

AUDITED CONSOLIDATED FINANCIAL
STATEMENTS, SUPPLEMENTARY INFORMATION
AND REPORTS AND SCHEDULES REQUIRED
BY THE UNIFORM GUIDANCE AND CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL

Nova Southeastern University, Inc.
Year Ended June 30, 2023
With Reports of Independent Auditors

Ernst & Young LLP



Nova Southeastern University, Inc.

Audited Consolidated Financial Statements, Supplementary
Information and Reports and Schedules Required by the Uniform Guidance
and Chapter 10.650, *Rules of the Auditor General*

Year Ended June 30, 2023

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Report of Independent Auditors

Management and the Board of Trustees of
Nova Southeastern University, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Nova Southeastern University, Inc. (the “University”), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, and cash flows for the year then ended and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University at June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

Report on Summarized Comparative Information

We have previously audited the University's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited consolidated financial statements subsequent to September 29, 2023. The Financial Responsibility Supplemental Schedule as required by the U.S. Department of Education and the Schedule of Expenditures of Federal Awards and State Financial Assistance as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.650, Rules of the Auditor General are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated September 29, 2023 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.

Ernst + Young LLP

Boca Raton, FL
September 29, 2023, except for our report
on the schedule of expenditures of federal
awards and state financial assistance for
which the date is November 22, 2023

Consolidated Statements of Financial Position

June 30, 2023 and 2022

(\$ in thousands)

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 17,587	\$ 33,091
Restricted cash	10,155	11,869
Investments	379,683	343,163
Tuition and other receivables, net	44,934	41,632
Pledges receivable, current portion, net	22,079	15,763
Prepaid expenses and other current assets	14,045	12,532
Total current assets	488,483	458,050
Pledges receivable, net	23,253	27,828
Foundation assets	-	7,085
Contributions receivable from remainder trusts	225	234
Scholarship funds held in trust by others	3,593	3,448
Designated investments	57,693	51,931
Restricted investments	107,695	94,848
Other investments	293,546	281,206
Restricted cash and cash equivalents	27,652	21,422
Land, buildings, and equipment, net	889,752	893,841
Operating lease right-of-use assets	74,905	92,520
Other assets	24,051	21,914
Total assets	\$ 1,990,848	\$ 1,954,327
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 50,165	\$ 60,180
Deferred revenue	77,335	74,116
Current portion of long-term debt	13,940	13,460
Operating lease liabilities, current	19,898	22,490
Other current liabilities	29,150	24,121
Total current liabilities	190,488	194,367
Long-term debt	580,036	596,031
Due to beneficiaries under remainder trusts and annuities	99	105
Accrued insurance cost	14,460	12,233
Deferred revenue	10,904	11,809
Operating lease liabilities	57,164	73,051
Other liabilities	22,304	24,579
Total liabilities	875,455	912,175
Net assets:		
Without donor restrictions	\$ 906,215	\$ 854,452
With donor restrictions	209,178	187,700
Total net assets	1,115,393	1,042,152
Total liabilities and net assets	\$ 1,990,848	\$ 1,954,327

See accompanying notes to consolidated financial statements.

Consolidated Statements of Activities

June 30, 2023 and 2022

(with summarized financial information for the year ended June 30, 2022)

(\$ in thousands)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
REVENUES AND RELEASES				
Net tuition and fees	\$ 619,170	\$ -	\$ 619,170	\$ 584,260
Contributions and private grants	1,700	29,562	31,262	18,522
Government grants and contracts	-	36,500	36,500	55,902
Auxiliary operations	56,997	-	56,997	50,247
Interest and dividends	16,657	1,907	18,564	15,485
Net unrealized gain (loss) on investments	17,459	6,898	24,357	(78,487)
Net realized (loss) gain on sale of investments	(2,824)	1,651	(1,173)	5,105
Other revenues	31,265	6,124	37,389	23,072
Net assets released from restrictions	61,164	(61,164)	-	-
Total revenues and releases	<u>801,588</u>	<u>21,478</u>	<u>823,066</u>	<u>674,106</u>
 EXPENSES				
Salaries and wages	338,077	-	338,077	303,963
Employee benefits	79,678	-	79,678	74,291
Supplies and services	130,449	-	130,449	111,913
Space and occupancy	74,490	-	74,490	66,810
Depreciation and amortization	46,237	-	46,237	48,231
Interest	23,874	-	23,874	19,475
Other	57,020	-	57,020	61,357
Total expenses	<u>749,825</u>	<u>-</u>	<u>749,825</u>	<u>686,040</u>
 CHANGE IN NET ASSETS				
	51,763	21,478	73,241	(11,934)
Net assets, beginning of year	854,452	187,700	1,042,152	1,054,086
NET ASSETS, END OF YEAR	<u>\$ 906,215</u>	<u>\$ 209,178</u>	<u>\$ 1,115,393</u>	<u>\$ 1,042,152</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

June 30, 2023 and 2022

(\$ in thousands)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 73,241	\$ (11,934)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation expense and amortization of finance lease right-of-use assets	46,237	48,231
Amortization of premiums and issuance costs related to bonds payable	(2,055)	(2,106)
Noncash lease expense	21,815	17,082
Provision for doubtful accounts	6,547	2,868
Loss on disposal of equipment and buildings	507	717
Net realized loss (gain) on sale of securities	1,173	(5,105)
Net unrealized (gain) loss on securities	(24,357)	78,487
Contributions for investment and capital purchases	(12,384)	(4,270)
<i>Decrease (increase) in assets from prior year:</i>		
Tuition and other receivables	(8,603)	(10,005)
Pledges receivable	(2,987)	8,492
Prepaid expenses and other current assets	(1,513)	(579)
Foundation assets	7,085	1,757
Contributions receivable from remainder trust and scholarship funds held in trust by others	9	59
Other assets	(2,137)	3,002
<i>Increase (decrease) in liabilities from prior year:</i>		
Accounts payable and accrued liabilities	(9,932)	(3,167)
Accrued insurance costs and other current liabilities	7,122	5,059
Deferred revenue	2,314	5,870
Operating lease liabilities	(22,679)	(17,552)
Other liabilities	(1,527)	744
Due to beneficiaries under remainder trusts and annuities	(6)	(6)
Net cash provided by operating activities	77,870	117,644
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(42,007)	(25,945)
Sales and maturities of investments	512,587	251,122
Purchases of investments	(557,003)	(500,101)
Net cash used in investing activities	(86,423)	(274,924)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	-	150,000
Repayment of debt	(13,460)	(13,525)
Decrease in bond deposits with trustees	(13)	1,374
Lease payments	(1,346)	(1,257)
Financing costs	-	(1,389)
Contributions for investment and capital purchases	12,384	4,270
Net cash (used in) provided by financing activities	(2,435)	139,473
Net (decrease) in cash, cash equivalents, and restricted cash	(10,988)	(17,807)
Cash, cash equivalents, and restricted cash, beginning of year	66,382	84,189
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	\$55,394	\$66,382
Supplemental information:		
Interest paid, net of amounts capitalized	\$ 26,345	\$ 19,587
Accrued capital expenditures	\$ 3,335	\$ 3,418

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

1. University Organization

Nova Southeastern University, Inc. (NSU, or the university) is a not-for-profit, private institution and is exempt from federal income taxes on related income under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Founded in 1964, the university offers undergraduate degrees, graduate and first-professional degrees, and certificate programs to more than 20,000 full-time and part-time students in a wide range of fields, including the humanities, biological and environmental sciences, business, counseling, computer and information sciences, conflict resolution, education, couple and family therapy, medicine, dentistry, various other health professions, law, marine science, performing and visual arts, psychology, and other social sciences. Courses are taught at 4 South Florida campuses; 8 regional campus locations, including Puerto Rico; and at sites in 3 states, as well as 3 foreign countries. NSU serves the residents of its community with health, psychology, and law centers; services for children with hearing impairments and autism; and programs for retired professionals. NSU University School offers innovative alternatives in primary and secondary education to children from preschool through grade 12.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The accompanying consolidated financial statements include the university and its wholly owned subsidiaries, NSU Guaranty Insurance Company, Ltd.; NSU Grande Oaks, LLC; NSU Park Plaza, LLC; NSU Health, LLC; and The Pointe Corporate Office Park Property Owners Association, Inc. The latter two legal entities have no financial activity to date. All significant intercompany balances and transactions have been eliminated in consolidation. NSU classifies its transactions and balances into two categories of net assets according to the absence or existence of donor-imposed restrictions: (1) net assets without donor restrictions and (2) net assets with donor restrictions. Net assets without donor restrictions include transactions and balances without donor-imposed stipulations and may be used to achieve any institutional purpose; however, the Board of Trustees may designate net assets without donor restrictions for a specific purpose. Net assets with donor restrictions include transactions and balances with donor-imposed stipulations that normally expire in time, or can be fulfilled by actions of the university. However, certain donor restrictions are perpetual as they neither expire over time, nor can be fulfilled by actions of the university, requiring the related net assets to be permanently retained. Such permanently retained net assets are included within the net assets with donor restrictions category.

The consolidated financial statements include prior-year comparative information summarized in total, but not by net asset class. As this summarized information lacks sufficient detail for presentation in accordance with accounting principles generally accepted in the United States of America, the data should be read in conjunction with the prior year's consolidated financial statements.

Certain amounts contained in the accompanying fiscal 2022 consolidated financial statements have been reclassified to conform to the fiscal 2023 presentation.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires NSU to make estimates and assumptions about the reported amounts of assets and liabilities, the disclosure 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 from these estimates.

Cash and Cash Equivalents

Cash equivalents are investments with maturities of 90 days or less when purchased and are carried at cost, which approximates fair value.

Restricted Cash

Current restricted cash represents funds related to federal revolving student loan programs (see Note 10) and funds held on behalf of student clubs or organizations in which the university is serving in an agent capacity.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Approximately \$2.2 million and \$2.9 million of long-term restricted cash at June 30, 2023 and 2022, respectively, represents funds contributed in accordance with the joint-use library facility agreement (see Note 15) by NSU and Broward County for capital repair, replacement, and renewal. In accordance with this agreement, these funds are maintained in an interest-bearing account. These funds are reflected as a long-term asset on the Consolidated Statements of Financial Position since they are restricted for long-term capital expenditures. Additionally, long-term restricted cash at June 30, 2023 and 2022 includes approximately \$12.9 million received in fiscal 2020 from bond proceeds that are restricted for projects included in the university's capital improvement plan (see Note 9), as well as \$12.5 million and \$5.5 million at June 30, 2023 and 2022, respectively, that is part of the university's endowment, and therefore, deemed long-term in nature.

NSU has cash balances with banks in excess of FDIC-insured limits, which therefore bear risk, including concentration of credit risk with respect to NSU's primary banking institutions. The university has not experienced any loss due to this risk.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Statements of Financial Position that sum to the total of the same such amounts shown in the Consolidated Statements of Cash Flows (in thousands).

	2023	2022
Cash and cash equivalents	\$ 17,587	\$ 33,091
Restricted cash	10,155	11,869
Long-term restricted cash and cash equivalents	27,652	21,422
Total	<u>\$ 55,394</u>	<u>\$ 66,382</u>

Investments

Investments in equity securities with readily determinable market values, debt securities, and assets held in trust are stated at fair value. Investments received as gifts are recorded at fair value at the date of donation.

Investments included in current assets have a maturity of three months to five years from the purchase date and are bought and held primarily for the purpose of selling in the near future to fund current operations. Investments are recorded at fair value using the market approach method; unrealized gains and losses are reflected in net unrealized gain or loss on investments.

Investments included in long-term assets comprise endowment investments, reported as designated and restricted investments, and other investments. Other investments include those made pursuant to a long-term investment horizon or are intended to support future capital expenditures (including bond proceeds received during fiscal 2022, see Note 9), and therefore, deemed long-term in nature.

Investments are subject to market and credit risks customarily associated with debt, equity, and real estate. Investment securities are exposed to various risks, such as interest rate, market, and credit. 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 at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the Consolidated Statements of Financial Position.

Deferred Debt Issue Costs

Costs related to the issuance of debt (\$4.3 million at June 30, 2023, and \$4.8 million at June 30, 2022) are being amortized over the term of the related debt instrument using the bonds outstanding method, which approximates the effective interest method. In accordance with the Financial Accounting Standards Board's (FASB's) Accounting

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Standards Update (ASU) 2015-03, Interest—Imputation of Interest (Subtopic 835-30), debt issuance costs are presented in the Consolidated Statements of Financial Position as a direct deduction from the carrying amount of the related debt, consistent with the presentation of debt discounts and premiums.

Split Interest Agreements

These agreements with donors consist primarily of charitable remainder annuity trusts, unitrusts, and gift annuities.

