

**TCU**

# Annual Financial Report

2023 - 2024



Horned  
Frogs





# Texas Christian University Annual Financial Report For the Year Ended May 31, 2024

---

LETTER FROM THE CHANCELLOR	2
FINANCIAL OVERVIEW	9
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	20
STATEMENTS OF FINANCIAL POSITION	24
STATEMENT OF ACTIVITIES	25
STATEMENTS OF CASH FLOWS	26
NOTES TO FINANCIAL STATEMENTS	27
BOARD OF TRUSTEES	53
FINANCIAL STAFF	Back Cover



LETTER FROM CHANCELLOR VICTOR J. BOSCHINI, JR.

In this annual report, I am pleased to highlight Texas Christian University's fiscal year 2023-2024 accomplishments. For 151 years, TCU has been committed to student success that is driven by our mission: to educate individuals to think and act as ethical leaders and responsible citizens in the global community. Today, TCU is a world-class university known for its values-centered community, dedication to scholarship and innovation, enriching student experiences and fostering future leaders ready to launch and make an impact. We are dedicated to carrying forward TCU's legacy of excellence and are full of excitement for the years ahead.

Fall 2023 concluded a truly momentous time in the life of our University, marking a historic academic year – TCU's Sesquicentennial. In early 2023, Horned Frogs began celebrating on campus and from coast to coast with special events; commemorative performances, publications and videos; historical exhibitions; large-scale murals in Fort Worth, New York, Chicago, Los Angeles and more; special recognition from the City of Fort Worth, Tarrant County, the Texas Legislature, the U.S. Capitol and other institutions. In Fall 2023, the historic milestone year culminated with a communitywide celebration, which included a countdown to the next 150 years and a celebration of the successful completion of our \$1 billion Lead On: A Campaign for TCU effort in support of our people and programs, the most ambitious fundraising effort in TCU history. Approved by the Board of Trustees, the TCU community launched the campaign in 2019, led by Campaign Co-Chairs Ronald C. Parker and Dee J. Kelly, Jr., and Honorary Campaign Co-Chairs Kit Tennison Moncrief and J. Luther King, Jr.



TCU continues to offer an unmatched blend of academic excellence, engaging campus life and outstanding student resources. With the leadership and partnership of our Board of Trustees, we will continue to manage operational expenses, increase financial aid to attract high-performing and talented students, seek out initiatives that enhance TCU's academic reputation and student experience, prioritize employee engagement and recognize performance.

## ***Supporting a Strong Academic Community***

The demand for a TCU education continues to be strong. Total enrollment for Fall 2023 was 12,785, up 4.2 percent. Our undergraduate enrollment count for that semester was 10,915, up 3.7 percent, and graduate enrollment was 1,870, up 6.9 percent. Retention hit an all-time high, with a 94.3 percent first-year-to-sophomore retention rate.

TCU is dedicated to enrolling an academically talented, diverse student body and making TCU more accessible to students and families — while maintaining responsible enrollment growth for the future. The budget approved in April 2024 supports the University’s academic mission while preserving long-term sustainability.

## ***Expanding Our Leadership Team***

Like everything at the University, we achieve our goals through the excellence of our people. Our leadership team is committed to developing TCU’s unmatched student experience, academic excellence, athletic strength and the unique connection culture that sets TCU apart.

Daniel W. Pullin, formerly John V. Roach Dean of the Neeley School of Business, was conferred as TCU President in early November 2023 during a formal investiture ceremony in the Van Cliburn Concert Hall at TCU that included students, faculty and staff; Fort Worth and Tarrant County leaders; representatives from the Big 12 and local universities; and special guests. The Board of Trustees established the position of President to support the Chancellor’s continued prioritization and advancement of TCU’s academic mission, strategic goals and planning for the future. President Pullin leads the operational demands of our large and complex university, including finance and administration, student and academic affairs, marketing and strategic planning.

After an extensive national search, Dr. Craig Crossland, former senior associate dean of academic programs for the Mendoza College of Business at Notre Dame, was named the new John V. Roach Dean of the Neeley School. Other new senior-level appointments/promotions in Spring 2024 include Merianne Roth, former TCU Associate Vice Chancellor for Communication, now Vice Chancellor for Marketing and Communication; Tom Wavering, former executive director of the Tom Love Innovation Hub and an entrepreneurship faculty member at the University of Oklahoma, now TCU’s inaugural Chief University Strategy & Innovation Officer; Heath Einstein, former TCU Dean of Admission, now Vice Provost for Enrollment Management; Mandy Castro, former TCU Director of Admission for first-year and transfer students, now Dean of Undergraduate Admission.

With the departure of Provost Teresa Abi-Nader Dahlberg to become president of the University of Tampa, Dr. Floyd Wormley, Vice Provost for Research and Dean of Graduate Studies, was named Interim Provost and Vice Chancellor for Academic Affairs. A national search is currently underway for the next Provost.

I cannot overstate our gratitude for and the importance of responsible and strategic Board of Trustees leadership on TCU’s upward trajectory. A Trustee since 2005, Kit Tennison Moncrief was re-elected to her second consecutive term as our Board Chair. We’re exceedingly grateful for her leadership and service, as well as that of Edward A. “Eddie” Clark, a Trustee since 2014, who continues to serve as Vice Chair.







## ***Envisioning Our Future***

In December 2023, TCU received outstanding feedback from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to reaffirm the University's accreditation. The review process occurs every 10 years and includes a Quality Enhancement Plan that must be executed and evaluated every five years.

In Spring 2024, under the direction of the Board, TCU embarked on an inclusive process to begin drafting a new strategic plan to guide the University into the next 150 years. Led by President Pullin, strategic planning efforts are currently underway and include feedback, ideas and input from over 10,000 TCU community members surveyed and a variety of focused stakeholder engagement sessions.

Working groups continue to meet to explore and define potential goals and initiatives under each of the four pillars: 1) student-centered growth; 2) research, scholarship and creative activities; 3) athletics; and 4) community engagement. The anticipated timeline calls for a draft strategic plan to be presented at the November 2024 Board Meeting.



In addition to the new strategic plan, the Campus Master Plan is a living, conceptual document developed from the insights and feedback from our community and represents our collective vision for the future of our campus. Approved in concept by the Board at the Spring 2024 Board of Trustees meeting, the Campus Master Plan helps inform our strategic planning efforts, establishing a framework for TCU's living, working and learning environment. In alignment with the University's strategic plan, the Campus Master Plan considers broad opportunities, such as research within an enhanced learning environment, sustainable growth, housing, green spaces and infrastructure and athletics facilities. An executive summary of the Campus Master Plan is available online at [tcu.edu/campus-master-plan](https://tcu.edu/campus-master-plan).

## **Broadening the Health Care Landscape in North Texas**



In 2023, the Anne Burnett Marion School of Medicine at TCU achieved two major milestones by graduating its first class of medical doctors, followed by the awarding of full accreditation from the Liaison Committee on Medical Education (LCME). The school welcomed its sixth class of students in July 2024. Securing a seat in the class remains competitive, with more than 6,590 applications for 60 spots.

During 2023-2024, construction was underway for a new home for the Burnett School of Medicine in the heart of the Fort Worth Medical Innovation District. Arnold Hall, named in appreciation of a generous gift from Trustee Greg Arnold and his wife, Ashley, opened in the summer of 2024 and was dedicated in September 2024. This stunning, state-of-the-art facility further establishes TCU as a vital partner in elevating the national profile of TCU and Fort Worth as a hub for innovation, health care and education.

## **Facing the Future with Pride and Commitment**

The University continues to receive national attention and accolades for our academic accomplishments. TCU consistently ranks among the top universities and colleges in the nation, and we continue to experience incredible demand for a TCU education, with a record 22,307 applications for Fall 2024 undergraduate admission. *The Princeton Review* ranks TCU as No. 6 for Happiest Students; No. 2 for Best-Run Colleges; No. 10 for Best Quality of Life; No. 9 for Best Residential Housing; No. 11 for Best Health Services; No. 19 for Most Beautiful College Campus; No. 13 for Best College Library; and No. 25 for Best Career Services. *Forbes Magazine* gives the University an A+ rating for financial health, the only Texas school to receive this accolade.

During the past year, TCU commissioned an Economic and Community Impact Report to measure the economic value and impact generated by TCU. In Fiscal Year 2023, TCU's operations and expenditures, coupled with spending by faculty, staff, students and visitors, collectively amounted to \$2.1 billion dollars nationally, with \$1.3 billion of that directly impacting the City of Fort Worth.





We celebrate these achievements as we continue to strengthen our academic reputation and contributions to the greater community — not just by the numbers, but also through the accomplishments of each and every student, alum, staff and faculty member contributing to TCU's ongoing success.

## Our Community, Our Values

The University continues to focus on strengthening the TCU experience and campus culture. Led by Vice Chancellor Kathy Cavins-Tull, the campus community participated in an inclusive process to re-examine and recommit to TCU's core values. This was initiated with an online survey, and continued throughout the Sesquicentennial year with interviews with campus members and review and feedback from faculty, staff and student leaders. The culmination of the values project and outcomes were presented to and approved by the Board, reaffirming the actions and behaviors that define who we are as a university and unite us in our work:

- **Integrity** as the foundation of learning, discovery and ethical leadership. We embrace personal accountability and our shared responsibility to foster a community of leaders who have the uncompromising commitment and conscience to make a difference for the greater good.
- **Engagement** that impacts personal and academic growth. We foster responsible and ethical leadership by actively participating in the learning process and the community around us.



