KPMG

CLARKSON UNIVERSITY

Independent Auditors' Reports and Related Information as Required by the Uniform Guidance

Year Ended June 30, 2024

CLARKSON UNIVERSITY

Independent Auditors' Reports and Related Information as Required by the Uniform Guidance

Year ended June 30, 2024

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Trustees
Clarkson University:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Clarkson University (the University), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2024, is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2024 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 consolidated financial statements or to the 2024 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2024 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Albany, New York
March 28, 2025

CLARKSON UNIVERSITY

Consolidated Balance Sheets

June 30, 2024 and 2023

Assets		**2024**	**2023**
Cash and cash equivalents	$	3,198,575	8,560,353
Grants and accounts receivable, net		18,650,618	12,656,151
Deposits with trustee		73,041	73,074
Pledges receivable, net		5,506,226	9,728,810
Notes receivable – students, net		3,434,248	3,970,836
Other assets		3,894,041	3,957,118
Right of use lease assets		1,559,625	1,642,112
Annuity and life income funds held in trust		10,424,630	9,617,839
Investments		214,488,646	218,622,166
Property and equipment, net		202,929,655	212,069,246
Total assets	$	464,159,305	480,897,705

Liabilities and Net Assets		**2024**	**2023**
Liabilities:			
Accounts payable and accrued expenses	$	7,321,597	3,460,401
Deposits and advances		5,123,593	5,555,626
Bank line of credit outstanding		18,000,000	19,000,000
Other liabilities		6,322,643	6,249,491
Right of use lease obligations		1,597,959	1,658,383
Accrued postretirement benefits		3,724,328	4,138,884
Long-term debt		74,964,837	77,649,470
Asset retirement obligations		5,971,084	6,958,232
Federal and other loan advances		4,175,513	4,397,755
Total liabilities		127,201,554	129,068,242
Net assets:			
Without donor restriction		122,501,293	139,701,592
With donor restriction		214,456,458	212,127,871
Total net assets		336,957,751	351,829,463
Total liabilities and net assets	$	464,159,305	480,897,705

See accompanying notes to consolidated financial statements.

CLARKSON UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2024
(with comparative totals for the year ended June 30, 2023)

	2024			
	Without donor restriction	**With donor restriction**	**Total**	**Total 2023**
Operating revenues:				
Tuition and fees, net	$ 53,274,238	—	53,274,238	55,910,767
Housing, dining, and other auxiliary services	31,375,833	—	31,375,833	31,876,965
Net tuition, fees and other services	84,650,071	—	84,650,071	87,787,732
Government contracts and grants	19,518,770	—	19,518,770	12,836,189
Private gifts and grants	6,357,160	1,151,970	7,509,130	12,547,459
Other sources	5,760,895	—	5,760,895	4,657,099
Allocation of endowment return for spending	20,494,355	115,125	20,609,480	18,333,909
Net assets released from restrictions	2,237,617	(2,237,617)	—	—
Total operating revenues	139,018,868	(970,522)	138,048,346	136,162,388
Operating expenses:				
Instruction	55,991,554	—	55,991,554	55,582,577
Research	15,251,447	—	15,251,447	14,067,856
Academic support	14,533,943	—	14,533,943	14,350,459
Student services	21,984,649	—	21,984,649	19,981,057
Institutional support	22,170,435	—	22,170,435	18,824,796
Housing, dining and other auxiliary services	16,803,713	—	16,803,713	17,681,596
Total operating expenses	146,735,741	—	146,735,741	140,488,341
Decrease from operating activity	(7,716,873)	(970,522)	(8,687,395)	(4,325,953)
Nonoperating activity:				
State grants and contributions for long-term investment	124,183	5,341,428	5,465,611	8,122,771
Change in pledges receivable	—	(4,222,584)	(4,222,584)	(1,900,739)
Total endowment investment return	3,351,553	9,974,346	13,325,899	13,046,798
Endowment return distributed for operations	(12,621,771)	(7,987,709)	(20,609,480)	(18,333,909)
Other changes and reclassifications	(26,048)	—	(26,048)	5,920
Net assets released from restrictions – capital	245,450	(245,450)	—	—
Postretirement related adjustments other than service costs	196,535	—	196,535	3,069,257
Other nonoperating income (expense)	(753,328)	439,078	(314,250)	193,134
Increase (decrease) from nonoperating activity	(9,483,426)	3,299,109	(6,184,317)	4,203,232
Change in net assets	(17,200,299)	2,328,587	(14,871,712)	(122,721)
Net assets:				
Beginning of year	139,701,592	212,127,871	351,829,463	351,952,184
End of year	$ 122,501,293	214,456,458	336,957,751	351,829,463

See accompanying notes to consolidated financial statements.

CLARKSON UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2023

	Without donor restriction	With donor restriction	Total
Operating revenues:			
Tuition and fees, net	$ 55,910,767	—	55,910,767
Housing, dining, and other auxiliary services	31,876,965	—	31,876,965
Net tuition, fees and other services	87,787,732	—	87,787,732
Government contracts and grants	12,836,189	—	12,836,189
Private gifts and grants	11,087,231	1,460,228	12,547,459
Other sources	4,657,099	—	4,657,099
Allocation of endowment return for spending	18,091,371	242,538	18,333,909
Net assets released from restrictions	1,970,484	(1,970,484)	—
Total operating revenues	136,430,106	(267,718)	136,162,388
Operating expenses:			
Instruction	55,582,577	—	55,582,577
Research	14,067,856	—	14,067,856
Academic support	14,350,459	—	14,350,459
Student services	19,981,057	—	19,981,057
Institutional support	18,824,796	—	18,824,796
Housing, dining and other auxiliary services	17,681,596	—	17,681,596
Total operating expenses	140,488,341	—	140,488,341
Decrease from operating activity	(4,058,235)	(267,718)	(4,325,953)
Nonoperating activity:			
State grants and contributions for long-term investment	—	8,122,771	8,122,771
Change in pledges receivable	—	(1,900,739)	(1,900,739)
Total endowment investment return	3,568,209	9,478,589	13,046,798
Endowment return distributed for operations	(9,434,158)	(8,899,751)	(18,333,909)
Other changes and reclassifications	5,920	—	5,920
Net assets released from restrictions – capital	276,005	(276,005)	—
Postretirement related adjustments other than service costs	3,069,257	—	3,069,257
Other nonoperating income (expense)	(503,259)	696,393	193,134
Increase (decrease) from nonoperating activity	(3,018,026)	7,221,258	4,203,232
Change in net assets	(7,076,261)	6,953,540	(122,721)
Net assets:			
Beginning of year	146,777,853	205,174,331	351,952,184
End of year	$ 139,701,592	212,127,871	351,829,463

See accompanying notes to consolidated financial statements.

CLARKSON UNIVERSITY

Consolidated Statements of Cash Flows

Years ended June 30, 2024 and 2023

		2024	2023
Cash flows from operating activities:			
Change in net assets	$	(14,871,712)	(122,721)
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation and amortization		10,701,662	10,782,214
Gain on disposal of assets		(26,145)	(5,920)
Contributions received for long-term investment		(5,286,678)	(6,305,260)
Contributions received for investment in annuity agreements		(178,932)	—
Net realized and unrealized gain on annuities agreements		(806,791)	(899,456)
Net realized and unrealized gain on investments		(10,760,221)	(11,591,345)
Adjustment on loans receivable		62,649	16,388
Asset retirement obligations		434,757	422,397
Amortization of bond premium		(533,697)	(533,697)
Changes in assets and liabilities that effect operating cash flows:			
Grants and accounts receivable		(5,994,467)	(3,020,890)
Pledges receivable		4,222,584	1,900,739
Other assets		428	91,415
Accounts payable and accrued expenses		3,717,196	(1,898,025)
Asset retirement obligation		(1,421,905)	(84,853)
Deposits and advances		(432,033)	(421,072)
Other liabilities		73,154	(496,971)
Right of use – operating lease		10,412	12,153
Postretirement benefits		(414,556)	(3,333,393)
Net cash used in operating activities		(21,504,295)	(15,488,297)
Cash flows from investing activities:			
Proceeds from maturity/sale of investments		51,467,304	73,910,483
Purchase of investments		(36,397,048)	(62,653,568)
Increase in short-term investments		(32,517)	(4,046)
Decrease in deposits with trustee		33	10,420
Student loans repaid, net		536,588	683,870
Other assets collected		—	(268)
Purchase of property and equipment		(1,434,478)	(7,431,963)
Net cash provided by investing activities		14,139,882	4,514,928
Cash flows from financing activities:			
Contributions received for long-term investment		5,286,678	6,305,260
Contributions received for investment in annuity agreements		178,932	—
Proceeds from bank line of credit		48,300,000	36,000,000
Payments on bank line of credit		(49,300,000)	(32,000,000)
Payment of debt principal		(2,221,789)	(2,138,334)
Right of use – finance lease		(18,944)	(58,209)
Changes in government loan funds		(222,242)	(536,713)
Net cash provided by financing activities		2,002,635	7,572,004
Net decrease in cash and cash equivalents		(5,361,778)	(3,401,365)
Cash and cash equivalents:			
Beginning of year		8,560,353	11,961,718
End of year	$	3,198,575	8,560,353
Supplemental disclosures:			
Interest Paid	$	3,322,777	2,857,943
Noncash transactions:			
Securities contributions		1,793,194	1,893,493
Decrease in construction-related payables		117,419	101,914

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Clarkson University (the University) is an independent, co-educational, not-for-profit, nonsectarian institution of higher education, with its main campus located in Potsdam, New York. The University, founded in 1896, operates as an education corporation under the New York State Not-for-Profit Corporation Law under the direction of an independent Board of Trustees. The University's Potsdam Campus offers approximately 50+ comprehensive programs in business, engineering, science, liberal arts, health sciences, and environmental studies. In addition to its Potsdam Campus, the University's Capital Region Campus (CRC) located in Schenectady, New York, has graduate programs in bio-ethics, healthcare management, education, business, engineering and K-13 outreach. The University also operates the Beacon Institute, Inc. (Beacon) which consists of a hands-on location in Beacon, New York, that serves as both a research institute focused on healthy water solutions and a provider of educational services, including K-12, public, family and professional graduate programs.