Contributions receivable from remainder trusts

The university is the beneficiary of trusts held and administered by others. The current values of estimated future cash receipts from the trusts are recognized in accordance with donor stipulations as assets and contributions with donor restrictions when NSU is notified of the establishment of the trust. Changes in the fair values of the trusts are recorded as other revenue with donor restrictions within the Consolidated Statements of Activities.

Due to beneficiaries under remainder trusts and annuities

NSU is a trustee for trust assets, which are included in investments. Contribution revenues are recognized, in accordance with donor stipulations, when the trusts are established, after recording liabilities for estimated future payments (discounted over the donor's or other beneficiary's life expectancy using published mortality tables). These liabilities are adjusted annually for changes in asset values and estimated future benefits.

The university has entered into arrangements whereby assets are transferred from a donor, with purpose restrictions, to the university in exchange for a promise by the university to pay fixed amounts for a specified period of time to the donor or to other donor designees. The difference between the assets received and the estimated future payments (discounted over the specified period of time the payments are to be made) is recognized as contributions with donor restrictions.

Changes in split interest agreements, which are reflected as other revenue in the Consolidated Statements of Activities, decreased by approximately \$3,000 and \$52,000 for fiscal 2023 and fiscal 2022, respectively.

At June 30, 2023 and 2022, amounts due to beneficiaries under annuity agreements were approximately \$99,000 and \$105,000, respectively. No amounts were due to beneficiaries under remainder trusts at June 30, 2023 and 2022.

Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at acquisition cost or fair value at the date of donation and are subsequently carried net of accumulated depreciation. Equipment expenditures in excess of \$5,000 with an estimated useful life of two or more years are capitalized. Property and equipment under finance leases are initially valued and recorded based on the present value of the minimum lease payments. Depreciation is calculated using the straight-line method over the assets' estimated useful lives, ranging from 4 to 50 years, except for leasehold improvements and property and equipment under finance leases, which are amortized over the shorter of the expected useful life of the asset or the term of the related lease. NSU reviews long-lived assets for impairment when events or circumstances indicate the carrying amount will not be fully recoverable, based on estimated future cash flows. Interest on capital projects is capitalized during the construction period.

Donated property and equipment is recorded as support at estimated fair value at the date of donation and is reported as support without donor restrictions unless the donor has restricted the use of the donated asset to a specific purpose.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Insurance Programs

The university is partially self-insured for workers' compensation benefits, wholly owns an offshore captive insurance company (see Note 17), participates in partially owned insurance entities and benefit associations, and maintains claims-made insurance policies with respect to certain other coverage. Liabilities for these claims are recorded based on actual loss history and actuarial calculations that include provisions for estimated losses incurred, but not reported, and the portion of insurance risk that has not been transferred to insurance carriers. Accrued insurance costs, net of 3 percent discount, approximated \$19.6 million at June 30, 2023, and \$17.8 million at June 30, 2022, of which \$5.2 million and \$5.5 million is included in other current liabilities as of June 30, 2023 and 2022, respectively. Undiscounted costs at June 30, 2023 and 2022, were \$20.4 million and \$18.3 million, respectively. Investments in insurance entities and benefit associations are accounted for under the equity method and are included in other assets and approximated \$13.5 million at June 30, 2023, and \$12.8 million at June 30, 2022.

Endowment Payout and Value

The university's investment policy provides that up to 5 percent of the market value of NSU's endowment fund be made available annually for expenditure. Absent donor stipulations to the contrary, no distributions are made from an individual endowment until the account reaches a minimum of \$25,000. Until that time, all earnings are reinvested. In addition, there is a one-year holding period from the time an individual endowment is funded until it is available for distribution.

NSU's endowment assets include the endowment fund, consisting of cash and investments, as well as endowment-related pledges receivable. At June 30, 2023, endowment-related pledges receivable were \$41.2 million, and the fair value of the endowment fund was \$183.7 million, representing total endowment assets of \$224.9 million. At June 30, 2022, endowment-related pledges receivable were \$39.2 million, and the fair value of the endowment fund was \$161.6 million, representing total endowment assets of \$200.8 million. The endowment fund includes donor-restricted and board-designated endowments. Any declines in the fair value of donor-restricted endowments below their respective historical cost value are recorded as reductions in net assets with donor restrictions.

Tuition and Fees

Tuition and fees are reported net of scholarships and discounts. For fiscal 2023 and 2022, total scholarships and discounts were \$139.0 million and \$125.6 million, respectively. Tuition and fee revenue is recognized on a pro rata daily basis over the term of instruction. Unearned student tuition and fees relating to future instructional periods are recorded as current deferred revenue. Deferred tuition revenue was \$72.2 million at June 30, 2023, and \$71.5 million at June 30, 2022.

Tuition and fees receivables are net of an allowance for uncollectible balances based on management's judgment, past collection experience, and other relevant factors.

Contributions

Unconditional contributions are recorded as increases in net assets without donor restrictions. Unconditional contributions with donor-imposed stipulations are reported as increases to net assets with donor restrictions, and reclassified to net assets without donor restrictions when stipulations are satisfied. Contributed assets to be maintained in perpetuity are classified as net assets with donor restrictions. Income from donor-restricted assets is classified according to the terms of the contribution. Conditional pledges are not recognized until the conditions are met.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Contributions to be received more than one year in the future are discounted based on a risk-adjusted discount rate. Amortization of the discount is recorded as contribution revenue and used in accordance with donor-imposed stipulations, if any. Any additional allowance made for uncollectible contributions is based on management's judgment, past collection experience, and other relevant factors.

Contributions of nonfinancial assets (such as land, buildings, equipment, or use thereof, materials and supplies, intangible assets or services) meeting criteria established by the university are recognized at fair value. For the fiscal years ended June 30, 2023 and 2022, such contributions were individually, and in the aggregate, immaterial to the university's consolidated financial statements and therefore have not been recognized therein.

Government Grants

Revenue from grants is recognized as the related expenses are incurred. Grant revenue recognized and expended within the same fiscal year is included as revenue with donor restrictions and net assets released from restrictions in the accompanying Consolidated Statements of Activities.

Leases

NSU recognizes and measures its leases in accordance with FASB Accounting Standards Codification (ASC) Topic 842, Leases. The university is the lessee of property and equipment under operating and finance leases. Upon execution of a new contract, NSU determines whether an arrangement is or contains a lease. Right-of-Use assets represent NSU's right to use leased assets over the term of the lease. Lease liabilities represent NSU's contractual obligation to make lease payments over the lease term. Right-of-use assets and lease liabilities are measured, categorized, and recognized at lease commencement. 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. Operating leases as lessee are included in operating lease right-of-use assets and operating lease liabilities on the Consolidated Statements of Financial Position. The assets and liabilities associated with finance leases are included within land, buildings, and equipment, net and other liabilities, respectively, on the Consolidated Statements of Financial Position.

NSU has elected not to recognize right-of-use assets and obligations for leases with an initial term of twelve months or less, as well as certain leases consisting of generally low value (under \$5,000) equipment. To the extent a lease arrangement includes both lease and non-lease components, the components are combined as one component.

Operating and finance lease right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term. NSU uses the rate implicit in a lease, if it is determinable. When the rate implicit in the lease is not determinable, NSU uses its incremental borrowing rate as of the commencement date to determine the present value of the lease payments. The lease term may include renewal or extension options to the extent they are reasonably certain to be exercised; this assessment is made at lease commencement. 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. Variable lease payments that do not depend on an index or rate are expensed as incurred (such as the pro rata share of actual real estate taxes, insurance, and common area maintenance costs associated with real estate leases).

The university leases property, primarily space within university facilities, under agreements that are classified as operating leases. The university's lessor arrangements are all operating leases and do not include any sales-type or direct finance leases. Property leased to others is included in land, buildings, and equipment, net on the Consolidated

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Statements of Financial Position. Short-term rental revenues and lessor operating lease income are recognized to the extent that amounts are determined to be collectible and included within other revenues in the Consolidated Statements of Activities, totaling \$1.9 million and \$1.2 million for fiscal 2023 and 2022, respectively.

NSU Museum of Art Fort Lauderdale

On July 1, 2008, the university merged with the Museum of Art, Inc. (the Museum), a not-for-profit organization, with NSU as the surviving organization. The Museum acquires art for its collection through purchase or by gift. As permitted by the FASB's Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, the Museum does not include its collection items as assets in the Consolidated Statements of Financial Position. Accordingly, no value has been assigned to the Museum's art collection. As of June 30, 2023, the collection is insured for \$45.0 million. The university's policy requires any proceeds from the sale of collection items to be used to acquire other items for the collection or for the direct care of its collection (expenditures that enhance the life, usefulness, or quality of an object, and improve the physical impact and condition of an item). Proceeds from the sale of collection items and expenditures for collection items purchased are reflected in the accompanying Consolidated Statements of Activities within other revenues and expenses, respectively. For fiscal 2023 and 2022, expenditures for collection items purchased but not capitalized were \$25,000 and \$407,000, respectively. There were no sales of collection items in either fiscal year.

When the Museum receives contributions of works of art with the donor's stipulation that they will be sold rather than added to the collection, such works of art are recognized as increases to net assets without donor restrictions at their fair value.

Fair Value of Financial Instruments

ASC 820, Fair Value Measurements and Disclosures, sets forth a framework for measuring fair value, which includes a hierarchy based on the observability of inputs used to measure fair value and provides for specific disclosure requirements based on the hierarchy.

Fair Value Hierarchy

ASC 820 requires the categorization of financial assets and liabilities, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to the quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable inputs. The various levels of the ASC 820 fair value hierarchy are described as follows:

Level 1—Financial assets and liabilities with values that are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the university has the ability to access

Level 2—Financial assets and liabilities with values that are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability

Level 3—Financial assets and liabilities with values that are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

Investments are carried at fair value. The fair value of alternative investments that contain certain provisions has been estimated using the Net Asset Value (NAV), as reported by the management of the respective alternative investment fund. Accounting guidance provides for the use of NAV as a practical expedient for estimating fair value of alternative investments that contain certain provisions. Accordingly, NAV reported by each alternative investment fund is used to estimate the fair value of the university's interest.

Notes to Consolidated Financial Statements

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Accounting for Uncertainty in Income Taxes

The university follows the guidance contained in ASC 740, Income Taxes. ASC 740 addresses the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a threshold of more-likely-than-not for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. There were no uncertain tax positions recorded in the consolidated financial statements for fiscal years 2023 or 2022.

Recent Accounting Pronouncements

In March 2023, the FASB issued ASU 2023-02, Investments—Equity Method and Joint Ventures (Topic 323):

Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (a consensus of the Emerging Issues Task Force), which allows an entity to elect to use the proportional amortization method to account for qualifying equity investments in tax credit structures that meet specified criteria, without regard to the underlying tax credit program. Previously, this method of accounting was only available for qualifying equity investments in low-income housing tax credit (LIHTC) structures. ASU 2023-02 is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted. The university does not expect the new guidance to have a material impact on its consolidated financial statements.

In March 2023, the FASB issued ASU 2023-01, Leases (Topic 842): Common Control Arrangements. The ASU offers private companies and not-for-profit entities that are not conduit bond obligors, a practical expedient with the option of using the written terms and conditions of a common-control arrangement when determining whether a lease exists, its classification, and the applicable accounting for that lease. This ASU also amends, for all entities, the accounting for leasehold improvements in common-control lease arrangements. ASU 2023-01 is effective for fiscal years beginning after December 15, 2023, including interim periods. Early adoption is permitted. The university does not expect the new guidance to have a material impact on its consolidated financial statements.

In March 2022, the FASB issued ASU 2022-02, Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures. ASU 2022-02 eliminates the accounting guidance on troubled debt restructurings for creditors and amends the guidance on “vintage disclosures” to require disclosure of current-period gross write-offs by year of origination. The updated guidance is effective concurrently with the adoption of ASC 2016-13 (see below), no later than the fiscal year beginning after December 15, 2022. The university does not expect the new guidance to have a material impact on its consolidated financial statements.

In November 2021, the FASB issued ASU 2021-09, Leases (Topic 842): Discount Rates for Lessees That Are Not Public Entities. ASU 2021-09 allows lessees that are not public business entities (PBEs) to make an accounting policy election by class of underlying asset, rather than on an entity-wide basis, to use a risk-free rate as the discount rate for measuring and classifying leases, when the rate in the lease is not readily determinable. The amendments in this ASU affect lessees that are not PBEs, including all not-for-profit entities (whether or not they are conduit bond obligors). The new guidance is effective for entities that have adopted Topic 842 as of November 11, 2021, for fiscal years beginning after December 15, 2021, though earlier application is permitted. Entities are required to apply the amendments on a modified retrospective basis to leases that exist at the beginning of the fiscal year of adoption. The university adopted ASU 2021-09 in fiscal 2023, resulting in no material impact to the consolidated financial statements.