- **Community** and a culture of belonging. We celebrate our differences and serve one another with openness, trust, humility and mutual respect.
- **Excellence** in our pursuit of the greater good. Achievement through critical thinking, intellectual inquiry and creative expression fuels lifelong learning and lasting impact.

Our community continues to be recognized for inclusive excellence. The University has been recognized with the Higher Education Excellence in Diversity (HEED) Award from *INSIGHT Into Diversity* magazine for six consecutive

years. This designation celebrates TCU's ongoing commitment to create an inclusive culture of belonging for students, faculty and staff from diverse backgrounds in Fort Worth and across the world.

## Enhancing Campus Culture Through Our Built Environment

Increasingly high praise for our student experience aligns with the University's commitment and investment in infrastructure – creating and improving buildings, residence halls, classrooms, labs and the overall physical campus. In recent years, TCU has worked on several key projects to support the campus experience. Some have been completed and others are in various stages of planning and construction:

- Construction on the East Campus Residence Halls and Dining Project continues with a planned completion in time for occupancy in Spring 2025. This addition provides 292 new residential beds



for mostly first-year students in two new halls: Hill, named in honor of Trustee Elliott Hill and Gina Hill, and Walsh, named in honor of the family of Trustee F. Howard Walsh III. The project also includes a 550-seat dining facility with multiple food stations, Gutierrez Hall, which is named in honor of Trustee Joe Gutierrez and Faith Gutierrez.



- Building upon the success of our NCAA programs and made possible with generous donor support, construction began in early 2024 on the Athletics Human Performance Center Renovation and Expansion Project, which will provide strength and conditioning, nutrition, restoration and wellness facilities to support all 22 varsity athletic programs. The project, slated for completion in July 2025, includes two new facilities and renovation of two others. The performance center will be named the Mike and Brenda Harrison Football Performance Center, in honor of the Harrisons' significant contributions to the University and TCU Athletics. Other newly named facilities include the John Justin Football Complex, in recognition of a lead grant from the Jane and John Justin Foundation, and the Simpson Family Athletics Restoration and Wellness Center, honoring Bob Simpson and Gary and Amy Simpson.
- The newly completed Mary Coats Burnett Library West End Renovation Project provides critical infrastructure repairs and upgrades to the library's mechanical and electrical systems.
- New University Drive pedestrian improvements added two controlled crosswalks, improved existing signals, and expanded walkways and medians, as well as enhancing TCU's Veterans Plaza.
- The Harris College Research Annex Project renovated an nearby off-campus building to meet the needs of TCU's kinesiology and occupational therapy programs and provided upgrades and deferred maintenance for required building systems.
- The Ed Landreth Hall and Auditorium renovation project is in the design development phase.
- The gleaming Richards Well House near The Harrison administration building serves as a gathering place and formal entrance to the south side of campus. Funding for the well house was generously provided by TCU Trustee Emeritus Nancy Tartaglino Richards and the Tartaglino Richards Family Foundation.
- The Sesquicentennial Plaza Project to be located on the east campus in the Intellectual Commons will commemorate the diversity of achievements throughout TCU history and recognize top donors who contributed to Lead On: A Campaign for TCU.

## ***Honoring TCU's Past, Preparing For Our Future***

Last fall, we celebrated the successful conclusion of Lead On: A Campaign for TCU in conjunction with TCU's 150th. The campaign's broad-based support is enabling us to fulfill our commitment to our students and our mission within the global community. The high-level, primary focus of this campaign was to secure unparalleled support for people and programs and to increase TCU's endowment in support of the University's strategic plan – *Vision in Action*: Lead On. The successful campaign was supported by 57,000



generous supporters who invested \$709 million in our people and programs, with the balance invested in our facilities. Almost \$370 million was invested in the endowment, including more than \$159 million for student scholarships.

In October 2023, we far exceeded our 2,023-donor goal for our 10th Annual TCU Gives Day, with alumni, parents and friends of TCU coming together to support student success, giving more than \$1.89 million overall, and unlocking more than \$570,000 in challenge gifts for each school and college, as well as those benefitting Black and Hispanic alumni alliance scholarships, the Mary Coats Burnett Library and Frog Club.

## **TCU Athletic Programs Remain Strong**

TCU's tradition of athletic excellence continues as a proud member of the Big 12 Conference. In the 2023-24 athletics season, TCU was one of just five schools nationally to win multiple NCAA championships with its titles in rifle and men's tennis. Sixteen sports were represented in postseason play. Between teams and individuals, eight conference championships were won.

- Men's basketball reached the NCAA Tournament in a third consecutive season for the first time in program history.
- Volleyball advanced to the second round of the NCAA Tournament in back-to-back years for the first time.
- In its debut season, women's triathlon placed sixth at its national championship.
- Beach volleyball made its fourth-straight appearance at the NCAA Championship.
- Women's basketball also earned its first postseason trip since 2019.
- TCU had 27 student-athletes across eight sports receive All-America honors last season.
- On the international stage, TCU proudly sent a school record nine current and former student-athletes to the 2024 Olympic Games in Paris.



Competing at the highest levels in athletics is a critical ingredient of the TCU experience, positively affecting TCU's national reputation. Because of the spirited support of our Horned Frog community — students, alumni and an ever-expanding fan base — as well as our championship wins and location in the thriving Fort Worth-Dallas Metro area, the University remains well-positioned for growth, success and leadership in intercollegiate athletics.

I look forward with great optimism and confidence in TCU's future, celebrating — together — who we are, what we have accomplished and what we will achieve moving forward.

Warm regards,

Victor J. Boschini, Jr.  
TCU Chancellor





## OVERVIEW

Texas Christian University (TCU) continued to have successful results from financial operations in Fiscal Year 2024 (FY24) as a result of strong enrollment, generous support from donors, and strong investment returns. This occurred amidst steeply rising inflation and economic uncertainty. TCU continued to build upon the platform of prudent fiscal operations, improved business services and efficiencies, and high impact student experiences and academic quality. Further, TCU continued its commitment to appropriate financial aid and student support to meet student financial need and positively impact student academic success. The University carefully manages its financial resources and will continue to practice disciplined financial management to ensure long-term financial sustainability.

### SUMMARY OF FINANCIAL RESULTS

Results from financial operations in Fiscal Year 2024 reflected a net surplus of \$67.7 million due to favorable enrollment trends and increased donor support. Fiscal Year 2024 operating revenues were \$757.5 million, reflecting an increase of \$49.7 million from Fiscal Year 2023 (FY23). Total expenses increased \$32.3 million, or 5%, to \$689.7 million in FY24. The University ended FY24 with a \$67.7 million increase in net assets from operating activities compared to a \$50.3 million increase in net assets from operating activities in FY23. The increases in net assets fund the University's Capital Funding Reserve and the Lead On Reserve that funds the University's strategic plan. Total University assets increased \$126.3 million in FY24 with \$4.7 billion in total assets. At year-end, the University's cash balance was \$30.8 million and the cash and short-term investments of the working capital outside of the Endowment totaled \$491.5 million.

### UNIVERSITY HIGHLIGHTS

**Enrollment trends.** One trend that has been consistent is the demand for an education from TCU. The Fall 2023 enrollment for entering first time college students was 2,488. This resulted in an undergraduate enrollment of 10,915 students and exceeded the established strategic goal of increasing the undergraduate population to approximately 10,500 students.

In addition to solid undergraduate demand for a TCU education, graduate enrollment increased steadily to 1,870 for the Fall semester 2023 compared to 1,750 in Fall 2022.

**Generous donor support.** The University continued to benefit from the generosity of its many loyal donors in FY24. TCU received \$126.7 million in total philanthropic support during the fiscal year, of which \$93.5 million was received in cash and almost \$80 million in new gifts and pledges. The total number of alumni donors was 10,416. Alumni participation continues to compare favorably to the national average and peer institutions, reflecting the significant financial support and engagement of our alumni. The total number of donors, including alumni, parents, friends, corporations, and foundations was 14,423. Momentum is strong at TCU with completion of a new campus master plan and a new strategic planning process underway. The University is defining strategic priorities to guide it forward and outlining opportunities for philanthropic investment. This will form the foundation for the next comprehensive campaign. The future for TCU's fundraising looks bright.



## **STATEMENT OF FINANCIAL POSITION**

The *Statement of Financial Position* presents the assets, liabilities, and net assets of the University on May 31, the close of the Fiscal Year. The net assets are classified as without donor restrictions or with donor restrictions depending upon whether any restrictions were placed upon the funds at the time they were received by the University. While the Board of Trustees may designate funds for specific purposes, only donors or other external third parties may impose the restrictions as they are defined in the financial statements. Gifted Funds to the University with perpetual donor restrictions are typically held in the Endowment. The unspent earnings or market appreciation arising from such restricted gifts is combined with other expendable funds and classified as donor restricted with time or purpose in accordance with the donor instructions. Funds classified as donor restricted with time or purpose may be spent only upon the occurrence of a specified event or after a defined period of time, or may be spent only for those purposes specified by the donor. Funds without donor restrictions are available for the general support of the University in accordance with policies established by the Board of Trustees.