The University serves approximately 4000+ undergraduate and graduate students at its three locations and is accredited by the Middle States Commission on Higher Education (MSCHE), the Accreditation Board of Engineering Technology (ABET), and the Association to Advance Collegiate Schools of Business (AACSB). Programs in health sciences are accredited by the Commission on Accreditation in Physical Therapy Education (CAPTE) of the American Physical Therapy Association (APTA), the Accreditation Review Committee on Education for the Physician Assistant (ARC-PA), and the Accreditation Council for Occupational Therapy Education (ACOTE) of the American Occupational Therapy Association.

J.R. Weston, Inc. (Weston) is a for-profit, wholly owned subsidiary of the University. Weston operations consist of real estate rentals. All significant inter-entity accounts and transactions are eliminated in consolidation.

(b) Basis of Accounting

The University prepares its consolidated financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, the University's resources are classified and reported based upon the existence or absence of donor-imposed restrictions as follows:

Net assets with donor restriction are subject to donor-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire with the passage of time. Also included are assets that are subject to donor-imposed stipulations that they be maintained into perpetuity. These stipulations do not expire with the passage of time and cannot be fulfilled or otherwise removed by the actions of the University. Generally, the donors of these assets permit the University to use all or part of the investment return on these assets to support program activities, principally financial aid and instruction. Total return on donor restricted assets are reported as net assets with donor restriction until appropriated by the University's Board of Trustees in accordance with New York State laws.

Net assets without donor restriction are available for use in general operations and not subject to donor-imposed restrictions. They may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions.

Expenses are reported as decreases in net assets without donor restriction. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets as net assets released from restrictions.

Non-operating activities include net realized and unrealized gains and losses on investments, less amounts distributed for operating purposes, contributions for long-term investment such as endowment and capital, postretirement related adjustments other than service costs and the changes in value of deferred gifts.

(c) 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 disclosures of contingent assets and liabilities at the dates of the financial statements and reported amounts of revenues and expenses during the reporting periods. Management's most significant use of estimates relate to allowances for receivables, investment valuations, accrued postretirement benefits and asset retirement obligations. Actual results could differ from those estimates.

(d) Cash Equivalents

Cash equivalents represent highly liquid instruments with original maturities of three months or less that are not part of a long-term investment pool.

(e) Deposits with Trustee

Deposits with trustee represents funds held in trust that are associated with the University's outstanding bonds. As of June 30, 2024 and 2023, the entire balance of $73,041 and $73,074, respectively, was comprised of construction funds available for spending.

(f) Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give are reported at their net realizable value if they are expected to be collected within one year. Unconditional promises to give to be collected after one year are discounted, as of the date of the contribution, at rates commensurate with the period of time until the pledge is scheduled to be paid and reflecting an allowance for potential collection risk, and are classified as net assets with donor restrictions.

Gifts are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restriction. Contributions specified for the acquisition or construction of long-lived assets are reported as net assets without donor restriction when the assets are placed in service. In the absence of donor stipulations, income and gains on contributions or contributed assets are reported as

(Continued)

revenue (increases) to net assets without donor restrictions. Conditional pledges are recognized as revenues when the conditions are met.

(g) Investments

Investments are reported at fair value. The values of publicly traded fixed income and equity securities are based on quoted market prices. Nonmarketable securities include alternative investments in hedge, private equity, and other similar funds, which are valued using current estimates of fair value in the absence of readily determinable market values. The University utilizes net asset value or its equivalent (NAV) reported by the fund managers as a practical expedient to fair value. The estimates, because of the inherent uncertainty of valuations for these investments, may differ from the values that would have been used had ready markets existed. As of June 30, 2024, the University had no specific plans or intentions to sell investments at amounts different than NAV.

(h) Fair Value

GAAP defines fair value and establishes a framework for measuring fair value. The GAAP definition of fair value focuses on the exit price of a financial instrument, which is the price that would be received to sell an asset or settle a liability in an orderly transaction between market participants at the measurement date, incorporating a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the reporting entity's own assumptions about how market participants would value a financial instrument based on the best information available. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for financial instruments measured at fair value on a recurring basis. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

- Level 1 – quoted prices (unadjusted) in active markets that are observable for assets and liabilities at the measurement date. Assets classified as Level 1 generally include listed equity securities and US Treasury Obligations.
- Level 2 – observable prices that are based on inputs not quoted in active markets but corroborated by market data. Assets and liabilities classified as Level 2 generally include certain debt securities.
- Level 3 – inputs include pricing inputs that are unobservable for the assets and reflect certain assumptions to determine fair value.

Investments in funds measured at NAV as a practical expedient to estimate fair value are not classified in the fair value hierarchy.

(i) Property and Equipment and Asset Retirement Obligations

Buildings, grounds, equipment, and construction in progress are stated at cost, or, in the case of gifts, at fair value at date of donation, less accumulated depreciation. Expenditures for maintenance, repairs and renewals of relatively minor items are not capitalized. Upon disposal of capital assets, the

(Continued)

calculated net gain or loss, if any, is included within non-operating activities in the accompanying consolidated statement of activities.

The University assesses its long-lived assets for impairment whenever events or changes in circumstances indicate potential impairment. The University has determined that no impairment losses need be recognized in the periods presented. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Such assets and lives are generally as follows:

Buildings	20–50 years
Equipment	3–20 years

The University accrues for asset retirement obligations in the period in which they are incurred. Beginning with the date identified and through the estimated time of settlement of the obligation, the liability is accreted to its estimated settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability recorded.

The following is a summary of the activity associated with asset retirement obligations during the years ended June 30, 2024 and 2023:

		2024	2023
Asset retirement obligations at beginning of year	$	6,958,232	6,626,847
Remediation		(69,495)	(84,853)
Accretion expense		437,052	416,238
Change due to estimate		(1,354,705)	—
Asset retirement obligations at end of year	$	5,971,084	6,958,232

(j) Split-Interest Agreements

The University's split-interest agreements include charitable remainder trusts, life income funds and perpetual trusts. The underlying assets of the trust agreements are invested in cash, cash equivalents, and equity securities and are carried at fair value. Charitable remainder trusts and life income funds for one or more beneficiaries generally pay lifetime income to those beneficiaries, after which, the principal is made available to the University in accordance with donor stipulations. A liability is established for the present value of the estimated future payments to the beneficiaries, with the difference between the liability and the fair value of the amount received by the University recorded as a contribution. The present value calculation is performed using rates prescribed by the IRS. The split-interest investments have a value of $10,424,630 and $9,617,839 as of June 30, 2024 and 2023, respectively. The amount of this liability, which is included in other liabilities on the accompanying consolidated balance sheet, is $4,836,070 and $4,652,445 as of June 30, 2024 and 2023, respectively.

(k) Retirement Plans

The University participates in a defined contribution retirement plan. Total expense under this plan, representing the University's contributions to the plan, was $4,308,136 and $4,526,389 for the years ended June 30, 2024 and 2023, respectively.

(Continued)

(l) Income Taxes

The consolidated financial statements include the University and Beacon, which are generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Weston is a taxable subsidiary of the University. The income tax attributable to Weston is reflected in these consolidated financial statements but is not material.

The University recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by a taxing authority and believes it has taken no significant uncertain tax positions.

(2) Liquidity

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

		2024	2023
Cash and cash equivalents	$	3,198,575	8,560,353
Contributions receivable available for operations due within one year		320,100	119,940
University-issued student loan repayments due within one year		470,506	494,737
Grants and accounts receivable, net		16,224,802	10,228,717
Short-term investments		697,838	665,321
Board approved endowment appropriation for following year		12,790,741	10,601,568
Total financial assets available within one year	$	33,702,562	30,670,636

The University’s cash flows have seasonal variations attributable to timing of tuition and contributions received. To manage liquidity, the University maintains a $19 million line of credit for immediate liquidity needs. As of June 30, 2024, $18 million of the line of credit had been utilized. Additionally, the University has board-designated endowment funds of approximately $39 million as of June 30, 2024. The Board approved in February 2024 additional draws of $8 million from the board-designated endowment funds and $2 million from the total pooled endowment assets to support operations. Board-designated endowment funds in excess of the amounts appropriated for operations, could be made available if necessary.

As of June 30, 2023, $19 million of the line of credit had been utilized. The University had board-designated endowment funds of approximately $47 million as of June 30, 2023. The Board approved in June 2023 additional draws of $6 million from the board-designated endowment funds and $2 million from total pooled endowment assets, with the exception of the Coulter endowed funds, to support operations.

(3) Investments and Fair Value

(a) Fair Value

Investment valuations are established and classified based on a variety of inputs, as described in note 1(h). The fair value of investments and the input classifications or levels, by investment category, at June 30, 2024 and 2023, are shown in the following tables:

2024	Level 1	Level 2	Level 3	Measured at NAV	Total
Deposits with trustee	$ 73,041	—	—	—	73,041
Other assets:					
Short-term investments	697,838	—	—	—	697,838
GATE receivable	—	—	30,369	—	30,369
Subtotal other assets	697,838	—	30,369	—	728,207
Annuity and life income funds held in trust:					
Money market and similar	202,417	—	—	—	202,417
U.S. government securities	3,451,064	—	—	—	3,451,064
Equities:					
Domestic	5,037,954	—	—	—	5,037,954
International	1,630,452	—	—	—	1,630,452
Real assets	102,743	—	—	—	102,743
Subtotal annuity and life income funds held in trust	10,424,630	—	—	—	10,424,630
Investments:					
Money market and similar	35,673,681	—	—	—	35,673,681
U.S. government securities	19,500,084	—	—	—	19,500,084
Equities:					
Domestic	37,553,602	—	—	—	37,553,602
International	4,697,062	—	—	30,933,927	35,630,989
Hedge funds:					
Multistrategy funds	—	—	—	19,342,976	19,342,976
Private equity	—	—	—	36,981,049	36,981,049
Venture capital	—	—	—	21,671,559	21,671,559
Real assets	—	—	16,000	7,726,243	7,742,243
Life insurance policies	—	—	392,463	—	392,463
Investments	97,424,429	—	408,463	116,655,754	214,488,646
Total assets at fair value	$ 108,619,938	—	438,832	116,655,754	225,714,524

