Financial Statements and Report of Independent Certified Public Accountants

Duquesne University of the Holy Spirit

June 30, 2026 and 2025

Contents

	Page
Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of financial position	5
Statements of activities	6
Statements of cash flows	8
Notes to financial statements	9

GRANT THORNTON LLP
2001 Market Street, Suite 800
Philadelphia, PA 19103

D +1 215 561 4200
F +1 215 561 1066

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Duquesne University of the Holy Spirit

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Duquesne University of the Holy Spirit (the "University"), which comprise the statements of financial position as of June 30, 2026 and 2025, 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 June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or

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

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

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

Grant Thornton LLP

Philadelphia, Pennsylvania
October 12, 2026

Duquesne University of the Holy Spirit

STATEMENTS OF FINANCIAL POSITION

June 30,
(Dollars in thousands)

	2026	2025
ASSETS		
Cash and cash equivalents	$ 39,281	$ 26,959
Accounts receivable, net	57,268	43,667
Assets in escrow related to debt service and construction	73,439	10,523
Pledges receivable, net	25,741	13,234
Deferred charges and other assets	10,450	9,111
Loans receivable, net	5,154	5,447
Investments	878,741	798,575
Property, plant and equipment, net	368,459	342,841
Right-of-use assets	5,710	6,115
Total assets	$ 1,464,243	$ 1,256,472
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 39,988	$ 36,313
Annuities payable	487	360
Deferred revenues and deposits	66,339	49,266
Accumulated postretirement benefits	4,279	4,571
Agency funds	1,626	997
Debt and lease obligations, net	302,850	231,331
Conditional asset retirement obligations	4,012	3,755
Federal loan funds	4,792	5,379
Total liabilities	424,373	331,972
Net assets		
Without donor restrictions	620,238	566,126
With donor restrictions	419,632	358,374
Total net assets	1,039,870	924,500
Total liabilities and net assets	$ 1,464,243	$ 1,256,472

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

Duquesne University of the Holy Spirit

STATEMENTS OF ACTIVITIES

Year ended June 30, 2026 with summarized information for 2025
(Dollars in thousands)

	2026			2025
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating revenues				
Tuition and fees, net	$ 233,751	$ -	$ 233,751	$ 222,883
Auxiliary enterprises, net	44,582	-	44,582	43,563
Grants and contracts	4,227	15,075	19,302	15,703
Gifts and pledges	71	16,330	16,401	9,771
Endowment earnings distributed for operations	17,136	9,527	26,663	22,788
Working capital earnings distributed for operations	6,112	-	6,112	6,607
Investment income	4,254	249	4,503	5,776
Gain from the sale of property, plant and equipment	-	-	-	48,114
Other	6,836	-	6,836	6,608
Net assets released from restrictions	37,929	(37,929)	-	-
Total operating revenues	354,898	3,252	358,150	381,813
Operating expenses				
Instructional	136,574	-	136,574	135,995
Institutional support	66,854	-	66,854	64,704
Auxiliary enterprises	54,745	-	54,745	51,748
Academic support	50,951	-	50,951	50,878
Student services	24,121	-	24,121	23,260
Public service	3,940	-	3,940	4,054
Research	9,264	-	9,264	10,257
Total operating expenses	346,449	-	346,449	340,896
Excess of operating revenues over operating expenses	8,449	3,252	11,701	40,917
Nonoperating revenues and expenses				
Gifts and pledges	(11)	19,563	19,552	8,477
Return on investments	70,689	47,981	118,670	79,045
Endowment earnings distributed for operations	(17,136)	(9,527)	(26,663)	(22,788)
Working capital earnings distributed for operations	(6,112)	-	(6,112)	(6,607)
Costs associated with separation agreements	(4,029)	-	(4,029)	(490)
Gain on the defeasance of debt	2,091	-	2,091	-
Other	171	(11)	160	(137)
Net nonoperating revenues and expenses	45,663	58,006	103,669	57,500
CHANGE IN NET ASSETS	54,112	61,258	115,370	98,417
Net assets, beginning of year	566,126	358,374	924,500	826,083
Net assets, end of year	$ 620,238	$ 419,632	$ 1,039,870	$ 924,500

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

Duquesne University of the Holy Spirit

STATEMENT OF ACTIVITIES

Year ended June 30, 2025
(Dollars in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Tuition and fees, net	$ 222,883	$ -	$ 222,883
Auxiliary enterprises, net	43,563	-	43,563
Grants and contracts	4,120	11,583	15,703
Gifts and pledges	79	9,692	9,771
Endowment earnings distributed for operations	14,603	8,185	22,788
Working capital earnings distributed for operations	6,607	-	6,607
Investment income	5,681	95	5,776
Gain from the sale of property, plant and equipment	48,114	-	48,114
Other	6,608	-	6,608
Net assets released from restrictions	25,544	(25,544)	-
Total operating revenues	377,802	4,011	381,813
Operating expenses			
Instructional	135,995	-	135,995
Institutional support	64,704	-	64,704
Auxiliary enterprises	51,748	-	51,748
Academic support	50,878	-	50,878
Student services	23,260	-	23,260
Public service	4,054	-	4,054
Research	10,257	-	10,257
Total operating expenses	340,896	-	340,896
Excess of operating revenues over operating expenses	36,906	4,011	40,917
Nonoperating revenues and expenses			
Gifts and pledges	(3)	8,480	8,477
Return on investments	46,957	32,088	79,045
Endowment earnings distributed for operations	(14,603)	(8,185)	(22,788)
Working capital earnings distributed for operations	(6,607)	-	(6,607)
Costs associated with separation agreements	(490)	-	(490)
Other	(154)	17	(137)
Net nonoperating revenues and expenses	25,100	32,400	57,500
CHANGE IN NET ASSETS	62,006	36,411	98,417
Net assets, beginning of year	504,120	321,963	826,083
Net assets, end of year	$ 566,126	$ 358,374	$ 924,500

The accompanying notes are an integral part of this financial statement.

Duquesne University of the Holy Spirit

STATEMENTS OF CASH FLOWS

Years ended June 30,
(Dollars in thousands)