The *Statement of Financial Position* reflects an increase in the University's total net assets for FY24. Total University assets increased \$126.0 million in FY24, primarily due to increases in the market value of investments increasing the University's balance sheet to the end of the year, totaling \$4.7 billion in total assets. Total University liabilities decreased slightly to \$1.2 billion.

### **Cash**

The University closely forecasts and monitors cash flows and liquidity in order to meet operating and contractual commitments. A majority of the University's operating and working capital is held in short-duration mutual funds. Other working capital investments include Treasury backed money market funds. Funds are rated Aa3 by Moody's Investors Service. At year-end, the University's cash balance was \$30.8 million. The University's cash and short-term investments of its working capital outside of the Endowment totaled \$491.0 million at year-end, of which a portion was encumbered to make final payments on completed major capital projects. During FY24, the University used cash to purchase and construct capitalized assets, totaling \$160.0 million.

### **Contributions Receivable**

Gross contributions receivable resulting from binding donor pledges relating to the renovation construction of various projects on the University's campus represent \$29.3 million as of May 31, 2024. The net value of those contribution receivables was \$27.6 million as of May 31, 2024, as determined by discounting future cash flows.

### **Investments**

The investments line on the *Statement of Financial Position* primarily consists of Endowment funds, as well as short-term investments of working capital. Investments increased by a net \$7.6 million after making the annual Endowment payout. In the same period, annual payout from the Endowment increased to \$95.8 million, as discussed further in the *Statement of Activities* section under Investment Returns Distributed for Operations.



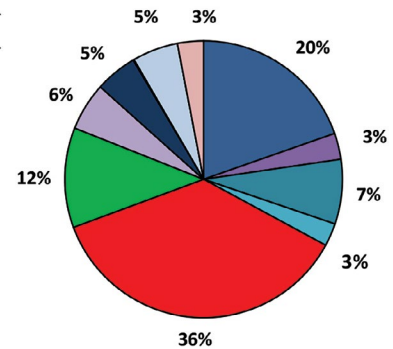


Investments include short-term investments, equities, fixed income, real estate, and mineral interests as well as alternative investments. The alternative investments, including equity, debt, real estate partnerships, and hedge funds, represent 57% of total investments at year-end.

## Asset Allocation

(in thousands)	May 31,	
	2024	2023
Short-term investments	\$ 460,610	\$ 586,684
Derivatives	\$ 361	\$ -
Domestic Securities	\$ 166,947	\$ 91,438
International equity securities	\$ 292,377	\$ 225,417
Corporate bonds and asset-backed securities	\$ 157,513	\$ 80,047
Equity partnerships	\$ 1,092,913	\$ 1,089,591
Debt partnerships	\$ 334,717	\$ 349,036
Real estate partnerships	\$ 138,205	\$ 167,417
Hedge funds	\$ 144,337	\$ 145,846
Real estate	\$ 4,616	\$ 3,481
Mineral interests	\$ 104,650	\$ 159,416
Investments held in trust by others	\$ 99,343	\$ 90,653
<b>Total Investments</b>	<b>\$ 2,996,589</b>	<b>\$ 2,989,026</b>

## Fiscal Year 2024



## Endowment

The University's Endowment funds provide enduring support for the mission of the University by infusing a substantial and reliable flow of funds into the operating budget. At May 31, 2024, the Endowment totaled \$2.6 billion for the total investments balance and represented approximately 76% of the University's net assets. Contributions, total investment return, and other transfers increased the Endowment by \$207.8 million, and Endowment payouts reduced the Endowment by \$95.8 million for a net increase of \$112.0 million, or 4.5% from the prior year. Payout to operations from the Endowment continues to be a substantial source of operating revenue for the University, covering 13.9% and 13.1% of expenses in FY24 and FY23, respectively.

The Endowment is a commingled investment pool composed of hundreds of individual funds embodying a variety of designated and undesignated purposes. These funds fulfill donor wishes by financing designated programs until either a time or purpose restriction is satisfied or in perpetuity. Endowment funds with donor restrictions for time or purpose comprise 24.5% of the University's Endowment net assets, and an additional 24.8% of those net assets are for funds with perpetual donor restrictions. The remainder of the Endowment is primarily comprised of gifts and capital gains without donor restrictions, acting as Quasi-Endowment, which combine to provide a margin of excellence over and above that which tuition supports.

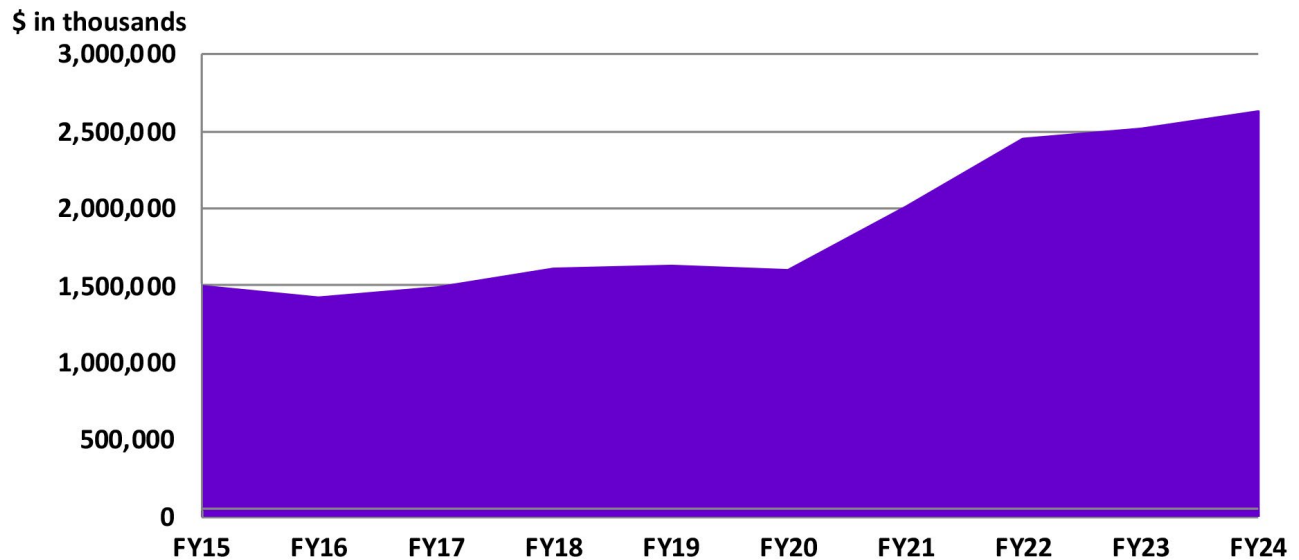
The financial goal for the Endowment is to preserve the inflation-adjusted purchasing power over the long term and provide a reliable, growing stream of income to support the University's mission



fulfilled by its people and programs. Therefore, the University must invest the Endowment in such a way to achieve a total return which is the actual income plus appreciation that is at least equal to inflation plus actual Endowment payout over the long term.

Three key decisions govern the management of the Endowment: the target rate of return; asset allocation among various investment categories to achieve the target rate of return; and the annual rate of Endowment payout (the Endowment spending limit). In FY24, approximately 95.0% of the TCU Endowment was allocated to a diverse array of marketable and nonmarketable investment strategies to achieve an expected annual average total return that exceeds inflation and the annual payout rate over the long term. This target return is expected, over the long term, to maintain the purchasing power of the Endowment and support an annual payout rate of approximately 5.0% of the average market value over a twelve-quarter period ending December 31 of the preceding year. Using the Board of Trustees' approved spending limit, the Endowment spending rate was maintained at 5.0% for the fiscal year ended May 31, 2024.

### University Endowment by Year



### Property and Equipment

During the pandemic, while numerous projects were suspended to preserve liquidity, the University focused on completing major capital projects that had started prior to the pandemic. During FY24, the University invested \$160.0 million in capital projects, bringing the total property and equipment before accumulated depreciation to \$2.4 billion.