2023		Level 1	Level 2	Level 3	Measured at NAV	Total
Deposits with trustee	$	73,074	—	—	—	73,074
Investment manager cash		56,634	—	—	—	56,634
Other assets:						
Short-term investments		665,321	—	—	—	665,321
GATE receivable		—	—	99,842	—	99,842
Subtotal other assets		665,321	—	99,842	—	765,163
Annuity and life income funds held in trust:						
Money market and similar		78,716	—	—	—	78,716
U.S. government securities		3,289,269	—	—	—	3,289,269
Equities:						
Domestic		4,727,837	—	—	—	4,727,837
International		1,330,360	—	—	—	1,330,360
Real assets		95,945	—	—	—	95,945
Commodities		95,712	—	—	—	95,712
Subtotal annuity and life income funds held in trust		9,617,839	—	—	—	9,617,839
Investments:						
Money market and similar		27,303,085	—	—	—	27,303,085
U.S. government securities		19,855,397	—	—	—	19,855,397
Equities:						
Domestic		43,112,303	—	—	—	43,112,303
International		4,781,935	—	—	31,775,360	36,557,295
Hedge funds:						
Multistrategy funds		—	—	—	22,920,410	22,920,410
Private equity		—	—	—	37,401,162	37,401,162
Venture capital		—	—	—	23,034,199	23,034,199
Real assets		—	—	16,000	8,059,795	8,075,795
Life insurance policies		—	—	362,520	—	362,520
Investments		95,052,720	—	378,520	123,190,926	218,622,166
Total assets at fair value	$	105,465,588	—	478,362	123,190,926	229,134,876

The methods above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

(Continued)

The following table summarizes the changes in value of financial instruments within Level 3 of the fair value hierarchy defined above.

		Fair value July 1, 2023	Gains (losses) net of fees	Gifts	Distributions/ payments	Present value adjustment	Fair value June 30, 2024
Assets:							
GATE receivable	$	99,842	—	—	(9,537)	(59,936)	30,369
Real assets		16,000	—	—	—	—	16,000
Life insurance policies		362,520	29,943	—	—	—	392,463
Total assets at fair value	$	478,362	29,943	—	(9,537)	(59,936)	438,832

		Fair value July 1, 2022	Gains (losses) net of fees	Gifts	Distributions/ payments	Present value adjustment	Fair value June 30, 2023
Assets:							
GATE receivable	$	115,963	—	—	(11,535)	(4,586)	99,842
Real assets		16,000	—	—	—	—	16,000
Life insurance policies		342,813	19,707	—	—	—	362,520
Total assets at fair value	$	474,776	19,707	—	(11,535)	(4,586)	478,362

(b) Investment Return

A majority of endowment assets are pooled for investment, and the University utilizes a total return approach to investments in the endowment pool. This approach considers yield (primarily interest and dividends) as well as the net realized and unrealized gain (loss) in the fair value of pooled investments when determining the spending amount. The unit fair value is used to account for income distributed and pool transactions. Pooled funds were as follows as of June 30:

		2024	2023
Investments in pooled funds, at fair value	$	214,038,827	218,225,723
Total number of units		782,105	799,612
Market value per unit	$	273.67	272.91

The University's return on endowment investments was as follows for the years ended June 30:

		2024	2023
Investment earnings, net of fees	$	2,460,889	1,453,434
Realized and unrealized gain, net		10,865,010	11,593,364
Total return on investment		13,325,899	13,046,798
Allocation for endowment spending policy		(20,609,480)	(18,333,909)
Nonoperating investment loss	$	(7,283,581)	(5,287,111)

(c) Liquidity of Investments

Investments include certain illiquid private equity and venture capital funds. Those investments are illiquid because distributions from them are made upon the liquidation of underlying investments. Also, certain of the University's hedge fund investments are subject to restrictions impacting their liquidity. Those restrictions include contractual lock up provisions, redemption notification requirements, and other restrictions.

Under the terms of certain limited partnership agreements, the University is obligated periodically to advance additional funding. At June 30, 2024 and 2023, the University had unfunded commitments of approximately $16,237,000 and $16,762,000, respectively, for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses.

Limitations and restrictions on the University's ability to liquidate investments vary by investment type. This can range from no restrictions for publicly traded securities, to specific notice periods (generally 30 to 90 days after initial lock-up periods) for certain alternative investments. This also includes dependency on the disposition of portfolio positions and return of capital by the fund manager for private equity, venture capital and real estate limited partnership interests. Investments with daily liquidity generally do not require any notice prior to liquidation.

(Continued)

Detailed liquidity of the University's investments as of June 30, 2024 and June 30, 2023 is a follows:

	2024						
	Daily	Monthly	Quarterly	Annually	Illiquid		Total
Money market and similar	$ 35,673,681	—	—	—	—		35,673,681
U.S. government securities	19,500,084	—	—	—	—		19,500,084
Equities:							
Domestic	31,365,702	6,187,900	—	—	—		37,553,602
International	4,622,257	18,034,655	5,454,602	—	7,519,475	*	35,630,989
Hedge funds:							
Multistrategy funds	—	12,024,142	—	4,885,879	2,432,955		19,342,976
Private equity	—	—	—	—	36,981,049		36,981,049
Venture capital	—	—	—	—	21,671,559		21,671,559
Real assets	—	7,726,243	—	—	16,000		7,742,243
Other	—	—	—	—	392,463		392,463
Total	$ 91,161,724	43,972,940	5,454,602	4,885,879	69,013,501		214,488,646

	2023						
	Daily	Monthly	Quarterly	Annually	Illiquid		Total
Money market and similar	$ 27,303,085	—	—	—	—		27,303,085
U.S. government securities	19,855,397	—	—	—	—		19,855,397
Equities:							
Domestic	37,188,134	5,924,169	—	—	—		43,112,303
International	4,677,566	14,622,896	9,815,370	—	7,441,463	*	36,557,295
Hedge funds:							
Multistrategy funds	—	12,167,690	819,756	5,879,679	4,053,285		22,920,410
Private equity	—	—	—	—	37,401,162		37,401,162
Venture capital	—	—	—	—	23,034,199		23,034,199
Real assets	—	8,059,795	—	—	16,000		8,075,795
Other	—	—	—	—	362,520		362,520
Total	$ 89,024,182	40,774,550	10,635,126	5,879,679	72,308,629		218,622,166

* Redemption period allows full redemption every 3 years on the anniversary date of the investment with 90 day notice period.

(4) Endowment Funds

The University is subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA), which governs the management and investment of funds held by not-for-profit corporations and other institutions. Absent donor stipulations to the contrary, the statutory guidelines contained in NYPMIFA relate to the prudent management, investment and expenditure of donor-restricted endowment funds without regard to the original value of the gifts. However, NYPMIFA contains specific factors that must be considered prior to making investment decisions or appropriating funds for expenditure. For accounting purposes, the University applies the concepts included in NYPMIFA and ASC Topic 958, *Not-for-Profit Entities*, in its classification of unspent accumulated total return as net assets with donor restrictions.

The Board of Trustees' interpretation of its fiduciary responsibilities for donor-restricted endowment funds under New York State's Not-for-Profit Corporation Law, including NYPMIFA, is to preserve intergenerational equity to the extent possible by prudently managing, investing, and spending from the endowment funds. This principle holds that future endowment beneficiaries should receive at least the same level of economic support that the current generation receives. As a result of this interpretation, the University classifies as donor restricted net assets (a) the original value of gifts donated to a true endowment, (b) the original value of subsequent gifts to a true endowment fund, and (c) accumulations to a true endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unspent appropriations related to donor-restricted endowment funds are classified as donor restricted net assets until the amounts are able to be expended by the University in a manner consistent with the donor's intent.

The Board of Trustees determines the appropriate amount to withdraw from endowment and similar funds on an annual basis to provide support for operations with prudent concern for the long-term growth in the underlying assets as well as the specific factors detailed in NYPMIFA. The Board-approved spending policy is designed to insulate endowment support for programming from short-term fluctuations in capital markets.

Endowment net assets as of June 30, 2024 are approximately $213,957,000 with approximately $214,038,000 in endowed investments, and $81,000 due to the University.

Endowment net assets as of June 30, 2023 are approximately $218,427,000 with approximately $218,226,000 in endowed investments, and $201,000 due to the endowment.

Endowment net assets consisted of the following as of June 30, 2024:

	Without donor restriction	With donor restriction	Total
Donor-restricted	$ —	175,041,122	175,041,122
Board-designated	38,916,046	—	38,916,046
Total endowment net assets	$ 38,916,046	175,041,122	213,957,168

Endowment net assets consisted of the following as of June 30, 2023:

		Without donor restriction	With donor restriction	Total
Donor-restricted	$	—	171,646,595	171,646,595
Board-designated		46,780,624	—	46,780,624
Total endowment net assets	$	46,780,624	171,646,595	218,427,219

Changes in endowment net assets for the year ended June 30, 2024 were as follows:

		Without donor restriction	With donor restriction	Total
Net assets at June 30, 2023	$	46,780,624	171,646,595	218,427,219
Interest and dividends, net of fees		518,290	1,942,599	2,460,889
Net realized and unrealized gains		2,833,266	8,031,744	10,865,010
Total investment return		3,351,556	9,974,343	13,325,899
Contributions		144,968	2,644,431	2,789,399
Amounts appropriated for expenditure		(10,635,583)	(9,224,247)	(19,859,830)
Amounts appropriated for debt service		(749,650)	—	(749,650)
Other reclassifications		24,131	—	24,131
Net assets at June 30, 2024	$	38,916,046	175,041,122	213,957,168

Changes in endowment net assets for the year ended June 30, 2023 were as follows:

		Without donor restriction	With donor restriction	Total
Net assets at June 30, 2022	$	52,756,058	163,846,621	216,602,679
Interest and dividends, net of fees		351,006	1,102,428	1,453,434
Net realized and unrealized gains		3,217,203	8,376,161	11,593,364
Total investment return		3,568,209	9,478,589	13,046,798
Contributions		—	6,734,235	6,734,235
Amounts appropriated for expenditure		(8,779,901)	(8,752,475)	(17,532,376)
Amounts appropriated for debt service		(763,742)	—	(763,742)
Other reclassifications		—	339,625	339,625
Net assets at June 30, 2023	$	46,780,624	171,646,595	218,427,219

(a) Endowment Funds with Deficits

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, i.e the funds are “underwater”. These deficits result from unfavorable market fluctuations that occur after the investment of endowment funds or from spending deemed prudent.

