assumption changes	13.5	16.0	—	(0.1)
Net periodic benefit cost	\$ <u>26.1</u>	<u>26.2</u>	\$ <u>1.3</u>	<u>1.1</u>

The components of net periodic benefit cost other than the service cost component are included as a non-operating cost in the line item “Other components of net periodic pension cost” in the consolidated statements of activities.

The net actuarial loss (gain) and prior service credit expected to be recognized in net periodic benefit cost over the next fiscal year are as follows (in millions):

	<b>Pension benefits</b>	<b>Postretirement benefits</b>
Net actuarial loss (gain)	\$ 10.9	\$ —
Prior service credit	(0.8)	—

An 8.75% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2025. The rate is assumed to decrease each year until reaching the ultimate of 4.50% in 2035. Assumed health care cost trend rates have an effect on the amounts reported for the health care plan.

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The following weighted average assumptions were used for the above calculations:

	Pension benefits		Postretirement benefits	
	2025	2024	2025	2024
Discount rate for benefit obligation	5.80 %	5.65 %	5.69 %	5.48 %
Discount rate for net periodic benefit cost	5.65	5.45	5.48	5.12
Expected return on plan assets	5.50	5.50	N/A	N/A
Rate of compensation increase related to net periodic benefit cost	2.50	3.00	N/A	N/A

The rate of compensation increase assumption related to the benefit obligation is 2.5% for fiscal year ended May 31, 2025. To develop the expected long-term rate of return for the Employee Plan assets, the University considered the historical returns of the major market indicators relating to the target asset allocation, as well as the current economic and financial market conditions.

The University used mortality tables issued by the Society of Actuaries. These tables represent recent mortality experience for a large U.S. population dataset that is reasonably representative of the population covered under the plan. Specifically, the University selected separate mortality rates for non-annuitants (the Pri-2012 "Employees" table) and annuitants (the Pri-2012 "Healthy Retiree" and "Contingent Spouses" mortality tables), without collar adjustment. Mortality improvement was also assumed beyond the valuation date because recent experience evidenced by Social Security beneficiaries indicated that longevity has continued to improve. For years after 2012, generational improvement was projected using scales MP-2021 for the years ended May 31, 2025 and 2024, respectively.

**Employee Plan Assets**

The investment policy and objectives, as established by the University, are to ensure that the Employee Plan has sufficient liquidity and investment returns relative to anticipated cash flow and funding requirements, including benefit obligations. The University has incorporated a Dynamic Glide Path ("the Glide Path") approach to the asset allocation for the Employee Plan. The intent of the Glide Path is to minimize the Plan's funded ratio volatility. The current Glide Path asset allocation for a funded ratio greater than 85% but less than or equal to 100% is as follows: 15% to 45% growth assets (including public equities, fixed income (non-duration-matched), and other investments); and 55% to 85% fixed income (duration-matched). Public equity securities include registered mutual funds, unregistered limited partnerships, common collective trusts, and 103-12 investment entities, which invest in large cap, mid cap, and small cap companies primarily located in the United States, as well as international and emerging markets. Fixed-income securities include collective investment funds and registered mutual funds, which invest in government and government agency securities, corporate credit (investment-grade and high yield), structured products - leveraged loans, and other related credit instruments.

Other investments include uncorrelated long and short investments in markets and instruments, illiquid investments in public and private equity companies, real estate, and common collective trusts investing in real assets related securities similar to those of the HFRI Fund of Funds Index, Cambridge Associates

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Global Private Equity Index, and Bloomberg Commodity Index. At a minimum, the University reviews the Glide Path and asset allocation annually for appropriateness.