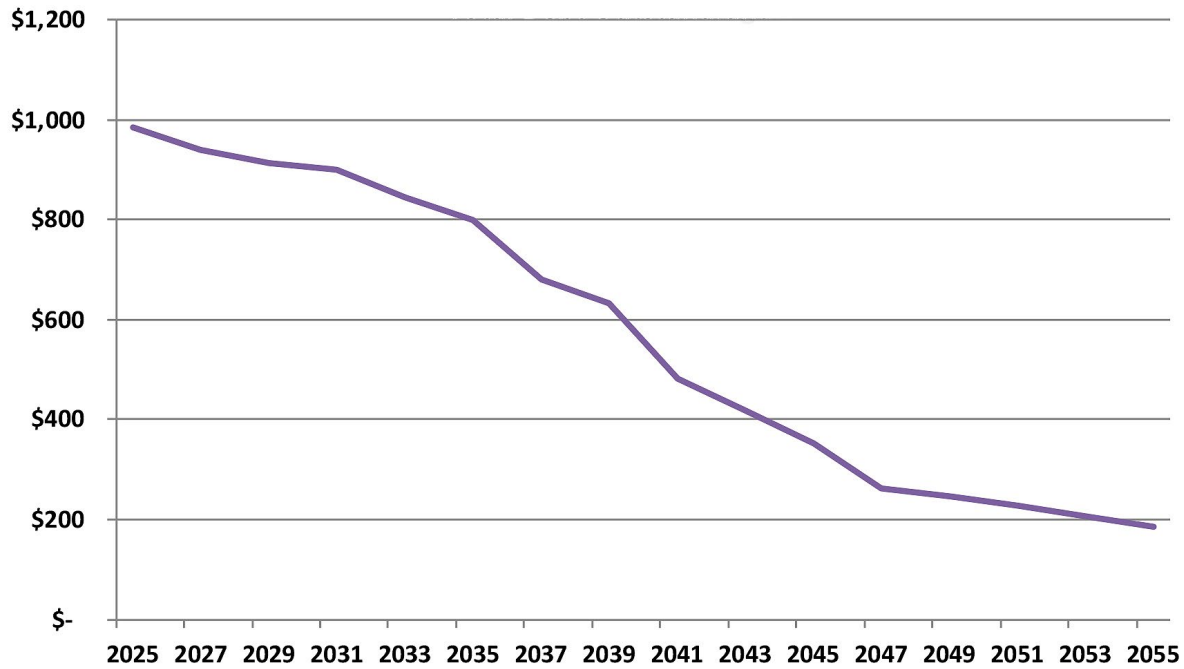
During FY24, the construction of a new building for the Anne Burnett Marion School of Medicine on University-owned property in the Fort Worth medical district was near completion and partially occupied with full occupancy expected in early summer 2024. Several projects are planned for completion in upcoming Fiscal Years and are associated with the University's strategic plan that support people and programmatic initiatives, as well as enhancements to the University's infrastructure and deferred maintenance needs. These projects include construction of a new dining hall and residential housing on the east side of campus, renovation of TCU's dining hall "Market Square," pedestrian safety





improvements along University Drive, construction of a new Athletics Human Performance Center, and the renovation of Ed Landreth Hall and Auditorium, a signature building in the historic precinct of campus used for the Department of Theater, classrooms, and other academic programming needs.

### Outstanding Debt 5-31-2024 Total Debt Outstanding



### Bonds and Notes Payable

Over time, TCU has funded building projects through a combination of gifts, working capital reserves, and debt in the form of tax-exempt bonds and taxable notes. In FY24, total debt decreased from \$989.0 million to \$983.0 million due to annual principal payments. Total debt levels remain appropriately balanced against assets of the University and donor pledges. The Total Debt Outstanding graph below includes the outstanding debt as of May 31, 2024.

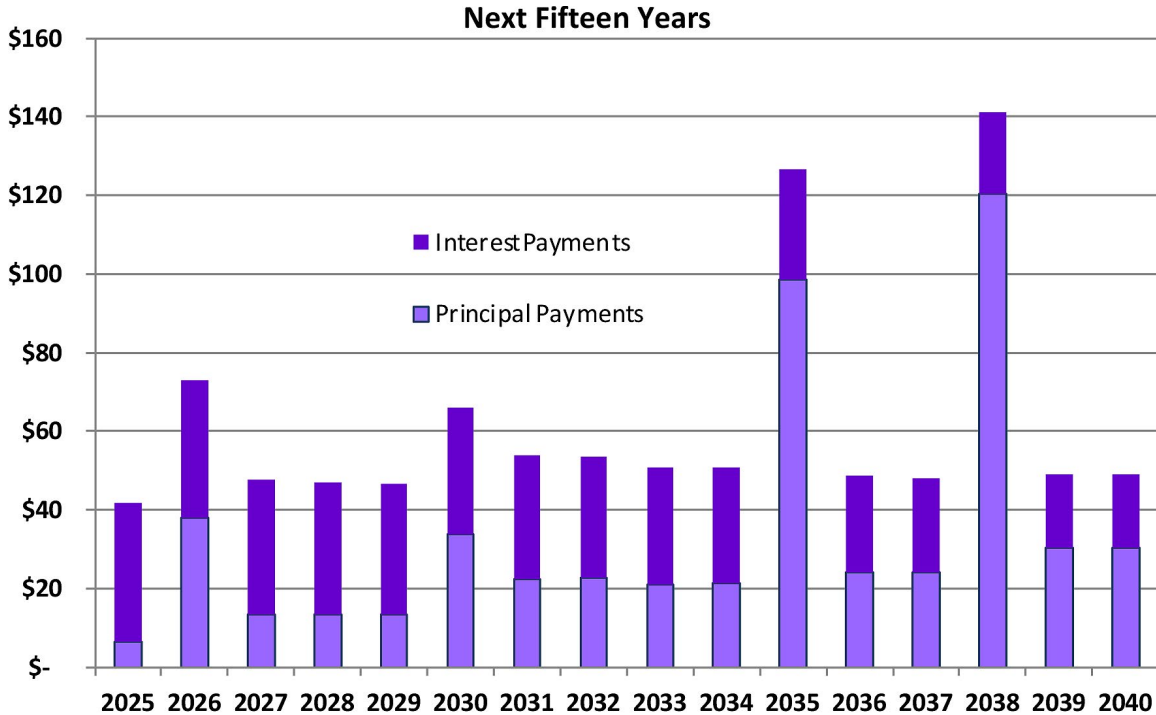
The maturity schedule calls for retirement of most of the existing debt over the next five to thirty years, with the exception of \$150.0 million that was issued in May 2020, which has been held in reserve to manage liquidity needs during the worldwide COVID-19 pandemic. The University has not used any of the proceeds from the \$150.0 million reserve funds. These reserve funds have been invested with the endowment to maximize the return. The principal and interest payments for the next fifteen are shown in the graph that follows.

The management of the debt portfolio is ongoing and, in conjunction with the University's reporting requirements to Moody's Investors Service and other rating agencies, remains in compliance. As of May 31, 2024, the University's credit rating remained unchanged with Moody's Investors Service rating TCU's long-term bonds "Aa3", and Fitch Ratings rating the bonds "AA- ", which represent strong ratings by both firms.



## Debt Principal Payments

\$ in millions



### Right of Use Liabilities

The University records leases in accordance with Accounting Standard Codification ASC 842, *Leases*. The University leases parking, retail/office space, equestrian facilities, Athletics equipment, and dedicated ethernet under operating leases expiring at various dates through 2030, which are primarily considered operating ROU assets under ASC 842. Additionally, two lease arrangements for student housing apartments for which the University collects fees from students for use and one lease arrangement for classroom and lab space for TCU School of Medicine are classified as a finance ROU asset under ASC 842 expiring at various dates through 2032. During FY24, TCU purchased one of the student housing apartments. This resulted in a decrease in Right of Use liability from \$69.5 million to \$16 million for FY23 and FY24 respectively.

### Net Assets Without Donor Restrictions

University net assets without donor restrictions increased \$45.2 million to end the year at over \$2 billion. Net assets without donor restrictions from operating activities increased \$38.1 million, and net assets without donor restrictions from non-operating activities increased \$7.1 million. The net asset increases from non-operating activities included a \$1.6 million gain from actuarial changes in postretirement benefits, as well as \$0.5 million in capital contributions released from restrictions, which had no effect on the total net assets and was only a reclassification from assets with donor restrictions to assets without donor restrictions. In addition, a \$1.1 million gain from investment returns, net of the operating distributions along with a \$3.8 million gain on the valuation of interest rate swaps, were posted.



## ***Net Assets With Donor Restrictions***

The net assets with donor restrictions related to time or purpose increased \$108.6 million to \$751.5 million at year-end, and the net assets with perpetual donor restrictions increased \$39.0 million to \$649.8 million as of May 31, 2024. Therefore, total net assets with donor restrictions increased to end the year at \$1.4 billion.

Unlike the net assets with donor restrictions related to time or purpose, which can be reclassified to net assets without donor restrictions upon the restricting constraint being completed or resolved, the principal value of the assets designated as with perpetual donor restrictions must be invested in perpetuity to generate income to be used only for the purposes designated by the donors.

## ***STATEMENT OF ACTIVITIES***

The *Statement of Activities* shows the revenues earned and the expenses incurred during FY24 in support of University operations, as well as the results of non-operating activity primarily related to investment activity. The University ended FY24 with a \$67.7 million increase in net assets from operating activities and with depreciation expense of \$81.6 million. This compares to a \$50.3 million increase in net assets from operating activities in FY23. The increases in net assets fund the University's Capital Funding Reserve and the Lead On Reserve. The Capital Funding Reserve represents funds that are set aside from operations and used for recurring capital needs throughout the campus. The Capital Funding Reserve for Fiscal Year 2024 was \$30.8 million, and this Reserve will be used to fund the expenditures related to building improvements, capital equipment, computers, annual capital projects, and other capital activity, such as principal payments on outstanding debt. The Lead On Reserve represents resources that are set aside from ongoing operations to fund expenditures associated with the University's strategic plan.

The FY24 operating revenues increased 7.0% along with an increase in expenses of 4.9% during the same period. The increase in revenue is primarily net tuition due to an increase in the tuition rate of 6.0% and an increase in undergraduate enrollment of 3.7%.