	2026	2025
Cash flows from operating activities:		
Change in net assets	$ 115,370	$ 98,417
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	24,082	22,462
Realized and unrealized gains on investments	(107,603)	(69,669)
Gifts restricted for long-term purposes	(20,890)	(8,614)
Provision for expected credit loss	1,623	1,011
Gain on disposal of property, plant and equipment	(25)	(48,093)
Gain on defeasement of debt	(2,091)	-
Changes in operating assets and liabilities:		
Increase in receivables	(17,154)	(3,477)
(Increase) decrease in deferred charges and other assets	(1,339)	25
Increase in accounts payable and accrued expenses	1,042	205
Increase in annuities payable	210	56
Increase in deferred revenues and deposits	17,073	3,602
Increase (decrease) in agency funds	629	(447)
Increase (decrease) in conditional asset retirement obligations	257	(974)
Net cash provided by (used in) operating activities	11,184	(5,496)
Cash flows from investing activities:		
Purchases of investments	(59,025)	(488,502)
Proceeds from the sale/redemption of investments	86,462	446,593
Deposits with trustee for construction	(133,051)	-
Withdrawals from trustee for construction	23,558	13,302
Deposits of funds held in escrow related to debt service and project funds	(1,464)	(8)
Receipt of federal loan funds	147	196
Payments of federal loan funds and annuities	(817)	(1,465)
Proceeds from the sale of property	-	50,000
Expenditures for land, buildings and equipment	(48,945)	(30,600)
Net cash used in investing activities	(133,135)	(10,484)
Cash flows from financing activities:		
Proceeds from the issuance of new debt	133,051	-
Repayments of long-term borrowings	(57,425)	(8,566)
Withdrawals of funds held in escrow related to debt service	48,041	1
Collection of gifts restricted for long-term purposes	10,606	12,741
Net cash provided by financing activities	134,273	4,176
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,322	(11,804)
Cash and cash equivalents, beginning of year	26,959	38,763
Cash and cash equivalents, end of year	$ 39,281	$ 26,959
Supplemental disclosures:		
In-kind gifts consisting of contributed services	$ 552	$ 448
Interest paid	$ 8,601	$ 9,551
Accounts payable related to construction in progress	$ 5,806	$ 3,465

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Organization

Duquesne University of the Holy Spirit (the "University") is a private, Catholic University, organized as a tax-exempt nonprofit corporation under the laws of the Commonwealth of Pennsylvania. The University was founded by the Holy Ghost Fathers and first opened its doors as the Pittsburgh Catholic College of the Holy Ghost in 1878. By 1911, the University was the first Catholic institution in Pennsylvania to achieve university status, at which time the name Duquesne University of the Holy Ghost was adopted. In 2002, the University changed its name to Duquesne University of the Holy Spirit and is the only Spiritan institution of higher education in the United States.

Located adjacent to the downtown area of the City of Pittsburgh, Pennsylvania, the University's hilltop ("bluff") campus is close in proximity to the City's business and cultural center. The University has a 48-acre main-campus and is comprised of 10 schools. Duquesne's students represent a wide variety of states and other countries. The University's principal sources of revenue include student tuition and fees, auxiliary revenues, grants, and gifts.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed stipulations. Accordingly, net assets of the University and changes therein are classified and reported as follows:

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

With donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the University and/or the passage of time. Also included in this category are other net assets with donor restrictions which are subject to donor-imposed stipulations or by law that they be maintained in perpetuity by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

Taxes

The University has been determined to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") of 1986. As a result, no material provision for taxes has been made in the accompanying financial statements.

The University adopted guidance for uncertainty in income taxes, which provides criteria for the recognition and measurement of uncertain tax positions. This guidance requires that an uncertain tax position should be recognized only if it is "more likely than not" that the position is sustainable based on its technical merits. Recognizable tax positions should then be measured to determine the amount of benefit recognized in the financial statements. The University files U.S. federal, state, and local income tax returns, and no returns are currently under examination. The University continues to evaluate its tax positions pursuant to the principles of such guidance and has determined that there is no material impact on the University's financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of

contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of less than three months. Cash equivalents are stated at cost, which approximates fair value.

Concentration of Credit Risk

The University maintains cash and cash equivalent balances with banking institutions and brokerage companies. At June 30, 2026, the amounts on deposit at the banking institutions and the amounts on deposit at the brokerage companies exceeded the amounts that would be covered by the Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC"), respectively. In management's opinion, the amounts in excess of FDIC and SIPC limits do not pose significant risk to the University.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks and values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Pledges Receivable

Pledges receivable from fund-raising campaigns are recorded by the University when the unconditional promise to give ("pledge") is made and are recorded at fair value using a discount rate commensurate with the risks associated with the pledge.

The allowance for credit losses on pledges receivable is based upon management's judgment, including such factors as prior collection history and type of receivable.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The following table shows the estimated useful lives of property, plant, and equipment:

Land improvements	10 - 20 years
Buildings	40 - 45 years
Building improvements	10 - 45 years
Furniture, equipment, and software	5 - 15 years

The University reviews its property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. No impairment charges were recorded by the University in 2026 or 2025.

Deferred Revenues and Deposits

Deferred revenues and deposits represent revenues currently received for programs or activities to be conducted primarily in the next fiscal year, such as summer and fall tuition and fees and room and board. Also included in deferred revenues and deposits is deferred revenue related to sponsorship agreements and commitment deposits received from certain vendors, which will be recognized as income over the lives of the related agreements. In addition, included in deferred revenues are funds received related to certain refundable grants. These amounts will be recognized as income as the conditions are met in accordance with the underlying terms of the grants.

The activity and balances for deposits and deferred revenues from contracts with customers are shown in the following table (in thousands):

	Tuition, Fees, Room and Board	Sponsored Projects	Third-Party Vendors/ Sponsorship Agreements	Other	Total
Balance at June 30, 2024	$ 14,261	$ 290	$ 31,030	$ 83	$ 45,664
Revenue recognized	(14,261)	(293)	(1,774)	(83)	(16,411)
Amounts recorded for future performance obligations	19,337	153	353	170	20,013
Balance at June 30, 2025	19,337	150	29,609	170	49,266
Revenue recognized	(19,337)	(435)	(1,976)	(170)	(21,918)
Amounts recorded for future performance obligations	24,438	12,588	1,887	78	38,991
Balance at June 30, 2026	$ 24,438	$ 12,303	$ 29,520	$ 78	$ 66,339

Tuition and Fee Revenue

The University recognizes revenue from student tuition and fees within the fiscal year in which educational services are provided. Institutional aid, in the form of scholarships and grants-in-aid, includes amounts funded by endowments and gifts, and reduces the amount of revenue recognized.

Revenue for tuition and fees for all of the summer terms are recognized as performance obligations are met. Because the summer academic terms span two reporting periods, a portion of the revenue for the summer terms is included in deferred revenue at June 30, 2026 and 2025. Deferred revenues for the summer terms are shown in Note A Deferred Revenues and Deposits.

The following details the gross and net amounts of tuition and fees for fiscal years ended June 30, 2026 and 2025 (in thousands):

	2026	2025
Tuition and fees	$ 409,330	$ 384,986
Less: institutional aid	(175,579)	(162,103)
Tuition and fees, net	$ 233,751	$ 222,883

Auxiliary Services Revenue

Auxiliary services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public. Fees charged for auxiliary services are directly related to, although not necessarily equal to, the cost of the goods or services provided.

Auxiliary services revenue includes activities for student housing and dining facilities, parking services, and other miscellaneous activities. Institutional aid specifically for defraying the cost of room and board reduces the amount of revenue recognized.

Revenues for auxiliary services are recognized as performance obligations are met over the academic term. Because the summer terms span two reporting periods, a portion of the revenue for the summer terms are included in deferred revenue at June 30, 2026 and 2025. Deferred revenues for the summer terms are shown in Note A Deferred Revenues and Deposits.