In July 2021, the FASB issued ASU 2021-05, Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments. ASU 2021-05 impacts lessors with lease contracts that (1) have variable lease payments that do not depend on a reference index or a rate and (2) would have resulted in the recognition of a selling loss at lease commencement if classified as sales-type or direct financing. The new guidance is effective for all entities with fiscal years beginning

Notes to Consolidated Financial Statements

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after December 15, 2021, though earlier application is permitted. The university adopted ASU 2021-05 in fiscal 2022, resulting in no material impact to the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (NFP) (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to increase the transparency about the measurement of contributed nonfinancial assets as well as the amount of those contributions used in an NFP's programs and other activities. The guidance requires NFP's to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from cash and other financial contributions, as well as disclosure of the type of asset, whether the asset was monetized or utilized in the reporting period, donor-imposed restrictions, valuation techniques and the principal market used to determine fair value. ASU 2020-07 is to be applied on a retrospective basis for annual periods beginning after June 15, 2021. The university adopted ASU 2020-07 in fiscal 2022, resulting in no material impact to the consolidated financial statements (see Contributions section of this Note 2).

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires timelier recording of credit losses on financial instruments by effectively replacing the current incurred loss methodology with one that reflects expected losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. The university does not expect the new guidance to have a material impact on its consolidated financial statements.

Notes to Consolidated Financial Statements

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3. Liquidity and Availability of Resources

As of June 30, 2023 and 2022, financial assets available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt and other current obligations, and capital construction costs not financed with debt, were as follows (in thousands):

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 366	\$ 24,395
Investments	353,621	317,539
Tuition and other receivables, net	44,934	41,632
Pledges receivable, current portion, net	2,496	2,365
Endowment investments appropriated for spending in the following year	3,859	4,685
Financial assets available within one year for general expenditures	<u>\$ 405,276</u>	<u>\$ 390,616</u>

Assets with purpose restrictions or designations that may be satisfied through general expenditure within the next year are considered available. In addition to these available financial assets, a significant portion of the university's annual expenditures will be funded by current year operating revenues including tuition, grants and contracts, and auxiliary operations. As part of the university's liquidity management strategy, the university structures 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 in short-term working capital investments.

Additionally, the university has board-designated endowment funds of \$63.6 million and \$54.1 million as of June 30, 2023 and 2022, respectively. Although the university does not intend to spend from its board-designated endowment funds, other than amounts appropriated annually for expenditure in accordance with the university's investment and spending policy, amounts from its board-designated endowment could be made available if necessary. However, both the board-designated and donor-restricted endowments contain investments with lock-up provisions that reduce the total investments that could be made available (see Note 8 for disclosures about investments).

The university also has \$33.9 million and \$33.2 million in cash and investments as of June 30, 2023 and June 30, 2022, respectively, held by its wholly-owned captive insurance company (see Note 17) that are designated for insurance-related reserves, the total of which exceeds actuarially determined accrued insurance costs.

Finally, not included in the table above, are other cash and investments of \$295.6 million and \$279.5 million as of June 30, 2023 and 2022, respectively, which could be made available in part for general expenditure. However, these investments are either subject to a long-term investment strategy (containing investments with lock-up provisions that reduce the total that could be liquidated, see Note 8) or are intended to support future capital expenditures (including bond proceeds received during fiscal 2022, see Note 9).

4. Tuition and Other Receivables

Tuition and other receivables at June 30 consist of the following (in thousands):

	<u>2023</u>	<u>2022</u>
Student accounts, net of allowance of \$2,323 in 2023 and \$1,826 in 2022	\$ 19,676	\$ 17,376
Unreimbursed grant and contract expenditures	13,941	13,286
Health centers' patient accounts, net of allowance of \$2,427 in 2023 and \$2,035 in 2022	855	1,220
Accrued interest	3,602	3,274
Other	6,860	6,476
Total	<u>\$ 44,934</u>	<u>\$ 41,632</u>

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

5. Pledges Receivable

Unconditional promises to give to the university are included in the consolidated financial statements as pledges receivable and contribution revenue in the appropriate net asset category. In accordance with ASC 820, the university applies a present value technique to new pledges received, whereby the estimated future cash flows are discounted based on a risk-adjusted discount rate in order to determine the fair value of the pledge to be recorded as of the date the pledge was made. The risk-adjusted discount rates applied ranged from 0.8 to 12.5 percent.

Pledges are expected to be collected as follows as of June 30 (in thousands):

	2023	2022
Current: In one year or less	\$ 23,719	\$ 16,606
Less allowance	(1,640)	(843)
	22,079	15,763
Future: Between one and five years	26,858	28,928
More than five years	4,310	7,472
Less discount and allowance	(7,915)	(8,572)
	23,253	27,828
Total	\$ 45,332	\$ 43,591

At June 30, pledges receivable had the following donor stipulations (in thousands):

	2023	2022
Endowments	\$ 49,287	\$ 47,506
Property, plant, and equipment	654	426
Scholarships and other	4,946	5,074
Subtotal	54,887	53,006
Less discount and allowance	(9,555)	(9,415)
Total	\$ 45,332	\$ 43,591

The university received unconditional pledges from a related party and its associated organizations representing approximately 66.5 percent and 76.4 percent of the balance of outstanding pledges receivable as of June 30, 2023 and 2022, respectively. These pledges are payable in annual installments ranging from approximately \$3.6 million to \$7.6 million through fiscal 2029.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

6. Investments

Investments at June 30 consist of (in thousands):

	<u>2023</u>	<u>2022</u>
Pooled investments:		
Mutual funds	\$ 119,693	\$ 107,211
Equity securities	55	52
Commingled funds	35,040	32,040
Private capital	9,165	7,303
Government-related obligations	1,268	-
Total	<u>165,221</u>	<u>146,606</u>
Other investments:		
Mutual funds	118,940	116,348
Equity securities	39	-
Commingled funds	27,770	18,628
Corporate obligations	269,560	393,521
Government-related obligations	<u>257,087</u>	<u>96,045</u>
Total	<u>673,396</u>	<u>624,542</u>
Total investments	<u>\$ 838,617</u>	<u>\$ 771,148</u>

Investments at June 30 are classified in the Consolidated Statements of Financial Position as follows (in thousands):

	<u>2023</u>	<u>2022</u>
Investments	\$ 379,683	\$ 343,163
Designated investments	57,693	51,931
Restricted investments	107,695	94,848
Other investments	<u>293,546</u>	<u>281,206</u>
Total	<u>\$ 838,617</u>	<u>\$ 771,148</u>

Investments (in thousands) at June 30, 2023 and 2022, include amounts received under split-interest agreements of approximately \$167 and \$174, respectively.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

7. Land, Buildings, and Equipment

Land, buildings, and equipment at June 30 consist of (in thousands):

	<u>2023</u>	<u>2022</u>
Land	\$ 76,699	\$ 73,424
Land improvements	89,168	82,045
Leasehold improvements	40,815	40,815
Buildings	975,503	973,131
Equipment	216,143	212,489
Library books	119,046	118,476
Construction in progress	30,526	8,023
Finance lease right-of-use assets	<u>8,364</u>	<u>7,632</u>
Total	1,556,264	1,516,035
Less accumulated depreciation and amortization	<u>(666,512)</u>	<u>(622,194)</u>
Net	<u>\$ 889,752</u>	<u>\$ 893,841</u>

Finance lease right-of-use assets includes buildings and equipment under finance leases. Amortization of these leased assets totaled \$1.4 million and \$1.3 million for fiscal 2023 and 2022, respectively, and accumulated amortization totaled \$4.1 million and \$2.8 million as of June 30, 2023 and 2022, respectively.

For fiscal 2023 and 2022, total depreciation and amortization expense was approximately \$46.2 million and \$48.2 million, respectively.

At June 30, 2023, the university had approximately \$2.4 million of unsecured letters of credit relating to construction projects.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

8. Fair Value Measurements

Fair Value on a Recurring Basis

The following tables present the fair value measurement for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2023, grouped by fair value hierarchy (in thousands):

	2023 Total	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	\$ 13,307	\$ 13,307	\$ -	\$ -
Mutual funds	16,526	16,526	-	-
Subtotal	<u>29,833</u>	<u>29,833</u>	<u>-</u>	<u>-</u>
Current investments:				
Mutual funds	61	61	-	-
Equity securities	39	39	-	-
Corporate obligations	195,245	-	195,245	-
Government-related obligations	184,338	-	184,338	-
Subtotal	<u>379,683</u>	<u>100</u>	<u>379,583</u>	<u>-</u>
Designated and restricted investments:				
Mutual funds	119,860	119,860	-	-
Equity securities	55	55	-	-
Commingled funds ¹	35,040	-	-	-
Private capital ¹	9,165	-	-	-
Government-related obligations	1,268	-	1,268	-
Subtotal	<u>165,388</u>	<u>119,915</u>	<u>1,268</u>	<u>-</u>
Other investments:				
Mutual funds	118,711	118,711	-	-
Commingled funds ¹	27,770	-	-	-
Corporate obligations	74,315	-	74,315	-
Government-related obligations	72,750	-	72,750	-
Subtotal	<u>293,546</u>	<u>118,711</u>	<u>147,065</u>	<u>-</u>
Scholarship funds held in trust:				
Mutual funds	87	87	-	-
Money market funds	10	10	-	-
Equity securities	2,647	980	1,667	-
Corporate obligations	799	-	799	-
Government-related obligations	50	-	50	-
Subtotal	<u>3,593</u>	<u>1,077</u>	<u>2,516</u>	<u>-</u>
Contributions receivable from remainder trusts	225	-	-	225
Total	<u>\$ 872,268</u>	<u>\$ 269,636</u>	<u>\$ 530,432</u>	<u>\$ 225</u>

¹In accordance with ASC 820, certain investments that are measured at fair value using the net asset value 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.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The following tables present the fair value measurement for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2022, grouped by fair value hierarchy (in thousands):

	<u>2022 Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash equivalents:				
Money market funds	\$ 10,971	\$ 10,971	\$ -	\$ -
Mutual funds	5,046	5,046	-	-
Subtotal	<u>16,017</u>	<u>16,017</u>	<u>-</u>	<u>-</u>
Current investments:				
Corporate obligations	270,546	-	270,546	-
Government-related obligations	72,617	-	72,617	-
Subtotal	<u>343,163</u>	<u>-</u>	<u>343,163</u>	<u>-</u>
Designated and restricted investments:				
Mutual funds	112,408	112,408	-	-
Equity securities	52	52	-	-
Commingled funds ¹	33,560	-	-	-
Private capital ¹	7,637	-	-	-
Subtotal ²	<u>153,657</u>	<u>112,460</u>	<u>-</u>	<u>-</u>
Other investments:				
Mutual funds	116,174	116,174	-	-
Commingled funds ¹	18,628	-	-	-
Corporate obligations	122,976	-	122,976	-
Government-related obligations	23,428	-	23,428	-
Subtotal	<u>281,206</u>	<u>116,174</u>	<u>146,404</u>	<u>-</u>
Scholarship funds held in trust:				
Money market funds	7	7	-	-
Equity securities	2,439	910	1,529	-
Corporate obligations	956	-	956	-
Government-related obligations	46	-	46	-
Subtotal	<u>3,448</u>	<u>917</u>	<u>2,531</u>	<u>-</u>
Contributions receivable from remainder trusts	234	-	-	234
Total	<u>\$ 797,725</u>	<u>\$ 245,568</u>	<u>\$ 492,098</u>	<u>\$ 234</u>

¹ In accordance with ASC 820, certain investments that are measured at fair value using the net asset value 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.

² Includes investments of the Foundation of \$6.9 million, as defined and described in Note 13.

During the years ended June 30, 2023 and 2022, there were no transfers between Level 2 and Level 3 investments.

Notes to Consolidated Financial Statements

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Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value (in thousands):

	2023	2022
Beginning balance	\$ 234	\$ 293
Net unrealized loss	(9)	(59)
Ending balance	\$ 225	\$ 234

All net unrealized gains or losses in the above table are reflected in the Consolidated Statements of Activities. Net unrealized gains or losses are determined based on changes in fair value of the instrument related to future expected cash flow associated with investments.

The fair value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective funds. The fair values of the investments held by funds that do not have readily determinable fair values are determined by each fund's investment manager and are based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the investments, the fair value is determined by the investment manager taking into consideration, among other things, the cost of the investment, prices of recent significant placements of similar investments of the same issuer, and subsequent developments concerning the companies to which the investments relate. The university has performed due diligence regarding these investments and believes that the NAV of its alternative investments is a reasonable estimate of fair value as of June 30, 2023 and 2022.