The investment returns distributed for operations shown within the operating revenues section of the statement reflect the annual Endowment payout, in addition to the interest on short-term investments and invested bond proceeds. There are no transactions on the *Statement of Activities* titled "net assets if released from restrictions", which represent reclassifications of assets from the "with donor restrictions" category to the "without donor restrictions" category because the requisite conditions were satisfied. These reclassifications have no impact on the total revenue.

The operating expenses are displayed by function in the *Statement of Activities*. All operating expenses are classified as without donor restrictions because the assets were released from donor-imposed restrictions, if any, when the expenses satisfying the restricted purpose were incurred. The depreciation expense of \$81.6 million, facility maintenance expense of \$112.2 million, and interest expense of \$34.0 million were allocated among the functional categories in proportion to the utilization of the underlying assets by each function.

The non-operating activities include gifts to the Endowment or other capital for non-operating purposes such as new buildings. Investment returns, net of the amount distributed for operations, as well as actuarial changes in retiree benefit plans, are also accounted for in this section. The





University's non-operating net assets of \$125.1 million is discussed in more detail in the *Statement of Financial Position* section.

The changes in Net Assets are primarily due to capital gifts and to realized and unrealized market gains or losses that impact the carrying value of the Endowment, but do not directly impact the operating budget. TCU adopts a balanced operating budget each year. The operating budget is prepared using conservative revenue projections and a provision is made in support of certain strategic initiatives within Strategic Plan. This conservative approach to budgeting allows for the University to generate an increase in net assets before the depreciation expense which are dedicated, in part, to providing an adequate contingent reserve. And, in concert with donor support, continues investment and fulfillment of the capital projects related to the strategic plan that otherwise would not be possible.

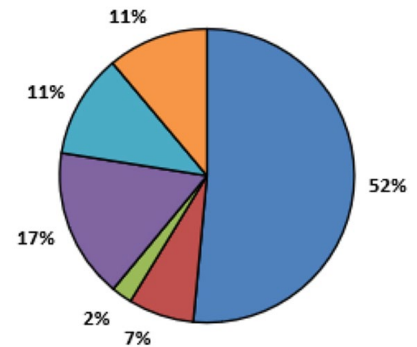
### OPERATING REVENUES

The FY24 operating revenues were \$757.5 million, reflecting an increase of 7.0% over FY23. The components of the University's operating revenues are shown in the table and chart below.

#### Current Operating Revenues

(in thousands)	May 31,	
	2024	2023
Net tuition and fees	\$ 390,039	\$ 356,466
Private gifts and grants & contributions	\$ 54,619	\$ 60,172
Government grants and contracts	\$ 17,290	\$ 16,683
Investment returns distributed for operations	\$ 124,990	\$ 103,181
Auxiliary activities	\$ 86,615	\$ 82,562
Other income	\$ 83,930	\$ 88,732
<b>Total Operating Revenues</b>	<b>\$ 757,483</b>	<b>\$ 707,796</b>

#### Fiscal Year 2024



#### Net Tuition and Fees

The tuition and fees are shown net of financial aid and represent 51.5% of the University's operating revenues, which is a net increase of 9.4% to \$390.0 million in FY24 as compared to the prior year. The increase in Net Tuition and Fees is the result of increased undergraduate student enrollment and the undergraduate tuition rate.

TCU charges a single tuition rate for full-time students taking between 12 to 18 credit hours, rather than charging on a per-credit-hour-basis. The annual tuition at TCU was \$57,220 in FY24, an increase from the prior year rate of \$53,980. As noted above, TCU supported the strategic goal of increasing the undergraduate population and the undergraduate enrollment increased from 10,523 students for the Fall semester 2022 to 10,915 students as of the Fall semester 2023.

#### Private Gifts and Grants and Government Grants and Contracts

The FY24 private gifts and grants and contributions represent 7.2% of the total operating revenues and increased \$5.5 million to \$54.6 million during FY24. The increase is primarily due to the timing of the gift portion for season ticket sales for athletic events. Contributions of non-financial assets



totaling \$18.0 million primarily represent the School of Medicine preceptors. Preceptors provide specialized clinical training services to our medical students. Government grants and contracts make up 2.3% of the University's operating revenues and increased from \$16.7 million to \$17.3 million in FY24.

### Investment Returns Distributed for Operations

The investment returns distributed for operations represent 16.5% of operating revenues and increased from the prior year to \$125.0 million. The operating investment returns reflect the annual Endowment payout, or the amount budgeted to be spent in support of operations for the year, in addition to the interest on short-term investments. The University's investments for the Endowment are discussed further in the *Statement of Financial Position* section.

### Auxiliary Activities

The auxiliary income represents 11.4% of operating revenues and increased \$4.0 million from the prior year, ending the year with \$86.6 million in revenue. These revenues are composed primarily of student residential housing and dining. The increase is due to the increase in occupancy rates in residential housing and dining plans purchased by students in FY24.

### Other Income

The other income represents 11.1% of operating revenues and decreased \$4.8 million from the prior year, ending the year with \$83.9 million in revenue. These revenues include mostly athletics revenues.

### Net Assets Released from Restrictions

The "Net assets Released from Restrictions" represent reclassifications of assets from those "with donor restriction" categories to those "without donor restriction" categories because requisite conditions were satisfied. These reclassifications have no impact on the total revenue.

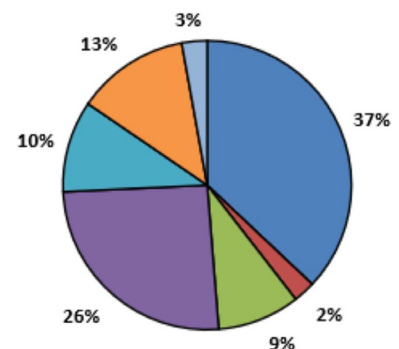
## OPERATING EXPENSES

Total expenses increased \$32.3 million, or 4.9%, to \$689.7 million in FY24. The operating expenses are presented in the financial statements by functional area. All expenses are classified as without donor restrictions because the assets were released from donor-imposed restrictions, if any, when the expenses satisfying the restricted purpose were incurred. The components of the University's operating expenses by function are shown in the table and chart below.

### Current Operating Expenses

(in thousands)	May 31,	
	2024	2023
Instruction	\$ 255,313	\$ 236,933
Research	\$ 17,018	\$ 14,205
Academic support	\$ 63,726	\$ 58,376
Student services	\$ 176,229	\$ 176,060
Institutional support	\$ 70,712	\$ 69,227
Auxiliary activities	\$ 87,188	\$ 87,650
Fund-raising	\$ 19,555	\$ 15,037
<b>Total Operating Expenses</b>	<b>\$ 689,741</b>	<b>\$ 657,488</b>

### Fiscal Year 2024





### Instruction

Instruction represents 37.0% of the total operating expenses and increased to \$255.3 million in FY24. Faculty salaries, travel, services, and the School of Medicine in-kind expenses for preceptors are the primary drivers of the increase in this functional category.

### Student Services

Student Services includes expenses for admissions, student activities, cultural events, intramural athletics, student organizations, and intercollegiate athletics. Student Services represent 25.6% of the total operating expenses and slightly increased to \$176.2 million.

### Auxiliary Activities

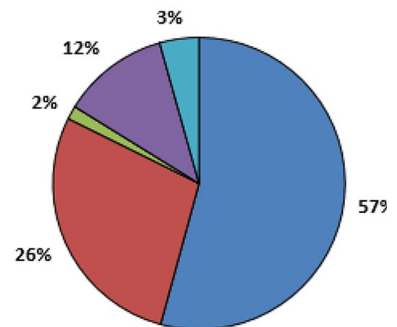
Auxiliary Activities represent 12.6% of the total operating expenses and decreased slightly to \$87.2 million in FY24. Auxiliary expenses are primarily student residential housing and dining services.

Although the operating expenses are presented in the *Statement of Activities* by functional area, the following summarizes the composition of operating expenses by natural classification:

## Current Operating Expenses by Natural Classification

(in thousands)	May 31,	
	2024	2023
Compensation and Benefits	\$ 374,085	\$ 343,248
Supplies and Services	\$ 193,813	\$ 192,015
Utilities	\$ 10,218	\$ 9,850
Depreciation	\$ 81,625	\$ 80,820
Interest	\$ 30,000	\$ 31,555
<b>Total Operating Expenses</b>	<b>\$ 689,741</b>	<b>\$ 657,488</b>

### Fiscal Year 2024





## ***FUTURE MOMENTUM***

In the fall of 2023, the University celebrated its 150<sup>th</sup> anniversary since its founding in 1873. This notable milestone presents a tremendous opportunity for leaders and all campus stakeholders to commemorate the past and to shape the next 150-year chapter. To build upon the momentum achieved through the first 150 years, the University launched a campus-wide strategic planning process to develop a blueprint for the future that reflects the mission, vision, and values and the emerging priorities of the diverse body of students, faculty, and staff. Four key pillars are emerging that will guide the process ahead: 1) student-centered growth; 2) research, scholarship, and creative activities; 3) athletics; and 4) community engagement. A campus-wide steering team and numerous working groups continue to meet to define potential goals and initiatives under each of these four pillars with the intention of a new TCU Strategic Plan in FY26.