The following details the gross and net amounts of auxiliary services revenue for fiscal years ended June 30, 2026 and 2025 (in thousands):

	2026	2025
Auxiliary enterprises	$ 47,408	$ 47,229
Less: auxiliary institutional aid	(2,826)	(3,666)
Auxiliary enterprises, net	$ 44,582	$ 43,563

Gifts and Grants

The University reports gifts and grants of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The University reports gifts of land, buildings, and equipment as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when donated assets are placed in service.

The University receives sponsored project funding from various governmental, corporate, and private organizations, which are recorded as grants and contracts revenue. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization’s mission, or the public at large. Contracts are generally without donor restrictions.

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

Revenues from non-exchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied.

Investments and Investment Income

In accordance with guidance on accounting for certain investments held by not-for-profit organizations, investments are recorded at fair value. A summary of the inputs used in valuing the University's investments as of June 30, 2026 and 2025 is included in Note B.

Interest income, unrealized gains and losses on investments, and realized gains and losses from the sale of investments are accounted for in the statements of activities in the net asset classification that holds the investments, except for income and gains and losses derived from investments of endowment and funds functioning as endowment, which are accounted for in the net asset classification designated by the donor or by law.

Federal Student Loan Program

The University administers and contributes a portion of the total funds available for various student loan programs, including Perkins, Nursing, Health Profession, and Nursing Faculty Loans. The loan programs are financed primarily by the U.S. government. Loans are made to qualified students and are reported as loans receivable, net in the statements of financial position. Upon termination of the programs, the amounts representing net government advances (federal loan funds), which are reflected as a liability of approximately $4.8 million and $5.4 million at June 30, 2026 and 2025, respectively, will be returned to the government.

Fair Value

The estimated fair value of all financial instruments has been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data in developing fair value estimates. Accordingly, the estimates included herein are not necessarily indicative of amounts the University could realize in current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on estimated fair value amounts. All other financial instruments, other than investments as discussed above, are recorded at historical cost, which approximates fair value.

In determining fair value, the University uses various approaches, including Financial Accounting Standards Board ("FASB") Accounting Standards Codification 820, *Fair Value Measurements*, which establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing an asset based on market data obtained from sources independent of the organization. Unobservable inputs reflect an organization's estimates about the assumptions market participants would use in pricing an asset and are developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 - Valuations based on quoted market prices in active markets for identical assets that the organization has the ability to access. As valuations are based on quoted market prices that are readily available in an active market, valuations of these products do not entail a significant degree of judgment;

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly; and

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The University also reports under the FASB update for *Investments in Certain Entities that Calculate Net Asset Value ("NAV") per Share (or its Equivalent)*, which permits, as a practical expedient, the University to measure the fair value of an investment that is within the scope of the update on the basis of the NAV per share of the investment or its equivalent determined as of the University's fiscal year end. Under this approach, certain attributes for the investment, such as restrictions and transaction prices from principal-to-principal or brokered transactions, are not considered in measuring the fair value of an investment.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of markets and other characteristics particular to the transaction. To the extent that a valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment.

The University uses prices and inputs that are current as of the measurement date, which are obtained through multiple third-party custodians from independent pricing services.

Guarantees and Commitments

In the ordinary course of business, the University enters into contracts with third parties pursuant to which the third parties provide services on behalf of the University. In many of the contracts, the University agrees to indemnify the third-party service provider under certain circumstances. The terms of the indemnity vary from contract to contract, and the amount of the indemnification liability, if any, cannot be determined. The University also has minimum purchase requirements related to certain utility contracts that have been met annually through June 30, 2026.

Pursuant to its bylaws, the University provides indemnification to directors, officers, and, in some cases, employees and agents against certain liabilities incurred as a result of their service on behalf of or at the request of the University and also advance on behalf of covered individual costs incurred in defending against certain claims, if any, subject to written undertakings by each such individual to repay all amounts so advanced if it is ultimately determined that the individual is not entitled to indemnification.

Insurance Liabilities

The University is self-insured through an agreement with third-party providers to provide medical coverage for all full-time University employees. A liability for estimated incurred but unreported claims has been recorded in accounts payable and accrued expenses at June 30, 2026 and 2025, based upon a third-party evaluation of claims and management's analysis of past claims history. The third-party evaluation of claims includes assumptions and methods that were reviewed by University management.

The University is also self-insured for certain other activities, principally workers' compensation. Liabilities have been established based on third-party estimates using the University's historical loss experience. The self-insurance accrual is subject to periodic adjustment by the University based on actual loss experience factors.

Nonoperating Activities

Nonoperating activities include gifts and pledges related to endowments and earnings on funds functioning as endowments, bequests, annuity and loan activity restricted in perpetuity, return on investments less amounts distributed, and net periodic benefit costs other than service costs. They also include items such as costs associated with separation agreements and gains on defeasance of debt.

NOTE B - INVESTMENTS

A summary of the University's investments measured at fair value at June 30, 2026 and 2025 based on level within the fair value hierarchy, is as follows (in thousands):

	2026	2025
Level 1 - Quoted Prices in Active Markets		
Equity securities - all cap	$ 51,749	$ 41,480
Mutual funds	572,421	519,335
	624,170	560,815
Level 2 - Significant Observable Inputs		
Debt securities issued by U.S. Treasury and other U.S. agencies	29,028	32,378
Debt issued by foreign government	1	1
Corporate debt securities	42,713	50,465
	71,742	82,844
Level 3 - Significant Unobservable Inputs		
Residential real estate trusts	6,160	6,160
Total investments measured at fair value	702,072	649,819
Investments measured at NAV	176,669	148,756
Total investments	$ 878,741	$ 798,575

Investments reflected in the statements of financial position as of June 30, 2026 and 2025 are summarized as follows (in thousands):

	2026	2025
Endowment and funds functioning as endowment	$ 722,020	$ 636,622
Long-term working capital	113,251	103,041
Mid-term working capital	29,357	46,607
Annuities	8,680	7,481
Deferred compensation and other	5,433	4,824
Total	$ 878,741	$ 798,575

As of June 30, 2026 and 2025, 56% of the University's investments were invested in mutual funds managed by BNY.

Descriptions of the valuation techniques applied to the major categories of investments measured at fair value are outlined on the following page.

The fair value of common, preferred, and foreign stocks and exchange-traded notes is valued using quoted market prices in active markets.

Mutual funds are open-ended Securities and Exchange Commission registered funds with daily quoted market prices. The mutual funds allow investors to sell their interests to the fund at the published daily quoted market prices, with no restrictions on redemptions.