In accordance with the Prudent Management standards contained in NYPMIFA, the University has the ability to spend from individual endowments that are underwater, if it considers such action to be prudent for that particular endowment. In accordance with the implementation of NYPMIFA in 2011, the University asked existing donors if they wished to prevent spending from their endowment if it was underwater, their responses were recorded and are followed. Absent the donor prohibition on spending from underwater endowments, the Board policy is to apply the spending formula to underwater endowments.

When donor-restricted endowment deficits exist, they are classified as a reduction of net assets with donor restrictions. Deficits of this nature at June 30 were as follows:

		2024	2023
Aggregate amount by which funds are underwater	$	(832,311)	(905,864)
Aggregate of original gift amount		24,366,659	25,047,079
Fair value of underwater endowments	$	23,534,348	24,141,215

(b) Return Objectives and Risk Parameters

The University has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. 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. The University expects its endowment funds over time, to provide an average rate of return of approximately 8.0% annually. Actual returns in any given year may vary from this amount.

(c) Strategies Employed for Achieving Investment Objectives

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 that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

(d) Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives

The Board of Trustees determines the appropriate amount to withdraw from endowment and similar funds on an annual basis to provide support for operations with prudent concern for the long-term growth in the underlying assets as well as the specific factors detailed in NYPMIFA. The Board of Trustees of the University determines the method to be used to appropriate endowment funds for

(Continued)

expenditure. Annual spending rates of 4.92% and 4.57% for fiscal years ended June 30, 2024 and 2023, respectively, are based on a trailing 12-quarter average market value of donor restricted and board-designated pooled assets. In 2024, an additional annual spending of approximately 0.89% based on the trailing 12-quarter average market value of board-designated endowments was approved by the Board of Trustees for debt service expenses or capital expenditures. In 2023, an additional annual spending of approximately 1% based on the trailing 12-quarter average market value of board-designated endowments was approved by the Board of Trustees for debt service expenses or capital expenditures. In fiscal year 2024, the Board of Trustees authorized special distributions of $8 million from the board-designated endowment and $2 million from donor restricted and board designated pooled endowment assets to support operations. In fiscal year 2023, the Board of Trustees authorized special distributions of $6 million from the board-designated endowment and $2 million from total pooled endowment assets to support operations.

(5) Net Assets

At June 30, 2024 and 2023, net assets were comprised as follows:

	Without donor restriction	
	2024	**2023**
Net investment in plant	$ 122,058,075	127,525,917
Board designated endowment	37,491,754	46,780,624
Other	(33,324,210)	(30,466,065)
Postretirement benefit obligations	(3,724,326)	(4,138,884)
Total net assets without donor restriction	$ 122,501,293	139,701,592

	With donor restriction	
	2024	**2023**
Pledges receivable	$ 5,506,226	9,728,810
Other program restrictions	11,546,631	9,358,486
Restricted for facilities	14,129,397	12,199,689
Restricted for student loans	2,814,297	4,428,614
Life income, annuity, and similar funds	5,418,785	4,765,677
Endowment funds:		
General operating	58,084,200	57,907,013
Instruction	49,586,370	49,011,705
Scholarship	57,313,725	54,832,523
Research	2,221,714	2,215,464
Program support	4,441,197	4,350,419
Athletics/extracurricular	3,393,916	3,329,471
Total net assets with donor restriction	$ 214,456,458	212,127,871

(Continued)

	With donor restriction	
	2024	**2023**
Held in perpetuity	$ 149,624,399	149,674,366
Time or purpose restricted	64,832,059	62,453,505
Total	$ 214,456,458	212,127,871

(6) Revenues and Related Receivables

The University recognizes revenue from student tuition and fees within the fiscal year in which educational services are provided. Institutional aid, in the form of scholarships and grants-in-aid, includes amounts funded by the endowment, research funds, and gifts, and reduces the published price of tuition for students receiving such aid. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student.

The composition of net tuition, fees and other services for the years ended June 30, 2024 and 2023 is summarized as follows:

	2024	**2023**
Tuition and fees	$ 158,423,404	165,045,912
Less university scholarships	(104,562,510)	(108,660,116)
Government funded student aid	(586,656)	(475,029)
Tuition and fees, net	53,274,238	55,910,767
Housing	20,225,060	20,438,310
Dining	10,918,836	11,124,198
Other auxiliary services	231,937	314,457
Housing, dining and other auxiliary services	31,375,833	31,876,965
Net tuition, fees and other services	$ 84,650,071	87,787,732

The University has multiple summer sessions with program specific schedules, some of which are 5 week sessions and others are quarterly. Based on the specific program, summer sessions have varying start and end dates. Payments of tuition for all of the summer terms are recognized as performance obligations are met. Because most of these programs span two reporting periods, a portion of payments for these sessions, ranging from 50% to 100%, are included in deposits and advances at June 30.

Auxiliary Services Revenue

Auxiliary services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristics of auxiliary services is that they are managed as an essentially self-supporting activity.

Auxiliary services revenue includes revenues from contracts with customers to provide student housing and dining facilities, ticket sales for athletic and community events, and other miscellaneous activities.

With the exception of a small commuter student population, all undergraduate students live in University-sponsored housing. Payments for these services are due approximately one week prior to the start of the academic term. Performance obligations for housing and dining services are recognized ratably as services are rendered. For ticket sales and other miscellaneous items, revenue is recognized as the event occurs.

Sponsored Awards

The University receives sponsored program funding from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a nonreciprocal transaction (conditional contribution) in which the resources provided are for the benefit of the University, the funding organization, or the public at large.

The University has elected the simultaneous release option for conditional contributions that are subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized.

In the years ended June 30, 2024 and 2023, sponsored programs revenue earned from governmental sources totaled $19,518,770 and $12,836,189, respectively. Indirect costs recovered on federally sponsored programs are generally based on predetermined reimbursement rates, which are stated as a percentage and allocated based on the modified total direct costs incurred. The University negotiates this federal indirect rate with its cognizant federal agency. Indirect costs recovered on all other grants and contracts are based on rates negotiated with the respective sponsors. Funds received for sponsored research activity are subject to audit. Based upon information currently available, management believes that any liability resulting from such audits will not materially affect the financial position or operations of the University.

Accounts receivable consisted of the following at June 30:

		2024	2023
Student receivable	$	4,907,271	4,750,807
Less allowance for bad debt		(916,689)	(828,080)
Student receivable, net		3,990,582	3,922,727
Research contracts and grants receivable		10,159,774	6,158,846
Less allowance for bad debt		(531,303)	(202,129)
Research contracts and grants receivable, net		9,628,471	5,956,717
Other receivables		5,031,565	2,776,707
Total receivables, net	$	18,650,618	12,656,151

(Continued)

Pledges receivable, net, as of June 30 2024 and 2023, consisted of the following:

		2024	2023
Payments anticipated to be received:			
In less than one year	$	2,868,037	3,103,536
In one to five years		3,633,150	7,709,900
In greater than five years		20,000	100,000
Gross receivable		6,521,187	10,913,436
Less present value discount and allowance for doubtful receivables		(1,014,961)	(1,184,626)
Net pledges receivable	$	5,506,226	9,728,810

(7) Property and Equipment

Property and equipment consisted of the following at June 30:

		2024	2023
Buildings and grounds	$	353,134,926	352,480,953
Equipment		50,429,470	50,910,642
Construction in progress		2,680,242	6,438,128
Total property and equipment		406,244,638	409,829,723
Less accumulated depreciation		(203,314,983)	(197,760,477)
	$	202,929,655	212,069,246

Construction in progress is comprised of projects started but not completed at June 30. The estimated costs to complete these projects, most of which represent costs to be incurred under contracts with vendors, are approximately $396,000. These projects consist of site work, academic space renovations, townhouse exterior updates, project design costs and others.

Capitalized interest costs were $0 and $137,859 for the years ended June 30, 2024 and 2023, respectively. Depreciation expense was $10,630,808 and $10,706,393 for the years ended June 30, 2024 and 2023, respectively.

(8) Leases

On February 28, 2020, Clarkson University entered into a 65-year lease agreement with The Quarry Potsdam, LLC., whereby The Quarry Potsdam, LLC will lease from Clarkson University one of its buildings located in downtown Potsdam, known as Old Snell Hall, comprising a total of 88,000 square feet. Under the terms of the lease agreement, The Quarry Potsdam, LLC will pay Clarkson University an annual nominal rent for this space, as well as renovate the facility by converting a majority of the space into affordable housing to rent to residents of the Potsdam community.

In December 2021, the University began to lease back from The Quarry Potsdam, LLC approximately 22,000 square feet that includes a community theatre space, along with space to be utilized by the University's Shipley Center and future incubator endeavors. Under the terms of this operating lease, the University is obligated for an initial fifteen-year term expiring in 2036 with options to extend the lease up to the full 65 years of the master lease, unless cancelled by either party.

The lease has been classified as an operating lease and is included in the data presented below. Because the University is not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term, and associated potential option payments are excluded from lease payments.

During 2024 fiscal year, the University engaged with Enterprise Fleet Management as part of a long term plan to lease all University vehicles. As of June 30, 2024, the University has leased 20 vehicles. These leases were evaluated and have been classified as finance leases.

