University of Hartford
Financial Statements

June 30, 2023

UNIVERSITY OF HARTFORD

UNIVERSITY OF HARTFORD
STEPHEN MULREADY, ACTING PRESIDENT

If a healthy fiscal trajectory for universities in our post-pandemic world could be measured by a few selected metrics—including increases in applications and enrollment, the successful completion of facility enhancements, and academic program advancements—I could share just an affirmative headline or two. The University of Hartford is doing well in those areas and others. But running a modern institution of higher learning has challenges not unlike those of some of the most complex organizations in the country. As an institution, we must be extremely diligent in all our efforts moving forward.

With the input and guidance of our faculty and staff, the University of Hartford in recent years has instituted a number of initiatives to ensure financial stability. Budget processes were improved, efficiencies were achieved by reducing redundancies, undergraduate and graduate programs were updated to meet the demands of the 21st century, and marketing and branding were enhanced.

We are entering our fourth straight year of increases in undergraduate applications and student admission, seeing our newest in-demand academic programs grow in student interest and engagement, enjoying a boost in competitions for scholarships, and experiencing more graduate applications and deposits. Our new Office of Graduate and Professional Studies has proven to significantly reduce expenses as we moved a number of online programs previously run by a third-party administrator in house. Campus residency has surged in the past year and our standing among the top 20 percent of most diverse student bodies in New England has only strengthened.

Our strong belief several years ago that student success calls for a holistic approach that integrates the academic, social, personal, and professional needs of students is paying dividends today. The Division of Student Success has become a model in assisting and advising students even before they set foot on campus—and has led to significant increases in our retention.

The striking Francis X. and Nancy Hursey Center for Advanced Engineering and Health Professions, opened in late 2021, has transformed our campus—both in physical appearance and in the manner that we can attract and serve students in multiple high-growth programs.

We have grown partnerships with industry leaders such as Stanley Black & Decker, Pratt & Whitney, and Hartford HealthCare—all playing an important role in students' enrollment decisions and outcomes. The University's transition to an NCAA Division III athletics model from Division I, while not an easy decision, is also resulting in multiple benefits.

Our work is having a substantial bearing on our growing reputation and financial sustainability; it is incumbent upon us to maintain that momentum. We intend to focus on achieving enrollment stability, balancing the budget, further enriching campus experiences for all students, augmenting our fundraising efforts (with an emphasis on scholarships and endowments), finding ways to invest in faculty and staff compensation, and utilizing all existing resources in as efficient a manner as possible.

As the trends—and our selective strategies—of the past few years continue to play out, the University of Hartford stands ready to benefit from the hard work, strategic planning, and exhaustive dedication of many across our campus community, all with the same vision—to see the University of Hartford adapt and prosper with each new class and year.

Sincerely,

Stephen M Mulready

Stephen Mulready
Acting President

LEADERSHIP UPDATE

Following the retirement of President Gregory Woodward, the University has established new leadership. For the first time ever, both the chair of the Board of Regents and president are proud graduates of the University of Hartford.

Donald Allan Jr. ’86 began his tenure as board chair this past May. He has been a UHart regent since 2015, as well as a past member of the Barney School of Business Board of Visitors.

Last year, Allan was named president and CEO of New Britain-based Stanley Black & Decker, the world’s largest toolmaker, having joined Stanley in 1999 and advancing throughout the years. He was instrumental in launching the new Stanley Black & Decker Scholar program at UHart, which provides students with scholarships, mentoring programs, and résumé workshops. Allan has also made building expansions and renovations possible on campus, through generous contributions to spaces and technology in the Barney School of Business and the Hursey Center for Advanced Engineering and Health Professions.

Stephen M. Mulready M’77 is the University of Hartford’s acting president. Mulready has been engaged with the University for decades, teaching as a part-time faculty member, serving on both the Barney School of Business Board of Visitors and University of Hartford Board of Regents, and becoming the first UHart graduate to serve as dean of the Barney School of Business.

He is a recognized insurance professional and risk management expert and previously served as the executive vice president and chief operating officer at Crum & Forster, a leading property and casualty company. Mulready began his insurance career at Aetna, advancing to senior vice president and business leader of national commercial accounts, before moving on to become president of Orion Specialty. Royal Sun Alliance acquired Orion, where Mulready held a range of positions that included president and CEO of U.S. operations. Prior to joining Crum & Forster in 2010, he was CEO of AIX Holdings, Inc.

A presidential search is taking place during the current academic year, an inclusive process soliciting feedback from the campus community and stakeholders. The chosen candidate who best aligns with UHart’s culture and vision for the future is expected to begin as UHart’s seventh president on July 1, 2024.

FINANCIAL MATTERS

The University’s leadership has been dedicated to evaluating the finances of the past few years. The impact of COVID-19, and its effects on enrollment, retention, tuition revenues, tuition discounts and auxiliary revenues, was certainly a significant factor in failing to meet our DSCR ratio. To some degree, the decision to move from NCAA Division I to Division III athletics also factored into enrollment and retention over the same period. However, had the errors in our expense budget been discovered prior to the end of the fiscal year, the gap could have been closed using our discretionary funds of our endowment. It is important to continue to note that no default occurred under the loan agreements.

Due to missing the bond covenant, the University worked with an approved independent consultant, Longhouse Capital, which issued a summary report on March 31, 2023. This report set the stage for a series of action steps to reduce expenses. At the May 2023 Board of Regents meeting, a plan was presented and approved that included actions for improved financial modeling and controls, consolidation of functions, staffing eliminations, program evaluations, and budget reductions. University leadership and the Board of Regents concluded that significant cost reduction measures were necessary, appropriate, and possible.

Since this time, the University has devoted considerable effort to better understand and control our expenses and financial processes and reporting. These efforts, combined with positive results in enrollment, retention, and housing, have resulted in a significant decrease in the projected deficit for this year.

The financial results detailed below reflect the University’s ongoing action steps to reduce expenses and better control financial processes.

Statements of Financial Position
as of June 30,
(in thousands of dollars)

	2019	2020	2021	2022	2023
Assets					
Cash and cash equivalents	$ 17,730	$ 23,360	$ 23,149	$ 15,520	$ 3,570
Restricted funds	0	47,695.00	21,701.00	3,411	17,919
Accounts and loans receivable, net	11,057	12,632	12,647	10,695	9,401
Other assets	3,416	6,305	7,448	7,868	9,413
Pledges receivable, net	3,290	6,684	7,760	7,298	7,677
Investments	191,831	180,064	233,844	190,344	202,158
Property and equipment, net	138,008	142,666	164,976	177,179	176,021
Total assets	$ 365,332	$ 419,406	$ 471,525	$ 412,315	$ 426,159
Liabilities					
Accounts payable and accrued expenses	$ 14,358	$ 23,852	$ 31,790	$ 36,635	$ 23,951
Deferred revenue and student deposits	14,814	20,686	12,654	13,508	20,441
Post-retirement benefit obligations	11,615	11,649	9,846	7,713	6,738
Other liabilities	10,452	9,982	6,383	4,987	4,506
Notes payable and other debt	92,547	144,216	143,419	140,331	167,417
Total liabilities	$ 143,786	$ 210,385	$ 204,092	$ 203,174	$ 223,053
Net assets					
Without donor restrictions	$ 52,927	$ 43,088	$ 48,716	$ 28,334	$ 19,937
With donor restrictions	168,619	165,933	218,717	180,807	183,169
Total net assets	$ 221,546	$ 209,021	$ 267,433	$ 209,141	$ 203,106
Total liabilities and net assets	$ 365,332	$ 419,406	$ 471,525	$ 412,315	$ 426,159

Summary Statement of Activities
Fiscal years ended June 30,
(in thousands of dollars)

	2019	2020	2021	2022	2023
Operating revenues and other support					
Student tuition and fees	$ 202,831	$ 207,022	$ 208,723	$ 190,473	$ 195,945
Auxiliary enterprises, residence and dining fees	44,077	36,778	33,532	37,846	40,984
Less student aid	(95,342)	(103,312)	(105,706)	(103,820)	(103,015)
Net tuition and fees	151,566	140,488	136,549	124,499	133,914
Contributions and grants	7,880	13,298	20,325	18,687	10,907
Investment income	547	266	107	96	285
Endowment spending allocation	6,509	6,821	7,366	10,024	32,048
Distribution from perpetual trust (HASE, Inc.)	534	568	613	713	621
Organized activities	5,368	4,869	2,949	3,403	3,737
Other auxilliary enterprises	2,393	1,695	285	1,444	1,669
Other sources	5,531	4,618	5,046	8,941	5,190
Subtotal	28,762	32,135	36,691	43,308	54,457
Total operating revenues and other support	180,328	172,623	173,240	167,807	188,371
Operating expenses					
Instructional expenses	90,699	87,882	82,856	89,619	91,438
Auxiliary enterprises	36,016	34,778	31,119	33,443	36,231
Research and educational grants	3,013	2,744	2,918	2,720	2,392
Organized activities	8,887	8,700	7,078	8,600	7,179
Student services	13,511	14,394	14,171	16,054	17,066
Libraries	2,988	3,456	3,780	3,973	4,976
General institutional	15,655	10,105	12,695	14,976	14,377
General administration and other	10,885	9,778	16,341	10,427	7,431
Development	3,765	4,617	4,859	5,131	5,131
Total operating expenses	185,419	176,454	175,817	184,943	186,221
Change in net assets from operations	(5,091)	(3,831)	(2,577)	(17,136)	2,150
Non-operating activities					
Contributions	4,268	6,126	4,107	1,603	3,188
Net return on investments	6,398	(1,689)	54,867	(29,652)	19,214
Endowment spending allocation	(6,509)	(6,821)	(7,366)	(10,024)	(32,048)
Actuarial change in post-retirement benefits	(643)	(871)	879	978	(181)
Change in fair value of interest rate swap	(1,744)	(437)	-	-	-
Change in value of perpetual trust (HASE, Inc.)	750	217	4,342	(4,018)	1,218
Change in value in split interest agreements	896	(294)	2,714	(697)	543
Other non-operating activities	-	(4,925)	1,446	654	(119)
Change in net assets from non-operating activities	3,416	(8,694)	60,989	(41,156)	(8,185)
Change in net assets	(1,675)	(12,525)	58,412	(58,292)	(6,035)
Net assets at beginning of year	223,221	221,546	209,021	267,433	209,141
Net assets at end of year	$ 221,546	$ 209,021	$ 267,433	$ 209,141	$ 203,106