The following table presents additional information pertaining to alternative investments as of June 30, 2023 (in thousands), the fair values of which have been estimated using the NAV of the investment funds:

	Designated and Restricted Investments	Other Investments	Total Fair Value	Unfunded Commitments	Redemption Frequency (Subject to Restrictions Noted)	Redemption Notice in Days
Commingled Funds:						
Hedge funds ¹	\$ 15,404	\$ 14,156	\$ 29,560	\$ -	M-Q ²	14-45
	3,276	4,339	7,615	-	Q (Expiring Locks) ³	45
	4,044	3,538	7,582	-	A (Rolling Locks) ⁴	90-120
	5,313	5,737	11,050	-	V (Rolling Locks) ⁵	120
	7,003	-	7,003	-	Q (Gate Restrictions) ⁶	60-75
Subtotal	35,040	27,770	62,810	-		
Private capital:						
Private equity	7,387	-	7,387	11,234	Illiquid ⁷	N/A
Private real estate	1,778	-	1,778	1,959	Illiquid ⁷	N/A
Subtotal	9,165	-	9,165	13,193		
	\$ 44,205	\$ 27,770	\$ 71,975	\$ 13,193		

M: Monthly Q: Quarterly A: Annually V: Varies

¹ Includes investments that may pursue alternative strategies to diversify risks, reduce volatility, and enhance returns.

² Investments totaling \$7.8 million within this category contain restrictions with respect to partial redemptions, which require that the minimum balance for each investment remain at \$1.0 million. Full redemptions are permitted.

³ These investments are subject to lock-up provisions with up to one year remaining as of June 30, 2023. Redemptions during the lock period are subject to a 3.0 percent early withdrawal fee.

Notes to Consolidated Financial Statements

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⁴ These investments are subject to rolling annual lock-up provisions permitting full liquidation on June 30 each year. Investments totaling \$3.8 million in this category also include a soft lock provision that permits redemption on other quarter-ends subject to 3.0 percent early withdrawal fee.

⁵ These investments are subject to rolling two-year lock-up provisions permitting full liquidation upon expiration of the respective lock-up period, as well as optional interim quarterly redemptions of up to 2.5 percent throughout the lock-up period. The next possible full redemption dates vary, ranging from 10 to 15 months after June 30, 2023.

⁶ These investments may be redeemed subject to gates ranging from 25.0 percent per quarter to 33.0 percent per year.

⁷ These investments cannot be redeemed. Capital invested is committed at the beginning of the fund term for approximately 10 years. The private equity firm enters into value-enhancing transactions and distributes capital as these transactions are liquidated. The underlying investments in the funds are expected to be liquidated over the next 12 years.

Fair Value on a Nonrecurring Basis

As of June 30, 2023 and 2022, there were no financial assets or liabilities measured at fair value on a nonrecurring basis.

9. Long-Term Debt

Long-term debt at June 30 is summarized below (in thousands):

	2023	2022
HEFFA tax exempt Series 2016 bonds	\$ 86,870	\$ 86,870
Town of Davie tax exempt Series 2018 bonds	136,230	137,310
FDFC tax exempt Series 2020A bonds	23,230	28,705
FDFC taxable Series 2020B bonds	175,295	182,200
NSU taxable Series 2022 bonds	150,000	150,000
Par amount of bonds	571,625	585,085
Net unamortized premium	26,681	29,172
Net unamortized deferred issuance costs	(4,330)	(4,766)
Total	\$ 593,976	\$ 609,491
Current portion	(13,940)	(13,460)
Long-term debt	\$ 580,036	\$ 596,031

The university has entered into an Amended and Restated Master Trust Indenture (originally dated as of October 1, 2008, as previously amended, and as amended and restated as of June 1, 2020) with U.S. Bank Trust Company National Association, as successor Master Trustee (the Amended and Restated Master Trust Indenture). The Amended and Restated Master Indenture provides for notes issued and outstanding thereunder from time to time (collectively, the Notes, and, individually, a Note) to be secured by Pledged Revenues composed, generally, of (i) Tuition and Fees and (ii) Dormitory Revenues (as all such terms are defined in the Amended and Restated Master Trust Indenture).

As of June 30, 2023, the university had issued and outstanding four Notes under the Amended and Restated Master Trust Indenture relating to (1) bonds issued in 2016 (the 2016 Bonds) on behalf of the university by the Higher Education Facilities Financing Authority, created pursuant to the provisions of Chapter 243, Part II, Florida Statutes (HEFFA), (2) bonds issued in 2018 (the 2018 Bonds) on behalf of the university by the Town of Davie, Florida, a municipal corporation of the State of Florida (Town of Davie), (3) bonds issued in 2020, consisting of two series (the 2020A Bonds and the 2002B Bonds, respectively, and collectively the 2020 Bonds) issued on behalf of the university by the Florida Development Finance Corporation, created pursuant to

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Chapter 288, Part X, Florida Statutes (FDFC), and (4) bonds issued in 2022 directly by NSU (the 2022 Bonds). The 2016 Bonds, 2018 Bonds, and 2020A Bonds were issued as tax-exempt bonds and the 2020B Bonds and 2022 Bonds were issued as taxable bonds.

The applicable Note issued with respect to the 2016 Bonds, 2018 Bonds, and 2020 Bonds secures the university's obligations under the respective loan agreement between the university and HEFFA, Town of Davie, or FDFC, as applicable. The Note issued with respect to the 2022 Bonds secures the university's obligations as issuer under a related indenture of trust.

Bonds

2022 Bonds—The 2022 Bonds were issued in March 2022 by NSU in the principal amount of \$150,000,000. Proceeds from the issuance will be used by the university for general corporate purposes, including capital projects from the university's capital improvement plan. The 2022 Bonds bear interest at 4.8 percent per annum, payable semiannually on April 1 and October 1. The 2022 Bonds are due in annual installments of \$3,700,000 to \$30,880,000 from 2044 through 2053.

2020A Bonds—The 2020A Bonds were issued in June 2020 through the FDFC, in the principal amount of \$39,030,000. Proceeds from the issuance and other available funds were used to refund the outstanding Town of Davie Series 2009 Bonds and outstanding HEFFA Series 2012B Bonds. The 2020A Bonds bear interest at 5.0 percent per annum, payable semiannually on April 1 and October 1. The 2020A Bonds are due in annual installments of \$3,230,000 to \$5,735,000 through 2029.

2020B Bonds—The 2020B Bonds were issued in June 2020 through the FDFC, in the principal amount of \$195,720,000. Proceeds from the issuance were used to refund the outstanding HEFFA Series 2011 Bonds, outstanding HEFFA Series 2012A Bonds, outstanding Town of Davie Series 2013A Bonds, and outstanding Town of Davie Series 2013B Bonds; redeem the outstanding Note Payable to a bank; and to finance capital projects that are part of the university's capital improvement plan. The 2020B Bonds bear interest at rates ranging from 1.6 percent to 4.1 percent per annum, payable semiannually on April 1 and October 1. The 2020B Bonds are due in annual installments of \$1,285,000 to \$19,655,000 through 2050.

2018 Bonds—The 2018 Bonds were issued in July 2018 through the Town of Davie, in the principal amount of \$140,740,000. Proceeds from the issuance were used to finance a new residence hall and parking garage and to refund the outstanding BCEFA Series 2008A bonds. The 2018 Bonds bear interest at rates ranging from 4.0 percent to 5.0 percent per annum, payable semiannually on April 1 and October 1. The 2018 Bonds are due in annual installments of \$1,080,000 to \$19,990,000 through 2048.

2016 Bonds—The 2016 Bonds were issued in May 2016 through HEFFA, in the principal amount of \$86,870,000. Proceeds from the issuance were used to refund the outstanding BCEFA Series 2006 bonds and a portion of the outstanding HEFFA 2011 bonds. The 2016 Bonds bear interest at 5.0 percent per annum, payable semiannually on April 1 and October 1. The 2016 Bonds are due in annual installments of \$100,000 to \$13,870,000 from 2024 to 2036.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

As previously described, all bonds outstanding as of June 30, 2023, representing the 2022 Bonds, 2020A Bonds, 2020B Bonds, 2018 Bonds, and 2016 Bonds, are secured by the applicable Notes issued and outstanding under the Amended and Restated Master Trust Indenture.

Future maturities of the university's long-term debt at June 30, 2023, are as follows (in thousands)::

	<u>Long-Term Debt</u>
2024	\$ 13,940
2025	15,915
2026	16,455
2027	17,045
2028	16,835
Thereafter through 2053	491,435
	<u>\$ 571,625</u>

The Amended and Restated Master Trust Indenture contains customary conditions, provisions, and non-financial covenants. In the opinion of management, the university is in compliance with all such covenants as of June 30, 2023.

The university incurred interest charges for fiscal 2023 and fiscal 2022 of \$24.4 million and \$19.6 million, respectively. During fiscal 2023 and 2022, the university capitalized interest of \$0.5 million and \$0.2 million, respectively, resulting in net interest expense reflected in the accompanying Consolidated Statements of Activities of \$23.9 million and \$19.5 million at June 30, 2023 and 2022, respectively.

10. Federal Revolving Student Loans

NSU participated in certain federal revolving loan programs under which loans were made to qualified students from federal and institutional contributions as well as prior borrowers' repayments. At June 30, 2023 and 2022, these student loans totaled \$4.1 million and \$4.6 million, respectively, and are included in the accompanying Consolidated Statements of Financial Position in other assets. Liabilities for refundable student loans of \$4.2 million and \$5.3 million at June 30, 2023 and 2022, respectively, are included in the accompanying Consolidated Statements of Financial Position in other liabilities.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

11. Net Assets

Net assets released from restrictions were satisfied through grant or other operating expenditures, capital expenditures, and scholarships.

Net assets at June 30 were available for the following purposes or periods (in thousands):

	2023	2022
Without Donor Restrictions		
Board designated for:		
Preschool programs	\$ 751	\$ 707
Scholarships	11,966	6,513
Athletic scholarships	7,606	7,070
Trustees student scholarship	1,873	1,706
Faculty research and development	1,937	1,996
College of Law	11,276	10,417
Baudhuin Preschool	4,661	4,441
Health Professions Division	21,168	19,063
Museum of Art	1,118	1,089
Research initiatives	1,249	1,137
Total Board designated	63,605	54,139
Due from HPD Foundation	-	4,679
Other unrestricted amounts	234,152	171,112
Physical plant equity	528,382	544,652
Library physical plant equity	80,076	79,870
Total without donor restrictions	\$ 906,215	\$ 854,452
With Donor Restrictions		
Endowments	120,105	100,513
Endowment-related pledges receivable	41,231	39,235
Gifts restricted by purpose	40,346	38,520
Scholarship funds held by trustees and restricted by purpose	3,610	3,474
HPD Foundation ¹	-	2,407
Other restrictions	3,886	3,551
Total with donor restrictions	\$ 209,178	\$ 187,700
Total net assets	\$ 1,115,393	\$ 1,042,152

¹ The Foundation was dissolved in fiscal 2023 (see Note 13).

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Endowment Net Assets

ASC 958, Not-for-Profit Entities, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and additional disclosures about an organization's endowment funds. The state of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) effective July 1, 2012.

The university's endowment consists of approximately 412 individual endowments established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the university has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the university classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) if applicable, accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of the gift. Also classified as net assets with donor restrictions is the accumulated appreciation on donor-restricted endowment funds until those amounts are appropriated for expenditure by the university in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the university considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: restrictions, if any, placed upon the endowment fund by the donors; the duration and preservation of the endowment fund; the purpose of the university and the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the university; and the university's investment policy.

The university has adopted an investment and spending policy for endowment assets that provides a predictable stream of funding to programs supported by its endowment, while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the university must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs. Actual returns in any given year may vary.