Right-of-use assets represent the University's right to use an underlying asset for the lease term, if greater than twelve months. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating and finance lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

		2024	2023
Lease cost:			
Amortization of right-of-use assets – operating	$	51,892	49,912
Operating lease expense		47,317	49,297
Total operating lease expense	$	99,209	99,209
Amortization of right-of-use assets – finance	$	207,104	54,653
Finance lease expense		35,510	8,590
Total finance lease expense	$	242,614	63,243

(Continued)

Lease terms and discount rates follow:

	2024	2023
Weighted average remaining lease term (years):		
Operating lease	12.4 years	13.4 years
Finance lease	2.9 years	3.7 years
Weighted average discount rate:		
Operating lease	5.00 %	5.00 %
Finance lease	5.26	5.26

The approximate future minimum lease payments under operating and finance leases as of June 30, 2024 are as follows:

	Operating lease	Finance lease
2025	$ 90,573	254,477
2026	92,384	254,477
2027	94,232	187,678
2028	96,117	23,515
2029	98,039	—
Thereafter	790,738	—
Net present value adjustment	(331,195)	(53,076)
Total lease liabilities	$ 930,888	667,071

(9) Long-Term Debt

Outstanding debt consisted of the following at June 30:

	2024	2023
Clarkson University:		
St. Lawrence County Industrial Development Authority (IDA):		
St. Lawrence County IDA Bonds – 2012B (a)	3,000,000	3,000,000
St. Lawrence County IDA Bonds – 2017 (b)	25,005,000	26,530,000
St. Lawrence County IDA Bonds – 2021A (c)	10,730,000	10,730,000
St. Lawrence County IDA Bonds – 2021B (d)	14,875,000	14,875,000
St. Lawrence County IDA Bonds – 2021C (e)	9,480,000	9,890,000
City of Schenectady IDA Bonds – 2008A (f)	3,585,000	3,775,000
M&T Loan (g)	833,333	916,667
Total outstanding principal	67,508,333	69,716,667

		2024	2023
Bond premiums	$	8,706,024	9,239,721
Bond issuance costs		(1,249,520)	(1,306,918)
Total long-term debt	$	74,964,837	77,649,470

(a) The 2012B IDA bonds were issued for dormitory upgrades and had an initial coupon interest at a rate 2.50% until March 1, 2016, increasing to an estimated coupon of 3.36% to March 1, 2020 and then decreasing to an estimated coupon of 1.55% until March 1, 2025. The bond was subject to a mandatory purchase clause effective March 1, 2025, the remarketing was successfully closed on March 3, 2025 with a rate of 4.6% to March 1, 2030. The principal payment of $3,000,000 is due September 2042.

(b) The 2017 bonds bear interest at rates ranging from 3.25% to 5.00% and require annual principal payments beginning in September 2020 through September 2047. The bonds are tax-exempt and were issued at a premium of approximately $3,528,000 and included an underwriter’s discount and issuance costs of approximately $151,000 and $456,000, respectively. These bonds were issued to complete approximately $10,500,000 of facilities upgrades and defease approximately $20,000,000 of prior debt.

(c) The 2021A IDA bonds were issued to restructure approximately $13,000,000 of prior debt. They bear a 5.00% interest rate and require annual principal and interest payment from September 2030 through 2041. These bonds are tax-exempt and were issued at a premium of approximately $3,323,000.

(d) The 2021B IDA bonds were issued to restructure approximately $18,160,000 of prior debt. They bear a 5.00% interest rate and require annual principal and interest payment from September 2029 through 2041. These bonds are tax-exempt and were issued at a premium of approximately $4,000,000.

(Continued)

(e) The 2021C IDA bonds are taxable bonds issued to increase the University's operating liquidity by approximately $10,000,000. The bonds bear interest rates ranging from 1% to 3.75%. They require annual principal payments from June 2023 through June 2042.

(f) The City of Schenectady IDA bonds are Letter of Credit Secured Bonds issued through M&T Bank, under Variable Rate Demand Civic Facility Revenue Bonds. The bonds were issued for facility upgrades and are secured by land and building in the City of Schenectady, New York. The bonds are paid in variable increments through September 1, 2037. Interest is variable and approximates 4.0% at June 30, 2024.

(g) The M&T bank loan, originally for $1,250,000 was used to purchase and renovate property on Maple Street in Potsdam for use by the University facilities department. Fixed monthly principal payments of $20,833 are required from August 2019 through February 2029. Required monthly interest payments at a fixed rate of 3.37% began in June 2019.

At June 30, 2024, the aggregate amounts of principal and sinking-fund requirements for long-term debt over the next five fiscal years and thereafter are as follows:

		Amount
Fiscal year:		
2025	$	2,268,334
2026		2,358,333
2027		2,453,333
2028		2,553,333
2029		3,075,000
Thereafter		54,800,000
	$	67,508,333

The St. Lawrence County IDA bond agreements include provisions requiring the maintenance of a minimum annual debt service coverage ratio. As of June 30, 2024 and 2023, the University is in compliance with these provisions. These balances are secured by the operating and nonoperating revenues of the University.

The University has a $19,000,000 demand line of credit at a bank with a floating interest rate that is 1.5% above the daily Simple SOFR rate adjusting daily with a SOFR floor of 0.25% and an expiration date expiration that has been extended to April 5, 2025. The outstanding balances at June 30, 2024, and 2023 were $18,000,000 and $19,000,000, respectively.

The University has a $2,011,000 revolving line of credit with a bank related to its procurement card and supplier pay program on which there was an outstanding balance of $550,366 and $430,370 as of June 30, 2024 and 2023, respectively, included in accounts payable and accrued expenses on the consolidated balance sheets. It is interest free if full payment is received within the monthly billing cycle. The credit line is on an annual automatic renewal.

(10) Functional Expenses

The statement of activities presents expenses by functional classification. The University also summarizes its expenses by natural classification. The University's primary program services are academic instruction and research. Expenses reported as academic support, student services, institutional support and housing, dining and other auxiliary services are incurred to support these primary program activities.

Operation and maintenance of plant and depreciation expense for land improvements and buildings are allocated based on square footage. Depreciation expense for equipment is allocated based on the functional classifications of the departments in which the equipment is located. Interest expense is allocated based on the functional purpose for which the debt proceeds were used.

Functional expenses for the year ended June 30, 2024 are as follows:

	Salary and wages	Employee benefits	Supplies, services, other	Depreciation, Amortization	Interest	Operations and maintenance allocation	Operating expenses
Instruction	$ 31,722,174	10,113,986	6,863,414	7,402	590,111	6,694,467	55,991,554
Research	6,266,375	755,152	4,743,231	3,728	111,997	3,370,964	15,251,447
Academic support	7,094,760	2,369,904	3,324,113	8,426	97,119	1,639,621	14,533,943
Student services funds	8,340,392	2,661,677	7,193,986	19,214	400,537	3,368,843	21,984,649
Institutional support	8,021,409	2,743,615	7,796,115	4,515	1,334,355	2,270,426	22,170,435
Housing, dining and auxiliary	626,984	175,479	7,591,803	3,993	558,485	7,846,969	16,803,713
Operations and maintenance	4,349,647	1,428,677	8,589,263	10,583,530	240,173	(25,191,290)	—
2024 Totals	$ 66,421,741	20,248,490	46,101,925	10,630,808	3,332,777	—	146,735,741

Functional expenses for the year ended June 30, 2023 are as follows:

	Salary and wages	Employee benefits	Supplies, services, other	Depreciation, Amortization	Interest	Operations and maintenance allocation	Operating expenses
Instruction	$ 32,255,914	9,431,223	7,341,214	8,480	357,544	6,188,202	55,582,577
Research	6,070,545	626,545	4,231,787	3,856	18,620	3,116,503	14,067,856
Academic support	7,417,391	2,461,153	2,945,194	10,868	—	1,515,853	14,350,459
Student services funds	7,863,740	2,336,356	6,355,901	21,815	288,703	3,114,542	19,981,057
Institutional support	7,275,857	2,260,716	6,221,871	4,731	962,581	2,099,040	18,824,796
Housing, dining and auxiliary	710,904	191,246	8,593,165	8,015	923,635	7,254,631	17,681,596
Operations and maintenance	3,990,576	1,270,309	7,047,229	10,648,628	332,029	(23,288,771)	—
2023 Totals	$ 65,584,927	18,577,548	42,736,361	10,706,393	2,883,112	—	140,488,341

(11) Postretirement Benefits

The University provides certain health care and sick leave benefits for retired employees. The University's employees may become eligible for those benefits if they reach retirement age while working for the

University and meet certain minimum service requirements. The following table sets forth the status of the plan, which is unfunded, as of June 30:

		2024	2023
Change in benefit obligation:			
Benefit obligation at beginning of year	$	4,138,884	7,472,277
Service cost		58,052	108,085
Interest cost		196,122	329,674
Plan participants' contributions		323,763	382,578
Actuarial loss (gain)		(392,658)	(3,398,931)
Benefits paid	$	(645,609)	(801,677)
Medicare Part D subsidy		45,774	46,878
Benefit obligation at end of year		3,724,328	4,138,884
Change in plan assets:			
Fair value of plan assets at beginning of year		—	—
Employer contributions		276,072	372,221
Plan participants' contributions		323,763	382,578
Benefits paid		(645,609)	(801,677)
Medicare Part D subsidy		45,774	46,878
Fair value of plan assets at end of year		—	—
Funded status at end of year	$	(3,724,328)	(4,138,884)

		2024	2023
Components of adjustments other than service costs:			
Interest cost	$	196,122	329,674
Actuarial gains, net		(392,657)	(3,398,931)
Postretirement related adjustments other than service costs	$	(196,535)	(3,069,257)

The valuation reflects an updated discount rate from 4.9% to 5.25%.

	2024	2023
Discount rates:		
Year end benefit obligation	5.25 %	4.90 %
Net periodic benefit cost	4.90	4.50

		2024	2023
Components of net periodic benefit cost:			
Service cost	$	58,052	108,085
Interest cost		196,122	329,674
Amortization of net gain		(1,024,994)	(600,874)
Amortization of prior service credit		(1,210,583)	(1,210,583)
Net periodic benefit	$	(1,981,403)	(1,373,698)

Estimated Future Benefit Payments

The following estimated benefit payments, net of plan participant contributions are expected:

Year		Estimated benefit payments
2025	$	296,094
2026		298,746
2027		282,165
2028		281,771
2029		285,771
2030–2034		1,410,198

For measurement purposes, 7.0% and a 3.5% annual rate of increase in the per capita cost of covered health care and dental benefits, respectively, was assumed as of June 30, 2024. The health care rate was assumed to decrease for 2025 and then continue to decrease each year through 2034 to 4.5% and remain at that level thereafter while the dental rate trend remains constant for all years.