FACULTY AND STAFF

As of October 2023, the University employed 793 full-time faculty and staff, which included 333 full-time faculty, 306 professional and administrative staff, 103 office and administrative support staff, and 21 skilled crafts and service personnel and 30 Public Safety personnel. The University outsourced its facilities operations to Aramark in May 2021, including facilities management, and custodial, maintenance, trades, and ground personnel.

There are 333 full-time faculty, including visiting faculty. Of these, 76 are tenure-track appointments and 178 have been granted tenure by the Board of Regents, an award which is made only upon completion of a thorough review by both the collegiate promotion and tenure committees, and the Provost's Committee on Promotion, Tenure, and Academic Freedom. A total of 264 full-time faculty members have received doctoral or terminal degrees. Of the full-time faculty consists of 169 identify as men, 162 identify as women, and 1 identifies as agender.

The table below indicates the number of full- and part-time faculty members, and the number and percentage of tenured faculty members for the academic years indicated.

	2019-20	2020-21	2021-22	2022-23	2023-24
Faculty headcount	816	799	752	784	768
Faculty full-time	363	360	348	346	333
Faculty part-time	453	439	404	438	435
% tenured (full-time faculty)	54.4%	51.1%	49.4%	53.2%	53.5%

STUDENT ENROLLMENT

Tuition, Room, Board, and Fees

The University of Hartford is committed to setting tuition, room, board, and fees at a level where students and their families recognize a good value for an outstanding education. Each year, University leadership, with the Board of Regents, compares the cost of attendance to its regional competitors. As part of this process, consideration is given to the tuition discount rate using estimated family contributions, as well as the institutional aid committed to returning students. For the indicated academic years, the University's full-time undergraduates have been charged as follows:

	2019-20*	2020-21*	2021-22	2022-23	2023-24
Tuition	$ 39,220	$ 40,490	$ 41,704	$ 42,851	$ 44,350
Fees	2,962	3,070	3,171	3,297	3,297
Tuition and Fees	$ 42,182	$ 43,560	$ 44,875	$ 46,148	$ 47,647
Room (double occupancy)	$ 8,008	$ 8,088	$ 8,088	$ 8,088	$ 8,333
Board	4,960	5,110	5,264	5,422	5,612
Room and Board	$ 12,968	$ 13,198	$ 13,352	$ 13,510	$ 13,945
Total	$ 55,150	$ 56,758	$ 58,227	$ 59,658	$ 61,592

**Rates shown above are full year residential rates. Actual rates charged may vary as a result of campus closure due to COVID-19*

Enrollment

The University is committed to ensuring that our enrollment efforts and outcomes are informed by a continuous review of metrics tied to academic goals, program capacities and demand, retention, graduation rates, discount rate, and tuition revenue.

Over the five-year period, enrollment has fluctuated, consistent with peer institutions in the Northeast. However, UHart’s undergraduate enrollment, as measured by full-time equivalents, has experienced positive momentum in the last two years following the pandemic. As indicated below, the University is seeing a current increase of 9% in its 2023–24 incoming undergraduate class (first year and transfer), following a 16% increase in 2022–23. The University achieved enrollment gains in many new program offerings, including nursing, business analytics, aerospace engineering, and sports management. While UHart saw growth in several geographic areas, the greatest increase was seen in Connecticut, along with an encouraging post-pandemic rebound in New York and Massachusetts markets.

The University also enrolled a larger number of honors-qualified students who demonstrate strong academic ability, which bodes well for student success and retention. This incoming class, in addition to strong interest from returning students, also provided a significant increase in our residential student population. As the University is in the final stages of its athletics transition from NCAA Division I to NCAA Division III classification, we are experiencing increased interest from prospective student-athletes, enrolling increased classes of 114 for fall 2022 and 131 for fall 2023.

As noted in the table below, total completed applications (14,251) are up 7% compared to the prior year (13,231) date-to-date. The application increases are present across programs in all schools and colleges and represent the third straight year of application growth. Admit numbers also increased by 7% this year.

The University currently has an undergraduate application lead for fall 2024, following a successful autumn event season on campus.

UHart also continues to see stable domestic graduate enrollments, even with record-low national unemployment rates. In part, we are experiencing an increase in the number of international students seeking graduate studies. UHart recently launched a master's degree program in computer science, with expectations of at least 20 international students for fall 2024. A STEM-based MBA degree program and a new master's degree program in public health are also being developed to meet the growing demand from international students.

The one-year retention for the fall 2022 cohort was 79%, representing the second highest first-year retention rate in our history.

First Year Student Admission Information (Final Census Numbers)

	2019-20	2020-21	2021-22	2022-23	2023-24
First-Year Applications Received	12,796	12,854	13,083	13,231	14,251
First-Year Applications Accepted	10,051	9,793	10,623	10,948	11,838
% Accepted	79%	76%	81%	83%	83%
New First-Year Students Enrolled	1,226	1,129	970	1,141	1,307
% Matriculated	12%	12%	9%	10%	11%

Full Time, First Year, & Transfer Matriculants by College

	2019-20	2020-21	2021-22	2022-23	2023-24
Barney School of Business	138	137	93	146	177
College of Arts & Sciences	309	241	217	237	281
College of ENHP	299	268	232	300	310
CETA	228	219	185	249	239
Hartford Art School	97	103	83	90	91
Hillyer College	168	160	156	113	157
The Hartt School	129	125	96	126	135
University Studies	4	16	2	3	4
Total	**1,372**	**1,269**	**1,064**	**1,264**	**1,394**

The University's enrollment, as measured by full-time equivalents, for the current and past four years is shown below.

	2019-20	2020-21	2021-22	2022-23	2023-24
Undergraduate (FTE)					
Full-Time	4,260	4,084	3,684	3,687	3,844
Part-Time	216	177	126	114	114
Total Undergraduate (FTE)	4,476	4,261	3,810	3,801	3,958
Graduate Student (FTE)					
Full-time	712	750	688	723	735
Part-time	486	467	470	397	400
Total Graduate (FTE)	1,198	1,217	1,158	1,120	1,135
Total Student FTE	5,674	5,478	4,968	4,921	5,093

FINANCIAL AID

Each fall, the undergraduate enrollment team (leaders from admission, financial aid, and marketing communication) meet with each dean and our partners at EAB. We review key metrics from the prior cycle and discuss goal setting for the new year, including challenges and opportunities. This process includes in-depth discussions about discount trends and the pricing of tuition, room, board, and fees, in partnership with finance and in comparison to our peer set. We also review both need and non-need based financial packaging policies and go over a series of live simulations that inform our enrollment and net tuition revenue outcomes. Finally, we again meet with each dean to share the scenarios and projections before agreeing on final goals. In late fall, our final enrollment projections and plan are formally shared with finance and presented to the provost and president for approval. We attribute our accuracy and success in discount and net tuition revenue (NTR) to this strategic process and work.

Throughout the cycle, the undergraduate enrollment team continuously monitors activity and tracks enrollment and financial aid progress. The information and patterns learned from this consistent analysis informs mid-cycle adjustments and contributes to future enrollment and discount planning. Over the course of the entire cycle, these data are reviewed in detail on a biweekly basis with our enrollment leadership team and communicated to all University leaders on a regular basis.

UHart students are eligible for a range of financial aid, including scholarships, grants, loans, and student employment. Aid is funded by the University, federal and state governments, donors, and various other sources. Students from all income ranges are considered for and receive University of Hartford grants and scholarships. Increased focus in recent years has been on academic achievements; the University's scholarship days have been successful in attracting top-tier students who appear to have higher retention rates.

The FAFSA is used to determine need-based eligibility and we are closely monitoring the many anticipated changes coming with the 2024–25 FAFSA. With a known new need calculation expected, the University remains committed to supporting students as much as possible at the same need-based grant levels as in previous years. The Office of Student Financial Aid is working on outreach and counseling opportunities to help explain these changes to current and prospective families.