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 objectives within prudent risk constraints.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Changes in endowment net assets, including endowment-related pledges receivable of \$41.2 million, for the fiscal year ended June 30, 2023, consisted of the following (in thousands):

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Net assets, beginning of year	\$ 54,139	\$ 146,627	\$ 200,766
Investment return:			
Investment income	904	1,649	2,553
Net appreciation/depreciation (realized and unrealized)	5,016	8,249	13,265
Total investment return	5,920	9,898	15,818
Contributions	4,788	8,629	13,417
Appropriation of endowment assets for expenditure	(1,242)	(3,818)	(5,060)
Net assets, end of year	<u>\$ 63,605</u>	<u>\$ 161,336</u>	<u>\$ 224,941</u>

Changes in endowment net assets, including endowment-related pledges receivable of \$39.2 million for the fiscal year ended June 30, 2022, consisted of the following (in thousands):

	Without Donor Restrictions	With Donor Restrictions	2022 Total
Net assets, beginning of year	\$ 66,310	\$ 160,684	\$ 226,994
Investment return:			
Investment income	837	1,491	2,328
Net depreciation (realized and unrealized)	(12,243)	(21,690)	(33,933)
Total investment return	(11,406)	(20,199)	(31,605)
Contributions	1,102	9,651	10,753
Appropriation of endowment assets for expenditure	(1,867)	(3,509)	(5,376)
Net assets, end of year	<u>\$ 54,139</u>	<u>\$ 146,627</u>	<u>\$ 200,766</u>

The composition of endowment net assets, including endowment-related pledges receivable of \$41.2 million, by type as of June 30, 2023, was as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Donor-restricted:			
Portion of perpetual funds that is required to be retained permanently by explicit donor stipulation ¹	\$ -	\$ 118,970	\$ 118,970
Term endowment funds subject to a time or purpose restriction ²	-	42,366	42,366
Board-designated	63,605	-	63,605
Total net assets	<u>\$ 63,605</u>	<u>\$ 161,336</u>	<u>\$ 224,941</u>

¹ includes endowment-related pledges of \$41.1 million

² includes endowment-related pledges of \$0.1 million

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The composition of endowment net assets, including endowment-related pledges receivable of \$39.2 million, by type as of June 30, 2022, was as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	2022 Total
Donor-restricted:			
Portion of perpetual funds that is required to be retained permanently by explicit donor stipulation ¹	\$ -	\$ 106,315	\$ 106,315
Term endowment funds subject to a time or purpose restriction ²	-	40,312	40,312
Board-designated	54,139	-	54,139
Total net assets	<u>\$ 54,139</u>	<u>\$ 146,627</u>	<u>\$ 200,766</u>

¹ includes endowment-related pledges of \$39.1 million

² includes endowment-related pledges of \$0.1 million

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the university to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that may occur. As of June 30, 2023, donor-restricted endowment funds with an original gift value of \$1.6 million had a market value of \$1.5 million, resulting in a deficiency of \$0.1 million. As of June 30, 2022, donor-restricted endowment funds with an original gift value of \$16.2 million had a market value of \$15.6 million, resulting in a deficiency of \$0.6 million.

12. Expenses by Functional and Natural Classification

Expenses are presented by functional classification in alignment with the overall mission of the university. The university's primary service mission is academic instruction and research, which includes program services and directly supporting functions such as the university's library system and art museum. Student services and support include various student-supporting functions such as admissions and enrollment services, and athletics, as well as health care clinics and other auxiliary enterprises. General administrative and operations include fundraising and other institutional support.

Natural expenses attributable to more than one functional expense category are allocated using reasonable cost allocation techniques. Depreciation and plant operations and maintenance expenses are allocated on a square footage basis. Interest expense on indebtedness is allocated to the functional categories which have benefited from that associated debt.

Expenses by functional and natural classification for the year ended June 30, 2023, were as follows (in thousands):

	Academic and Research	Student Services and Support	General Administrative and Operations	Total
Salaries and wages	\$ 239,852	\$ 49,207	\$ 49,018	\$ 338,077
Employee benefits	58,543	9,079	12,056	79,678
Supplies and services	72,380	33,193	24,876	130,449
Space and occupancy	50,780	11,925	11,785	74,490
Other	20,949	11,781	24,290	57,020
Allocations:				
Depreciation	28,146	12,126	5,965	46,237
Interest	6,185	10,213	7,476	23,874
Operations and maintenance	9,202	7,831	(17,033)	-
	<u>\$ 486,037</u>	<u>\$ 145,355</u>	<u>\$ 118,433</u>	<u>\$ 749,825</u>

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Expenses by functional and natural classification for the year ended June 30, 2022, were as follows (in thousands):

	Academic and Research	Student Services and Support	General Administrative and Operations	Total
Salaries and wages	\$ 216,847	\$ 44,637	\$ 42,479	\$ 303,963
Employee benefits	53,457	7,782	13,052	74,291
Supplies and services	63,335	25,255	23,323	111,913
Space and occupancy	46,752	8,690	11,368	66,810
Other	19,015	20,939	21,403	61,357
Allocations:				
Depreciation	29,289	13,257	5,685	48,231
Interest	6,492	10,469	2,514	19,475
Operations and maintenance	8,680	7,736	(16,416)	-
	<u>\$ 443,867</u>	<u>\$ 138,765</u>	<u>\$ 103,408</u>	<u>\$ 686,040</u>

Advertising costs are charged to expenses as incurred and totaled approximately \$7.8 million for each of the years ended June 30, 2023 and 2022, and are included in the respective functional categories above.

13. Foundation

The 1994 merger of Nova University and Southeastern University of the Health Sciences established a supporting foundation (the Foundation) that benefited the Health Professions Division (HPD) of NSU. During fiscal 2023, the Foundation was dissolved, with its net assets transferred to NSU for the HPD.

As a supporting organization, the Foundation's financial information was combined with NSU's consolidated financial statements. The Foundation's board members were also members of HPD's Board of Governors and members of the university's Board of Trustees. The Foundation was exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The Foundation's assets at June 30 consisted of (in thousands):

	2023	2022
Cash and cash equivalents	\$ -	\$ 207
Investments:		
Money market funds	-	-
Mutual funds	-	5,024
Commingled funds	-	1,520
Private capital	-	334
Total investments	<u>-</u>	<u>6,878</u>
Total assets	<u>\$ -</u>	<u>\$ 7,085</u>

Foundation liabilities, due to NSU without donor restrictions, were \$4.7 million at June 30, 2022, and were eliminated in the accompanying Consolidated Statements of Financial Position.

Notes to Consolidated Financial Statements

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Changes in the Foundation's net assets resulted from the following activity for the years ended June 30 (in thousands):

	2023	2022
With donor restrictions		
Net assets, beginning balance	\$ 2,407	\$ 4,493
Interest and dividend income	23	95
Gain on sale of securities	6	132
Net unrealized loss on securities	(167)	(1,643)
Gifts	-	(7)
Other	-	(41)
Appropriation of endowment assets for expenditure	-	(278)
Transfers to HPD endowment	(2,269)	(344)
With donor restrictions, June 30	\$ -	\$ 2,407

14. Broward County Agreements

The following Broward County grant funds were received and expended during the year ended June 30, 2023 (in thousands):

Broward County	Agreement #	Description	Funds Received	Funds Expended
Human Services Department	17-CP-HCS-8228-RW-01-FY22	Ryan White Part A	\$ 1,691	\$ 1,153
Human Services Department	21-CP-HCS-8228-RW-01-FY23	Ryan White Part A	\$ -	\$ 622

15. Alvin Sherman Library, Research, and Information Technology Center

In December 2001, the university commenced operations of a library, research, and information technology center and parking garage (collectively the Center). The design, construction, and operation of the Center were provided for under the terms of an agreement entered into with Broward County (the County) in fiscal 2000 (the Agreement). The Agreement stipulated that NSU would be the sole owner and operator of the Center, while County residents would have full access to the Center and full use of its databases and information resources.

Revenue from the County under the Agreement is recognized on a pro rata basis over the term of the Agreement (commencing in December 2001 with the opening of the Center). Funds of \$13.7 million for the construction of the Center received from the County prior to fiscal year 2002 have been recorded as deferred revenue and are being amortized into income over the term of the Agreement. The County continues to provide funding for the Center. Based on the specified purpose of the funds received, these amounts are either recognized into income upon receipt or recorded as deferred revenue and subsequently amortized into income over the term of the Agreement. At June 30, 2023 and 2022, \$10.9 million and \$11.7 million were recorded as deferred revenue related to these funds, respectively, of which \$0.5 million was classified as current at June 30, 2023 and 2022. During fiscal 2023 and 2022, \$0.8 million and \$0.7 million of revenue was recognized, respectively.

Funds received from the County for certain operating expenses of the Center are recognized as revenue in the period earned and totaled approximately \$4.7 million and \$4.4 million during fiscal 2023 and 2022, respectively, and are included in Other Revenue on the Consolidated Statements of Activities.

An amendment to the original Agreement was completed in August 2019 and modified in August 2022, related to the construction of the Levan Center of Innovation on the 5th floor of the Center. Under the terms of the

Notes to Consolidated Financial Statements

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modified amendment, a total of \$6.8 million was received from the County (\$5.0 million in fiscal 2020 and \$1.8 million in fiscal 2023), to be used toward construction of the Levan Center of Innovation. These funds have been fully utilized as of June 30, 2023, with \$1.8 million and \$0.7 million recognized as revenue in fiscal 2023 and 2022, respectively.

16. University Park Plaza

In October 2001, the university acquired an interest in a limited partnership that owns and operates the University Park Plaza Shopping Center located in Davie, Florida. The partnership will continue until November 1, 2081, unless it is terminated as expressly provided in the agreement. NSU's capital contribution was \$5.0 million for a 50 percent ownership in the partnership.

The university's partnership interest is being accounted for under the equity method. Accordingly, NSU's investment balance, which is reflected in other assets, was increased (reduced) by NSU's proportionate share of net income (loss) of \$10.3 million and (\$0.1) million for the years ended June 30, 2023 and 2022, respectively. It was reduced by dividends received of \$8.7 million during the year ended June 30, 2023 (no dividends were received in fiscal 2022). The investment balance at June 30, 2023 and 2022, was \$2.9 million and \$1.2 million, respectively.

17. NSU Guaranty Insurance Company

NSU formed a wholly owned, offshore captive insurance company in November 2003, NSU Guaranty Insurance Company, LTD. (the Captive), in the Cayman Islands to fund the deductible portion of claims filed under insurance carried to cover professional liability for medical malpractice and educators legal liability. The Captive also provides coverage for named windstorm property damage to the university.

The insurance contracts between the Captive and NSU do not transfer significant underwriting risk. The claims liabilities, as determined by independent actuaries, are included in accrued insurance cost in the accompanying Consolidated Statements of Financial Position.

18. Retirement Benefits

Effective January 1, 2012, NSU's 403(b) plan was frozen for participation and future contribution and the university adopted a 401(k) plan. NSU and plan participants contribute to the plan. The university recorded expenses related to these benefits of \$23.0 million and \$20.9 million during fiscal 2023 and 2022, respectively.

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19. Leases and Other Commitments

The university has operating and finance leases for facilities, equipment, and vehicles. Asset and liability balances related to operating and finance leases on the Consolidated Statements of Financial Position as of June 30 are as follows (in thousands):

Classification on the Consolidated Statement of Financial Position	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Operating Leases				
Operating lease right-of-use assets	\$ 74,905		\$ 92,520	
Operating lease liabilities				
Current		\$ 19,898		\$ 22,490
Long-term		57,164		73,051
		<u>77,062</u>		<u>95,541</u>
Finance Leases				
Land, buildings, and equipment, net	4,241		4,876	
Other liabilities				
Current		1,406		1,272
Long-term		3,114		3,861
		<u>4,520</u>		<u>5,133</u>
Total	<u>\$ 79,146</u>	<u>\$ 81,582</u>	<u>\$ 97,396</u>	<u>\$ 100,674</u>

The components of lease expense for the year ended June 30 are as follows (in thousands):

Component	Classification on Statement of Activities	2023	2022
Operating lease expense	Space and occupancy	\$ 21,821	\$ 18,524
Short-term lease expense	Space and occupancy	986	621
Variable lease expense	Space and occupancy	2,699	2,581
Finance lease expense:			
Amoritzation of right-of-use assets	Depreciation and amortization	1,367	1,284
Interest on lease liabilities	Interest	104	104
Total lease expenses		<u>\$ 26,977</u>	<u>\$ 23,114</u>

Supplemental cash flow information related to leases as of and for the year ended June 30 is as follows (in thousands):

	2023	2022
Right-of-use-assets obtained in exchange for lease obligations:		
Operating leases	\$ 3,729	\$ 26,062
Finance leases	732	-

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The university's operating leases generally have terms that range from two to ten years, with optional renewals. The university's finance leases generally have terms that range from four to seven years. Average lease terms and discount rates as of June 30 are as follows:

	2023	2022
Weighted average remaining lease term (years):		
Operating leases	4.8 years	5.3 years
Finance leases	3.3 years	4.0 years
Weighted average discount rate:		
Operating leases	1.9%	1.8%
Finance leases	2.6%	1.8%

Future minimum lease payments under operating and finance leases as of June 30, 2023, expiring at various dates through 2029, are as follows (in thousands):

	Operating Leases	Finance Leases
2024	\$ 21,052	\$ 1,501
2025	19,025	1,395
2026	12,706	1,298
2027	9,592	453
2028	8,984	77
Thereafter	9,424	-
Total lease payments	80,783	4,724
Imputed interest	(3,721)	(204)
Present value of lease liabilities	\$ 77,062	\$ 4,520

As of June 30, 2023, the Museum had proceeds from the sale of artwork from its collection as follows (in thousands):

2008 (Prior to merger)	\$ 813
2009	1,250
2010	20
Total	\$ 2,083

The university's collection policy requires that the proceeds from the sale of collection items be used to either acquire other items for the collection or be used for direct care of the collection (as further described in Note 2).