Government securities, government agency securities, corporate fixed-income securities, and asset-backed mortgage securities, including residential mortgage-backed securities and commercial mortgage-backed securities, are valued based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Hedge funds and private equity funds are partnerships created and administered by a general partner who invests either directly in a specified investment strategy or indirectly through other limited liability partnerships in so called “fund of funds”. The underlying investments of these funds can be actively traded securities in the case of certain hedge fund strategies or illiquid and privately held equity investment, as in the case of private equity investments. The partnership documents outline the terms and conditions by which the general partner administers the partnership and its investments. Each limited partner owns a specified share of the partnership. These partnerships cannot be marketed to the public and are restricted, by regulation, to qualified investors. The underlying investments of these partnerships include many different types of investments, including interest rate swaps, commercial paper, foreign currency, private equity, short-term interest in common stock, and convertible bonds. These investments are carried at fair value as of June 30, 2026 and 2025, based on estimates developed by the management of the investment entities investing in the funds. These valuations include assumptions and methods that are reviewed by University management. The valuation of the partnership interest typically is performed at least quarterly by the general partner through unaudited statements and validated through annual audited financial statements. In certain partnerships, the readily available data on market values allows for monthly valuation of the partnership interest. As such, the fair value of these partnerships is measured using the NAV as calculated by the custodian.

Residential real estate trusts are measured at the fair market value assigned by a certified residential appraiser. The property is tested annually for impairment.

The University believes that the reported amount of its investments is a reasonable estimate of fair value as of June 30, 2026 and 2025. As the estimated value is subject to uncertainty, the reported value may differ from the value that would have been used had a ready market existed.

There has been no significant change in valuation techniques of investments during the year.

Interest, dividends, and realized and unrealized gains, net, are included as a component of both operating and nonoperating items.

Investment income (loss) for the years ended June 30, 2026 and 2025, exclusive of earnings on idle receipts, escrow funds and other deposits with trustees, consisted of the following (in thousands):

	2026	2025
Interest and dividends	$ 11,118	$ 9,845
Realized gains (losses) on marketable securities, net	11,934	(814)
Unrealized gains on marketable securities, net	95,669	70,482
Total	$ 118,721	$ 79,513

The following table summarizes the investments valued at NAV by strategy type (in thousands):

	2026		2025				
Description	Number of Funds	Fair Value	Number of Funds	Fair Value	Unfunded Commitment at June 30, 2026	Redemption Terms	Redemption Notice Period
Hedge funds	4	$ 26,371	4	$ 27,870	$ -	Monthly or Quarterly	1-90 days
Private equity	35	150,298	30	120,886	92,145	See below	N/A
Total	39	$ 176,669	34	$ 148,756	$ 92,145		

Investments held by the University may be subject to restrictions related to the initial investment that limit the University's ability to redeem capital from such investments during a specified period of time subsequent to the University's investment of capital in such funds, typically known as a lock-up period. Capital available for redemption after the lock-up period has expired may also be subject to limits, which restrict the available redemption period, and require prior written notice, potentially limiting the University's ability to respond quickly to changes in market conditions. As of June 30, 2026, there are two funds with a market value of $1.3 million with lock-ups expiring in fiscal year 2027.

Private equity investments cannot be redeemed upon request. Instead, the nature of these investments is that distributions are received through the liquidation of the underlying assets of the fund. It is estimated that the underlying assets of these funds would be liquidated over approximately one to 12 years.

NOTE C - ENDOWMENT AND FUNDS FUNCTIONING AS ENDOWMENT

Endowment and funds functioning as endowment related activity (including amounts for pledges with donor restrictions) during the years ended June 30, 2026 and 2025, are as follows (in thousands):

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 331,222	$ 310,468	$ 641,690
Investment return:			
Investment income	5,504	3,942	9,446
Net realized and unrealized gains	47,780	43,934	91,714
Total	53,284	47,876	101,160
Contributions	-	19,581	19,581
Appropriation of endowment assets for expenditure	(17,126)	(9,434)	(26,560)
Additional authorized amounts	101	-	101
Change in endowment net assets	36,259	58,023	94,282
Endowment net assets, end of year	$ 367,481	$ 368,491	$ 735,972

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 263,232	$ 278,048	$ 541,280
Investment return:			
Investment income	4,812	3,475	8,287
Net realized and unrealized gains	29,770	28,520	58,290
Total	34,582	31,995	66,577
Contributions	-	8,479	8,479
Appropriation of endowment assets for expenditure	(14,593)	(8,054)	(22,647)
Additional authorized amounts	48,001	-	48,001
Change in endowment net assets	67,990	32,420	100,410
Endowment net assets, end of year	$ 331,222	$ 310,468	$ 641,690

The endowment and funds functioning as endowment net asset composition by type of fund at June 30, 2026 and 2025 is composed of the following (in thousands):

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Scholarship	$ 60,185	$ 183,181	$ 243,366
Operational purposes	307,296	184,698	491,994
Total	$ 367,481	$ 367,879	$ 735,360

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Scholarship	$ 53,569	$ 150,176	$ 203,745
Operational purposes	277,653	159,541	437,194
Total	$ 331,222	$ 309,717	$ 640,939

The University maintains a total return spending policy, which was 4.25% of the average fair market value of the previous 16 quarters ended December 31, 2024 and 2023, for the years ended June 30, 2026 and 2025, respectively. The University has adopted PA Trust Law Act 141, which requires a release of between 2% and 7%. Separating spending policy from investment policy permits asset allocation decisions to be made independently of the need for current income. The University's investment policy has a primary objective to achieve annualized total return, through appreciation and income, equal to or greater than the rate of inflation plus any spending and administrative expenses. This allows the University to maintain purchasing power of the investment pool. The assets are managed in a manner that will meet the primary investment objective, while attempting to limit volatility in the portfolio's market value, thereby limiting

volatility in the year-to-year spending. The policy allows for a range of asset classes, including global equity and debt securities, real assets and investments measured at NAV. The University includes its interest in perpetual trusts in endowment and funds functioning as endowment. Changes in the value of the endowment and funds functioning as endowment are included in the nonoperating section of the statements of activities along with the changes in mid and long-term working capital, value of annuities and loan funds restricted in perpetuity.

From time to time, the fair value of assets of individual donor-restricted endowment funds may fall below the level required to be maintained in perpetuity in accordance with the applicable donor gift document, creating an “underwater” endowment fund. For the fiscal year ending June 30, 2026, there was one endowment fund with initial gifts totaling $25 thousand, compared to market values totaling $21 thousand, for an underwater deficiency totaling $4 thousand. For the fiscal year ending June 30, 2025, there was one endowment fund with initial gifts totaling $25 thousand, compared to market values totaling $18 thousand, for an underwater deficiency totaling $7 thousand.

The University is one of 15 designated institutions of higher learning and other charitable organizations named as beneficiaries of The Dietrich Foundation (the “Foundation”) created by William S. Dietrich II pursuant to an Amended and Restated Declaration of Trust dated August 23, 2011. The Foundation came into existence as a Pennsylvania charitable trust on October 6, 2011 and was granted exemption from Federal income tax under Section 501(c)(3) of the IRC, specifically as a Type I charitable supporting organization under Section 509(a)(3). The Foundation’s primary mission is to provide ongoing and increasing financial support to a number of educational institutions, largely in the greater Pittsburgh area, including the University. The Foundation is governed by a board of nine trustees. Five of the trustees are Educational Institutions Trustees.