This year, we focused on rebuilding the federal work-study program as COVID-19 played a role in impacting the number of students working on campus. The FWS program prepares students with work experience but also helps support them financially in covering educational expenses, including books, supplies, and other personal expenses. We also worked diligently to advocate for the state of Connecticut to continue to support in-state students, and encourage their continuing studies, with scholarships and grant funds

The financial aid team continues to provide one-on-one financial aid counseling to students and parents at the recruitment stage, and they are actively involved in new student orientation.

First-time First-Year Average Need-Based Grant

	Fall 2019	Fall 2020	Fall 2021	Fall 2022	Fall 2023
Students enrolled	1,229	1,127	965	1,141	1,307
Students awarded need-based scholarship grant	944	716	626	745	903
% awarded need-based scholarship grant	77%	64%	65%	65%	69%
Average need-based scholarship grant for students receiving grant	$ 3,667	$ 4,337	$ 4,476	$ 3,941	$ 4,318
Tuition and fees	$ 42,182	$ 43,560	$ 44,875	$ 46,148	$ 47,648
Average need-based grant as a % of Tuition and fees	9%	10%	10%	9%	9%

	2018-19	2019-20	2020-21	2021-22	2022-23
Scholarships/Grants					
Federal	7,491	7,071	6,695	6,353	6,896
Institutional	84,183	86,998	90,241	83,911	93,284
State	762	707	899	774	877
External Scholarships/Grants	749	1,135	3,167	784	1,220
Self-Help					
Student Loans (no parent)	37,649	36,082	30,545	28,596	29,882
Federal Work Study	1,008	954	674	816	883
Other Work	1,547	1,134	1,208	1,167	1,133
Parent Loans	18,252	17,298	13,009	14,252	15,519
Tuition Waivers	4,016	4,141	4,217	4,277	3,637
Athletic Awards	6,018	6,445	6,307	5,317	1,964
Percent of First-time Full-time First Year Students Awarded Aid	93%	97%	93%	92%	93%

RESIDENTIAL EXPERIENCE

As a result of Connecticut State guidelines issued concerning the COVID-19 pandemic, the University decreased the total capacity of its residential halls for the 2020–21 academic year, resulting in a significant but temporary reduction in auxiliary revenue related to room and board. With lower occupancy on campus due to the pandemic, the University invested in the renovation of 32 apartments to meet the growing demand from graduate students to live on campus. The renovations were completed in summer 2021 and added an additional 50 graduate students into housing.

Recent investments in our living spaces have invigorated campus life. During summer 2022, the University ambitiously renovated 207 Village Apartments units. The Villages were chosen due to their capacity to house roughly one-third (877 students) of our residential population. The goal of the project was to increase our on-campus housing income by creating more desirable spaces for students to live. We had historically seen an erosion in Village residency because of aging amenities and conditions. The complete refresh of all Village Apartments included all interior upgrades and necessary infrastructure improvements to create an optimized student experience.

For the 2023–24 academic year, the Village Apartments were sold out for the first time during housing registration in spring 2023. By the start of the fall 2023 semester, we increased our Village occupancy from 89% in fall 2022 to 93% in fall 2023. The total number of undergraduate residential students rose from 2,491 in the 2022–23 academic year to 2,729 in the 2023–24 academic year at the date of census. This 10% increase (238 students) was attributed to the investment made in summer 2022, improved residential living experience, and a sharp increase in the off-campus rental market. We saw a similar trend with graduate residents. There was a modest 10% increase (nine graduate students) from 89 graduate students in the 2022–23 academic year to 98 graduate students in the current 2023–24 academic year. With the improvements and investments into the residential experience, we have increased occupancy and improved our overall residential outlook.

Five-Year Housing Statistics

	2019-20	2020-21	2021-22	2022-23	2023-24
Degree-Seeking Undergraduate Students in Campus Housing at Fall Census :	2,874	2,351	2,370	2,491	2,729
% Degree-Seeking Undergraduate Students in Campus Housing at Fall Census	63%	54%	61%	63%	66%
Degree-Seeking Graduate Students in Campus Housing at Fall Census:			68	89	98
% Degree-Seeking Graduate Students in Housing at Fall Census			4%	5%	5%

Investments

The University's Investment Subcommittee of the Board of Regents includes non-regents in an effort to ensure it has the appropriate expertise and knowledge to carry out its responsibilities effectively. In addition, the University uses an external endowment/investment consultant. Investments at June 30, 2023, were $202.2 million, which represents an increase of $7 million from June 30, 2022. The primary factor was an increase in market conditions over the prior year. In addition to the usual 4.5% endowment spend, $10.6 million of unrestricted endowment was used to establish a debt service reserve fund and $15.6 million of accumulated endowment investment income was released from restriction.

In addition to the pooled endowment, the University maintains non-pooled endowment and other short-term investments, which are reported at market value, where available. The University is the beneficiary of irrevocable charitable remainder trusts, which are reported as assets of the University based on the University’s share of the current market value. Finally, in accordance with a court decision dated January 4, 2002, the University records the value of the Hartford Art School Endowment assets as a perpetual trust. While the Hartford Art School is the sole beneficiary of the perpetual trust, the University has the irrevocable right to receive the income earned on the trust assets in perpetuity. Distributions received by the University are restricted to the benefit of the Hartford Art School.

The table below outlines the University's total investment positions and growth for the fiscal years ended June 30.

(in thousands of dollars)

	2019	2020	2021	2022	2023
Investments at fair value					
Cash equivalents	$ 1,290	$ 1,721	$ 3,368	$ 5,679	$ 3,401
Equities:					
U.S.	57,469	57,379	76,716	50,768	49,060
Non-U.S.	55,720	51,109	72,568	56,797	63,010
Fixed Income	30,130	27,449	31,044	27,912	27,676
Private equity funds	8,163	8,017	10,422	18,719	21,544
Hedged multi-strategy funds	12,813	9,983	9,690	7,862	10,947
Real assets	7,289	6,565	7,155	6,976	4,397
Commodities	63	49	-	-	-
Subtotal	172,937	162,272	210,963	174,713	$ 180,035
Charitable remainder trusts	1,228	214	2,843	2,316	2,736
Perpetual trust (HASE, Inc.)	17,666	17,578	22,170	18,152	19,387
	$ 191,831	$ 180,064	$ 235,976	$ 195,181	$ 202,158

The University holds interests in certain funds, commingled funds, and other investment structures that invest in securities at the discretion of the investment managers, according to the University's investment policy. The funds hold, among other investments, debt and/or equity securities of troubled or restructured companies and enter into transactions in financial futures, foreign exchange options, forward currency contracts (which are used for hedging and non-hedging purposes), securities purchased under agreements to resell, securities sold under agreements to repurchase, and commingled and other fixed income, domestic equity, and global equity funds. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs.

The University's investment strategy includes alternative investments that have acceptable risk/return characteristics, and which can further the diversification of the investment program. Such investments may include, but are not limited to, global asset allocation strategies, bank loan funds, distressed mortgage debt, infrastructure investments, niche private investments, certain types of hedge funds, and convertible bonds. The University, through its third-party investment advisor, performs ongoing due diligence with the investment managers, including a preliminary due diligence review and approval process and subsequent monitoring, which include site visits, review of audited financial statements, and performance analysis. The University's third-party investment advisor meets formally with the Investment Subcommittee to review performance and make investment recommendations.

Private equity investments are generally made through limited partnerships. Under the terms of the partnership agreements, the University makes a commitment of a specific amount of capital to a partnership and is obligated to remit committed funding periodically when capital calls are exercised by the General Partner as the partnership executes its investment strategy. Private equity funds are typically structured with investment periods of three to seven years. Subsequent to the expiration of the investment period, a fund is usually prohibited from calling capital for new investments. The aggregate amount of unfunded commitments associated with private equity investments is $5.1 million as of June 30, 2023. The timing and amount of future capital calls expected to be exercised in any particular future year is uncertain.

Fundraising

Our fundraising priorities for the next two fiscal years are focused on scholarship support for our students. We set a goal to double the amount of unrestricted, current-use funding for FY 23 (from $500,000 to $1 million). That increase includes a goal to raise $500,000 for unrestricted scholarship support, which can offset the unfunded aid awarded to students. We are also focused on securing larger gifts scholarships, in the form of permanent endowed funds. We have set a goal of securing $10 million in gifts and commitments over the next two fiscal years to support scholarships. This includes current use and endowed funds. This scholarship initiative gives our team focus during a year of a presidential transition. It also will help us provide funds to offset the operating budget, while growing the endowment simultaneously.

Below is a summary of fundraising amounts for the last five fiscal years.