	Fair value measurements at May 31, 2025 (In millions)			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Equities:				
Emerging markets	\$ 4.0	\$ 4.0	\$ —	\$ —
International	3.1	3.1	—	—
Fixed income	80.8	19.7	61.1	—
Unregistered limited partnerships and limited liability companies measured at NAV <sup>1</sup> :				
Equities:				
Emerging markets	9.1	—	—	—
Large-mid cap	52.4	—	—	—
Private equity	2.0	—	—	—
Other:				
Real estate	0.5	—	—	—
Common collective trusts:				
Large cap	21.8	—	21.8	—
Fixed income	78.7	—	78.7	—
Short-term investment funds	14.2	—	14.2	—
Small cap	5.3	—	5.3	—
103-12 investment entities:				
Equities:				
International measured at NAV <sup>1</sup>	32.0	—	—	—
Corporate and government bonds:				
Fixed income	232.6	169.6	63.0	—
Other investments				
Fixed income	3.9	0.8	3.1	—
Other	0.2	—	0.2	—
Other investments measured at NAV <sup>1</sup>				
Fixed income	11.8	—	—	—
Private equity	2.8	—	—	—
Other	(8.6)	—	—	—
Total	\$ 546.6	\$ 197.2	\$ 247.4	\$ —

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	Fair value measurements at May 31, 2024 (In millions)			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Equities:				
Emerging markets	\$ 3.0	\$ 3.0	\$ —	\$ —
International	3.7	3.7	—	—
Fixed income	83.4	18.3	65.1	—
Unregistered limited partnerships and limited liability companies measured at NAV <sup>1</sup> :				
Equities:				
Emerging markets	8.7	—	—	—
Large-mid cap	46.6	—	—	—
Private equity	2.4	—	—	—
Other:				
Real estate	0.5	—	—	—
Common collective trusts:				
Large cap	23.3	—	23.3	—
Fixed income	78.2	—	78.2	—
Short-term investment funds	16.2	—	16.2	—
Equities measured at NAV <sup>1</sup> :				
Multi-strategy	4.5	—	—	—
103-12 investment entities:				
Equities:				
International measured at NAV <sup>1</sup>	27.2	—	—	—
Corporate and government bonds:				
Fixed income	235.1	163.8	71.3	—
Other investments				
Fixed income	4.6	0.8	3.8	—
Other	0.2	—	0.2	—
Other investments measured at NAV <sup>1</sup>				
Fixed income	11.0	—	—	—
Private equity	3.1	—	—	—
Multi-strategy	9.2	—	—	—
Other	(7.4)	—	—	—
Total	\$ 553.5	\$ 189.6	\$ 258.1	\$ —

<sup>1</sup> In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the pension and other postretirement benefit plans table provided within note 8.

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**(9) Bonds and Notes Payable**

Bonds and notes payable at May 31 consist of the following (in millions):

	<u>Final maturity by fiscal year</u>	<u>2025 Interest rate</u>	<u>2025</u>	<u>2024</u>
Miami-Dade County, Florida				
Educational Facilities Authority				
Revenue Bonds, Series 2018A	2053	4.00-5.00%	\$ 228.5	\$ 229.2
Revenue Bonds, Series 2018B (Taxable)	2051	4.47 %	17.3	17.3
Revenue and Revenue Refunding Bonds Series 2015A	2045	4.00 %	65.0	403.0
Revenue and Revenue Refunding Bonds, Series 2015B (Taxable)	2050	5.07 %	258.1	258.1
Revenue Bonds, Series 2012A	2025	4.00-5.00%	—	89.6
Revenue Refunding Bonds, Series 2007B	2034	5.25 %	99.6	112.8
Revenue and Revenue Refunding Bonds Series 2024A	2048	5.00%-5.25%	552.0	—
Revenue Refunding Bonds, Series 2024B	2045	5.00%-5.25%	306.7	—
Total Miami-Dade County Educational Facilities authority			1,527.2	1,110.0
University of Miami				
Taxable Bonds Series 2022	2052	4.06 %	500.0	500.0
Total bonds			2,027.2	1,610.0
Notes payable to banks and others	2030	—	5.1	6.2
Lines of credits to banks	2029	Variable	—	75.0
Notes payable to banks and others	2029	Variable	93.8	98.8
Par amount of bonds and notes payable			2,126.1	1,790.0
Net unamortized premium			101.7	44.7
Net unamortized issue costs			(11.0)	(10.4)
Total			\$ <u>2,216.8</u>	\$ <u>1,824.3</u>