The Foundation is expected to make annual distributions that will be allocated among the pre-specified supporting organizations, which are divided into two primary groups: (a) six educational institutions, which collectively shall receive 90% of the annual distribution amount, and (b) nine other charitable organizations or component funds of such charitable organizations, which collectively shall receive 10% of the annual distribution amount. The University is included in the 90% group. As of June 30, 2026, the University’s distribution share was 2.5%.

The distributions to the University have been recorded as contribution revenue with donor restrictions as received and held in an endowment fund restricted in perpetuity designated by Dietrich Foundation Endowment Fund. The endowed fund will be managed in accordance with the University’s generally applicable investment and disbursement policies in effect for its other endowments restricted in perpetuity. Distributions made from the endowed fund will be used for the purpose authorized by the Foundation’s trustees. Distributions of $1.1 million were received in fiscal years 2026 and 2025.

As of June 30, 2026, the University’s Board of Directors has designated pooled endowment funds in a separate escrow account in the amount of $49.1 million as a teach out reserve in accordance with College of Osteopathic Medicine accreditation requirements. Furthermore, the reserve must be held for one year after the first class of students graduates, anticipated for May 2028. The reserve could then be released in May 2029.

NOTE D - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2026 and 2025, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction not financed with debt, were as follows (in thousands):

	2026
Cash and cash equivalents	$ 39,281
Accounts and pledges receivable, net	83,009
Investments	878,741
Total financial assets	1,001,031
Add: authorized spending amount without donor restrictions for the next 12 months	15,106
Less: investments in board-designated endowments and long-term working capital	(480,732)
Less: financial assets with contractual or donor-imposed restrictions	(437,826)
Less: accounts receivable collectible beyond one year	(16,184)
Less: investments and other financial assets held for others	(4,500)
Financial assets available to meet cash needs for general expenditures within one year	$ 76,895

	2025
Cash and cash equivalents	$ 26,959
Accounts and pledges receivable, net	56,901
Investments	798,575
Total financial assets	882,435
Add: authorized spending amount without donor restrictions for the next 12 months	15,107
Less: investments in board-designated endowments and long-term working capital	(434,263)
Less: financial assets with contractual or donor-imposed restrictions	(375,017)
Less: accounts receivable collectible beyond one year	(16,238)
Less: investments and other financial assets held for others	(4,113)
Financial assets available to meet cash needs for general expenditures within one year	$ 67,911

As part of the University's liquidity management, financial assets are structured to be available as general expenditures, liabilities, and other obligations come due. In addition, cash in excess of daily requirements is invested in short-term, cash-equivalent investments. To help manage unanticipated liquidity needs, the University has a $20 million committed line of credit, which could be drawn upon at any time. The line of credit expires September 14, 2028, and there are no outstanding draws on the facility. Additionally, the University has quasi-endowment and working capital investments of $480 million, including $49.1 million held as a teach out reserve in accordance with College of Osteopathic Medicine accreditation requirements. Although the University does not intend to spend from these investments other than the amounts authorized as part of its spending policy, amounts from these investments could be made available if necessary, with Board of Directors approval. However, the quasi-endowment, donor-restricted endowment and working

capital all contain investments with lock-up provisions that would reduce the total investments that could be made available within one year (see Note B for disclosure about investments).

NOTE E - RECEIVABLES

Accounts receivable at June 30, 2026 and 2025 consist of the following (in thousands):

	2026	2025
Student accounts receivable, net of allowance for credit losses of $2,832 and $2,325 in 2026 and 2025, respectively	$ 25,599	$ 18,715
Grants and contracts receivable	11,890	3,862
Other accounts receivable, net of allowance for credit losses of $1,820 in 2026 and 2025	19,779	21,090
Accounts receivable, net	$ 57,268	$ 43,667

After unsuccessful collection of past-due student accounts by two collections agencies for a 29-month period, the University will write the balance off.

Pledges receivable at June 30, 2026 and 2025 consist of the following (in thousands):

	2026	2025
Less than one year	$ 7,649	$ 5,350
One to five years	15,407	7,976
More than five years	12,084	3,943
Total pledges receivable	35,140	17,269
Less: present value adjustment	(7,515)	(2,021)
Present value of pledges receivable	27,625	15,248
Less: allowance for credit losses	(1,884)	(2,014)
Pledges receivable, net	$ 25,741	$ 13,234

Contributions receivable over more than one year are discounted to fair value using an appropriate discount rate ranging from 0.6% to 5.8% applicable to the year in which the pledge was received.

Fund-raising costs were $3.5 million and $3.7 million for the years ended June 30, 2026 and 2025, respectively.

Loans Receivable

The University makes uncollateralized loans to students based on financial need. Loans are funded through federal government loan programs or institutional resources. At June 30, 2026 and 2025, student loans represented 0.4% of total assets.

At June 30, 2026 and 2025, student loans consisted of the following (in thousands):

	2026	2025
Federal government programs	$ 4,722	$ 5,071
Institutional programs	1,178	1,007
	5,900	6,078
Less estimated expected credit loss:		
Beginning of year	(631)	(312)
Increase	(115)	(319)
End of year	(746)	(631)
Loans receivable, net	$ 5,154	$ 5,447

The University participates in the following federal revolving loan programs: Perkins, Nursing, Health Profession, and the Nurse Faculty Loan Programs. The availability of funds for loans under these programs is dependent on reimbursements to the pool from repayments on outstanding loans. Outstanding loans canceled under the programs result in a reduction of the funds available for loans and a decrease in the liability to the government.

The past-due principal amounts under the student loan programs at June 30, 2026 and 2025 are as follows (in thousands):

	2026	2025
1 - 60 days past due	$ 67	$ 32
61 - 90 days past due	86	160
91+ days past due	784	750
Total past due	$ 937	$ 942

NOTE F - PROPERTY, PLANT AND EQUIPMENT

The University's investment in property, plant, and equipment at June 30, 2026 and 2025, consists of the following (in thousands):

	2026	2025
Land and land improvements	$ 55,664	$ 49,922
Building and building improvements	596,170	573,236
Furniture, equipment, software, and artwork	114,216	106,956
Construction in progress	28,517	13,919
	794,567	744,033
Less: accumulated depreciation	(426,108)	(401,192)
Property, plant and equipment, net	$ 368,459	$ 342,841

Depreciation expense was $25.7 million and $24.5 million for the years ended June 30, 2026 and 2025, respectively.

In February of 2025, the University closed on the sale of its Plant Distribution System, which resulted in the retirement of property, plant and equipment with a net book value of $1.9 million and the recognition of a gain on the sale of $48.1 million.

Substantially all property, plant and equipment are pledged under the University's debt agreements.