	2018-19	2019-20	2020-21	2021-22	2022-23
Outright Gifts	$ 5,935,000	$ 4,565,000	$ 2,087,000	$ 4,561,379	$ 4,117,329
Pledge Payments	2,257,000	1,401,000	1,877,000	1,267,831	2,817,469
Bequests	1,981,000	2,373,000	279,000	1,435,740	2,319,227
Cash Totals	$ 10,173,000	$ 8,339,000	$ 4,243,000	$ 7,264,950	$ 9,254,025
New Pledges	$ 796,000	$ 5,813,000	$ 4,279,000	$ 964,517	$ 3,486,728
Planned Gift Intentions	$ 6,713,000	$ 795,000	$ 3,570,000	$ 5,978,342	$ 2,818,605

Outstanding Debt

As of June 30, 2023, the University had total outstanding indebtedness as follows in (000's):

	2023	2022
Series N Revenue Bonds issued through CHEFA, registered and publicly traded. Original principal $132,000. Serial bonds maturing each July 1, 2021 through 2034 fixed interest rate of 5.00%, aggregate principal $42,545, annual principal payments range from $600 to $4,255; Term bonds, principal amount $24,195 due July 1, 2039 fixed interest rate 4.00%. Term bonds, principal amount $29,460 due July 1, 2044, fixed interest rate 4.00%. Term bonds, principal amount $35,800 due July 1, 2049, fixed interest rate 4.00%. collateralized by various University assets in accordance with the loan agreement	129,040	131,400
Series P Revenue bonds issued through CHEFA, registered and publicly traded. Original principal of $25,500 maturing July 1, 2052, fixed interest rate of 5.38%. Annual interest only payments of $1,298 to $1,370 are due annually on July 1, 2050 to July 1, 2052, annual principal payments range from $8,060 to $8,950, collateralized by various University assets in accordance with the loan agreement	25,500	
	154,540	131,400
Plus unamortized premium	9,781	10,401
Less deferred bond issuance costs, net	(1,904)	(1,470)
Total notes payable and other debt	$ 162,417	$ 140,331

Liquidity

As of June 30, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditure, such as: operating expenses, scheduled principal payments on debt, and capitalized construction costs not financed with debt are as follows:

(in thousands of dollars)

	2023	2022
Cash and Cash Equivalents	$ 3,570	$ 10,683
Accounts Receivable, Net	8,217	8,261
Pledges Due in One Year or Less Available for Expenditure	1,989	1,424
Endowment Spending Appropriation for the Following Year	8,955	9,149
Total Financial Assets Available Within One Year	$ 22,731	$ 29,517

The University has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of the University's liquidity management, the University invests cash in excess of daily requirements in various short-term investments.

The University has board-restricted endowment funds of $20 million and $28.3 million, respectively, as of June 30, 2023 and 2022.

The University has access to a $15 million line of credit, which can be utilized for general expenditures. As of June 30, 2023 and 2022, the University had $10 million and $15 million, respectively, of funds available to draw from this line of credit.

Schedule A
to the Certificate

Statement Date: 6/30/2023

Covenants for Series N and P Issue - Loan Agreement Sections 5.12(a) & 5.12(b)

Tested at each 6/30

Long-Term Debt Service Coverage Ratio ≥ 1.10x	Original	
Change in Unrestricted Net Assets	$	3,976,000
Add/(Subtract): Unrealized Investment Losses / (Gains)		(1,402,808)
Add Back: Cash Paid for Interest		6,855,736
Add Back: Depreciation & Amortization		14,419,000
Add Back: Early Retirement Plan Benefits		-
Add/(Subtract): Change in Asset Retirement Obligation		119,000
Add/(Subtract): Actuarial Change in Retirement Plan Benefits		181,000
Amount Available For Debt Service	$	24,147,928
Maximum Annual Debt Service	$	9,431,000
Debt Service Coverage =		2.56
In Compliance:		Yes

Tested at each 6/30

Ratio of Cash & Investments to Debt ≥ 50%		
Cash and Equivalents	$	21,489,000
Investments	$	202,158,000
Divided by Funded Debt	$	162,417,000
Total Percentage =		137.7%
In Compliance:		Yes

UNIVERSITY OF HARTFORD

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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UNIVERSITY OF HARTFORD
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YEARS ENDED JUNE 30, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT

Board of Regents
University of Hartford
West Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of University of Hartford (the University) which comprise the statement of financial position as of June 30, 2023, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Hartford, as of 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Philadelphia, Pennsylvania
November 27, 2023

UNIVERSITY OF HARTFORD
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022
(IN THOUSANDS OF DOLLARS)

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 3,570	$ 10,683
Restricted Funds	17,919	3,411
Student Accounts Receivable, Net	4,897	5,338
Accounts and Loans Receivable, Net	4,504	5,357
Other Assets	9,413	7,868
Pledges Receivable, Net	7,677	7,298
Investments	202,158	195,181
Property and Equipment, Net	176,021	177,179
Total Assets	$ 426,159	$ 412,315
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 23,951	$ 36,635
Deferred Revenue and Student Deposits	19,626	11,762
Deferred Tuition and Auxiliary Fees	815	1,746
Post-Retirement Benefit Obligations	6,738	7,713
Other Liabilities	4,506	4,987
Bonds Payable and Other Debt	167,417	140,331
Total Liabilities	223,053	203,174
NET ASSETS		
Without Donor Restrictions	19,937	28,334
With Donor Restrictions	183,169	180,807
Total Net Assets	203,106	209,141
Total Liabilities and Net Assets	$ 426,159	$ 412,315

See accompanying Notes to Financial Statements.

UNIVERSITY OF HARTFORD
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)
(IN THOUSANDS OF DOLLARS)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
OPERATING REVENUES AND OTHER SUPPORT				
Tuition and Fees (Net of Student Aid of $101,879)	$ 94,066	$ -	$ 94,066	88,228
Auxiliary Enterprises, Residence and Dining Fees (Net of Student Aid of $1,136)	39,848	-	39,848	36,271
Net Student Charges	133,914	-	133,914	124,499
Contributions and Grants	6,005	4,902	10,907	18,687
Investment Income	226	59	285	96
Endowment Spending Allocation	12,373	19,675	32,048	10,024
Distribution from Perpetual Trust (HASE, Inc.)	-	621	621	713
Organized Activities	3,737	-	3,737	3,403
Other Auxiliary Enterprises	1,669	-	1,669	1,444
Other Sources	5,182	8	5,190	8,941
Subtotal	29,192	25,265	54,457	43,308
Net Assets Released from Restrictions	21,778	(21,778)	-	-
Total Operating Revenues and Other Support	184,884	3,487	188,371	167,807
OPERATING EXPENSES				
Instructional Expenses	98,806	-	98,806	96,105
Auxiliary Enterprises	36,231	-	36,231	33,586
Student Services	24,245	-	24,245	25,175
Institutional Support	26,939	-	26,939	30,077
Total Operating Expenses	186,221	-	186,221	184,943
CHANGE IN NET ASSETS FROM OPERATIONS	(1,337)	3,487	2,150	(17,136)
NONOPERATING ACTIVITIES				
Contributions	15	3,173	3,188	1,603
Net Return (Loss) on Investments	3,976	15,238	19,214	(29,652)
Endowment Spending Allocation	(12,373)	(19,675)	(32,048)	(10,024)
Actuarial Change in Post-Retirement Benefits	(181)	-	(181)	978
Change in Value of Perpetual Trust (HASE, Inc.)	-	1,839	1,839	(3,305)
Distribution from Perpetual Trust (HASE, Inc.)	-	(621)	(621)	(713)
Change in Value in Split Interest Agreements	2	541	543	(697)
Other Nonoperating Activities	(119)	-	(119)	654
Net Assets Released from Restrictions	1,620	(1,620)	-	-
CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES	(7,060)	(1,125)	(8,185)	(41,156)
CHANGE IN NET ASSETS	(8,397)	2,362	(6,035)	(58,292)
Net Assets - Beginning of Year	28,334	180,807	209,141	267,433
NET ASSETS - END OF YEAR	$ 19,937	$ 183,169	$ 203,106	$ 209,141

See accompanying Notes to Financial Statements.

UNIVERSITY OF HARTFORD
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS OF DOLLARS)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND OTHER SUPPORT			
Tuition and Fees (Net of Student Aid of $104,993)	$ 88,228	$ -	$ 88,228
Auxiliary Enterprises, Residence and Dining Fees (Net of Student Aid of $713)	36,271	-	36,271
Net Student Charges	124,499	-	124,499
Contributions and Grants	15,326	3,361	18,687
Investment Income	-	96	96
Endowment Spending Allocation	4,397	5,627	10,024
Distribution from Perpetual Trust (HASE, Inc.)	-	713	713
Organized Activities	3,403	-	3,403
Other Auxiliary Enterprises	1,444	-	1,444
Other Sources	8,941	-	8,941
Subtotal	33,511	9,797	43,308
Net Assets Released from Restrictions	10,865	(10,865)	-
Total Operating Revenues and Other Support	168,875	(1,068)	167,807
OPERATING EXPENSES			
Instructional Expenses	96,105	-	96,105
Auxiliary Enterprises	33,586	-	33,586
Student Services	25,175	-	25,175
Institutional Support	30,077	-	30,077
Total Operating Expenses	184,943	-	184,943
CHANGE IN NET ASSETS FROM OPERATIONS	(16,068)	(1,068)	(17,136)
NONOPERATING ACTIVITIES			
Contributions	85	1,518	1,603
Net Return on Investments	(3,619)	(26,033)	(29,652)
Endowment Spending Allocation	(4,397)	(5,627)	(10,024)
Actuarial Change in Post-Retirement Benefits	978	-	978
Change in Value of Perpetual Trust (HASE, Inc.)	-	(3,305)	(3,305)
Distribution from Perpetual Trust (HASE, Inc.)	-	(713)	(713)
Change in Value in Split Interest Agreements	-	(697)	(697)
Other Nonoperating Activities	654	-	654
Net Assets Released from Restrictions	1,985	(1,985)	-
CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES	(4,314)	(36,842)	(41,156)
CHANGE IN NET ASSETS	(20,382)	(37,910)	(58,292)
Net Assets - Beginning of Year	48,716	218,717	267,433
NET ASSETS - END OF YEAR	$ 28,334	$ 180,807	$ 209,141

See accompanying Notes to Financial Statements.