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The annual maturities for bonds and notes payable at May 31, 2025 are as follows (in millions):

2026	\$	23.8
2027		25.3
2028		28.8
2029		96.7
2030		37.8
Thereafter		1,913.7
Total	\$	2,126.1

In January 2024, the University refinanced and executed a new \$1.0 billion senior credit facility, including a revolving credit facility of \$900.0 million and new Term Loan of \$100.0 million. The Term Loan has a variable interest rate equal to the Term SOFR plus 1.10% per annum, and a maturity date of January 5, 2029. The outstanding balance of the Term Loan A at May 31, 2025 and 2024 was \$93.8 and \$98.8 million, respectively. At May 31, 2025 and 2024, the outstanding balance of the line of credit was \$0 and \$75.0 million, respectively. In addition, the University has \$0.9 million in standby letters of credit which reduces the amount available to be drawn on the line of credit.

In November 2024, the University issued \$555.5 million of Series 2024A Revenue and Revenue Refunding bonds, and in January 2025, issued \$306.7 million of Series 2024B Revenue Refunding Bonds through Miami-Dade County Educational Facilities Authority ("MDCEFA"). The proceeds of the Series 2024A Bonds are being used to finance or refinance new facilities and expansion projects and were also used to refund all of the outstanding Series 2012A Bonds issued by MDCEFA for the benefit of the University. The proceeds of the Series 2024B Bonds were used to refund a portion of the outstanding Series 2015A Bonds issued by MDCEFA for the benefit of the University. The refunded Series 2012A was legally defeased and the refunded Series 2015A was partially repaid, and the liabilities have been removed from these financial statements.

Total interest paid on all bonds and notes was \$92.6 and \$82.2 million for the years ended May 31, 2025 and 2024, respectively. All the bonds and notes payable listed in the table above are unsecured. The bonds and the notes do not contain any significant financial covenants, except for the \$1.0 billion senior credit facility which has a covenant that requires a minimum revenue of \$2.1 billion during a Required Covenant Year. The University has performed and observed each covenant and condition of the bonds and notes, and no default has occurred.

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**(10) Net Assets**

At May 31, net assets consist of the following (in millions):

	<u>2025</u>	<u>2024</u>
Net assets without donor restrictions:		
Designated for operations, programs, facilities expansion, and student loans	\$ 1,399.8	\$ 1,427.2
Cumulative pension and postretirement benefits related changes other than net periodic benefit cost	(131.6)	(142.7)
Invested in plant facilities	1,758.5	1,260.2
Designated for endowment and similar funds	<u>288.3</u>	<u>272.4</u>
Total net assets without donor restrictions	<u>3,315.0</u>	<u>2,817.1</u>
Net assets with donor restrictions:		
Gifts for programs and facilities expansion	131.8	97.3
Contributions receivable and trusts held by others	461.3	552.3
Life income and annuity funds	12.6	13.4
Endowment and similar funds	<u>1,424.5</u>	<u>1,317.5</u>
Total net assets with donor restrictions	<u>\$ 2,030.2</u>	<u>\$ 1,980.5</u>

At May 31, 2025 and 2024, net assets with donor restrictions included amounts that were restricted in perpetuity of \$856.5 and \$830.2 million, respectively, and certain term endowment funds of \$48.3 and \$49.4 million that were available for future distribution, respectively.