NOTE G - DEBT AND LEASE OBLIGATIONS

Long-term debt at June 30, 2026 and 2025, consists of the following (in thousands):

	Rate	2026	2025
University revenue and refunding bonds:			
2014 Series A Bonds	2.00 - 5.00%	$ -	$ 8,085
2016 Series Bonds	2.25 - 5.00%	-	47,515
2018 Series Bonds	5.00%	17,760	17,760
2019 Series A Bonds	4.00 - 5.00%	18,690	18,690
2019 Series B Bonds	4.12%	10,000	10,000
2020 Series A Bonds	4.00%	8,945	8,945
2020 Series B Bonds	2.43 - 3.03%	15,835	15,835
2021 Series A Bonds	4.00 - 5.00%	42,250	42,250
2022 Series A Bonds	5.00%	10,400	12,060
2024 Series Bonds	5.00%	28,460	28,460
2026 Series Bonds	4.50 - 5.25%	132,550	-
		284,890	209,600
Other long-term debt		171	271
Lease obligations		5,784	6,201
Debt and lease obligations, gross		290,845	216,072
Plus: net unaccreted bond premium		13,443	16,444
Less: deferred bond costs		(1,438)	(1,185)
Debt and lease obligations, net		$ 302,850	$ 231,331

Principal payments in future years are as follows (in thousands):

Year Ending June 30,	Debt	Finance Leases	Operating Leases	Total
2027	$ 1,851	$ 29	$ 1,255	$ 3,135
2028	1,885	13	1,195	3,093
2029	2,115	-	877	2,992
2030	2,190	-	777	2,967
2031	2,275	-	612	2,887
Thereafter	274,745	-	1,836	276,581
	285,061	42	6,552	291,655
Less: present value discount	-	(1)	(809)	(810)
Total	$ 285,061	$ 41	$ 5,743	$ 290,845

As of June 30, 2026, the University is a party to 21 operating leases and three finance leases as the lessee. The discount rate used for leases is the stated rate for the lease or the U.S. Treasury rate. Many of the University's leases provide for options to renew subsequent to the current term. The options to renew the leases were not considered when assessing the value of the right-of-use ("ROU") asset if the University was not reasonably certain that it would assert its option to renew the lease.

Quantitative information regarding the University's leases for the years ended June 30, 2026 and 2025 is as follows (in thousands):

	2026		2025	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Lease cost	$ 62	$ 1,290	$ 65	$ 1,277
Other information:				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows	2	1,295	3	1,319
Financing cash flows	62	-	62	-
ROU assets obtained in exchange for new lease liabilities	-	700	-	5,032
ROU assets disposed or adjusted modifying operating leases liabilities	(3)	-	-	-
Weighted-average remaining lease term (in years)	1.44	6.61	1.97	7.64
Weighted average discount rate	2.97%	4.00%	2.24%	3.98%

University Revenue Bonds ("Series A of 2014") - In December 2014, the Authority issued $39.2 million of revenue bonds to provide for a portion of (a) the advance refunding of the Authority's outstanding University Revenue Bonds Series A of 2005, (b) the advance refunding of the Authority's outstanding University

Revenue Bonds Series B of 2005, (c) the advance refunding of the Authority's outstanding Revenue Bonds Series A of 2007, and (d) to provide for bond issuance costs.

Approximately $0.3 million of costs related to the issuance of these bonds has been deferred and is being amortized over the life of the bonds. In addition, approximately $4.5 million of original issue premium is being amortized over the life of the bonds. All debt issuance costs are recorded in debt and lease obligations on the statements of financial position.

In connection with the issuance of these bonds, the University has agreed to certain covenants with which it must comply. The covenants provide that the University cannot incur additional long-term debt in any amount, unless (1) debt service requirements on all long-term debt during the fiscal year, plus the maximum annual debt service requirements on the proposed additional long-term debt is less than 10% of the University's unrestricted operating revenues during the previous fiscal year, and (2) the University's expendable resources are greater than 50% of all outstanding and proposed long-term debt; however, that such test shall not be required to be met if the additional long-term debt is being incurred to refund existing long-term debt and the maximum annual debt service requirements on the proposed long-term debt are less than or equal to the maximum annual debt service requirements on the existing long-term debt. In June 2019, the outstanding bonds were partially defeased in connection with the sale of the Tri Generation facility. In February 2026, the outstanding bonds were fully defeased in connection with the Series of 2026 bonds described below.

University Revenue Bonds ("Series of 2016") - In May 2016, the Authority issued $58.0 million of revenue bonds to provide for a portion of (a) the advance refunding of the Authority's outstanding University Revenue Bonds Series of 2008, (b) the advance refunding of the Authority's outstanding University Revenue Bonds Series A of 2011, and (c) to provide for bond issuance costs.

Approximately $0.3 million of costs related to the issuance of these bonds has been deferred and is being amortized over the life of the bonds. In addition, approximately $9.8 million of original issue premium is being amortized over the life of the bonds. All debt issuance costs are recorded in debt and lease obligations on the statements of financial position.

These bonds carry substantially the same covenants as the Series of 2014 bonds. In June 2019, the outstanding bonds were partially defeased in connection with the sale of the Tri Generation Facility. In February 2026, the outstanding bonds were fully defeased in connection with the Series of 2026 bonds described below.

University Revenue Bonds ("Series of 2018") - In May 2018, the Authority issued $17.8 million of revenue bonds to provide for a portion of (a) upgrades and replacements to various mechanical systems, including HVAC, elevators, electrical switchgear, pneumatic controls, fan coil units, fire protection and sprinkler systems in the Koren Building, Fisher Hall, School of Law, College Hall, Richard King Mellon Hall of Science, Rockwell Hall, Libermann Hall, Gumberg Library, Administration Building and St. Ann Hall; (b) renovations to Rockwell Hall, Assumption Hall, St. Ann Hall, Richard King Mellon Hall of Science office and the Des Places Living Learning Centers; (c) roof replacements to Duquesne Union and Trinity Hall; (d) other miscellaneous capital expenditures on the main campus of the University; (e) funding capital interest; (f) funding of any necessary reserves; and (g) to provide for bond issuance costs.

These bonds mature annually in principal ranging from $3.6 million to $10.0 million beginning in fiscal 2032 and ending in fiscal 2034.

Approximately $0.2 million of costs related to the issuance of these bonds has been deferred and is being amortized over the life of the bonds. In addition, approximately $2.5 million of original issue premium is

being amortized over the life of the bonds. All debt issuance costs are recorded in debt and lease obligations on the statements of financial position.

In connection with the issuance of these bonds, the University has agreed to certain covenants with which it must comply. The covenants provide that the University cannot incur additional long-term debt in any amount, unless (1) debt service requirements on all long-term debt during the fiscal year, plus the maximum annual debt service requirements on the proposed additional long-term debt, is less than 12% of the University's unrestricted operating revenues during the previous fiscal year, and (2) the University's expendable resources are greater than 50% of all outstanding and proposed long-term debt; however, that such test shall not be required to be met if the additional long-term debt is being incurred to refund existing long-term debt.

University Revenue Bonds ("Series A of 2019") - In March 2019, the Authority issued $18.7 million of revenue bonds to finance all or a portion of the costs of (a) financing capital expenditures related to the renovation of the A.J. Palumbo Center, (b) financing other miscellaneous capital expenditures on the main campus of the University, and (c) paying the costs of issuance of the Bonds.