UNIVERSITY OF HARTFORD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022
(IN THOUSANDS OF DOLLARS)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (6,035)	$ (58,292)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Gifts In-Kind	(8)	(4)
Bad Debt Expense	1,140	1,929
Depreciation	14,419	13,232
Amortization of Bond Premium	(544)	(888)
Gain (Loss) on Disposal of Property and Equipment	15	(233)
Gifts of Securities	(327)	(157)
Gifts Restricted for Long-Term Investment	(3,974)	(5,768)
Net Unrealized and Realized (Gain) Loss on Investments	(15,647)	31,801
Funds Held in Trust by Others	(256)	697
Perpetual Trust (HASE, Inc.)	(1,839)	3,305
Actuarial Change in Post-Retirement Benefits	181	(978)
(Increase) Decrease in Assets:		
Accounts and Loans Receivable	(996)	(699)
Other Assets	(1,545)	(420)
Pledges Receivable	(596)	319
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(4,659)	(17,048)
Deferred Revenue and Student Deposits	6,933	854
Post-Retirement Benefit Obligations	(1,156)	(1,154)
Other Liabilities	(481)	(1,396)
Net Cash Used by Operating Activities	(15,375)	(34,900)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(46,053)	(23,770)
Proceeds from Sale of Investments	57,145	29,047
Purchases of Property and Equipment	(21,293)	(22,559)
Proceeds from Sale of Property	-	965
Student Loans Collected	1,367	865
Increase in Assets Limited as to Use	-	(74)
Restricted Funds	-	18,289
Net Cash Provided (Used) by Investing Activities	(8,834)	2,763
CASH FLOWS FROM FINANCING ACTIVITIES		
Gifts Restricted for Long-Term Investment	3,974	5,768
Payment of Bonds Payable and Other Debt	(2,360)	(2,250)
Proceeds of bonds payable and other debt	30,500	-
Payments of Bond Issuance Costs	(510)	(5)
Net Cash Provided by Financing Activities	31,604	3,513
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED FUNDS	7,395	(28,624)
Cash and Cash Equivalents and Restricted Funds - Beginning of Year	14,094	42,718
CASH AND CASH EQUIVALENTS AND RESTRICTED FUNDS - END OF YEAR	$ 21,489	$ 14,094

See accompanying Notes to Financial Statements.

UNIVERSITY OF HARTFORD
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022
(IN THOUSANDS OF DOLLARS)

	2023	2022
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 5,616	$ 5,748
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES		
Construction Related Assets Included in Accounts Payable	$ 563	$ 8,588
Gifts of Securities	$ 327	$ 157
Cash and Cash Equivalents	$ 3,570	$ 10,683
Restricted Funds	17,919	3,411
Total	$ 21,489	$ 14,094

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND OPERATIONS

Organization

The University of Hartford (the University) was established in 1957 as an independent, privately governed, nonprofit, comprehensive coeducational institution of higher education. The University's main campus is located on approximately 320 acres in Hartford, West Hartford, and Bloomfield, Connecticut and comprises the following degree granting colleges and schools:

- Barney School of Business
- College of Arts and Sciences
- College of Education, Nursing and Health Professions
- College of Engineering, Technology, and Architecture
- Hartford Art School
- Hartt School
- Hillyer College

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements, which are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), have been prepared to focus on the University as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

The University’s measure of operations, as presented in the statements of activities, includes income from tuition and fees, auxiliary enterprises, grants and contracts, cash or stock gifts for operating programs, the allocation of endowment spending, and other revenues. Operating expenses are reported on the statements of activities by functional categories after allocating costs for fringe benefits based on the distribution of salary expense, and interest on indebtedness, operations and maintenance of facilities, and depreciation expense, based on square footage.

Revenues

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which the University expects to be entitled to in exchange for those goods or services (i.e., the transaction price).

Tuition and Fee Revenue

Revenues from student tuition and fees is reflected net of reductions of institutional student aid and is recognized as the services are provided over the academic year, which generally aligns with the fiscal year. Payments for student services are generally received prior to the commencement of each academic term, and are recorded as a contract liability, presented as deferred revenue.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

Tuition and Fee Revenue (Continued)

Student tuition and fees are recorded at established rates during the year that the related academic services are rendered, net of financial aid and scholarships provided directly to students. Student tuition and fees are recorded at the time an enforceable contract exists between the University and the student, and recognized over time as services are provided to the student. Campus-based programs are delivered in the Fall (September to December), and Spring (mid-January to mid-May), as well as two Summer terms described below.

The University offers both undergraduate and graduate degrees. During the years ended June 30, 2023 and 2022, gross tuition revenues related to undergraduate courses were $163.6 million and $164.3 million, respectively; gross tuition revenue related to graduate courses were $23.1 million and $18.6 million, respectively; and fee revenue was $9.6 million and $8.4 million, respectively.

Merit and need-based institutional scholarships are awarded to students to defray the costs of the academic programs, which reduce the amount of revenue recognized. Scholarships awarded to students were $101.9 million and $102.02 million in the years ended June 30, 2023 and 2022, respectively. Payments for tuition are due approximately one week prior to the start of classes.

The University offers two primary summer terms: Session I from mid-May to the beginning of July; and Session II from the beginning of July to mid-August. As the University recognizes revenue as services are provided, a contract liability is recorded concerning session II.

Auxiliary Enterprises, Residence, and Dining Fees

Auxiliary enterprises include a variety of services that enhance the quality of student life on campus. Auxiliary service enterprise revenues include the University’s residence and dining services, retail operations, catering, and intercollegiate athletics. Expenses associated with auxiliary enterprise activities are reported as a single total and include an allocated portion of the cost of operating and maintaining the University’s plant assets, interest and depreciation expense. Aid in excess of a student’s tuition and fees is reflected as a reduction of residence and dining fees. Disbursements made directly to students for living or other costs are reported as an expense. Revenue related to dining services is recognized ratably over the period in which the services are delivered. Other auxiliary enterprise revenues are recognized at the point in time in which the services are rendered, or goods exchanged.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

Deposits and Deferred Revenues

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

	Tuition and Fees	Auxiliary	Total
Balance at June 30, 2021	$ 389	$ 802	$ 1,191
Revenue Recognized	(389)	(802)	(1,191)
Amounts Received for Future Performance Obligations	921	825	1,746
Balance at June 30, 2022	$ 921	$ 825	$ 1,746
Revenue Recognized	(921)	(825)	(1,746)
Amounts Received for Future Performance Obligations	478	337	815
Balance at June 30, 2023	$ 478	$ 337	$ 815

Other Revenue

Grants and contracts awarded by federal and other sponsors, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. The University elected the simultaneous release policy available, which allows the University to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. Total revenue from grants and contracts recognized in net assets without donor restrictions was $4.9 million and $14.1 million for the years ended June 30, 2023 and 2022, respectively. Payments received from sponsors in advance of conditions being met are reported as deferred revenue, which totaled $1.0 and $1.5 million, respectively, as of June 30, 2023 and 2022.

In May of 2021, the University was awarded a total of $12.3 million from the American Rescue Plan Act (ARP Act, HEERF III). The University recognized institutional aid of $3.6 million and $2.5 million in the years ended June 30, 2023 and 2022, respectively. The University issued student aid awards totaling $.02 million and $6.0 million in the year ended June 30, 2023 and 2022, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

Other Revenue (Continued)

Unconditional contributions, including unconditional promises to give reported as contributions receivable, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at the appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. Expirations of donor-imposed restrictions are reported as net assets released from restrictions on the statements of activities.

Net Asset Classes

Resources are reported in separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions – Net assets not subject to donor-imposed restrictions. Items that affect this net asset category include activity derived from tuition and other fees related to the core activities of the University, and other institutional resources. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Regents or may otherwise be limited by contractual agreements with outside parties.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that expire with the passage of time, can be fulfilled by actions pursuant to the restrictions, or which may be perpetual, and are restricted to benefit specific schools, departments, or programs of the University that have not yet been met through the disbursement of such assets for their restricted purposes. Such assets and activity primarily include restricted, non-endowed gifts, and net total investment return generated from restricted gifts to endowment as well as trusts and annuities whose ultimate purpose is not permanently restricted and those trusts and annuities whose ultimate purpose is to be maintained in perpetuity.

The University's endowment consists of donor-restricted endowment funds and funds without donor restrictions which have been designated by the Board to act as endowment funds for a variety of purposes. The net assets associated with endowment funds, including funds designated by the Board, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classes (Continued)

Operating results in the statements of activities reflect all transactions increasing or decreasing net assets with and without donor restrictions, except those items associated with long-term investment, change in postretirement benefit obligations, changes in the fair value of derivative instruments, and other infrequent transactions. Net assets released from donor restrictions consist of the release of restriction on donor-restricted net assets due to the donor-imposed purpose being completed or met, or the University appropriating gains for spending.