Achieving these goals will require financial resources and, through careful financial stewardship, the University is well-positioned to continue the advancement of TCU's educational mission. The University's liquidity position is strong and continues to improve through positive operating cash flows. Total debt levels remain appropriately balanced against assets of the University, donor pledges, and a maturity schedule that calls for retirement of most of the outstanding balances over the next five to thirty years. The cash and investment balances remain strong and operating reserves are available to continue investing in the strategic initiatives.

With TCU's strong brand and reputation, the enduring support of campus stakeholders, alumni, and friends, and continued strong, thoughtful and prudent leadership, the University will continue to be an attractive destination for students and thought leaders who will shape and transform our world.





Financial Statements and Report of  
Independent Certified Public  
Accountants

**Texas Christian University**

May 31, 2024 and 2023

<b>Contents</b>	<b>Page</b>
<b>Reports of Independent Certified Public Accountants</b> .....	<b>22</b>
<b>Audited Financial Statements</b> .....	<b>24</b>
<b>Statements of Financial Position</b> .....	<b>24</b>
<b>Statement of Activities</b> .....	<b>25</b>
<b>Statements of Cash Flows</b> .....	<b>26</b>
<b>Notes to Financial Statements</b> .....	<b>27</b>



---

**GRANT THORNTON LLP**

500 N. Akard Street, Suite 1200  
Dallas, TX 75201

**D** +1 214 561 2300

**F** +1 214 567 2370

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Trustees  
Texas Christian University

**Opinion**

We have audited the financial statements of Texas Christian University (a nonprofit organization) (the "University"), which comprise the statement of financial position as of May 31, 2024, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of May 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

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

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

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

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

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

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

**Report on 2023 summarized comparative information**

We have previously audited the University's 2023 financial statements (not presented here in), and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2023. In our opinion, the accompanying summarized comparative information as of and for the year ended May 31, 2023, is consistent, in all material aspects, with the audited financial statements from which it has been derived.

*Grant Thornton LLP*

Dallas, Texas  
September 23, 2024

**Texas Christian University**  
**STATEMENTS OF FINANCIAL POSITION**  
**May 31, 2024 and 2023**  
**(in thousands)**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash	\$ 30,844	\$ 8,264
Accounts receivable and accrued income, net	33,801	33,762
Contributions receivable, net	27,589	32,767
Investments	2,996,589	2,989,026
Property and equipment, net	1,564,800	1,467,112
Other assets, net	13,987	10,367
Total assets	\$ 4,667,610	\$ 4,541,298
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and other accrued liabilities	\$ 94,904	\$ 105,062
Refundable government student loans	6,155	4,948
Funds held in fiduciary capacity, net	16,363	16,180
Deferred income	49,174	41,511
Accrued postretirement benefits	49,987	51,847
Interest rate swaps	7,513	11,345
Bonds and notes payable, net	982,982	989,103
Right of use liabilities	15,962	69,576
Total liabilities	1,223,040	1,289,572
<b>Net assets</b>		
Without donor restrictions	2,043,264	1,998,059
With donor restrictions		
Time or purpose	751,540	642,891
Perpetual	649,766	610,776
Total with donor restrictions	1,401,306	1,253,667
Total net assets	3,444,570	3,251,726
Total liabilities and net assets	\$ 4,667,610	\$ 4,541,298

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

**Texas Christian University**  
**STATEMENT OF ACTIVITIES**  
**Year ended May 31, 2024**  
**(with comparative totals for 2023)**  
**(in thousands)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2024</b>	<b>2023</b>
<b>Operating revenues</b>				
Net tuition and fees	\$ 390,039	\$ —	\$ 390,039	\$ 356,466
Private gifts and grants	1,189	35,456	36,645	45,019
Contributions - nonfinancial	17,974	—	17,974	15,153
Government grants and contracts	17,290	—	17,290	16,683
Investment returns distributed for operations	82,646	42,344	124,990	103,181
Auxiliary activities	86,615	—	86,615	82,562
Other income	83,930	—	83,930	88,732
Net assets released from restrictions	48,205	(48,205)	—	—
	<u>727,888</u>	<u>29,595</u>	<u>757,483</u>	<u>707,796</u>
Total operating revenues				
<b>Operating Expenses</b>				
Instruction	255,313	—	255,313	236,933
Research	17,018	—	17,018	14,205
Academic support	63,726	—	63,726	58,376
Student services	176,229	—	176,229	176,060
Institutional support	70,712	—	70,712	69,227
Auxiliary activities	87,188	—	87,188	87,650
Fund-raising	19,555	—	19,555	15,037
	<u>689,741</u>	<u>—</u>	<u>689,741</u>	<u>657,488</u>
Total operating expenses				
Change in net assets from operating activities	<u>38,147</u>	<u>29,595</u>	<u>67,742</u>	<u>50,308</u>
<b>Non-operating activities</b>				
Capital and other contributions	—	50,922	50,922	66,210
Capital contributions released from restrictions	543	(543)	—	—
Postretirement benefit actuarial changes	1,629	—	1,629	(4,031)
Investment returns, net of operating distributions above	1,054	66,429	67,483	(11,561)
Gain on interest rate swaps	3,832	—	3,832	3,825
Other	—	1,236	1,236	876
	<u>7,058</u>	<u>118,044</u>	<u>125,102</u>	<u>55,319</u>
Change in net assets from non-operating activities				
<b>CHANGE IN NET ASSETS</b>	<u>45,205</u>	<u>147,639</u>	<u>192,844</u>	<u>105,627</u>
Net assets at beginning of year	<u>1,998,059</u>	<u>1,253,667</u>	<u>3,251,726</u>	<u>3,146,099</u>
Net assets at end of year	<u>\$ 2,043,264</u>	<u>\$ 1,401,306</u>	<u>\$ 3,444,570</u>	<u>\$ 3,251,726</u>

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



**Texas Christian University**  
**STATEMENTS OF CASH FLOWS**  
**May 31, 2024 and 2023**  
**(in thousands)**

	<b>2024</b>	<b>2023</b>
<b>Operating activities:</b>		
Change in net assets	\$ 192,844	\$ 105,627
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	81,775	81,002
Provision for bad debts	61	208
Loss/(gain) on disposal or sale of property and equipment	489	(286)
Proceeds from capital and other contributions	(50,922)	(66,210)
Investment returns, net of operating distributions	(67,483)	11,561
Gain on interest rate swaps	(3,832)	(3,825)
Proceeds from sale of contributed securities for operations	5,362	2,446
Non-cash contributions of property and equipment	—	(18)
Net change in charitable gift annuities	(1,236)	(876)
Net change in contributions receivable restricted for long-term purposes	5,178	5,869
Changes in operating assets and liabilities:		
Accounts receivable and accrued income	(100)	2,237
Other assets	(3,620)	9,474
Accounts payable and other accrued liabilities	(30,172)	8,195
Refundable government student loans	1,207	(338)
Funds held in fiduciary capacity	183	(363)
Deferred income	7,663	1,370
Accrued postretirement benefits	(1,860)	3,729
Right of use liabilities - operating	(671)	(10,417)
Net cash provided by operating activities	134,866	149,385
<b>Investing activities:</b>		
Purchases of property and equipment	(160,060)	(144,383)
Proceeds from sale of property and equipment	273	292
Purchases of investments	(2,435,408)	(1,906,970)
Proceeds from sales and maturities of investments	2,481,094	1,640,683
Net cash used in investing activities	(114,101)	(410,378)
<b>Financing activities:</b>		
Proceeds from capital and other contributions:		
Unrestricted	—	633
Endowment	31,575	55,838
Property and equipment	19,347	9,739
Payments on bonds payable	(6,272)	(8,641)
Proceeds from issuance of bonds and notes	—	120,000
Payments of finance lease obligation	(5,796)	(7,977)
Proceeds from sale of contributed securities for long-term purposes	8,872	9,194
Net change in charitable gift annuities	1,236	876
Net change in right of use liabilities - finance	(47,147)	73,413
Net cash provided by financing activities	1,815	253,075
<b>NET INCREASE/(DECREASE) IN CASH</b>	22,580	(7,918)
<b>Cash at beginning of year</b>	\$ 8,264	\$ 16,182
<b>Cash at end of year</b>	\$ 30,844	\$ 8,264
<b>Supplemental non-cash disclosure:</b>		
Property and equipment included in accounts payable	\$ 20,014	\$ 10,262

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

**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2024 and 2023**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Texas Christian University (the University or TCU) is a private, non-profit institution of higher education, which includes ten major academic units (AddRan College of Liberal Arts, the College of Science and Engineering, the Neeley School of Business, the College of Education, the College of Fine Arts, the Bob Schieffer College of Communication, the Harris College of Nursing and Health Sciences, the John V. Roach Honors College, the School of Interdisciplinary Studies, and the TCU School of Medicine).

***Basis of Financial Reporting***

The accompanying financial statements represent the financial position and financial activities of the University, as a whole, and present transactions according to the existence or absence of donor-imposed restrictions. Accordingly, transactions and balances are classified into two categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed or legal restrictions that must be met either by actions of the University and/or the passage of time. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the University, including donor restrictions which stipulate that assets be held in perpetuity.

***Cash***

For the purpose of reporting cash flows in the statements of cash flows, cash is comprised of cash on hand and in banks. The University places its cash with high quality financial institutions and these cash balances, at times, may exceed federally insured limits. The University has not experienced any losses on such accounts.