(12) Commitments and Contingencies

The University is subject to various claims and lawsuits arising during the normal course of business. In management’s opinion, the resolution of these matters will not have a significant adverse effect on the University’s financial position, operations, or cash flows.

The University partially retains the risk for medical insurance. The University carries stop/loss insurance that covers medical and prescription drug claims that exceed the annual aggregate attachment point of approximately $10,430,253 and $9,832,205 in 2024 and 2023, respectively. The attachment point for any individual claim is $175,000. The University’s estimated liability for its retained risk under these policies amounted to approximately $794,503 and $780,493 as of June 30, 2024 and 2023, respectively, and is recorded within other liabilities on the consolidated balance sheets.

(13) Related-Party Transactions

Senior management and trustees may, from time to time, be associated either directly or indirectly with companies doing business with the University. The University has a written conflict of interest policy that requires annual reporting by each trustee, member of senior management and key employees. These reports are reviewed by the Audit Committee of the University's Board of Trustees and should such relationships exist, measures are taken to address the conflict based on terms that are fair and reasonable to and in the best interest of the University.

(14) Subsequent Events

The University has evaluated subsequent events through March 28, 2025, the date on which the consolidated financial statements were issued. In October, 2024, the University transferred control of Beacon to New York State for no monies or other consideration. As a discontinuation of operations of the facility, the transfer is expected to constitute a non-operating loss on disposal of assets in fiscal year 2025.

CLARKSON UNIVERSITY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Direct award or pass-through entity identifying number	Federal Assistance Listing number	Passed through to subrecipients	Federal expenditures
U.S. National Aeronautics and Space Administration:				
Smithsonian Astrophysical Observatory	N/A	43.001	$ —	$ 7,306
Cornell University	N/A	43.008	—	25,796
NASA	80NSSC22M0078	43.012	27,683	45,749
Total U.S. National Aeronautics and Space Administration			27,683	78,851
U.S. Department of Agriculture:				
University of California - Davis	58-2032-3-009	10.001	—	28,659
Adirondack Action	MOU 23-02	10.200	—	19,109
Agriculture and Food Research Initiative	DIRECT	10.310	—	85,996
Colby College	2021-NIFA-CRS-02	10.310	42,302	273,344
St Lawrence Health	RA 23-04	10.516	—	334,057
Syracuse Universtiy	33249-06414-S01	10.069	—	17,323
Total U.S. Department of Agriculture			42,302	758,489
U.S. Department of Defense:				
Department of the Air Force:				
University of Texas at Austin	UTAUS-SUB00000120	12.114	—	35,753
Dept of Homeland Security	DIRECT	12.114	40,925	72,002
SERDP	DIRECT	12.114	88,905	287,422
US ARMY Humphreys Engineer Center	DIRECT	12.114	—	5,307
SERDP	DIRECT	12.615	—	215,378
Dartmouth College	R1717	12.910	—	7,978
Queensland University of Technology	QUT-CU-001	12.910	—	1,426
Air Force Office of Scientific Research	DIRECT	12.800	—	73,346
Subtotal			129,830	698,612
U.S. Department of the Navy:				
Basic and Applied Scientific Research	Direct	12.300	—	1,399,442
Florida State University	R02034	12.300	—	198,825
Subtotal			—	1,598,267
U.S. Army Material Command:				
Basic Scientific Research	Direct	12.431	—	122,540
Subtotal			—	122,540
Total U.S. Department of Defense			129,830	2,419,419
U.S. Department of Energy:				
Bigelow Lab for Ocean Sciences	BLOS-20-005	81.135	—	11,685
Dept of Energy	Direct	81.049	—	86,556
Dept of Energy	Direct	81.089	33,609	191,025
Department of Energy	DIrect	81.086	—	159,576
Lawrence Berkley National Lab	7731970	81.086	—	46,746
NYSERDA	192899-132	81.087	31,222	104,186
Rutgers University	835731-3043	81.087	—	35,164
Univ of California at Berkly	7654590	81.117	—	210,169
Total U.S. Department of Energy			64,831	845,108
U.S. Department of Health and Human Services:				
National Institutes of Health:				
NIH	Direct	93.853	—	74,988
NIH	Direct	93.394	—	169,392
NIH	Direct	93.286	—	119,756
Wakeforest univ Health science	997-55811085039206-11000000215	92.273	—	183,577
Stanford University	63314161-153996	93.865	—	4,152
Windward Island Research & Education	CREEI2020Clarkson	93.989	—	29,011
Massachusetts General Hospital	230317	93.173	—	118,035
NIH	Direct	93.859	—	1,144,329
Total U.S. Department of Health and Human Services			—	1,843,241
U.S. Department of Transportation:				
Purdue University	192000267-029	20.200	—	16,161
Total U.S. Department of Transportation			—	16,161
U.S. Department of Commerce				
NOAA	Direct	11.431	—	188,926
Department of Homeland	Direct	11.417	—	45,356
Dartmouth College	R1634	11.417	—	13,698
National Inst of Standards & Tech	Direct	11.617	—	218,574
Total U.S. Department of Commerce			—	466,554
U.S. Environmental Protection Agency:				
Office of Water:				
Great Lakes Program - GLFMSP 2021	Direct	66.469	108,150	1,116,719
EPA	Direct	66.516	—	5,171
Total U.S. Environmental Protection Agency			108,150	1,121,890
U.S. Department of Homeland Security:				
Dept of Homeland Security	Direct	97.077	—	703
Total U.S. Department of Homeland Security			—	703
U.S. Department of Interior				
Department of the Interior	Direct	15.506	16,532	37,356
US Geological Survey - Natural Resource Stewardship	Direct	15.944	10,502	14,140
Total U.S. Department of Interior			$ 27,034	51,496

(Continued)

CLARKSON UNIVERSITY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Direct award or pass-through entity identifying number	Federal Assistance Listing number	Passed through to subrecipients	Federal expenditures
National Science Foundation:				
Engineering Grants	Direct	47.041	$ —	1,456,127
City University of NY	CM00011991	47.041	—	10,418
Subtotal			—	1,466,545
National Endowment for the Humanities	Direct	45.162	—	2,974
Education and Human Resources	Direct	47.046	—	—
Mathematical and Physical Sciences	Direct	47.049	—	281,831
Geosciences	Direct	47.050	—	149,889
Computer and Information Science and Engineering	Direct	47.070	120,114	807,219
West Virginia Universtiy	16-800-CU-3	47.070	—	39,999
Subtotal			120,114	847,218
Social, Behavioral, and Economic Sciences - Mispercept Random	Direct	47.075	—	43,698
Biological Sciences	Direct	47.074	—	116,940
Education and Human Resources	Direct	47.076	—	519,526
The Concord Consortium	DRL-1742083	47.076	87,617	163,497
Syracuse University	25914-04742-S03	47.076	—	41,019
Subtotal			87,617	724,042
Total National Science Foundation			207,731	3,633,136
Total Research and Development Cluster			607,561	11,235,048
U.S. Department of Education:				
Strategic Envir Research & Dev	Direct	84.365	—	483,142
College for Every Student	MOA 23-03	84.116	—	1,331
NY Department of Education	Direct	84.126	—	1,209
Total U.S. Department of Education			—	485,681
U.S. Department of Education:				
Supplemental Educational Opportunity Grant Program	Direct	84.007	—	395,341
Federal Direct Loan Program (note 2)	Direct	84.268	—	23,814,652
Federal Work-Study Program	Direct	84.033	—	453,938
Federal Perkins Loan Cancellations	Direct	84.037	—	3,459
Federal Perkins Loan Program (note 2)	Direct	84.038	—	1,372,186
Pell Grant Program	Direct	84.063	—	2,960,802
Total Student Financial Assistance Cluster			—	29,000,378
U.S. Department of Education:				
CU Student Support Services	Direct	84.042	—	322,635
McNair Program	Direct	84.217	—	273,134
Total TRIO Cluster			—	595,769
Total expenditures of federal awards			$ 607,561	41,316,876

(1) Basis of Presentation

The accompanying supplementary schedule of expenditures of federal awards (the Schedule) includes the federal grant transactions of Clarkson University (the University). The Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets or cash flows of the University. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule includes the expenditures of the University's two campuses: Clarkson University and Capital Region Campus.

(2) Loan Programs

The University has the following loan balance outstanding for the Federal Perkins Loan Program:

Loan receivable balance at June 30, 2023	$	1,372,186
Loans advanced during fiscal year 2024		—
Administrative cost allowance		—
Federal expenditures		1,372,186
Current year loan reduction		(390,531)
Loan receivable balance at June 30, 2024	$	981,655

The Federal Perkins Loan Program is administered directly by the University and the balance and transactions related to this program are included in the University's consolidated financial statements.

Federally guaranteed loans issued to students of the University during the year ended June 30, 2024 amounted to $17,804,739, Federally guaranteed loans issued to parents of students of the University under the PLUS Loan Program during the year ended June 30, 2024 amounted to $6,009,913. The University is responsible only for the performance of certain administrative duties with respect to the programs and, accordingly, balances and transactions relating to them are not included in the University's consolidated financial statements.

(3) Facilities and Administrative Costs

For research and development awards, the University has obtained predetermined facilities and administrative cost rates for fiscal years 2019–2024, which have been reviewed and approved by the U.S. Department of Health and Human Services, the University's federal oversight agency. The base rate for on-campus research is 53% for fiscal year 2024. The base rate for off-campus research is 18.1% for fiscal year 2024. Both rates use modified total direct costs as a base.