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit with banks, as well as short-term investments with maturities of 90 days or less at the date of purchase. At times, cash balances at a limited number of banks and financial institutions may exceed federally insured amounts. Management believes it mitigates credit risk by depositing cash and investing through major financial institutions.

Money market funds held for investment purposes are classified as investments, assets limited to use, or restricted funds, and are not reflected as cash equivalents in the statements of cash flows.

Restricted Funds

On December 5, 2019, the University borrowed funds through the Connecticut Health and Educational Facilities Authority (CHEFA), a conduit issuer. Of the amounts borrowed, $50 million is restricted to the purpose of constructing a new academic building to be utilized to house new, specialized, and technology-rich facilities for programs in the College of Engineering, Technology, and Architecture, and the College of Education, Nursing, and Health. As of June 30, 2023 and 2022, $0.8 million and $3.4 million remains available to be used by the University.

On July 7, 2022, the University borrowed additional funds through CHEFA. $25.5 million is restricted for the purpose of financing, refinancing, and reimbursing various campus renovation and construction projects. As of June 30, 2023, $6.5 million remains available to be used by the University. On June 20, 2023, the University, in compliance with its bond covenants, established a $10.6 million debt service reserve fund due to the University's rating by S&P falling below "BBB-".

Fair Value Measurements

Fair value is defined under GAAP as the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Financial instruments measured and reported at fair value are classified and disclosed in one of three categories that prioritize inputs used to measure fair value:

Level 1 – Quoted prices (unadjusted) for identical securities in active markets that the University can access at the measurement date.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 2 – Observable prices for similar securities that are based on inputs not quoted in active markets but corroborated by market data.

Level 3 – Unobservable inputs that are used when little or no market data is available.

Investments

Investments are recorded at fair value. Investments in stocks and bonds, which are traded on national securities exchanges, are valued at end-of-day closing prices.

The University uses net asset value (NAV) reported by fund managers as a practical expedient to estimate fair value of alternative investments that, a) do not have a readily determinable fair value and, b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. These investments measured at NAV are not required to be categorized in the fair value hierarchy.

The University holds interests in certain funds, commingled funds, and other investment structures that invest in securities and other investments at the discretion of investment managers according to the University's investment policy. The funds hold, among other investments, debt and/or equity securities of troubled or restructured companies, and enter into transactions in financial futures, foreign exchange options, forward currency contracts (which are used for hedging and nonhedging purposes), securities purchased under agreements to resell, securities sold under agreements to repurchase, and commingled and other fixed income, domestic equity and global equity funds. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs.

The University's investment strategy includes alternative investments that have acceptable risk/return characteristics, and which can further the diversification of the investment program. Such investments may include, but are not limited to, global asset allocation strategies, bank loan funds, distressed mortgage debt, infrastructure investments, niche private investments, certain types of hedge funds, and convertible bonds. The University, through its third-party investment advisor, performs ongoing due diligence with the investment managers, including a preliminary due diligence review and approval process and subsequent monitoring, which include site visits, review of audited financial statements, and performance analysis. The University's third-party investment advisor meets formally with the Investment Subcommittee on a regular basis to review performance and make investment recommendations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Spending Allocation Policy

The Board of Regents of the University has adopted a spending allocation policy for endowment return to be utilized to support the annual unrestricted operations and restricted programs of the University. Under the University's spending policy, donations made to the Pooled Endowment Fund are added in the quarter the gift or notification is received. The University's endowment spending allocation is calculated based on 4.5% of the lesser of the calculated 12-quarter moving market average or the ending quarterly market value on a unitized basis. The corresponding calculated spending allocations are distributed in quarterly installments. In establishing this policy, the Board considered the expected long-term rate of return on its endowment. Accordingly, over the long-term, the University expects the current spending policy to allow its endowment to grow at least by the current spending rate and inflation annually, consistent with the objectives of providing resources for the underlying purpose of the endowment assets over the life of the endowment, as well as to provide additional growth through new gifts. Actual returns in any given year may vary from this amount.

U.S. Government Refundable Advances

The University holds certain amounts advanced by the U.S. Government under the Federal Perkins Loan Program (the Program). Under federal law, the authority for the University to make new loans ended on September 27, 2017, and final distributions were permitted through June 30, 2018. The University made its first return of amounts advanced to the U.S. Department of Education on February 13, 2020. Advances from the federal government for student loans in the amount of $1,985 and $2,575 as of June 30, 2023 and 2022, respectively, are included in other liabilities on the accompanying statements of financial position.

Perpetual Trust (HASE, Inc.)

In a state court decision dated January 4, 2002, legal title of the University's Hartford Art School endowment assets was determined to belong to Hartford Art School, Inc. (HAS, Inc.), an organization affiliated with the University. The trust completed a legal name change in a prior year to Hartford Art School Endowment, Inc. (HASE, Inc.). As a result of this decision, the University discloses the HASE, Inc. endowment funds as a perpetual trust.

The University's Hartford Art School is the sole beneficiary of the perpetual trust held by HASE, Inc. Under the terms of the trust, the University has the irrevocable right to receive the income earned on the trust assets in perpetuity. Distributions received by the University are restricted to the benefit of the Hartford Art School. Distributions received from the perpetual trust for fiscal years 2023 and 2022 were $621 and $666, respectively. Changes in fair value of the perpetual trust are recorded in the statements of activities as a change in value of perpetual trust (HASE, Inc.).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Land and land improvements, buildings, furniture and equipment, and library books are stated at cost at the date of purchase or at fair value on the date of donation in the case of gifts. The University depreciates property and equipment (excluding land) using the straight-line method beginning in the month of acquisition or capitalization for construction in progress. Useful lives assigned to assets are as follows:

Buildings	50 to 75 Years
Building Improvements	10 to 20 Years
Furniture and Equipment	3 to 10 Years
Library Books	5 Years

It is the University's policy not to capitalize library and art collections.

The University recognizes the fair value of a liability for legal obligations associated with asset retirement in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the obligation is capitalized by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the obligation and the liability recorded is recognized as a gain or loss in the statements of activities. The asset retirement obligation at June 30, 2023 and 2022 was $2,521 and $2,411 respectively, and is included in other liabilities in the statements of financial position.

Tax Status

The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally exempt from federal and state income taxes under Section 501(a) of the IRC and applicable state laws, except for unrelated business income. There was no provision for income taxes due on unrelated business income in fiscal years 2023 and 2022, and the University believes it has taken no significant uncertain tax positions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The University determines if an arrangement is a lease at inception. ROU assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The University has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

NOTE 3 LIQUIDITY

As of June 30, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditure, such as: operating expenses, scheduled principal payments on debt, and capitalized construction costs not financed with debt, were as follows:

	2023	2022
Cash and Cash Equivalents	$ 3,570	$ 10,683
Accounts Receivable, Net	8,217	8,261
Pledges Due in One Year or Less Available for Expenditure	1,989	1,424
Endowment Spending Appropriation for the Following Year	8,955	9,149
Total Financial Assets Available Within One Year	$ 22,731	$ 29,517

The University has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of the University's liquidity management, the University invests cash in excess of daily requirements in various short-term investments.

The University has board-restricted endowment funds of $20 million and $28.3 million, respectively, as of June 30, 2023 and 2022.

The University has access to a $15 million line of credit, which can be utilized for general expenditures. As of June 30, 2023 and 2022, the University had $10 million and $15 million respectively, of funds available to draw from this line of credit.

NOTE 4 ACCOUNTS AND LOANS RECEIVABLE

Accounts and loans receivable at June 30, consist of:

	2023	2022
Student Accounts Receivable	$ 6,347	$ 6,788
Other Accounts Receivable	3,400	3,014
Student Loans Receivable	1,240	2,607
Total	10,987	12,409
Allowance for Uncollectible Receivables	(1,586)	(1,714)
Accounts and Loans Receivable, Net	$ 9,401	$ 10,695

Allowances for doubtful accounts are established based upon prior collection experiences and current economic factors, which could influence the ability of students and customers to repay the amounts due to the University.

At June 30, 2023 and 2022, respectively, the balance of the contract assets shown as student accounts receivable, net on the statements of financial position was $4,897 and $5,338. At the beginning of 2022, the balance of contract assets was $5,241.

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable at June 30, are expected to be realized in the following periods:

	2023	2022
In One Year or Less	$ 1,989	$ 1,424
Between Two Years and Four Years	3,152	2,866
In Five Years or More	3,023	3,490
Total	8,164	7,780
Allowance for Uncollectible Pledges and Discount to Present Value (1.2% to 4.9%)	(487)	(482)
Pledges Receivable, Net	$ 7,677	$ 7,298

NOTE 6 INVESTMENTS AND FAIR VALUE

The University's financial assets are shown below by their fair value hierarchy.