***Accounts Receivable and Accrued Income***

Accounts receivable are shown net of an allowance for credit losses of approximately \$7.2 million at May 31, 2024 and 2023. The University estimates the allowance for credit losses based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amount. Accounts receivable are written off against the allowance based on a review of specific accounts. Gross accounts receivable on the statements of financial position as of May 31 include:

	2024	2023
	(in thousands)	
Student accounts receivable	\$ 16,633	\$ 11,727
Student loans receivable	4,885	5,056
Accrued income	12,563	14,623
Other receivables	6,920	9,558
Total	\$ 41,001	\$ 40,964

**Texas Christian University**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2024 and 2023**

***Contributions Receivable***

Unconditional promises to give are recorded as contributions receivable and contribution revenue when the promise is made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. These contributions are considered fully collectible due to the giving history of the majority of the donors, and as such the University has not recorded an allowance for credit losses related to contributions receivable.

As of May 31, 2024 and 2023, the University has received conditional intentions to give from donors aggregating approximately \$181.2 million and \$206.1 million, respectively. These conditional intentions to give consist of gifts restricted for specific purposes stipulated by the donors. These intentions to give are not reported as contributions until received because the donor statements of intent specify that they are not legally binding and the University allows donors to rescind their nonbinding intentions to give. Therefore, the intentions are not considered unconditional promises to give and are not reported in the accompanying statements of financial position. Should an intention to give become an unconditional promise to give at a later date, the amounts would be recognized in the financial statements at that time.

***Statement of Activities***

The University defines operating activities, as included in the accompanying statement of activities, as the revenue and expenses resulting from its educational programs and other core mission activities, along with endowment investment returns distributed for operations. Donor-restricted contributions to endowments, capital contributions, investment returns net of operating distributions, valuation changes in interest rate swaps, and actuarial changes/unrecognized prior service credits in postretirement benefit plans are excluded from operating activities and separately reported as non-operating activities in the accompanying statement of activities.

The University has adopted a total return concept for the management of all of its investments. Income generated from investments is used to meet the spending limit requirements defined by the Board of Trustees for current operating activities and may be from traditional yield plus a portion of net realized accumulated gains. If the yield is less than the defined spending limit, previously accumulated undistributed investment income and/or realized accumulated gains may be used to fund current operating activities. Any return in excess of, or deficiency from, the defined spending limit is classified as a non-operating activity. The Board-approved spending limit was 5% of the trailing 12-quarter average market value of the University's endowment assets for the years ended May 31, 2024 and 2023. Because the spending limit policy is integral to the management of the University's financial operations, spending limit amounts of approximately \$102.0 million and \$90.0 million have been included in operating activities as part of investment returns distributed for operations for the years ended May 31, 2024 and 2023, respectively.

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period of time as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the total of the annual payout, inflation, and fees, while assuming a moderate level of investment risk. The University's target return is for its endowment funds, over time, to exceed a composite index of asset classes contained in the investment policy target mix. Actual returns in any year may vary from this amount.

**Texas Christian University**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2024 and 2023**

Certain restricted gifts, grants, investment income, and other restricted resources are accounted for as revenue with donor restrictions. Upon the lapse of donor-imposed restrictions or expenditures for the intended purpose, these assets are reclassified to net assets without donor restrictions, with expenditures reported as operating expenses or non-operating capital contributions released from restrictions. Contributions received with donor restrictions which are satisfied in the same reporting period are accounted for as described above and are included in net assets released from restrictions and in capital contributions released from restrictions in the accompanying statement of activities.

Revenue from tuition and fees is recognized as earned over the related academic term within the fiscal year and is reported net of student financial aid (principally scholarships) of approximately \$316.9 million and \$284.3 million in 2024 and 2023, respectively, and provision for bad debts of approximately \$0.1 million and \$0.2 million in 2024 and 2023, respectively. Charges to students for campus housing and dining services represent separate performance obligations from the delivery of academic instruction and have been treated as separate contracts in the University's financial statements. Revenue from housing and dining contracts is recognized as earned over the related academic term within the fiscal year and is included in auxiliary activities.

Advertising costs are expensed as incurred. Advertising expense was approximately \$4.0 million and \$4.7 million for the years ended May 31, 2024 and 2023, respectively.

**Contributions**

Contributions received are recognized as revenue in the period received at their fair values. Unconditional promises to give are recognized at net realizable value when the promise is made. Contributed services are recognized as revenue if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that would typically need to be purchased if not provided by donation. Gifts of long-lived assets are recognized at fair value at the date of gift. The University does not imply a time restriction on such gifts.

**Contributions of Nonfinancial Assets**

For the years ended May 31, contributed nonfinancial assets recognized within the statement of activities included:

	2024	2023
	(in thousands)	
School of Medicine Preceptors	\$ 16,689	\$ 14,168
Horses	1,285	985
Total	\$ 17,974	\$ 15,153

The University's policy related to contributions of nonfinancial assets is to utilize the assets given in carrying out the mission of the University. The University does not accept contributions of nonfinancial assets that cannot be utilized or contributions in which the donor has placed restrictions.

The School of Medicine preceptor faculty provide specialized clinical training services to our medical students. These services require licensed and credentialed clinical faculty to train our medical students in a clinical setting in accordance with our Association of American Medical Colleges (AAMC) Uniform Clinical Training Affiliation Agreement (LCME) requirement. The value of the services is based on market rates of the preceptor faculty and the amount of time donated to provide the specialized clinical training. Market rates are determined by AAMC Benchmark Salary data using national median income by specialty and academic rank.



**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

The University periodically receives donations of horses to be utilized by students in the equestrian program. Independent appraisals from a credible source are used to value horses.

***Investments***

Investments, primarily debt and equity securities and assets held in trust, are carried at fair value. Fair values of securities are based on quoted market prices. Fair values of investments in private limited partnerships and hedge funds are based on net asset value (NAV) as a practical expedient in estimating fair value. Accounting principles generally accepted in the United States of America (U.S. GAAP) provide guidance for estimating the fair value of investments in investment funds that calculate NAV. NAVs are determined by the fund manager or general partner based on their best estimates using fair value estimation techniques, substantiated, in part, by their audited financial statements and supported by the due diligence of the University's investment management. Real estate held for investment by the University is carried at fair value based upon appraisals. Mineral interests are carried at fair value based upon a valuation approach using cash flows. Short-term investments are carried at cost, which approximates the fair value of such assets. Investments which are received by gift are recorded at fair value at the date of donation and adjusted for any unrealized gains/losses occurring thereafter.

Short-term investments consist principally of cash equivalents and money market funds and are not subject to significant market or credit risks. The remaining longer-term investments are subject to market and credit risks customarily associated with those investments.

Income and net realized and unrealized gains and losses on investments are classified as without donor restriction based on the absence of donor restrictions or when appropriated for expenditure. Income and net realized and unrealized gains and losses are only classified as with donor restriction based on the presence of donor restrictions or an implied time restriction on donor-restricted endowments. The restricted portion of the University's investments is subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity. Realized and unrealized gains and losses on funds held in trust in perpetuity are classified as with donor restrictions.

The University may use derivative financial instruments in the management of its treasury and investment portfolio. In addition, investment managers engaged by the University may use derivative instruments to implement their investment strategies. Investments in derivative financial instruments are not designated as hedges. All derivative financial instruments used for investment purposes are marked to market and recorded at fair value. Realized gains and losses on derivative financial instruments used for investment purposes are recorded in investment returns distributed for operations on the statement of activities.

***Depreciation and Amortization***

Depreciation and amortization of property and equipment are provided on the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives for purposes of depreciation and amortization are as follows:

Land improvements	10 years
Buildings	39 years
Building renovations	25 years
Building improvements	10 years
Furniture and equipment	3 to 15 years
Library books and film	5 years

The University's asset capitalization threshold is generally \$10,000 for individual asset acquisitions.

**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

**Leases**

The University records leases in accordance with Accounting Standards Codification (ASC) 842, *Leases*. The University determines if an arrangement is a lease at inception. All leases are recorded on the statements of financial position, except for leases with an initial term less than 12 months for which the University made the short-term lease election.

Operating lease right-of-use assets (ROU) and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments using the University's incremental borrowing rate over the lease term. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. The ROU assets are included in other assets, net of accumulated amortization and lease incentives and the related ROU liabilities are included in ROU liabilities in the statements of financial position. Operating lease expense is recognized on a straight-line basis over the lease term within the appropriate functional category in the statement of activities. Lease terms may include options to extend or terminate the lease when it is reasonably certain the University will exercise the option. Finance lease ROU assets are included in property, plant, and equipment, net of accumulated amortization and lease incentives, and the related ROU liabilities are included in ROU liabilities, in the statements of financial position.

**Debt Premium and Issuance Amounts**

Debt premium is amortized using the straight-line method, which approximates the effective interest method, over the period the related bonds are outstanding. Unamortized debt premium totaled approximately \$3.6 million and \$3.8 million at May 31, 2024 and 2023, respectively, and is included in bonds and notes payable, net, in the accompanying statements of financial position.