KPMG LLP
515 Broadway
Albany, NY 12207-2974

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

The Board of Trustees
Clarkson University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Clarkson University (the University), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 28, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The University's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

KPMG LLP

Albany, New York
March 28, 2025

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Trustees
Clarkson University:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Clarkson University's (the University) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect of the University's major federal program for the year ended June 30, 2024. The University's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the University's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's responses and corrective action plans were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

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

KPMG LLP

Albany, New York
March 31, 2025

(1) Summary of Auditors' Results

(a) Type of report issued on whether the consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles: **Unmodified**

(b) Internal control deficiencies over financial reporting disclosed by the audit of the consolidated financial statements:

- Material weaknesses: **Yes, Finding 2024-001**
- Significant deficiencies: **None reported**

(c) Noncompliance material to the financial statements: **No**

(d) Internal control deficiencies over major programs disclosed by the audit:

- Material weaknesses: **Yes, Finding 2024-002**
- Significant deficiencies: **Yes, Finding 2024-003**

(e) Type of report issued on compliance for each major program: **Unmodified**

(f) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?: **Yes, Findings 2024-002 and 2024-003**

(g) Major program:

- Student Financial Assistance Cluster – various Federal Assistance Listing numbers

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$1,237,206**

(i) Auditee qualified as a low-risk auditee: **No**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding No.: 2024-001 – Financial Reporting Process

Condition Found

For the past three years, we disclosed a significant deficiency in internal control over financial reporting. During fiscal 2024, the University experienced turnover in certain members of management. As a result, there was new personnel involved in the financial reporting process and prior observations regarding the financial reporting process have been confirmed. Management experienced significant difficulties in the preparation of the consolidated financial statements. Support for the beginning balances was unorganized and inconsistent, requiring management a significant amount of time to complete the preparation of the consolidated financial statements.

Management continued to have significant difficulty in preparing the statement of cash flows, including the determination of investment related activities. Misstatements, although not material, were identified in the classification of net assets and there continue to be issues related to the monitoring of restricted net asset balances at the project level.

We observed that the University does not have a robust, systematic and documented process in place related to the preparation of the consolidated financial statements, including reconciliation to supporting documentation. Consistent with prior years and further exasperated because of the changes in personnel, management was not able to provide timely, complete and accurate supporting documentation for various significant accounts, including investing cash flows and net assets, and there was a significant amount of time spent by management and the engagement team discussing differences between amounts recorded and supporting documentation. This included the identification of several misstatements.

Recommendation

We recommend that the University formalize the financial reporting process, including documenting policies and procedures associated with the preparation of the consolidated financial statements. Management should incorporate account analysis and reconciliation in its policies and procedures and include a timely review of all supporting analyses by an experienced member of management. Additionally, the periodic review of account level analysis should occur throughout the year to prevent surprises and issues from delaying the year-end financial reporting process. Staff should be augmented and/or receive training on generally accepted accounting principles and financial reporting requirements of higher education institutions. The University should also attempt to standardize and automate, to the extent possible, certain analyses prepared as part of the financial statement closing process.

Management's Response

The University has taken several steps to address the continuing concerns raised in this audit. In September 2023, the University hired a new VP of Financial Affairs, and in April, 2024, the Controller position was filled with a licensed CPA with audit experience to lead the accounting team and initiate structural and systemic improvements to the controls, procedures, and processes of the University.

The Controller is taking a focused and continuous improvement approach toward review of the University's policies and procedures for account analysis and reconciliation; review of internal controls; review of staff responsibilities, correlations, and interdepartmental interaction to identify areas of weakness and opportunity.

The Controller, on or before June 30, 2025, will establish a detailed and documented closing schedule, with assignments for preparation and review of all needed account reconciliations.

The Controller, on or before June 30, 2025, will also establish a detailed and documented financial statement preparation schedule, with assignments for preparation and review of all footnotes.

(3) Findings and Questioned Costs Relating to Federal Awards

Finding No.: 2024-002 – Disbursements Reporting

Federal Agency: U.S. Department of Education

Program Name: Student Financial Assistance Cluster – Pell Grant Program

ALN Number: 84.063

Federal Award Year: July 1, 2023 – June 30, 2024

Criteria

Institutions submit Direct Loan, Pell Grant, TEACH Grant, and IASG origination records and disbursement records to the COD system. Origination records can be sent well in advance of any disbursements, as early as the institution chooses to submit them for any student the institution reasonably believes will be eligible for a payment. An institution follows up with a disbursement record for that student no earlier than (1) seven calendar days prior to the disbursement date under the Advance or Heightened Cash Monitoring 1 payment methods, or (2) the date of the disbursement under the Reimbursement or Heightened Cash Monitoring 2 Payment Method. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the institution. The acknowledgments identify the processing status of each record: Rejected, Accepted with Corrections, or Accepted. In testing the origination and disbursement data, the auditor should be most concerned with the data ED has categorized as accepted or accepted with corrections. Institutions must report student disbursement data within 15 calendar days after the institution makes a disbursement or becomes aware of the need to make an adjustment to previously reported student disbursement data or expected student disbursement data. Institutions may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Title 2 U.S. Code of Federal Regulations Part 200 (2CFR 200) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, section 303(a) states, the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statues, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Conditions Found

For six (6) out of 40 students selected for test work, the required Pell student payment data was reported to the Common Origination and Disbursement (COD) website 17 days after disbursement, which exceeds the 15-day timeframe required by federal regulations.

For one (1) out of 40 student sample selections, the Cost of Attendance was misreported to the COD website. There was no follow-up by the University to correct the discrepancy.

For three (3) out of 40 student sample selections, the transaction number did not agree between the Student Aid Report (SAR) and the COD website.

Cause

The cause of the condition found is insufficient review to ensure that disbursement reporting is occurring on a timely basis, all records submitted to COD were accepted, and, for those that were rejected, that corrected data is submitted within the required timeframe.

(Continued)

Possible Asserted Effect

The possible effect of the condition found is that the University may not be reporting Pell disbursements to COD completely, accurately, and in a timely manner.

Questioned Costs

No questioned costs were identified.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding

The conditions found do not constitute a repeat finding from the prior year.

Views of Responsible Officials

Management accepts this finding and notes there were issues with the disbursement records that prevented them from being sent to COD. Unexpected turnover in the workforce resulted in 25% normal processing capacity during the timeframe in question. Staffing levels in that area have been fully restored with appropriate training to the employees. A formal schedule has been developed whereby records are reconciled and sent to COD on a weekly basis to reduce the risk of late filings. In addition, the University is considering methods of improved redundancy and backup to prevent systemic issues going forward.

Finding No.: 2024-003 – Verification

Federal Agency: U.S. Department of Education

Program Name: Student Financial Assistance Cluster – Federal Pell Grant Program and Federal Direct Loan Program

ALN Number: 84.063 and 84.268

Federal Award Year: July 1, 2023 – June 30, 2024

Criteria

An institution is required to establish written policies and procedures that incorporate the provisions of 34 CFR 668.51 through 668.61 for verifying applicant information for those applicants selected for verification by ED. The institution shall require each applicant whose application is selected by ED to verify the information required for the Verification Tracking Group to which the applicant is assigned. For students who are assigned to the Standard Verification Group (V1), the institution must verify the following: adjusted gross income; U.S. income tax paid; untaxed portions of IRA distributions; untaxed portions of pensions; IRA deductions and payments; tax-exempt interest income; education credits; household size; number in college. For students who are assigned to the Custom Verification Group (V4), the institution must verify identity/statement of educational purpose (SEP). For students who are assigned to the Aggregate Verification Group (V5), the institution must verify identity/SEP in addition to the items in the Standard Verification Group. If any discrepancies are identified, the institution is required to submit a correction and obtain an updated SAR.

Additionally, Title 2 U.S. Code of Federal Regulations Part 200 (2CFR 200) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, section 303(a) states, the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statues, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Conditions Found

For one (1) out of 21 students selected for testwork, one (1) of the ten (10) required verification elements, specifically the student's income earned from work, was not verified by the University.

Cause

The condition resulted from the University’s internal control processes not operating consistently to ensure that each specified data element was appropriately verified. Specifically, the University’s control of completely reviewing all specified data elements was not operating at a level of precision that would cover all specified data elements.

Possible Asserted Effect

Failure to perform verification procedures over all required data elements could result in awarding students more or less aid than they would otherwise qualify for.

Questioned Costs

No questioned costs were identified.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding

The conditions found do not constitute a repeat finding from the prior year.

Views of Responsible Officials

Management accepts this finding. The error on the verification (1 student) was made by a former staff that did not verify the student wages. Clarkson’s procedure clearly states the income is required to be verified, however the former staff member made an error in processing this verification.

Improvements to the training process have been implemented including emphasis on the requirement that staff verify income as part of the review process. A multi-tier review system has been implemented whereby after the initial review process has been completed, verification documents are submitted to the Director who then performs a second review to ensure that the initial review process was correctly followed and that the data is reliable.

Clarkson University

Uniform Guidance – Corrective Action Plan

Year Ended June 30, 2024

Financial Statement Findings:

Finding No.: 2024-001 – Financial Reporting Process

Condition Found

For the past three years, we disclosed a significant deficiency in internal control over financial reporting. During fiscal 2024, the University experienced turnover in certain members of management. As a result, there was new personnel involved in the financial reporting process and prior observations regarding the financial reporting process have been confirmed. Management experienced significant difficulties in the preparation of the consolidated financial statements. Support for the beginning balances was unorganized and inconsistent, requiring management a significant amount of time to complete the preparation of the consolidated financial statements.

Management continued to have significant difficulty in preparing the statement of cash flows, including the determination of investment related activities. Misstatements, although not material, were identified in the classification of net assets and there continue to be issues related to the monitoring of restricted net asset balances at the project level.

We observed that the University does not have a robust, systematic and documented process in place related to the preparation of the consolidated financial statements, including reconciliation to
For the past three years, we disclosed a significant deficiency in internal control over financial reporting. During fiscal 2024, the University experienced turnover in certain members of management. As a result, there was new personnel involved in the financial reporting process and prior observations regarding the financial reporting process have been confirmed. Management experienced significant difficulties in the preparation of the consolidated financial statements. Support for the beginning balances was unorganized and inconsistent, requiring management a significant amount of time to complete the preparation of the consolidated financial statements.

Management continued to have significant difficulty in preparing the statement of cash flows, including the determination of investment related activities. Misstatements, although not material, were identified in the classification of net assets and there continue to be issues related to the monitoring of restricted net asset balances at the project level.