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**(11) Functional Expenses**

Operating expenses are reported in the consolidated statements of activities by natural classification. Expenses related to the University by both natural classification and functional classification for the years ended May 31, 2025 and 2024 are summarized below (in millions):

	<b>2025</b>			
	<b>Academic and research</b>	<b>Health care services</b>	<b>Administrative and support services</b>	<b>Total</b>
Compensation and benefits	\$ 1,020.4	\$ 1,617.6	\$ 559.6	\$ 3,197.6
Supplies and services	277.7	1,295.5	238.5	1,811.7
Depreciation and amortization	80.6	70.5	96.1	247.2
Utilities and maintenance	44.1	33.6	27.5	105.2
Interest	20.0	19.8	23.8	63.6
Other	113.8	154.1	165.9	433.8
Total operating expenses	<u>\$ 1,556.6</u>	<u>\$ 3,191.1</u>	<u>\$ 1,111.4</u>	<u>\$ 5,859.1</u>

	<b>2024</b>			
	<b>Academic and research</b>	<b>Health care services</b>	<b>Administrative and support services</b>	<b>Total</b>
Compensation and benefits	\$ 935.3	\$ 1,420.9	\$ 514.3	\$ 2,870.5
Supplies and services	270.2	1,152.1	171.0	1,593.3
Depreciation and amortization	67.4	59.4	80.3	207.1
Utilities and maintenance	43.4	31.2	23.1	97.7
Interest	14.4	19.1	17.1	50.6
Other	127.0	185.2	175.7	487.9
Total operating expenses	<u>\$ 1,457.7</u>	<u>\$ 2,867.9</u>	<u>\$ 981.5</u>	<u>\$ 5,307.1</u>

Certain natural expenses are attributable to more than one supporting functional expense category. These expenses consist primarily of depreciation, amortization, interest, and facilities-related expenses. Operations and maintenance expense of \$290.9 and \$300.9 million for the years ended May 31, 2025 and 2024, respectively, were also allocated. The method used for allocations is based on square footage used by each function, and these expenses are allocated consistently. In addition, square footage for multi-functional spaces is proportionately allocated based on utilization, which is calculated using salary data.

**(12) Liquidity and Availability of Resources**

As part of the University's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the University

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invests cash in excess of daily requirements. Cash flows have seasonal variations during the year attributable to tuition billing, patient service, and research reimbursements, and a concentration of contributions received at calendar and fiscal year-end.

The University's financial assets and resources available to meet cash needs for general expenditures within one year as of May 31, 2025 and 2024 are as follows (in millions):

	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 463.7	\$ 504.6
Accounts and loans receivable, net	459.8	349.9
Patient care receivable, net	366.6	429.3
Pledge payments available for operations	46.3	56.1
Working capital in investments	827.6	734.3
Subsequent fiscal year endowment distributions	64.0	59.6
Total financial assets available within one year	2,228.0	2,133.8
Liquidity resources:		
Bank lines	700.0	553.0
Total financial assets and liquidity resources available within one year	\$ 2,928.0	\$ 2,686.8

In addition to the liquidity resources noted above, the University has a board-designated endowment of \$288.3 and \$272.4 million as of May 31, 2025 and 2024, respectively, to help manage unanticipated liquidity needs. Although the University does not intend to spend from its board-designated endowment funds as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if required. However, both board-designated and donor-restricted endowment funds contain investments with lock-up provisions that reduce total investments that could be made available to meet cash flow needs.

### (13) Leases

The University has elected to account for lease and non-lease components as a single lease component. The University also elected the package of practical expedients, which allows lessees to make an election to not reassess conclusions previously made under ASC 840 with regard to whether leases and contracts in place at adoption of ASC 842 (a) are or contain leases, (b) the lease classification for existing leases, and (c) the initial direct costs for any existing leases.

At May 31, 2025 and 2024, the University recognized under operating leases \$132.2 and \$116.6 million, respectively, as right-of-use assets within other assets, and \$156.5 and \$136.9 million, respectively, as lease obligations within other liabilities. For its finance leases, the University recognized \$64.2 and \$74.6 million, respectively, as right-of-use assets within property and equipment, net and \$50.4 and \$59.6 million, respectively, as lease obligations within other liabilities.