	2023				
	Level 1	Level 2	Level 3	Investments Measured at NAV	Total Fair Value
Cash and Cash Equivalents	$ 3,401	$ -	$ -	$ -	$ 3,401
Equities:					
U.S.	48,849	-	-	211	49,060
Non-U.S.	17,053	-	-	45,957	63,010
Fixed Income	8,756	9,650	-	9,270	27,676
Private Equity Funds	-	-	-	21,544	21,544
Hedged Multi-Strategy Funds	-	-	-	10,947	10,947
Real Assets	2,287	-	-	2,110	4,397
Subtotal	80,346	9,650	-	90,039	180,035
Charitable Remainder Trusts	-	-	2,736	-	2,736
Perpetual Trust (HAS, Inc.)	-	-	19,387	-	19,387
Total Investments	$ 80,346	$ 9,650	$ 22,123	$ 90,039	$ 202,158

	2022				
	Level 1	Level 2	Level 3	Investments Measured at NAV	Total Fair Value
Cash and Cash Equivalents	$ 5,679	$ -	$ -	$ -	$ 5,679
Equities:					
U.S.	50,593	-	-	175	50,768
Non-U.S.	14,619	-	-	42,178	56,797
Fixed Income	7,055	10,837	-	10,020	27,912
Private Equity Funds	-	-	-	18,719	18,719
Hedged Multi-Strategy Funds	-	-	-	7,862	7,862
Real Assets	4,288	-	-	2,688	6,976
Subtotal	82,234	10,837	-	81,642	174,713
Charitable Remainder Trusts	-	-	2,316	-	2,316
Perpetual Trust (HAS, Inc.)	-	-	18,152	-	18,152
Total Investments	$ 82,234	$ 10,837	$ 20,468	$ 81,642	$ 195,181

During fiscal years 2023 and 2022, there were no transfers into or out of Level 3 of the fair value hierarchy and there were no purchases or issues of Level 3 assets and liabilities.

Instrument	Fair Value 2023	Fair Value 2022	Principal Valuation Technique	Unobservable Inputs
Perpetual Trust (HAS, Inc.)	$ 19,387	$ 18,152	FMV of Trust Investments	Value of Underlying Assets
Charitable Remainder Trusts	2,736	2,316	FMV of Trust Investments	Value of Underlying Assets

NOTE 6 INVESTMENTS AND FAIR VALUE (CONTINUED)

Investment liquidity is aggregated in the tables below based on redemption or sale ability as of June 30:

	2023					
	Daily	Monthly	Quarterly	Annual/ Longer	Illiquid	Total
Cash and Cash Equivalents	$ 3,363	$ -	$ -	$ -	$ 38	$ 3,401
Equities:						
U.S.	48,849	-	-	-	211	49,060
Non-U.S.	17,053	30,036	9,200	6,447	274	63,010
Fixed Income	18,406	4,869	4,225	-	176	27,676
Private Equity Funds	-	-	-	-	21,544	21,544
Hedged Multi-Strategy Funds	-	-	5,883	5,024	40	10,947
Real Assets	2,286	-	2,099	-	12	4,397
Subtotal	89,957	34,905	21,407	11,471	22,295	180,035
Charitable Remainder Trusts	-	-	-	-	2,736	2,736
Perpetual Trust (HAS, Inc.)	-	-	-	-	19,387	19,387
Total Investments	$ 89,957	$ 34,905	$ 21,407	$ 11,471	$ 44,418	$ 202,158

	2022					
	Daily	Monthly	Quarterly	Annual/ Longer	Illiquid	Total
Cash and Cash Equivalents	$ 5,671	$ -	$ -	$ -	$ 8	$ 5,679
Equities:						
U.S.	50,593	-	-	-	175	50,768
Non-U.S.	14,619	29,264	7,523	5,146	245	56,797
Fixed Income	17,891	4,879	4,960	-	181	27,911
Private Equity Funds	-	-	-	-	18,719	18,719
Hedged Multi-Strategy Funds	-	-	5,706	2,156	-	7,862
Real Assets	4,288	-	2,675	-	14	6,977
Subtotal	93,062	34,143	20,864	7,302	19,342	174,713
Charitable Remainder Trusts	-	-	-	-	2,316	2,316
Perpetual Trust (HAS, Inc.)	-	-	-	-	18,152	18,152
Total Investments	$ 93,062	$ 34,143	$ 20,864	$ 7,302	$ 39,810	$ 195,181

Private equity investments are generally made through limited partnerships. Under the terms of the partnership agreements, the University makes a commitment of a specific amount of capital to a partnership and is obligated to remit committed funding periodically when capital calls are exercised by the General Partner as the partnership executes its investment strategy. Private equity funds are typically structured with investment periods of three to seven years. Subsequent to the expiration of the investment period, a fund is usually prohibited from calling capital for new investments.

The aggregate amount of unfunded commitments associated with private equity investments is $5.1 and $5.9 million as of June 30, 2023 and 2022, respectively. The timing and amount of future capital calls expected to be exercised in any particular future year is uncertain.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	2023	2022
Land and Land Improvements	$ 16,788	$ 16,788
Building and Building Improvements	370,517	349,467
Furniture and Equipment	51,300	50,551
Library Books	3,995	4,004
Subtotal	442,600	420,810
Less: Accumulated Depreciation	(267,401)	(254,830)
Construction in Progress	822	11,199
Property and Equipment, Net	$ 176,021	$ 177,179

Depreciation expense was $14,419 and $13,232 in 2023 and 2022, respectively.

During 2008, the University entered into an agreement with the state of Connecticut which restricts the use, sale, assignment, transfer, conveyance, or leasing of the Mort and Irma Handel Performing Arts Center without prior consent of the Commissioner of the Department of Economic and Community Development.

The University capitalized $0 million and $.05 million in 2023 and 2022, respectively, of interest costs associated with the construction of the new academic building which was financed by bonds issued through CHEFA. Capitalized interest is included within construction-in-progress above.

NOTE 8 RETIREMENT PLANS

Defined contribution retirement pension benefits are provided to full-time employees through payments to the Teachers' Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF). The University recorded an expense representing the benefit contributions made by the University during fiscal 2023 and 2022 of $4,692 and $4,790, respectively. As a response to the COVID-19 pandemic, the University suspended employer contributions to the plan through December 31, 2020. Employer contributions restarted effective January 1, 2021.

The University provides certain retiree medical and life insurance benefits to certain salaried and hourly employees whose years of service plus age equals at least 75 and whose years of service are at least 10 as of December 31, 2005. The plan is closed to employees not meeting those eligibility requirements as of December 31, 2015. The plan no longer provides life insurance benefits to employees within the plan.

NOTE 8 RETIREMENT PLANS (CONTINUED)

Post-retirement health and life insurance plans:

	2023	2022
Change in Benefit Obligation:		
Benefit Obligation - Beginning of Year	$ 7,713	$ 9,846
Interest Cost	313	211
Plan Participant Contributions	556	419
Actuarial Loss	(505)	(1,418)
Benefits Paid	(1,339)	(1,345)
Benefit Obligation - End of Year	$ 6,738	$ 7,713
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning of Year	$ -	$ -
Employer Contributions	783	926
Plan Participant Contributions	556	419
Benefits Paid	(1,339)	(1,345)
Fair Value of Plan Assets - End of Year	$ -	$ -
Components of Net Periodic Post-Retirement Benefit Cost:		
Interest Cost	$ 313	$ 211
Recognized Net Gain	(686)	(439)
Net Periodic Post-Retirement Benefit Income	$ (373)	$ (228)
Weighted Average Assumptions:		
Benefit Obligation		
Discount Rate	5.12%	4.39%
Net Periodic Benefit Cost		
Discount Rate	4.39%	2.31%

For measurement purposes, a 5.4% annual rate of increase in the per capita cost of covered health care benefits for medical costs was assumed for 2023, and the rate is assumed to decrease to 4.40% in 2025 and remain at this level thereafter.

Contributions

The University contributes a specified percentage of each eligible employee's salary to the plan. Contributions for the years ended June 30, 2023 and 2022 were $0.8 million and $0.9 million, respectively. Expected contributions for the year ending June 30, 2024 are $0.7 million.

NOTE 8 RETIREMENT PLANS (CONTINUED)

Estimated Future Benefit Payments

The following is a schedule of estimated benefit payments, which reflect expected future service for fiscal year ending June 30:

Year Ending June 30,	Amount
2024	$ 736
2025	726
2026	710
2027	687
2028	653
2029-3033	2,794
Total	$ 6,306

Starting in fiscal year 2020, the University offered an early-retirement plan for certain eligible employees. As a part of the plan, the University funded health retirement accounts for all plan members. As of June 30, 2023 and 2022, $2.8 million and $3.2 million, respectively, had been accrued related to this plan.