We observed that the University does not have a robust, systematic and documented process in place related to the preparation of the consolidated financial statements, including reconciliation to

Recommendation

We recommend that the University formalize the financial reporting process, including documenting policies and procedures associated with the preparation of the consolidated financial statements.
Management should incorporate account analysis and reconciliation in its policies and procedures and include a timely review of all supporting analyses by an experienced member of management. Additionally, the periodic review of account level analysis should occur throughout the year to prevent surprises and issues from delaying the year-end financial reporting process. Staff should be

augmented and/or receive training on generally accepted accounting principles and financial reporting requirements of higher education institutions. The University should also attempt to standardize and automate, to the extent possible, certain analyses prepared as part of the financial statement closing process.

Management's Response

The University has taken several steps to address the continuing concerns raised in this audit. In September 2023, the University hired a new VP of Financial Affairs, and in April, 2024, the Controller position was filled with a licensed C.P.A with audit experience to lead the accounting team and initiate structural and systemic improvements to the controls, procedures, and processes of the University.

The Controller is taking a focused and continuous improvement approach toward review of the University's policies and procedures for account analysis and reconciliation; review of internal controls; review of staff responsibilities, correlations, and interdepartmental interaction to identify areas of weakness and opportunity.

The Controller, on or before June 30, 2025, will establish a detailed and documented closing schedule, with assignments for preparation and review of all needed account reconciliations.

The Controller, on or before June 30, 2025, will also establish a detailed and documented financial statement preparation schedule, with assignments for preparation and review of all footnotes.

Anticipated Completion Date
June 30, 2025

Responsible Person
Robert Tremper, Controller

Finding No.: 2024-002 – Disbursements Reporting

Federal Agency Name: U.S. Department of Education

Program: Student Financial Assistance Cluster – Pell Grant Program

Federal Award Year: July 1, 2023 – June 30, 2024

Federal Assistance Listing Number: 84.063

Criteria

Institutions submit Direct Loan, Pell Grant, TEACH Grant, and IASG origination records and disbursement records to the COD system. Origination records can be sent well in advance of any disbursements, as early as the institution chooses to submit them for any student the institution reasonably believes will be eligible for a payment. An institution follows up with a disbursement record for that student no earlier than (1) seven calendar days prior to the disbursement date under the Advance or Heightened Cash Monitoring 1 payment methods, or (2) the date of the disbursement under the Reimbursement or Heightened Cash Monitoring 2

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Payment Method. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the institution. The acknowledgments identify the processing status of each record: Rejected, Accepted with Corrections, or Accepted. In testing the origination and disbursement data, the auditor should be most concerned with the data ED has categorized as accepted or accepted with corrections. Institutions must report student disbursement data within 15 calendar days after the institution makes a disbursement or becomes aware of the need to make an adjustment to previously reported student disbursement data or expected student disbursement data. Institutions may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Additionally, Title 2 U.S. Code of Federal Regulations Part 200 (2CFR 200) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, section 303(a) states, the non Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non Federal entity is managing the Federal award in compliance with Federal statues, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Conditions Found

For six (6) out of 40 students selected for test work, the required Pell student payment data was reported to the Common Origination and Disbursement (COD) website 17 days after disbursement, which exceeds the 15-day timeframe required by federal regulations.

For one (1) out of 40 student sample selections, the Cost of Attendance was misreported to the COD website. There was no follow-up by the University to correct the discrepancy.

For three (3) out of 40 student sample selections, the transaction number did not agree between the Student Aid Report (SAR) and the COD website.

Cause

The cause of the condition found is insufficient review to ensure that disbursement reporting is occurring on a timely basis, all records submitted to COD were accepted, and, for those that were rejected, that corrected data is submitted within the required timeframe.

Possible Asserted Effect

The possible effect of the condition found is that the University may not be reporting Pell disbursements to COD completely, accurately, and in a timely manner.

Questioned Costs

No questioned costs were identified.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding

The conditions found do not constitute a repeat finding from the prior year.

View of Responsible Officials

Management accepts this finding and notes there were issues with the disbursement records that prevented them from being sent to COD. Unexpected turnover in the workforce resulted in 25% normal processing capacity during the timeframe in question. Staffing levels in that area have been fully restored with appropriate training to the employees. A formal schedule has been developed whereby records are reconciled and sent to COD on a weekly basis to reduce the risk of late filings. In addition, the University is considering methods of improved redundancy and backup to prevent systemic issues going forward.

Anticipated Completion Date
December 2024 - completed

Responsible Person
Nicole Adner, Director of Financial Aid

Finding No.: 2024003 – Verification

Federal Agency: U.S. Department of Education

Program Name: Student Financial Assistance Cluster – Federal Pell Grant Program and Federal

Direct Loan Program

ALN Number: 84.063 and 84.268

Federal Award Year: July 1, 2023 – June 30, 2024

Criteria

An institution is required to establish written policies and procedures that incorporate the provisions of 34 CFR 668.51 through 668.61 for verifying applicant information for those applicants selected for verification by ED. The institution shall require each applicant whose application is selected by ED to verify the information required for the Verification Tracking Group to which the applicant is assigned. For students who are assigned to the Standard Verification Group (V1), the institution must verify the following: adjusted gross income; U.S. income tax paid; untaxed portions of IRA distributions; untaxed portions of pensions; IRA deductions and payments; tax-exempt interest income; education credits; household size; number in college. For students who are assigned to the Custom Verification Group (V4), the institution must verify identity/statement of educational purpose (SEP). For students who are assigned to the Aggregate Verification Group (V5), the institution must verify identity/SEP in addition to the items in the Standard Verification Group. If any discrepancies are identified, the institution is required to submit a correction and obtain an updated SAR.

Additionally, Title 2 U.S. Code of Federal Regulations Part 200 (2CFR 200) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, section 303(a) states, the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statues, regulations, and the terms and

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conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Conditions Found

For one (1) out of 40 students selected for testwork, one (1) of the ten (10) required verification elements, specifically the student's income earned from work, was not verified by the University.

Cause

The condition resulted from the University’s internal control processes not operating consistently to ensure that each specified data element was appropriately verified. Specifically, the University’s control of completely reviewing all specified data elements was not operating at a level of precision that would cover all specified data elements.

Possible Asserted Effect

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Questioned Costs

No questioned costs were identified.

Statistical Sampling

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Repeat Finding

The conditions found do not constitute a repeat finding from the prior year.

Views of Responsible Officials

Management accepts this finding. The error on the verification (1 student) was made by a former staff that did not verify the student wages. Clarkson’s procedure clearly states the income is required to be verified, however the former staff member made an error in processing this verification.
Improvements to the training process have been implemented including emphasis on the requirement that staff verify income as part of the review process. A multi-tier review system has been implemented whereby after the initial review process has been completed, verification documents are submitted to the Director who then performs a second review to ensure that the initial review process was correctly followed and that the data is reliable.

Anticipated Completion Date
December 2024 - completed

Responsible Person
Nicole Adner, Director of Financial Aid

Clarkson University
Summary Schedule of Prior Year Findings
30-Jun-24

Reference	Finding	Contact Person	Status
2023-001	Financial Reporting Significant deficiency	Rob Tremper, Controller	The University has taken several steps to address the continuing concerns raised. A workflow that requires secondary approval of journal entries has been implemented and a workflow management system was implemented to manage financial account reconciliations, variance analysis and closing processes. Reconciliations of each general ledger account are assigned to University staff members for either monthly or quarterly review within this workflow management system with secondary staff approvals as needed for key general ledger accounts. While not completed in fiscal 2024, monthly, quarterly and annual closeout procedures are being built into the workflow process to allow for timely identification and status tracking of processes. While accounting processes exist in an internal process memo utilized by the Controller's Office staff, a formalized process and procedures manual is being developed and will be maintained on a publicly facing page of the University intranet to allow all campus users access for reference. During fiscal 2024, the University added two new positions: Internal Auditor, reporting directly to the Vice President of Financial Affairs and the Audit Committee Chair, and Project Accounting Analyst, reporting to the Controller. While the Internal Auditor will have broad ranging oversight to University systems, it is expected that further University-wide policies and procedures will be developed as a result of these reviews, including those directly impacting financial operations and controls. The purpose of the Project Accounting Analyst position is to review and monitor net asset balances at the project level. A key component of the position involves meeting with campus account managers in conjunction with the Budget Office staff on a quarterly basis to review current activity, address questions related to transactional activity and promote prompt and timely close out of projects. In conjunction with this work, stale projects are being reviewed for potential closeout or ability to utilize available funding sources for current operations. All of these activities are designed to maintain better insight and control over net asset balances. This position is also tasked with developing policies and procedures around the creation and management of project accounts. Over the past year, management has utilized external industry resources for consulting, training and advising purposes. Management will continue to utilize these resources and other available resources to further enhance knowledge and develop best practices. Management has committed to contracting with an outside accounting firm or hire a CPA internally to provide further training, support and best practice guidance to the accounting staff. Further, an effort is underway to fill current vacancies within the Controller's Office with individuals trained to a higher level of accounting knowledge, as well as knowledge specific to the higher education and not for profit fund accounting sector. Through the current audit cycle, a series of reports and procedures have been developed to aid in a more timely and accurate preparation of financial statements. Additionally, in April 2024, the University hired a new Controller who is a licensed CPA and who is taking a focused and continuous improvement approach toward review of policies and procedures for account analysis and reconciliation; review of internal controls; review of staff responsibilities, correlations, and interdepartmental interaction to identify areas of weakness and opportunity. The new Controller is also establishing detailed and documented closing schedules, with assignments for preparation and review of all needed account reconciliations, as well as detailed and documented financial statement schedule , with assignments for preparation and review of all footnotes.
2023-002	Student Financial Assistance Cluster Disbursements notification noncompliance and significant deficiency	Nicole Adner, Director of Financial Aid	Corrective action was taken.
2023-003	Research and Development Cluster Payroll application to grant awards and significant deficiency related to review	Steve McDonald, Director SRS Shannon Boyce, Associate Controller	Corrective action was taken.
2023-004	Research and Development Cluster Cash management significant deficiency	Shannon Boyce, Associate Controller	Corrective action was taken.
2023-005	Research and Development Cluster Period of performance close-out process delays and significant deficiency	Shannon Boyce, Associate Controller Steve McDonald, Director SRS	Corrective action was taken.