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Notes to Consolidated Financial Statements

May 31, 2025 and 2024

The University is obligated under numerous operating and finance leases to pay base rent through the respective lease expiration dates. Real property under operating and finance leases ranges with remaining lease terms of up to 88 years through fiscal 2113. As well, the University leases various equipment under operating and finance leases expiring at various dates through 2034. Aggregate future minimum lease payments under noncancelable finance and operating leases as of May 31, 2025 are as follows:

	<u>Finance leases</u>	<u>Operating leases</u>
2026	\$ 14.1	\$ 26.7
2027	11.5	21.9
2028	2.6	19.9
2029	0.9	15.6
2030	0.9	10.6
Thereafter	<u>56.0</u>	<u>167.8</u>
Total lease payments	86.0	262.5
Less interest portion	<u>(35.6)</u>	<u>(106.0)</u>
Total lease liabilities	<u>\$ 50.4</u>	<u>\$ 156.5</u>

**UNIVERSITY OF MIAMI**

Notes to Consolidated Financial Statements

May 31, 2025 and 2024

The components of lease expense for the years ended May 31, 2025 and 2024 are as follows (in millions):

	<u>2025</u>	<u>2024</u>
Finance lease expense:		
Amortization of right-of-use assets	\$ 15.2	\$ 11.2
Interest on lease liabilities	2.1	1.5
Operating lease expense	30.9	32.4
Short-term lease expense	4.5	9.1
Variable lease expense	18.3	16.4
	<u>71.0</u>	<u>70.6</u>
Total lease expense	\$	\$
Other lease information:		
Operating cash flows from operating leases	\$ 26.3	\$ 31.2
Operating and investing cash flows from finance leases	14.9	10.4
Right-of-use assets obtained in exchange for new lease liabilities:		
Finance leases	\$ 4.3	\$ 27.9
Operating leases	42.6	20.8
Weighted-average remaining lease term:		
Finance leases	24 years	27 years
Operating leases	19 years	20 years
Weighted-average discount rate:		
Finance leases	3.87 %	3.82 %
Operating leases	3.63 %	3.30 %

The University is the lessor in several long-term non-cancelable operating leases for commercial space through fiscal year 2072. Operating lessor income of \$7.2 million is included in other income within the statements of activities for the year ended May 31, 2025. Future minimum operating rental revenue due as of May 31, 2025 is summarized below (in millions):

2026	\$ 7.6
2027	4.0
2028	2.9
2029	2.4
2030	2.1
Thereafter	<u>55.0</u>
Total future minimum rentals	<u>\$ 74.0</u>

**UNIVERSITY OF MIAMI**

## Notes to Consolidated Financial Statements

May 31, 2025 and 2024

The University has an agreement to use the Hard Rock Stadium on a limited basis through December 31, 2032. The University is treating this as a short-term lease due to the usage being less than 12 months. The short-term lease cost incurred during any one year does not reasonably reflect the short-term lease commitment. Remaining payments under this agreement are \$8.6 million as of May 31, 2025.

**(14) Commitments and Contingencies**

The University had contractual obligations of approximately \$421.2 million at May 31, 2025 for various construction projects and purchases of equipment.

On June 6, 2025, a settlement in the landmark House v NCAA antitrust case was approved in the amount of \$2.8 billion. The settlement resolves class-action claims from current and former student athletes related to name, image, and likeness (NIL) and other compensation. Pursuant to the settlement agreement, the consolidated House defendants (the NCAA and Power Five Conferences) will pay into a settlement fund, and the money will then be paid annually over the next 10 years to its class members according to an allocation plan. The University has evaluated any potential financial obligations and does not believe that the NCAA settlement will have a material impact on its financial statements.

During the year ended May 31, 2025, several Executive Orders were issued by the federal government impacting higher education institutions. These Executive Orders directed agencies to suspend or restrict the release of certain federal funds pending further review. The University is monitoring and assessing these Executive Orders for any potential financial or operational exposure. At this time, the University does not believe that these Executive Orders will have a material impact on its financial statements.