Notes to Consolidated Financial Statements

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20. Related Parties

The university has business transactions with organizations whose owners are members of NSU's Board of Trustees. During the years ended June 30, 2023 and 2022, the university paid these organizations \$7.9 million and \$7.8 million, respectively, primarily attributed to an ongoing operating lease for instructional space that extends through fiscal 2029 with optional renewals thereafter. Contribution revenues from related parties, including NSU's Board of Trustees and their related business affiliates, amounted to approximately \$6.1 million and \$1.1 million for the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, pledges receivable from these parties totaled \$36.0 million and \$35.8 million, net of discount, respectively.

Additionally, receivables from employees totaled approximately \$387,000 and \$349,000 as of June 30, 2023 and 2022, respectively, of which \$387,000 and \$334,000, respectively, represents pledges receivable, net of discount.

21. Litigation and Contingencies

The following two paragraphs discuss legal matters that could result in one or more class actions.

A number of colleges and universities around the United States, including in the State of Florida, have been faced with lawsuits filed by parents and students seeking refunds for tuition, fees, and other charges, related to the change to online remote learning as a result of the COVID-19 pandemic (see Note 22), and many seek class action status. The university was previously named in two putative class action lawsuits of this nature. Court rulings dismissing the majority of the claims have occurred, with only one of the lawsuits still pending. That suit is currently on appeal by the plaintiffs from the lower court's dismissal. The university is unable to determine the probability of whether the lower court's decision will be reversed and, if so, whether a class will ultimately be certified, and whether the university will ultimately be held liable, and if liable, the amount of damages, if any, that may be awarded, as well as the extent of insurance coverage that may be available. The university will vigorously defend itself in this matter.

In June 2022, the university was named in a putative class action lawsuit in its status as an Employee Retirement Income Security Act fiduciary of the NSU 401(k) plan (see Note 18). The complaint alleges that the university breached certain fiduciary duties related to plan fees and expenses, investment options, recordkeeping costs, and monitoring performance of other fiduciaries. The plaintiffs claim that the university is liable to restore to the plan all losses caused by, or profits (if any) resulting from, such breaches. In August 2022, the court stayed the case to permit the parties to exhaust internal plan administrative remedies pursuant to the plan's claim review procedure. That administrative process is now complete, resulting in the denial of the plaintiffs claims, and the University has filed a motion for summary judgment, on all of the plaintiffs claims based upon the outcome of that administrative process. That motion for summary judgment is currently pending. Although the university maintains certain insurance coverage for claims of this nature, the university is unable to determine the probability of whether a class will be certified, whether the university will ultimately be held liable, and if liable, the amount of damages, if any, that may be awarded. The university will vigorously defend itself in this matter.

In its normal operations, NSU is a defendant in various other legal actions. Additionally, NSU has contracts and grants with various grantors subject to audit, which could result in disallowance of certain costs. Management is of the opinion that, based on currently known facts and circumstances, the outcome of these matters will not have a material effect on NSU's consolidated financial position or consolidated operating results.

22. COVID-19

A disease caused by a new strain of coronavirus (COVID-19), was declared a pandemic by the World Health Organization on March 11, 2020. The spread of COVID-19 has negatively impacted global financial markets,

Notes to Consolidated Financial Statements

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national, state and local economies, and several industries including institutions of higher education. NSU did not experience a material adverse impact to its overall operating results or financial position as a result of COVID-19 for fiscal years 2023 and 2022.

NSU recognized government grant revenues from Higher Education Emergency Relief Fund (HEERF) allocations in fiscal 2022 of approximately \$22.8 million comprised of \$10.7 million related to financial aid grants made to students and \$12.1 million related to eligible institutional expenses and lost revenues. No HEERF grant revenues were recognized in fiscal 2023.

Future potential impacts from COVID-19 on the university are not possible to determine given the inherent uncertainty of the course of the virus and related health and regulatory developments, if any, that could occur. The university will continue to closely monitor status and is prepared to take additional measures to protect the health and welfare of the university community, as appropriate.

23. Subsequent Events

Pursuant to ASC 855, Subsequent Events, the university has reviewed all subsequent events through September 29, 2023, the date the consolidated financial statements were available to be issued.

24. U.S. Department of Education Supplemental Disclosure

The U.S. Department of Education (DOE) issued regulations which became effective July 1, 2020, regarding additional disclosures deemed necessary in order to calculate certain ratios for determining sufficient financial responsibility under Federal Title IV regulations. The following information is not required by U.S. generally accepted accounting principles (GAAP).

Net Assets with Donor Restrictions

Net assets with donor restrictions of \$209.2 million reflected in the Consolidated Statement of Financial Position as of June 30, 2023 includes the following categories in addition to \$43.6 million of other net assets that are not perpetually restricted (in thousands):

Net assets with donor restrictions restricted in perpetuity	\$ 119,599
Annuities, term endowments, and life income funds with donor restrictions:	
Annuities with donor restrictions	-
Term endowments	42,366
Life income funds (trusts)	3,610
Total annuities, term endowments, and life income funds with donor restrictions	\$ 45,976

Property, Plant, and Equipment (PP&E), net

PP&E, net, is referred to as Land, Buildings, and Equipment, net, in the Consolidated Statements of Financial Position and Note 7. It includes construction in progress and finance lease right-of-use assets as detailed in Note 7.

(in thousands)	Post-Implementation			Total	
	Pre-Implementation	With Outstanding Debt	Without Outstanding Debt		
Total PP&E, net, June 30, 2022	\$ 814,482	\$ 19,846	\$ 59,513	\$ 893,841	(Note 7)
Additions	-	2,149	40,506	42,655	
Disposals	(507)	-	-	(507)	
Depreciation and amortization	(32,083)	(6,833)	(7,321)	(46,237)	
Total PP&E, net, June 30, 2023	\$ 781,892	\$ 15,162	\$ 92,698	\$ 889,752	(Note 7)

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Long-term Debt Obtained for Long-Term Purposes (DOLP)

DOLP includes qualifying debt included within Long-Term Debt and the Current Portion of Long-Term Debt in the Consolidated Statements of Financial Position (LT Debt). Refer to Note 9 for detailed information regarding LT Debt, which is comprised of bonds payable. Note 9 details each bond series, including the applicable issue and maturity dates. Each series included in DOLP is long-term in nature and restricted for capitalized assets (PP&E). The nature of the amounts capitalized include land, buildings and improvements, and various types of equipment, for numerous projects as part of the university's capital plan. The amounts capitalized for such projects equal or exceed the amount of attributable LT Debt.

Additionally, DOLP includes liabilities associated with finance leases, which are included in Other Liabilities, current and long-term, within the Consolidated Statements of Financial Position (Finance Lease Liabilities), as detailed in Note 19. Right-of-use assets associated with Finance Lease Liabilities are included in PP&E (see Note 7).

(in thousands)	DOLP ¹			Other LT Debt ²		
	Pre- Implementation	Post- Implementation	Total DOLP	Post- Implementation	Total LT Debt	
LT debt, June 30, 2022	\$ 436,902	\$ 23,804	\$ 460,706	\$ 148,785	\$ 609,491	(Note 9)
Additions	-	1,418	1,418	(1,418)	-	
Principal Payments	(12,551)	(909)	(13,460)	-	(13,460)	
Amortization (Premium and Issuance Costs)	(2,218)	17	(2,201)	146	(2,055)	
LT debt, June 30, 2023	\$ 422,133	\$ 24,330	\$ 446,463	\$ 147,513	\$ 593,976	(Note 9)
Finance Lease Liabilities, June 30, 2022	\$ -	\$ 5,133	\$ 5,133			(Note 19)
Additions	-	733	733			
Payments	-	(1,346)	(1,346)			
Modifications	-	-	-			
Finance Lease Liabilities, June 30, 2023	\$ -	\$ 4,520	\$ 4,520			(Note 19)
Total DOLP, June 30, 2023	\$ 422,133	\$ 28,850	\$ 450,983			

¹ Includes the 2016 Bonds, 2018 Bonds, 2020 Bonds, and a portion of the 2022 Bonds (see Note 9).

² Includes the remaining portion of the 2022 Bonds (see Note 9) which is intended to support future capital expenditures (PP&E).

There is no LT Debt included in DOLP that is not for PP&E or liability greater than PP&E.

Supplementary Information

Notes to Financial Responsibility Supplemental Schedule

Year Ended June 30, 2023

1. Basis of Presentation

The U.S. Department of Education (DOE) issued regulations, effective July 1, 2020, regarding information deemed necessary to calculate ratios for determining sufficient financial responsibility under Federal Title IV regulations. The Financial Responsibility Supplemental Schedule (the Schedule) is presented in accordance with the DOE regulations, and is not part of financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP Financial Statements). However, each element listed in the Schedule has been derived from the accompanying GAAP Financial Statements which includes the Consolidated Statement of Financial Position (SFP), Consolidated Statement of Activities (SOA), Consolidated Statement of Cash Flows (SOCF), and the Notes to Consolidated Financial Statements (Notes).

The DOE Ratio Methodology for Private Non-Private Institutions establishes the following ratios, each of which are defined in the regulations with underlying data elements that correspond to the elements listed in the Schedule. Definitions for certain data elements may include items that are not applicable to Nova Southeastern University (NSU) and are therefore not referred to in the Schedule or in the Notes.

Primary Reserve Ratio:
$$\frac{\text{Expendable Net Assets}}{\text{Total Expenses without Donor Restrictions and Losses without Donor Restrictions}}$$

Equity Ratio:
$$\frac{\text{Modified Net Assets}}{\text{Modified Assets}}$$

Net Income Ratio:
$$\frac{\text{Change in Net Assets without Donor Restrictions}}{\text{Total Revenues without Donor Restrictions and Gains without Donor Restrictions}}$$

2. Composite Score Calculation

A strength factor score is assigned to each ratio by applying a prescribed algorithm, with the maximum allowable strength factor score being a 3.0. A standard weight percentage is then applied to the strength factor score to generate a weighted score for each ratio. The composite score is derived by adding the three weighted scores. NSU's calculation of the ratios and composite score is displayed on the Schedule and summarized as follows:

	Ratio	Strength Factor	Weight	Composite Score
Primary Reserve Ratio	0.6	3.0	40%	1.2
Equity Ratio	0.6	3.0	40%	1.2
Net Income Ratio	0.1	3.0	20%	0.6
				<u>3.0</u>

The official calculation of the ratios and composite score will be performed by the DOE.