These bonds mature annually in principal ranging from $4.4 million to $5.0 million beginning in fiscal 2036 and ending in fiscal 2039.

Approximately $0.1 million of costs related to the issuance of these bonds has been deferred and is being amortized over the life of the bonds. In addition, approximately $2.6 million of original issue premium is being amortized over the life of the bonds. All debt issuance costs are recorded in debt and lease obligations on the statements of financial position.

These bonds carry substantially the same covenants as the Series of 2018 bonds.

University Revenue Bonds ("Series B of 2019") - In March 2019, the Authority issued $10.0 million of taxable revenue bonds. The bonds were issued for the same purpose as the Series A of 2019 bonds.

These bonds mature in principal $10.0 million in fiscal 2035.

Approximately $0.1 million of costs related to the issuance of these bonds has been deferred and is being amortized over the life of the bonds. All debt issuance costs are recorded in debt and lease obligations on the statements of financial position.

These bonds carry substantially the same covenants as the Series of 2018 bonds.

University Revenue Bonds ("Series A of 2020") - In August 2020, the Authority issued $8.9 million of revenue bonds to finance all or a portion of the costs of (a) the acquisition of the Life'sWork property, located at 1323 Forbes Avenue, Pittsburgh, PA 15219, which property will be used to construct the University's College of Medicine facility, and demolition of the existing buildings and structures on the property, (b) other miscellaneous capital expenditures on the main campus of the University, including capital expenditures relating to the construction of the College of Medicine, and (c) issuance of the 2020A Bonds.

These bonds mature annually in principal ranging from $1.8 million to $7.1 million beginning in fiscal 2039 and ending in fiscal 2040.

Approximately $0.1 million of costs related to the issuance of these bonds has been deferred and is being amortized over the life of the bonds. In addition, approximately $1.4 million of original issue premium is being amortized over the life of the bonds. All debt issuance costs are recorded in debt and lease obligations on the statements of financial position.

These bonds carry substantially the same covenants as the Series of 2018 bonds.

University Revenue Bonds ("Series B of 2020") - In August 2020, the Authority issued $15.8 million of taxable revenue bonds to finance all or a portion of the costs of (a) working capital and other miscellaneous costs which the Authority is authorized to finance under the Act, (b) the refunding of a portion of the outstanding Allegheny County Higher Education Building Authority University Revenue Bonds, Series A of 2013 (Duquesne University), and (c) issuance of the 2020B Bonds.

These bonds mature annually in principal ranging from $1.1 million to $10.0 million beginning in fiscal 2029 and ending in fiscal 2038.

Approximately $0.1 million of costs related to the issuance of these bonds has been deferred and is being amortized over the life of the bonds. All debt issuance costs are recorded in debt and lease obligations on the statements of financial position.

These bonds carry substantially the same covenants as the Series of 2018 bonds.

University Revenue Bonds ("Series A of 2021") - In December 2021, the Authority issued $47.9 million of revenue bonds to finance all or a portion of the costs of (a) construction; equipping and furnishing of the University's College of Medicine facility, related capital expenditures to such facility and other University facilities, and other miscellaneous capital expenditures, (b) the refunding of all of the outstanding Allegheny County Higher Education Building Authority University revenue Bonds, Series A of 2011 (Duquesne University), and (c) paying the costs of issuance of the Bonds.

The bonds mature annually in principal ranging from $0.9 million to $14.0 million beginning in fiscal 2022 and ending in fiscal 2041.

Approximately $0.3 million of costs related to the issuance of these bonds has been deferred and is being amortized over the life of the bonds. In addition, approximately $8.4 million of original issue premium is being amortized over the life of the bonds. All debt issuance costs are recorded in debt and lease obligations on the statements of financial position.

University Revenue Bonds ("Series A of 2022") - In December 2022, the Authority issued $15.1 million of revenue bonds to provide for all or a portion of (a) the refunding of all of the outstanding Allegheny County Higher Education Building Authority University Revenue Bonds, Series A of 2013 (Duquesne University) and (b) paying the related financing costs.

The bonds mature annually in principal ranging from $1.0 million to $1.8 million beginning in fiscal 2024 and ending in fiscal 2034.

Approximately $0.1 million of costs related to the issuance of these bonds has been deferred and is being amortized over the life of the bonds. In addition, approximately $2.6 million of original issue premium is being amortized over the life of the bonds. All debt issuance costs are recorded in debt and lease obligations on the statements of financial position.

University Revenue Bonds ("Series of 2024") - In January 2024, the Authority issued $28.5 million of revenue bonds to finance all or a portion of the costs of (a) various capital expenditures relating to University facilities from the University's capital budgets and (b) paying the related financing costs.

The bonds mature annually in principal ranging from $13.9 million to $14.6 million beginning in fiscal 2042 and ending in fiscal 2043.

Approximately $0.3 million of costs related to the issuance of these bonds has been deferred and is being amortized over the life of the bonds. In addition, approximately $1.9 million of original issue premium is being amortized over the life of the bonds. All debt issuance costs are recorded in debt and lease obligations on the statements of financial position.

University Revenue Bonds ("Series of 2026") - In February 2026, the Authority issued $132.6 million of revenue bonds to finance all or a portion of the costs of (a) the construction, equipping and furnishing of a new Integrative Health Sciences building, (b) the renovation of and improvements to Vickroy Hall and other miscellaneous capital projects, (c) funding capitalized interest, (d) currently refunding all of the Authority's outstanding University Revenue Refunding Bonds, Series A of 2014 maturing on or after March 1, 2027 and all of the University Revenue Refunding Bonds, Series of 2016 maturing on or after March 1, 2027; and (e) paying the costs of issuance of the Series of 2026 Bonds.

The bonds mature annually in principal ranging from $18.1 million to $20.0 million beginning in fiscal 2044 through fiscal 2046 and in principal of $75.4 million in fiscal 2050, which includes mandatory sinking funds redemptions prior to maturity during fiscal 2047 through fiscal 2050.

Approximately $0.5 million of costs related to the issuance of these bonds has been deferred and is being amortized over the life of the bonds. In addition, approximately $1.4 million of original issue premium is being amortized over the life of the bonds. All debt issuance costs are recorded in debt and lease obligations on the statements of financial position.

The University was in compliance with all debt covenants as of June 30, 2026.