The Internal Revenue Service is currently conducting an examination of the University's compliance with Section 501(r) of the IRC. The University is fully cooperating with the IRS in connection with the examination. At this time, the University does not believe that the outcome of this examination will have a material effect on its financial position or results of continued operations.

The University, in its normal operations, is a defendant in various legal actions. Additionally, amounts received and expended under various federal and state programs are subject to audit by governmental agencies. Management is of the opinion that the outcome of these matters would not have a material effect on the University's financial position or results of operations.

**(15) Acquisitions**

On February 13, 2025, the University entered into a Membership Interest Purchase Agreement ("purchase agreement") whereby the University acquired 100% of the membership interests in Dominion Tower L.C. ("Dominion Tower"). On March 31, 2025 ("acquisition date"), upon the transfer of consideration, the purchase agreement became effective, and the University obtained control of Dominion Tower. The acquisition was accounted for as an asset acquisition in accordance with ASC 805-50. The total consideration transferred was \$92.4 million comprised solely of cash, which included a \$1.7 million upfront payment associated with exclusivity rights for the period from February 13, 2025 through the acquisition date and \$1.1 million in transaction costs. The University is currently assessing its future plans for the acquired assets, which primarily consist of a commercial building, related land and a parking facility.

**UNIVERSITY OF MIAMI**

Notes to Consolidated Financial Statements

May 31, 2025 and 2024

The following table summarizes the assets acquired and liabilities assumed on the acquisition date (in millions):

Cash and cash equivalent	\$	0.3
Land and land improvements		113.7
Building and building improvements		6.2
Lease intangible asset		1.1
Accounts payable and accrued expenses		(0.2)
Deferred revenues and other deposits		(0.3)
Other liabilities		<u>(28.4)</u>
Total Identifiable Net Assets	\$	<u><u>92.4</u></u>

## **EXPENSE AND INDEMNITY AGREEMENT**

Miami-Dade County, Florida Educational  
Facilities Authority  
c/o Office of the Finance Director  
Metropolitan Dade County, Florida  
Metro-Dade Center, Suite 2550  
111 N.W. First Street  
Miami, Florida 33128

Ladies and Gentlemen:

The undersigned (the "Applicant") requests the Miami-Dade County, Florida Educational Facilities Authority (the "Authority") to consider its application for the issuance of the debt instruments referred to below (the "Bonds") for the benefit of the Applicant and, as an inducement to such consideration, hereby agrees with the Authority as follows:

Section 1.     Payment of Fees and Expenses. Whether or not the Bonds are offered, sold or issued, the Applicant agrees to pay and be liable for, and to hold the Authority harmless against the payment of, any and all expenses relating to the issuance of the Bonds, including expenses, recording charges, expenses of printing the Bonds and advertising the sale thereof and expenses of registering the Bonds with the securities commission of any state. The fees of the Authority's bond counsel shall be payable only if the Bonds are issued and delivered, but the Applicant shall in all events be liable for the payment of the disbursements and out-of-pocket expenses of bond counsel. The Applicant is submitting this agreement with the understanding, unless the Authority advises the Applicant to the contrary, that there will be no fees by the Authority's financial advisor, administrative staff, or legal advisor (other than bond counsel). At closing the Applicant agrees to pay an administrative fee of one quarter of one percent (.25%) of the principal amount of the Bonds, not to exceed \$12,000. The nonrefundable \$7,000 filing fee shall be credited toward the payment of the administrative fee.

Section 2.     Indemnity. Whether or not the Bonds are offered, sold or issued, the Applicant agrees to indemnify the Authority, and each of its members, officers, agents, attorneys (excluding bond counsel) and employees (the "Indemnified Parties") against any and all claims and liability of whatsoever nature arising out of the issuance of the Bonds, including, without limitation, claims based upon actual or alleged misrepresentation, fraud or other tortious conduct or breach of contractual relationships, whether predicated upon federal or state statutes, common law, principles of equity or otherwise, excepting only claims based upon willful misfeasance or non-feasance. In case any action shall be brought against one or more of the Indemnified Parties in respect to which indemnity may be sought against the Applicant, the Indemnified Party or Indemnified Parties against whom the claim is asserted shall promptly notify the Applicant in writing, and the Applicant shall promptly assume the defense thereof, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless the employment of such counsel has been specifically authorized by the Applicant. The Applicant shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Applicant or if there be a final judgment for the plaintiff in any such action with or without consent, the Applicant agrees to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment.