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2023

Summary	Exhibit	FY23 Total Expenditures
Research and Development – Federal	F-I	\$ 10,387,527
Student Financial Assistance – Federal	F-II	649,681,683
Other Assistance – Federal	F-III	7,499,721
Total Expenditures of Federal Awards		<u>667,568,931</u>
Research and Development – State	S-I	177,351
Student Financial Assistance – State	S-I	13,628,491
Other Assistance – State	S-I	6,739,902
Total Expenditures of State Financial Assistance		<u>20,545,744</u>
Total Expenditures of Federal Awards and State Financial Assistance		<u>\$ 688,114,675</u>

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2023
(Exhibit F-I)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Research and Development Cluster							
Department of Agriculture							
Agricultural Research Basic and Applied Research	10.001			\$ 19,923	\$ -	\$ 19,923	\$ -
Agriculture and Food Research Initiative (AFRI)	10.310			80,490	-	80,490	-
Total Department of Agriculture				100,413	-	100,413	-
Department of Commerce							
Build to Scale	11.024			225,722	-	225,722	-
Sea Grant Support	11.417	NA19OAR4170414	University of Maine	-	(2,317)	(2,317)	-
Sea Grant Support	11.417	SUB00003579	University of Florida	-	2,194	2,194	-
Total for ALN 11.417				-	(123)	(123)	-
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	OS0000605/SPC-001770	University of Miami	-	125,843	125,843	-
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	OS0000604/SPC-001769	University of Miami	-	362,413	362,413	-
Total for ALN 11.432				-	488,256	488,256	-
Cooperative Fishery Statistics	11.434	OS00001045	University of Miami	-	7,964	7,964	-
Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology	11.451			831,195	-	831,195	207,166
Unallied Science Program	11.472	UMS-1263	University of Maine	-	2,480	2,480	-
Office For Coastal Management	11.473	OS00000122/SPC-001669	University of Miami	-	170,455	170,455	-
Coral Reef Conservation Program	11.482	2020-000028	Puerto Rico DNER	-	9,108	9,108	-
Coral Reef Conservation Program	11.482	0302.21.071754	National Fish and Wildlife Fndn	-	89,695	89,695	-
Coral Reef Conservation Program	11.482	0302.21.073869	National Fish and Wildlife Fndn	-	70,677	70,677	-
Total for ALN 11.482				-	169,480	169,480	-
Total Department of Commerce				1,056,917	838,512	1,895,429	207,166
Department of Defense							
Basic and Applied Scientific Research	12.300			1,334,852	-	1,334,852	-
Military Medical Research and Development	12.420	4500002890	Trustees of Boston University, BUMC	-	159,511	159,511	-
Military Medical Research and Development	12.420	4500003269	Trustees of Boston University, BUMC	-	18,507	18,507	-
Military Medical Research and Development	12.420	M2002760	Texas A&M University	-	3,519	3,519	-
Military Medical Research and Development	12.420	RI0543	Roskamp Institute, Inc.	-	92,362	92,362	-
Military Medical Research and Development	12.420	4500004108	Trustees of Boston University, BUMC	-	26,405	26,405	-
Military Medical Research and Development	12.420	P116Z220081	American University	-	43,249	43,249	-
Military Medical Research and Development	12.420			2,142,853	-	2,142,853	1,069,689
Total for ALN 12.420				2,142,853	343,553	2,486,406	1,069,689

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2023
(Exhibit F-I)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Department of Defense (continued)							
Basic, Applied, and Advanced Research in Science and Engineering	12.630			\$ 162,700	\$ –	\$ 162,700	\$ 23,599
CyberSecurity Core Curriculum	12.905			121,195	–	121,195	–
Total Department of Defense				3,761,600	343,553	4,105,153	1,093,288
Department of the Interior							
Cooperative Endangered Species Conservation Fund	15.615	20-076	Alaska Department of Fish and Game	–	50,056	50,056	–
U.S. Geological Survey Research and Data Collection	15.808			963,567	–	963,567	–
Economic, Social, and Political Development of the Territories	15.875			214,355	–	214,355	–
Total Department of the Interior				1,177,922	50,056	1,227,978	–
National Science Foundation							
Engineering	47.041			23,729	–	23,729	–
Mathematical and Physical Sciences	47.049			22,108	–	22,108	–
Geosciences	47.050	537211-77775	Middle Tennessee State University	–	382	382	–
Social, Behavioral, and Economic Sciences	47.075			68,668	–	68,668	–
Education and Human Resources	47.076			166,313	–	166,313	–
Office of International Science and Engineering	47.079			(20,418)	–	(20,418)	–
Total National Science Foundation				260,400	382	260,782	–
Environmental Protection Agency							
South Florida Geographic Initiatives Program	66.484			90,732	–	90,732	64,000
Total Environmental Protection Agency				90,732	–	90,732	64,000
Department Of Education							
Higher Education Institutional Aid	84.031	N/A	Miami Dade College	–	12,398	12,398	–
Education Research, Development and Dissemination	84.305	12600SUB	Seattle Children's Hospital d/b/a	–	14,691	14,691	–
Research in Special Education	84.324	000473	Seattle Children's Research Institute	–	11,709	11,709	–
			Florida International University	–	–	–	–
Total Department Of Education				–	38,798	38,798	–
Department of Health and Human Services							
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	OS00000791	University of Miami	–	79,961	79,961	–
Food and Drug Administration Research	93.103	1080639	The Queen's Medical Center	–	28,430	28,430	–
Oral Diseases and Disorders Research	93.121			1,616,546	–	1,616,546	–
Mental Health Research Grants	93.242	12563SUB	Seattle Children's Hosp d/b/a SCRI	–	(2,098)	(2,098)	–
Mental Health Research Grants	93.242	R000003091	Florida State University	–	144,346	144,346	–
Total for ALN 93.242				–	142,248	142,248	–

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2023
(Exhibit F-I)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Department of Health and Human Services (continued)							
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			\$ 23,218	\$ -	\$ 23,218	\$ 9,393
Alcohol Research Programs	93.273	N/A	Florida State University	-	55,952	55,952	-
Drug Abuse and Addiction Research Programs	93.279	0255-C601-4609	Icahn School of Medicine-Mt Sinai	-	90,477	90,477	-
Drug Abuse and Addiction Research Programs	93.279	RES513385	Case Western Reserve University	-	63,265	63,265	-
Drug Abuse and Addiction Research Programs	93.279	5R01DA046436-05	Washington University in St. Louis	-	70,924	70,924	-
Drug Abuse and Addiction Research Programs	93.279	705893	University of California San Diego	-	19,074	19,074	-
			Center for Health Economics of Treatment Interventions for Substance Use Disorder, HCV and HIV (CHERISH)				
Drug Abuse and Addiction Research Programs	93.279	222459-9		-	15,455	15,455	-
Total for ALN 93.279				-	259,195	259,195	-
Cancer Treatment Research	93.395			32,186	-	32,186	-
Cancer Centers Support Grants	93.397	63931.2010219.669301	Beckman Research Foundation	-	40,545	40,545	-
Cardiovascular Diseases Research	93.837	OS00000638	University of Miami	-	8,341	8,341	-
Cardiovascular Diseases Research	93.837			65,886	-	65,886	-
Total for ALN 93.837				65,886	8,341	74,227	-
Lung Diseases Research	93.838	FY19.240.002	University of Colorado	-	18,995	18,995	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	P009025201	University of Minnesota	-	23,452	23,452	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	424820_GR424683-NSEU	Georgetown University	-	93,862	93,862	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			5,333	-	5,333	-
Total for ALN 93.853				5,333	93,862	99,195	-
Allergy, and Infectious Diseases Research	93.855			106,526	-	106,526	-
Biomedical Research and Research Training	93.859	NR-K216	Florida Atlantic University Board of Trustees	-	17,548	17,548	-
Biomedical Research and Research Training	93.859			28,337	-	28,337	-
Total for ALN 93.859				28,337	17,548	45,885	-
Child Health and Human Development Extramural Research	93.865	N/A	Florida State University	-	19,212	19,212	-
Aging Research	93.866			(8,348)	-	(8,348)	-

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2023
(Exhibit F-I)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Department of Health and Human Services (continued)							
Vision Research	93.867	N/A	JAEB Center for Health Research	\$ -	\$ 7,204	\$ 7,204	\$ -
Vision Research	93.867	SPC-1000004648/GR121976	Ohio State University	-	3,613	3,613	-
Total for ALN 93.867				-	10,817	10,817	-
Total Department of Health and Human Services				1,869,684	798,558	2,668,242	9,393
Total Research and Development				\$ 8,317,668	\$ 2,069,859	\$ 10,387,527	\$ 1,373,847

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2023
(Exhibit F-II)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
<i>Student Financial Assistance Cluster</i>							
Department of Education							
Federal Supplemental Educational Opportunity Grants	84.007			\$ 1,774,051	\$ –	\$ 1,774,051	\$ –
Federal Work-Study Program	84.033			2,341,642	–	2,341,642	–
Federal Pell Grant Program	84.063			14,244,656	–	14,244,656	–
Federal Direct Student Loans	84.268			626,360,312	–	626,360,312	–
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			128,717	–	128,717	–
Federal Perkins Loan Program <i>(Note 2)</i> : Loans Outstanding as of July 1, 2022				2,063,494	–	2,063,494	–
New Loans Issued in Fiscal Year 2023				–	–	–	–
Federal Perkins Loan Program	84.038			2,063,494	–	2,063,494	–
Total Department of Education				646,912,872	–	646,912,872	–
Department of Health and Human Services							
Nurse Faculty Loan Program (NFLP) <i>(Note 2)</i> : NFLP Loans Outstanding as of July 1, 2022				1,528,638	–	1,528,638	–
New Loans Issued in Fiscal Year 2023				209,982	–	209,982	–
Nurse Faculty Loan Program (NFLP)	93.264			1,738,620	–	1,738,620	–
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students <i>(Note 2)</i> : Loans Outstanding as of July 1, 2022				1,020,191	–	1,020,191	–
New Loans Issued in Fiscal Year 2023				10,000	–	10,000	–
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342			1,030,191	–	1,030,191	–
Total Department of Health and Human Services				2,768,811	–	2,768,811	–
Total Student Financial Assistance				\$ 649,681,683	\$ –	\$ 649,681,683	\$ –

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2023
(Exhibit F-III)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
<i>Other Assistance</i>							
Department of Agriculture							
Distance Learning and Telemedicine Loans and Grants	10.855			\$ 35,091	\$ -	\$ 35,091	\$ -
Total Department of Agriculture				35,091	-	35,091	-
Department of Transportation							
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			79,170	-	79,170	-
Total Department of Transportation				79,170	-	79,170	-
Department of Defense							
Information Security Grants	12.902			78,364	-	78,364	-
Total Department of Defense				78,364	-	78,364	-
Institute of Museum and Library Services or National Endowment for the Arts or National Endowment for the Humanities							
Promotion of the Humanities Federal/State Partnership	45.129	GR_0921_5023_2691	Florida Humanities Council	-	(117)	(117)	-
Promotion of the Humanities Federal/State Partnership	45.129	GR_1022_5197_2769	Florida Humanities Council	-	4,203	4,203	-
Promotion of the Humanities Federal/State Partnership	45.129	GR_0722_5144_2748	Florida Humanities Council	-	4,862	4,862	-
Total Institute of Museum and Library Services or National Endowment for the Arts or National Endowment for the Humanities				-	8,948	8,948	-
Department of Veterans Affairs							
Yellow Ribbon Scholarships	64.Unknown			312,313	-	312,313	-
Total Department of Veterans Affairs				312,313	-	312,313	-
Department of Education							
Promoting Postbaccalaureate Opportunities for Hispanic Americans (PPOHA)	84.031M			625,214	-	625,214	-
Hispanic-Serving Institutions Program	84.031S			449,943	-	449,943	-
Total for ALN 84.031				1,075,157	-	1,075,157	-
Fund for the Improvement of Postsecondary Education	84.116Z			103,529	-	103,529	-
Graduate Assistance in Areas of National Need	84.200			311,402	-	311,402	-
Education Stabilization Fund	84.425	000683	Florida International University	-	74,291	74,291	-
Total Department of Education				1,490,088	74,291	1,564,379	-

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2023
(Exhibit F-III)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Department of Health and Human Services							
Training in General, Pediatric, and Public Health Dentistry	93.059			\$ 692,025	\$ -	\$ 692,025	\$ 76,668
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107	SUB00002994	University of Florida	-	132,805	132,805	80,293
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107	SUB00003504	University of Florida	-	194,924	194,924	183,605
Total for ALN 93.107				-	327,729	327,729	263,898
Community Programs to Improve Minority Health Grant Program	93.137	CPIMP211250-01-00	City of Lauderhill	-	490,916	490,916	-
NIEHS Hazardous Waste Worker Health and Safety Training	93.142			684,723	-	684,723	37,000
AIDS Education and Training Centers	93.145	SPC-003055	University of Miami	-	39,576	39,576	-
AIDS Education and Training Centers	93.145	SPC-003054	University of Miami	-	47,145	47,145	-
AIDS Education and Training Centers	93.145	SPC-003053	University of Miami	-	18,974	18,974	-
Total for ALN 93.145				-	105,695	105,695	-
Grants to States to Support Oral Health Workforce Activities	93.236	T12HP31863-01-00	Florida Department of Health	-	139,150	139,150	-
Teaching Health Center Graduate Medical Education (THCGME) Program	93.530	1 T9BHP45366-01-00	Tampa Family Health Centers, Inc	-	42,887	42,887	-
Teaching Health Center Graduate Medical Education (THCGME) Program	93.530	T9B45330	Evara Health	-	75,340	75,340	-
Total for ALN 93.530				-	118,227	118,227	-
Biomedical Research and Research Training	93.859			1,629	-	1,629	-
HIV Emergency Relief Project Grants	93.914	21-CP-HCS-8228-RW-01	Broward County	-	1,823,494	1,823,494	-
Ryan White HIV/Aids Dental Reimbursement and Community Based Dental Partnership Grants	93.924			171,742	-	171,742	146,705
PPHF Geriatric Education Centers	93.969	1H79FG000010-01	Broward County Sheriff's Office	-	10,443	10,443	-
PPHF Geriatric Education Centers	93.969			771,679	-	771,679	13,547
Total for ALN 93.969				771,679	10,443	782,122	13,547

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2023
(Exhibit F-III)