NOTE H - FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by functional and natural classification for the fiscal years ended June 30, 2026 and 2025, are shown below (in thousands):

	2026									
	Instructional	Institutional Support	Auxiliary Enterprises	Academic Support	Student Services	Public Service	Research	Subtotal	Allocated Expenses	Total
Salaries	$ 73,339	$ 24,876	$ 11,790	$ 21,578	$ 8,968	$ 1,800	$ 2,991	$ 145,342	$ 12,661	$ 158,003
Benefits	19,956	7,890	4,760	6,094	2,547	486	610	42,343	889	43,232
Supplies, services, and other	13,584	19,552	26,292	12,201	7,362	797	3,649	83,437	18,724	102,161
Utilities	-	-	-	-	-	-	-	-	8,504	8,504
Depreciation	-	-	-	-	-	-	-	-	26,216	26,216
Interest expense	-	-	-	-	-	-	-	-	8,333	8,333
Subtotal	106,879	52,318	42,842	39,873	18,877	3,083	7,250	271,122	75,327	346,449
Allocated costs	29,695	14,536	11,903	11,078	5,244	857	2,014	75,327	(75,327)	-
Total operating expenses	$ 136,574	$ 66,854	$ 54,745	$ 50,951	$ 24,121	$ 3,940	$ 9,264	$ 346,449	$ -	$ 346,449

	2025									
	Instructional	Institutional Support	Auxiliary Enterprises	Academic Support	Student Services	Public Service	Research	Subtotal	Allocated Expenses	Total
Salaries	$ 71,723	$ 23,626	$ 12,032	$ 23,136	$ 8,720	$ 1,785	$ 3,266	$ 144,288	$ 12,395	$ 156,683
Benefits	20,131	7,571	5,068	6,747	2,554	452	676	43,199	293	43,492
Supplies, services, and other	16,687	20,445	24,201	10,724	7,290	999	4,244	84,590	15,930	100,520
Utilities	-	-	-	-	-	-	-	-	8,170	8,170
Depreciation	-	-	-	-	-	-	-	-	24,595	24,595
Interest expense	-	-	-	-	-	-	-	-	7,436	7,436
Subtotal	108,541	51,642	41,301	40,607	18,564	3,236	8,186	272,077	68,819	340,896
Allocated costs	27,454	13,062	10,447	10,271	4,696	818	2,071	68,819	(68,819)	-
Total operating expenses	$ 135,995	$ 64,704	$ 51,748	$ 50,878	$ 23,260	$ 4,054	$ 10,257	$ 340,896	$ -	$ 340,896

Certain costs such as depreciation expense, utilities, interest expense and other operating costs have been allocated among the functional areas. These costs are primarily allocated based on direct costs.

NOTE I - RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFIT OBLIGATION

The University participates in single-employer contributory retirement plans, which provide for the purchase of annuities and various mutual funds for academic, administrative, salaried, and other hourly employees. The employee is responsible for a 5% pretax contribution, while the University contributes 5% on behalf of most employees with the exception of certain employees covered by collective bargaining agreements who receive up to 8% on their behalf. The University annually funds the retirement costs under the plans, which amounted to $6.0 million and $5.9 million for the years ended June 30, 2026 and 2025, respectively.

The University provides certain health care benefits to certain retired employees. These postretirement benefits are unfunded and generally are based on employees' years of service and compensation levels. The University is required to make an accrual of the expected costs of these benefits over the period in which the employees render the service.

Net periodic cost (benefit) for the years ended June 30, 2026 and 2025 include the following components (in thousands):

	2026	2025
Interest cost for fiscal year	$ 225	$ 231
Census and claims gain during fiscal year	(149)	(119)
(Gain)/loss due to assumption changes	(14)	43
Change in liability due to plan experience	(52)	177
Net periodic cost	$ 10	$ 332
Actual postretirement benefit payments (funded on a pay-as-you-go basis)	$ 302	$ 314

Using a measurement date of June 30, the following assumptions at June 30, 2026 and 2025, were used to determine the periodic cost (benefit):

	2026	2025
Discount rate	5.30%	5.20%
Healthcare trend rate (post-65)	7.00%	6.25%
Long-term trend rate	4.50%	4.50%
Terminal trend year	2036	2033

A one-percentage-point increase in the assumed medical cost trend rates for each future year increases annual postretirement benefit expense by $2 thousand and the accumulated postretirement benefit obligation by $34 thousand. A one-percentage-point decrease in the assumed medical cost trend rates for each future year decreases annual postretirement benefit expense by $2 thousand and the accumulated postretirement benefit obligation by $30 thousand.

For the years ended June 30, 2026 and 2025, the following is a reconciliation of beginning and ending balances of the benefit obligation (in thousands):

	2026	2025
Accumulated postretirement benefit obligation, beginning of year	$ 4,571	$ 4,553
Interest cost for fiscal year	225	231
Benefit payments for fiscal year	(302)	(314)
Expected accumulated postretirement benefit obligation, end of year	4,494	4,470
Census and claims gain during fiscal year	(149)	(119)
(Gain)/loss due to assumption changes	(14)	43
Change in liability due to plan experience	(52)	177
Actual accumulated postretirement benefit obligation, end of year	$ 4,279	$ 4,571

Using a measurement date of June 30, the following assumptions at June 30, 2026 and 2025, were used to determine the end-of-year benefit obligation:

	2026	2025
Discount rate	5.30%	5.20%
Healthcare trend rate (post-65)	7.00%	6.25%
Long-term trend rate	4.30%	4.50%
Terminal trend year	2036	2033

Expected benefits to be paid in future years are as follows (in thousands):

Year Ending June 30,	Amount
2027	$ 455
2028	469
2029	456
2030	438
2031	416
2032 - 2035	1,760
Total	$ 3,994

NOTE J - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30, 2026 and 2025, consist of the following (in thousands):

	2026	2025
Board-designated funds (quasi-endowment)	$ 367,481	$ 331,222
Undesignated funds	252,757	234,904
Total net assets without donor restrictions	$ 620,238	$ 566,126

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2026 and 2025, consist of funds subject to purpose or time restriction and funds restricted in perpetuity.

Funds subject to donor restrictions consist of the following (in thousands):

	2026	2025
Funds subject to purpose or time restriction:		
Endowment gains	$ 152,039	$ 116,494
Term endowments (including pledges)	23,740	21,288
Restricted gifts and pledges:		
Operational purposes	33,697	32,867
Capital projects	1,508	2,762
Scholarships	5,449	5,253
Total restricted gifts and pledges	40,654	40,882
Restricted grants and contracts:		
Private	9,204	5,687
Local	4	46
Total net assets subject to purpose or time restriction	$ 225,641	$ 184,397
Funds restricted in perpetuity:		
Endowment and funds functioning as endowment	$ 177,360	$ 169,039
Pledges	14,740	2,897
	192,100	171,936
Annuity investments	611	751
	192,711	172,687
Loan funds	1,280	1,290
Total net assets restricted in perpetuity	$ 193,991	$ 173,977
Total net assets with donor restrictions	$ 419,632	$ 358,374

NOTE L - CONTINGENCIES

The University is a defendant in certain legal proceedings arising out of the normal conduct of its business. In the opinion of management, based upon discussion with counsel, the ultimate outcome of these matters will not have a material adverse effect on the financial position or activities of the University.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The University's management believes disallowances, if any, will not have a material effect on the University's financial position.

NOTE M - RELATED PARTY TRANSACTIONS

In the ordinary course of business, there are occasional contributions or pledges to the University made by members of the Board of Trustees, officers and/or key employees. There were no other material related party transactions in fiscal year 2026 or 2025.

NOTE N - SUBSEQUENT EVENTS

The University has evaluated subsequent events through October 12, 2026, the date the financial statements were issued.