NOTE 9 BONDS PAYABLE AND OTHER DEBT

Description	2023	2022
Series N Revenue Bonds issued through CHEFA, registered and publicly traded. Original principal $132,000. Serial bonds maturing each July 1, 2021 through 2034 fixed interest rate of 5.00%, aggregate principal $42,545, annual principal payments range from $600 to $4,255; Term bonds, principal amount $24,195 due July 1, 2039, fixed interest rate 4.00%. Term bonds, principal amount $29,460 due July 1, 2044, fixed interest rate 4.00%. Term bonds, principal amount $35,800 due July 1, 2049, fixed interest rate 4.00%. collateralized by various University assets in accordance with the loan agreement.	$ 129,040	$ 131,400
Series P Revenue bonds issued through CHEFA, registered and publicly traded. Original principal of $25,500 maturing July 1, 2052, fixed interest rate of 5.38%. Annual interest only payments of $1,298 to $1,370 are due annually on July 1, 2023 through 2049; principal and interest payments are due annual on July 1, 2050 to July 1, 2052, annual principal payments range from $8,060 to $8,950, collateralize by various University assets in accordance with the loan agreement.	25,500	-
Subtotal	154,540	131,400
Plus: Unamortized Premium	9,781	10,401
Less: Deferred Bond Issuance Cost, Net	(1,904)	(1,470)
Total Bonds Payable and Other Debit	$ 162,417	$ 140,331

NOTE 9 BONDS PAYABLE AND OTHER DEBT (CONTINUED)

Principal and Interest payments on the Series N and P bonds are required to be paid to a Trust prior to June 30. Payments are released to the bondholders subsequent June 30. The University records payments to the Trust as assets limited as to use and is included in other assets on the statement of activities. At June 30, 2023 and 2022, assets limited as to use totaled $6.6 million and $5.2 million, respectively. Bonds payable is reduced when payment is released from the Trust to the bondholders. Principal payments required to be paid by the University over a five-year period on notes payable and other debt existing as of June 30, 2023 are as follows:

Year Ending June 30,	Amount
2024	$ 2,490
2025	2,610
2026	2,750
2027	2,875
2028	3,030
Thereafter	140,785
Total	$ 154,540

On December 5, 2019, the University refinanced all existing bonds payable, and issued through CHEFA Series N and Series O for $132 million and $1.7 million, respectively. The University also recognized a premium of $12.2 million related to the Series N debt. In addition to refinancing the previous bonds payable, Series N provides the University $50 million which was primarily used to construct a new academic building. All Series O proceeds were used to pay down the University's interest rate swap on various portions of the previous notes payable.

On July 7, 2022, the University issued through CHEFA Series P for $25.5 million. Series P provides the University $25.5 million restricted for purposes of financing, refinancing and reimbursing various campus renovation and construction projects.

Under the terms of its Revenue Bond agreements, the University is required to satisfy certain financial covenants related to cash balances, long-term debt service coverage, short-term indebtedness, disposals of property, and other non-financial covenants. In addition, the University is precluded from obtaining additional debt without the prior consent of CHEFA.

As of June 30, 2023 and 2022, the University had an agreement for a revolving line of credit of up to $15 million bearing interest at the variable secured overnight financing rate published by the Federal Reserve Bank of New York plus 1.60% and 1.10%, respectively. Under the terms of the line of credit agreement, certain assets of the University are held as collateral. Borrowings against the line of credit were $5.0 million and $-0- as of June 30, 2023 and 2022, respectively, and are included other liabilities on the statements of financial position.

NOTE 10 ENDOWMENT FUNDS

The University's endowment consists of approximately 700 funds, established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds functioning as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University has interpreted the Connecticut enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as, unless stated otherwise in the gift instrument, the assets in an endowment fund should be donor-restricted assets until appropriated for expenditure. The University classifies as donor-restricted net assets, (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment is considered as restricted until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the University and donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- The investment policies of the University

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

The University had the following endowment activities during the years ended June 30:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 28,334	$ 163,030	$ 191,364
Net Total Investment Return	3,976	15,238	19,214
Gifts and Transfers	-	3,591	3,591
Change in Pledges	-	161	161
Perpetual Trust (HASE, Inc.)	-	1,218	1,218
Endowment Spending Allocation	(12,373)	(19,675)	(32,048)
Endowment Net Assets - End of Year	$ 19,937	$ 163,563	$ 183,500

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 36,329	$ 196,409	$ 232,738
Net Total Investment Return	(3,619)	(25,709)	(29,328)
Gifts and Transfers	21	2,070	2,091
Change in Pledges	-	(95)	(95)
Perpetual Trust (HASE, Inc.)	-	(4,018)	(4,018)
Endowment Spending Allocation	(4,397)	(5,627)	(10,024)
Endowment Net Assets - End of Year	$ 28,334	$ 163,030	$ 191,364

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficits). When donor endowment deficits exist, they are reported in net assets with donor restrictions. As of June 30, 2023 and 2022, respectively, funds with an original gift value of $1,426 and $4,458 were “underwater” by $103 and $267. Future market gains will be used to restore this deficit.

In accordance with UPMIFA, the University has the ability to spend from individual endowments that are underwater if it considers such actions to be prudent for that particular endowment, unless stated otherwise in the gift instrument. No such spending occurred in the years ended June 30, 2023 or 2022.

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

At June 30, 2023 and 2022, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions, and consisted of the following (in thousands of dollars):

2023	Without Donor Restrictions	With Donor Restrictions: Original Gift	With Donor Restrictions: Accumulated Gains	With Donor Restrictions: Total	Total Funds 2023
Board-Designated Endowment	$ 19,937	$ -	$ -	$ -	$ 19,937
Donor Restricted	-	103,922	59,641	163,563	163,563
Total	$ 19,937	$ 103,922	$ 59,641	$ 163,563	$ 183,500

2022	Without Donor Restrictions	With Donor Restrictions: Original Gift	With Donor Restrictions: Accumulated Gains	With Donor Restrictions: Total	Total Funds 2022
Board-Designated Endowment	$ 28,334	$ -	$ -	$ -	$ 28,334
Donor Restricted	-	98,083	64,947	163,030	163,030
Total	$ 28,334	$ 98,083	$ 64,947	$ 163,030	$ 191,364

The University has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the permanent nature of endowment funds. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks.

To achieve 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 gains) and current yield (interest and dividends). The University targets a diversified asset allocation to achieve its long-term objectives within prudent risk constraints.

NOTE 11 NET ASSETS

Net assets at June 30, consisted of the following:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Undesignated	$ -	$ -	$ -
Funding for Facilities		166	166
Funding for Student Aid	-	5,184	5,184
Funding for Institutional Support	-	12,935	12,935
Other	-	1,321	1,321
Total	-	19,606	19,606
Endowment Funds:			
Student Aid	1,303	82,609	83,912
Instructional Support		60,930	60,930
Institutional Support		9,502	9,502
Other	18,634	10,522	29,156
Total Endowment Funds	19,937	163,563	183,500
Total Net Assets	$ 19,937	$ 183,169	$ 203,106

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Undesignated	$ -	$ -	$ -
Funding for Facilities	-	125	125
Funding for Student Aid	-	3,541	3,541
Funding for Institutional Support	-	9,037	9,037
Other	-	5,074	5,074
Total	-	17,777	17,777
Endowment Funds:			
Student Aid	1,316	89,078	90,394
Instructional Support	-	57,095	57,095
Institutional Support	-	8,639	8,639
Other	27,018	8,218	35,236
Total Endowment Funds	28,334	163,030	191,364
Total Net Assets	$ 28,334	$ 180,807	$ 209,141

NOTE 11 NET ASSETS (CONTINUED)

Net assets were released from donor restrictions as expenses were incurred satisfying the restricted purposes, passage of time or the occurrence of other events specified by donors as follows for the year ended June 30:

	2022	2021
Release of Restrictions:		
Student Aid	$ 5,717	4,161
Student Services and Activities	851	973
Instructional Support	3,194	2,599
Institutional Support	12,016	3,132
Facilities	1,620	1,985
Total	$ 23,398	$ 12,850

NOTE 12 FUNCTIONAL AND NATURAL CLASSIFICATION OF EXPENSES

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

Expenses by functional and natural classification consist of the following for the years ended June 30:

	2023				
	Instruction	Auxiliary Enterprises	Student Services	Institutional Support	Total
Salaries and Wages	$ 57,072	$ 1,069	$ 8,324	$ 11,894	$ 78,359
Employee Benefits	16,024	306	2,425	3,808	22,563
Depreciation	4,196	6,860	2,296	1,067	14,419
Interest	1,744	2,851	954	443	5,992
Utilities, Construction, and Maintenance	8,769	9,201	3,751	3,425	25,146
Supplies, Services, and Other	11,001	15,944	6,495	6,302	39,742
Total	$ 98,806	$ 36,231	$ 24,245	$ 26,939	$ 186,221

	2022				
	Instruction	Auxiliary Enterprises	Student Services	Institutional Support	Total
Salaries and Wages	$ 54,906	$ 1,006	$ 8,510	$ 11,908	$ 76,330
Employee Benefits	16,434	285	2,683	4,153	23,555
Depreciation	3,851	6,295	2,107	979	13,232
Interest	1,244	2,033	681	316	4,274
Utilities, Construction, and Maintenance	10,044	10,213	3,873	3,980	28,110
Supplies, Services, and Other	9,626	13,754	7,321	8,741	39,442
Total	$ 96,105	$ 33,586	$ 25,175	$ 30,077	$ 184,943

NOTE 13 COMMITMENTS AND CONTINGENCIES

The University is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions will not materially affect the financial position, changes in net assets, or cash flows of the University.

NOTE 14 RELATED PARTIES

Members of the University's Board of Regents and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the University. The University's conflict of interest policy requires, among other things, that no member of the Board of Regents or its committees can participate in any decision in which he or she (or an immediate family member) has a material financial interest. For members of the Board of Regents and senior management, the University requires an annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with the University. When such relationships exist, measures are taken to address the actual or perceived conflict to protect the best interests of the University and ensure compliance with relevant conflict of interest laws or policy.

NOTE 15 SUBSEQUENT EVENTS

The University has performed an evaluation of subsequent events through November 27, 2023, which is the date the financial statements were available to be issued.