Federal Awarding Agency/Program Title	Federal ALN Number	Pass-Through ID Number	Pass-Through Entity	Direct Federal Award Expenditures	Indirect Federal Award Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Department of Health and Human Services (continued)							
CCDF CLUSTER							
Child Care and Development Block Grant	93.575	LC932	FL Dept of Children and Families	\$ -	\$ 84,004	\$ 84,004	\$ -
Total Department of Health and Human Services				<u>2,321,798</u>	<u>3,099,658</u>	<u>5,421,456</u>	<u>537,818</u>
Total Other Assistance				<u>4,316,824</u>	<u>3,182,897</u>	<u>7,499,721</u>	<u>537,818</u>
Total Federal Awards				<u>\$ 662,316,175</u>	<u>\$ 5,252,756</u>	<u>\$ 667,568,931</u>	<u>\$ 1,911,665</u>

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2023
(Exhibit S-I)

State Grantor/State Project Title	CSFA Number	Contract/Grant Identifying Number	Pass-Through Entity	Direct Expenditures	Indirect Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Research and Development							
Florida Department of Health							
William G. "Bill" Bankhead, Jr. and David Coley Cancer Research Program	64.078	22B09		\$ 124,376	\$ -	\$ 124,376	\$ -
Total Florida Department of Health				124,376	-	124,376	-
Florida Department of Highway Safety and Motor Vehicles							
Protect Our Reefs License Plate Project	76.069	POR 2021-010		11,975	-	11,975	-
Total Florida Department of Highway Safety and Motor Vehicles				11,975	-	11,975	-
Florida Fish and Wildlife Conservation Commission							
Monitoring and Support Coral Restoration	77.044	21357		41,000	-	41,000	-
Total Florida Fish and Wildlife Conservation Commission				41,000	-	41,000	-
Total Research and Development				177,351	-	177,351	-
Student Financial Aid							
Florida Department of Education							
Minority Teacher Scholarship Program	48.049	90460		4,000	-	4,000	-
Florida Jose Marti Scholarship Grant Fund	48.052			8,000	-	8,000	-
Florida Student Assistance Grant	48.054	99970		1,733,334	-	1,733,334	-
Scholarships for Children and Spouses of Deceased or Disabled Veterans and Service Members	48.055	99970		79,758	-	79,758	-
The Florida Bright Futures Scholarship Program	48.059	97040		5,473,660	-	5,473,660	-
Florida Resident Access Grant	48.064	93420		6,329,739	-	6,329,739	-
Total Florida Department of Education				13,628,491	-	13,628,491	-
Total Student Financial Aid				13,628,491	-	13,628,491	-
Other Assistance							
Florida Department of Children and Families							
Florida Institute for Child Welfare Hope Court Grant	60.Unknown	N/A	Flite Center, Inc.	-	12,133	12,133	-
Total Florida Department of Children and Families				-	12,133	12,133	-
Florida Department of State							
General Program Support (Cultural and Museum Grants)	45.061	1903723-61.22		150,000	-	150,000	-
Total Florida Department of State				150,000	-	150,000	-

Nova Southeastern University, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Year Ended June 30, 2023
(Exhibit S-I)

State Grantor/State Project Title	CSFA Number	Contract/Grant Identifying Number	Pass-Through Entity	Direct Expenditures	Indirect Expenditures	Total Expenditures	Amount Provided to Sub-Recipients
Florida Department of Education							
Florida Diagnostic and Learning Resource Centers	48.030	SPC-002024	University of Miami	\$ -	\$ 469,642	\$ 469,642	\$ -
Florida Department of Education Project LINE Fund	48.199	068-91130-3P001		740,878	-	740,878	-
Total Florida Department of Education				740,878	469,642	1,210,520	-
Florida Department of Health							
Community Health Promotion – Contracted Services	64.157	CORHT		1,152,557	-	1,152,557	-
State and Community Interventions – AHEC	64.112	COTHH		1,773,179	-	1,773,179	752,572
Cessation Interventions and Cessation Interventions – AHEC	64.097	COTHH		2,381,378	-	2,381,378	1,202,996
Total Florida Department of Health				5,307,114	-	5,307,114	1,955,568
Florida Department of Highway Safety and Motor Vehicles							
Nova Southeastern University License Plate Project	76.053			60,135	-	60,135	-
Total Florida Department of Highway Safety and Motor Vehicles				60,135	-	60,135	-
Total Other Assistance				6,258,127	481,775	6,739,902	1,955,568
Total State Financial Assistance				\$ 20,063,969	\$ 481,775	\$ 20,545,744	\$ 1,955,568

See accompanying notes to the Schedule.

Nova Southeastern University, Inc.

Notes to Schedule of Expenditures of
Federal Awards and State Financial Assistance

Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of Nova Southeastern University, Inc. (the University) for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the University.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures for federal awards issued through December 25, 2014, are recognized following cost principles contained in OMB Circular A-21, *Cost Principles for Education Institutions*. Expenditures for federal awards are recognized following the cost principles contained in 2 CFR Chapter I and Chapter II Parts 200, 215, 220, 225, and 230, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Pass-through entity identifying numbers are presented where available.

2. Loan Programs

During the year ended June 30, 2023, the University administered new loans related to the various federal loan programs which are reported in the Schedule. As there are continuing compliance requirements with respect to the following loan programs, loans outstanding at the beginning of the year and new loans made during the year are included in the Schedule. Outstanding balances at June 30, 2023 are summarized as follows:

	<u>ALN Number</u>	<u>Total Loans Outstanding as of June 30, 2023</u>
Federal Perkins Loan Program	84.038	\$ 1,533,045
Nurse Faculty Loan Program	93.264	1,603,931
Health Professions Student Loan Program	93.342	951,950

Nova Southeastern University, Inc.

Notes to Schedule of Expenditures of
Federal Awards and State Financial Assistance (continued)

2. Loan Programs (continued)

During the year ended June 30, 2023, the University processed loans under the Federal Direct Student Loans Program (ALN number 84.268) of \$626,360,312 as reported in the Schedule. Only new loans made during the fiscal year are reported as federal awards expended.

3. Indirect Cost Rate

The University did not elect to use the 10% de minimis cost rate to calculate the University's indirect (F&A) costs.

4. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the University. In the opinion of management, grant expenditures are in compliance in all material respects with the terms of the respective grant agreements and applicable federal and state laws and regulations.

5. Florida Specialty License Plate

The June 30, 2023, Florida specialty license fee endowment fund balance totaled \$1,521,362.

Reports and Schedules Required by the
Uniform Guidance and Chapter 10.650,
Rules of the Auditor General



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Management and the Board of Trustees
Nova Southeastern University, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Nova Southeastern University, Inc. (the University), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements, on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

September 29, 2023



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Report of Independent Auditors on Compliance for Each Major Federal Program and State Financial Assistance Project and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*

Management and The Board of Trustees
Nova Southeastern University, Inc.

Report of Independent Auditors on Compliance for Each Major Federal Program and State Financial Assistance Project

Opinion on Each Major Federal Program and State Financial Assistance Project

We have audited Nova Southeastern University, Inc. (the University)'s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and in the Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the University's major federal programs and state financial assistance projects for the year ended June 30, 2023. The University's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards, the Uniform Guidance and *Chapter 10.650, Rules of the Auditor General* (Chapter 10.650) are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program and state financial assistance project. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs and state financial assistance projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and *Chapter 10.650, Rules of the Auditor General* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the University’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

We performed audit procedures with respect to the Student Financial Assistance Cluster major federal program related to compliance requirements in Special Test and Provision N13, Gramm-Leach Bliley Act – Student Information Security as outlined in the OMB Compliance Supplement for the year ended June 30, 2023. We determined whether the University has designated an individual to coordinate the information security program. We determined whether the University performed a risk assessment that addresses the three required areas noted in 16 CFR 314.4 (b) and whether the University documented a safeguard for each risk identified from the three required to be risk-assessed by 16 CFR 314.4 (b). Our audit procedures did not evaluate whether the designated individual that coordinated the information security program is competent to oversee the program nor whether the individual possessed the adequate authority to carry out those duties. Our audit procedures also did not determine whether the risk assessment sufficiently addressed the required areas, whether the risks identified are the appropriate risks or that the identified risks appear to be a complete list. Further, our audit procedures did not determine whether the documented safeguards have been put in place or that they will effectively mitigate, reduce, or even address the identified risks. Our opinion on the Student Financial Assistance Cluster major federal program is not modified with respect to this matter.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of

deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Ernst + Young LLP

November 22, 2023

Nova Southeastern University, Inc.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

Section I – Summary of Auditor’s Results Section

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ **Yes** X **No**

Significant deficiency(ies) identified?

_____ **Yes** X **None reported**

Noncompliance material to financial statements noted?

_____ **Yes** X **No**

Federal Awards and State Projects

Internal control over major federal programs and state financial assistance projects:

Material weakness(es) identified?

_____ **Yes** X **No**

Significant deficiency(ies) identified?

_____ **Yes** X **None reported**

Type of auditor’s report issued on compliance for major federal programs and state financial assistance projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.650, *Rules of the Auditor General*?

_____ **Yes** X **No**

Any items related to state financial assistance disclosed in the management letter that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General*?

_____ **Yes** X **No**

Nova Southeastern University, Inc.

Schedule of Findings and Questioned Costs (continued)

Section I – Summary of Auditor’s Results Section (continued)

Identification of Major Federal Programs:

Assistance Listing (ALN) Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342	Student Financial Assistance Cluster
10.001, 10.310, 11.024, 11.417, 11.432, 11.434, 11.451, 11.472, 11.473, 11.482, 12.300, 12.420, 12.630, 12.905, 15.615, 15.808, 15.875, 47.041, 47.049, 47.050, 47.075, 47.076, 47.079, 66.484, 84.031, 84.305, 84.324, 93.086, 93.103, 93.121, 93.242, 93.243, 93.273, 93.279, 93.395, 93.397, 93.837, 93.838, 93.847, 93.853, 93.855, 93.859, 93.865, 93.866, 93.867	Research and Development Cluster

Identification of Major State Financial Assistance Programs:

CSFA Numbers	Name of State Project
48.049	Minority Teacher Scholarship Program
48.052	Jose Marti Scholarship Challenge Grant Program
48.054	Florida Student Assistance Grant
48.055	Scholarships for Children and Spouses of Deceased or Disabled Veterans and Service Members
48.059	Florida Bright Futures Scholarship Program
48.064	Florida Resident Access Grant
64.112	State and Community Interventions – AHEC
64.097	Cessation Interventions and Cessation Interventions – AHEC
64.157	Community Health Promotion – Contracted Services

Dollar threshold used to distinguish between Type A and Type B programs:

Federal Programs	\$ 750,000
State Projects	\$ 750,000

Auditee qualified as low-risk auditee for Federal purposes? X **Yes** _____ **No**

Nova Southeastern University, Inc.

Schedule of Findings and Questioned Costs (continued)

Section II – Financial Statement Findings

No matters reported.

Section III – Federal Award and State Project Findings and Questioned Costs

No matters reported.

Section IV – Management Letter and Summary Schedule of Prior Audit Findings

This section identifies the auditor's comments and recommendations required to be reported by Sections 215.97(10)(f), and 215.97(11)(d), Florida Statutes and Chapter 10.650, *Rules of the Auditor General*, in the management letter as well as noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but that warrants the attention of those charged with governance. A summary schedule of prior audit findings is not presented as there were no prior audit findings in either of the prior two years to be reported on.

No matters reported.

Nova Southeastern University, Inc.

State of Florida Student Financial Assistance Projects –
Schedule of Populations, Samples Tested, and Questioned Costs

	Award Population		Award Sample				Questioned Costs			
	Amount	Recipients	Amount	% of Population Amount	Recipients	% of Population Recipients	Amount	% of Sample Amount	Recipients	% of Sample Recipients
Florida Academic Scholarship	\$ 3,189,296	\$ 564	284,006	9%	50	9%	\$ –	–	–	–
Florida Medallion Scholarship	2,284,364	534	222,306	10%	50	9%	–	–	–	–
Total Florida Bright Futures Scholarship Program	5,473,660	1,098	506,312		100		–	–	–	–
Florida Resident Access Grant	6,329,739	3,517	90,000	1%	50	1%	–	–	–	–
Minority Teacher Scholarship Program	4,000	1	4,000	100%	1	100%	–	–	–	–
Scholarships for Children and Spouses of Deceased or Disabled Veterans and Service Members	79,758	17	45,998	58%	10	59%	–	–	–	–
Florida Student Assistance Grant Program	1,733,334	946	94,000	5%	50	5%	–	–	–	–
Jose Marti Scholarship Challenge Grant Program	8,000	4	8,000	100%	4	100%	–	–	–	–

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