Section 3. Survival of Agreement. This Agreement shall survive the closing of the Bond issue and shall not merge into or be superseded by any other agreement other than by a written amendment hereto specifically denominated as such and executed by the Authority and the Applicant.

DATED: As of 11/21/2025.

NAME OF APPLICANT:

UNIVERSITY OF MIAMI

Signed by:  
*Asaf Zentler*  
By: 2E9EECD72FFE497...  
Asaf Zentler  
Its: Associate Vice President & Chief Investment Officer and Treasurer

DESCRIPTION OF BONDS:

Debt instruments (University of Miami Issue), as further described in the application of the University of Miami.

Accepted and agreed to as of the date above written.

MIAMI-DADE COUNTY, FLORIDA  
EDUCATIONAL FACILITIES AUTHORITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## Certificate Of Completion

Envelope Id: 95CBC288-3D37-4769-A8AD-6BF8C73205F3	Status: Completed
Subject: Series 2026   MDCEFA Application for Bond Financing package	
Source Envelope:	
Document Pages: 214	Signatures: 3
Certificate Pages: 4	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Julia Cardoze Morales
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	jcmorales@miami.edu
	IP Address: 129.171.6.210


## Record Tracking

Status: Original 11/21/2025 7:53:05 AM	Holder: Julia Cardoze Morales jcmorales@miami.edu	Location: DocuSign
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## Signer Events

Asaf Zentler  
azentler@miami.edu  
Treasurer  
Security Level: Email, Account Authentication (None)

## Signature

Signed by:  
  
2E9EFC072FFFE497...  
Signature Adoption: Pre-selected Style  
Using IP Address: 75.40.165.234

## Timestamp

Sent: 11/21/2025 7:54:07 AM  
Viewed: 11/21/2025 7:56:48 AM  
Signed: 11/21/2025 7:57:12 AM

**Electronic Record and Signature Disclosure:**  
Accepted: 11/21/2025 7:56:48 AM  
ID: f9062ad2-cea6-4485-9748-d3eec7f1be72

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	11/21/2025 7:54:07 AM
Certified Delivered	Security Checked	11/21/2025 7:56:48 AM
Signing Complete	Security Checked	11/21/2025 7:57:12 AM
Completed	Security Checked	11/21/2025 7:57:12 AM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, University of Miami – Treasury (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

### **How to contact University of Miami – Treasury:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: [jcmorales@miami.edu](mailto:jcmorales@miami.edu)

### **To advise University of Miami – Treasury of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [jcmorales@miami.edu](mailto:jcmorales@miami.edu) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

### **To request paper copies from University of Miami – Treasury**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [jcmorales@miami.edu](mailto:jcmorales@miami.edu) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

### **To withdraw your consent with University of Miami – Treasury**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [jcmorales@miami.edu](mailto:jcmorales@miami.edu) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

### **Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

### **Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify University of Miami – Treasury as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by University of Miami – Treasury during the course of your relationship with University of Miami – Treasury.

THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK - HOLD AT AN ANGLE TO VIEW

UNIVERSITY OF MIAMI



Bank of America

UM Accounts Payable  
P.O. Box 248066  
Coral Gables, FL 33124-2943

63-568/631

11/12/25

No. 2158610

Seven Thousand and 00/100\*\*\*\*\*

\$ \*\*\*7,000.00

US DOLLAR

PAY TO THE ORDER OF

DADE COUNTY EDUCATIONAL FACILITIES AUTHORITY  
METRO DADE CENTER  
111 NW 1ST ST STE 2550  
MIAMI FL 33128-1995

⑈ 2158610⑈ ⑆063105683⑆ 002000005628⑈

Invoice Date	Supplier Reference Number	PO Number	Invoice Amount	Discount Due Date	Invoice Due Date	Discount Taken	Payment Amount	Memo
11/10/25			7,000.00		11/10/25	0.00	7,000.00	Series 2026 Bonds   MDCEFA Application processing fee
<b>Total</b>			\$7,000.00			\$0.00	\$7,000.00	

**Inquiries regarding this payment, please contact:**  
305-284-3564

HOLD

## EXPENSE AND INDEMNITY AGREEMENT

Miami-Dade County, Florida Educational  
Facilities Authority  
c/o Office of Management and Budget  
Miami Dade County  
111 N.W. 1 Street, 22<sup>nd</sup> Floor  
Miami, Florida 33128

Ladies and Gentlemen:

The undersigned (the "Applicant") requests the Miami-Dade County, Florida Educational Facilities Authority (the "Authority") to consider its application for the issuance of the debt instruments referred to below (the "Bonds") for the benefit of the Applicant and, as an inducement to such consideration, hereby agrees with the Authority as follows:

Section 1. Payment of Fees and Expenses. Whether or not the Bonds are offered, sold or issued, the Applicant agrees to pay and be liable for, and to hold the Authority harmless against the payment of, any and all expenses relating to the issuance of the Bonds, including expenses, recording charges, expenses of printing the Bonds and advertising the sale thereof and expenses of registering the Bonds with the securities commission of any state. The fees of the Authority's bond counsel shall be payable only if the Bonds are issued and delivered, but the Applicant shall in all events be liable for the payment of the disbursements and out-of-pocket expenses of bond counsel. The Applicant is submitting this agreement with the understanding, unless the Authority advises the Applicant to the contrary, that there will be no fees by the Authority's financial advisor, administrative staff, or legal advisor (other than bond counsel). At closing the Applicant agrees to pay an administrative fee of one quarter of one percent (.25%) of the principal amount of the Bonds, not to exceed \$12,000. The nonrefundable \$7,000 filing fee shall be credited toward the payment of the administrative fee.

Section 2. Indemnity. Whether or not the Bonds are offered, sold or issued, the Applicant agrees to indemnify the Authority, and each of its members, officers, agents, attorneys (excluding bond counsel) and employees (the "Indemnified Parties") against any and all claims and liability of whatsoever nature arising out of the issuance of the Bonds, including, without limitation, claims based upon actual or alleged misrepresentation, fraud or other tortious conduct or breach of contractual relationships, whether predicated upon federal or state statutes, common law, principles of equity or otherwise, excepting only claims based upon willful misfeasance or non-feasance. In case any action shall be brought against one or more of the Indemnified Parties in respect to which indemnity may be sought against the Applicant, the Indemnified Party or Indemnified Parties against whom the claim is asserted shall promptly notify the Applicant in writing, and the Applicant shall promptly assume the defense thereof, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless the employment of such counsel has been specifically authorized by the Applicant. The Applicant shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Applicant or if there be a final judgment for the plaintiff in any such action with or without consent, the Applicant agrees to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment.

Section 3. Survival of Agreement. This Agreement shall survive the closing of the Bond issue and shall not merge into or be superseded by any other agreement other than by a written amendment hereto specifically denominated as such and executed by the Authority and the Applicant.

DATED: As of 11/21/2025.

NAME OF APPLICANT:

UNIVERSITY OF MIAMI

Signed by:  
*Asaf Zentler*  
By: 2E9EECD72FFE497...  
Asaf Zentler  
Its: Associate Vice President & Chief Investment Officer and Treasurer

DESCRIPTION OF BONDS:

Debt instruments (University of Miami Issue), as further described in the application of the University of Miami.

Accepted and agreed to as of the date above written.

MIAMI-DADE COUNTY, FLORIDA  
EDUCATIONAL FACILITIES AUTHORITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_