Debt issuance costs, net of amortization, totaled approximately \$4.1 million and \$4.5 million at May 31, 2024 and 2023, respectively, and are included as a reduction to bonds and other liabilities, net, in the accompanying statements of financial position.

**Interest Rate Swaps**

The University accounts for its interest rate swaps at their fair value at each fiscal year end. They are included as liabilities in the statements of financial position as interest rate swaps. Changes in the fair value of the interest rate swaps held by the University are included in the non-operating activities section in the accompanying statement of activities as gain on interest rate swaps.

**Student Loans**

The assets and liabilities of the Federal Perkins Loan Program, Nursing Student Loan Program, and Nurse Faculty Loan Program, which are financed primarily by the federal government and administered by the University, are included with those of the University. The total of the federal government portion of these net assets is shown as refundable government student loans in the accompanying statements of financial position. The University also has loan funds received by means of gifts or grants that are included in net assets with donor restrictions due to donor stipulations that the funds and the income earned must remain in perpetuity for loan purposes.

**Income Tax Status**

The University is a tax-exempt institution under Section 501(a) of the Internal Revenue Code of 1986, as amended (IRC), as an organization described in Section 501(c)(3) of the IRC. The University has concluded that it does not have any unrecognized tax benefits resulting from current or prior period tax positions. Accordingly, no additional disclosures have been made on the financial statements regarding uncertain tax provisions. As of May 31, 2024, the University's tax years ended May 31, 2021 through 2024, generally remain subject to examination.

## Texas Christian University

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2024 and 2023

#### ***Fair Value of Financial Instruments***

The University has estimated the fair values of its financial instruments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that the University could realize in a current market exchange. Determinations of fair value are based on subjective data and significant judgment relating to timing of payments and collections and the amounts to be realized, and may include audited financial statements and the due diligence of the University's investment management. Different market assumptions and/or estimation methodologies might have a material effect on the estimated fair value amounts. There have been no significant changes in the estimation methodologies used by the University to measure the fair value of its financial instruments. The University believes that the carrying amounts of the various categories of financial instruments approximate fair value.

The University records financial instruments in accordance with the fair value guidance as contained within ASC 820, *Fair Value Measurement*. In accordance with ASC 820, fair value is defined as the price the University would receive from the sale of an asset, or pay to transfer the liability, in a timely transaction with an independent buyer in a principal market. This guidance establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of the University's assets and liabilities. The University's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument and is more fully described in Note F. The inputs are summarized in three levels as outlined below:

- Level 1 Inputs - Quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 1 assets include publicly traded securities and mutual funds. Valuations of these instruments do not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily available.
- Level 2 Inputs - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Assets in this category generally include non-exchange-traded equity mutual funds, fixed income funds, and interest rate caps. Liabilities in this category include interest rate swaps. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.
- Level 3 Inputs - Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. Assets in this category generally include real estate; investments held in trust by others; mineral interests; and other similar assets. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

Fair values of investments in private limited partnerships and hedge funds may be based on NAV as a practical expedient in estimating fair value in accordance with ASC 820. Under this standard, investments for which fair value is measured at NAV per share (or its equivalent using the practical expedient) are removed from the fair value hierarchy. The requirements of this standard are reflected in the tables in Note F.

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from these estimates and assumptions.

**Texas Christian University**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2024 and 2023**

**Prior Year Financial Information**

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended May 31, 2023, from which the summarized information was derived.

**Recent Accounting Pronouncements**

The University adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, effective June 1, 2023. This update replaces the incurred loss impairment methodology with expected credit loss methodology and is referred to as the current expected credit loss (CECL) methodology. The measure of expected credit losses under the CECL methodology is applicable to loans, held-to-maturity securities, and receivables. The measurement of expected credit losses should be based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amount. Management must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. Adoption of this guidance did not have a material impact on the University's financial statements and related notes.

**NOTE B - BRITE DIVINITY SCHOOL**

Brite Divinity School (Brite) is a separately incorporated 501(c)(3) organization with its own Board of Trustees. The assets, liabilities, and activities of Brite are not included in the accompanying financial statements except for investments at fair value totaling approximately \$17.1 million and \$16.3 million at May 31, 2024 and 2023, respectively, which are included in investments, at fair value, and also as an offsetting liability in funds held in fiduciary capacity, net, in the accompanying statements of financial position. Funds held in fiduciary capacity, net, include a receivable from Brite of approximately \$1.1 million and \$295,000 at May 31, 2024 and 2023, respectively.

Brite pays annual maintenance and administrative fees to the University to cover a portion of these expenses, as a majority of these functions are performed by University personnel. Brite also reimburses the University for expenses directly attributable to its operations. The fees and reimbursements totaled approximately \$2.2 million and \$2.0 million for the years ended May 31, 2024 and 2023, respectively. The fees are included in other income and the expense reimbursements are included as offsets to operating expenses in the accompanying statement of activities.

**NOTE C - LIQUIDITY AND AVAILABILITY**

The University's financial assets available for general expenditure within one year as of May 31 are as follows:

	2024	2023
	(in thousands)	
Cash	\$ 30,844	\$ 8,264
Accounts receivable and accrued income, net	27,467	27,259
Contributions receivable, net due within one year	20,183	24,208
Investments not subject to donor restrictions or board designations	353,231	464,559
Financial assets available at year end for current use	\$ 431,725	\$ 524,290



**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

The University has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily requirements in short-term investments. As of May 31, 2024 and 2023, the University had available revolving lines of credit totaling \$90.0 million, which it could draw upon in the event of an anticipated liquidity need.

Student loan balances and certain other long-term amounts recorded in accounts receivable are not available to meet general expenditures.

In addition to financial assets available to meet general expenditures within one year, the Board of Trustees-approved spending limit for the subsequent year ending May 31, 2025 of \$111.1 million is expected to be released from donor-restricted and board-designated financial assets over the next 12 months.

The University has board-designated endowment investments of \$1.2 billion and \$1.1 billion as of May 31, 2024 and 2023, respectively. Although the University does not intend to spend from its board-designated endowment funds other than spending limit amounts appropriated for general expenditure, amounts from its board-designated endowment could be made available at the discretion of the Board of Trustees.

**NOTE D - CONTRIBUTIONS RECEIVABLE**

Contributions receivable consisted of the following unconditional promises to give with donor restrictions at May 31:

	2024	2023
	(in thousands)	
Unconditional promises expected to be collected in:		
Less than one year	\$ 20,183	\$ 24,208
One to five years	4,119	5,515
More than five years	5,000	5,000
Contributions receivable	29,302	34,723
Less discount	(1,713)	(1,956)
Contributions receivable, net	\$ 27,589	\$ 32,767

Gross contributions receivable resulting from unconditional promises to give relating to the renovation and construction of various projects on the University's campus represent approximately \$29.3 million and \$34.7 million as of May 31, 2024 and 2023, respectively. The net value of those contributions receivable was approximately \$27.6 million and \$32.8 million, as determined by discounting future cash flows, of which 45.2% is concentrated in five donors as of May 31, 2024 and 39.2% is concentrated in five donors as of May 31, 2023. The rates used for calculation of the discount ranged from 0.19% to 4.69% for 2024 and 0.19% to 4.04% for 2023.

**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

**NOTE E - INVESTMENTS**

The fair values of investments at May 31 are as follows:

	2024	2023
	(in thousands)	
Short-term investments	\$ 460,610	\$ 586,684
Derivatives	361	—
Equities:		
Domestic securities	166,947	91,438
International securities	292,377	225,417
Fixed income:		
U.S. government securities	60,248	29,508
Corporate bonds and asset-backed securities	97,265	50,539
Alternatives:		
Equity partnerships	1,092,913	1,089,591
Debt partnerships	334,717	349,036
Real estate partnerships	138,205	167,417
Hedge funds	144,337	145,846
Real estate	4,616	3,481
Mineral interests	104,650	159,416
Investments held in trust by others	99,343	90,653
 Total investments	 \$ 2,996,589	 \$ 2,989,026

Short-term investments consist of cash and cash equivalents, such as investments in money market funds, Treasury Bills, and mutual funds.

Investment strategies utilized by the University may incorporate futures, options, swaps, and other derivative instruments to adjust investment exposure to securities, markets, and currencies without taking a position in the underlying assets. The derivatives expose the University to risk of movements in the fair value of the underlying security and a counterparty's failing to meet its obligations.

As of May 31, 2024, the University held \$55.8 million of Equity Index Futures offset by \$55.8 million of Equity Futures, \$0.4 million of Equity Options, and \$12.0 million of Fixed Income Index Futures offset by \$12.0 million of Fixed Income Futures. These instruments resulted in \$3.2 million of realized gains and had \$14.0 million of cash collateral pledged as of May 31, 2024. As of May 31, 2023, the University held no investments in derivatives instruments.

The amounts reported for the University's investments in hedge funds and limited partnerships are the estimates of the University's alternative investment managers, based on their best estimates using fair value estimation techniques, substantiated, in part, by the investments' audited financial statements and supported by the due diligence of the University's investment management. However, given the inherent limitations in any estimation technique, the values presented herein are not necessarily indicative of the amount that the University could realize in a current transaction. Future events could affect the estimates of fair value and could be material to the financial statements.

Direct investments in real estate and mineral interests are carried at fair value. The University believes that fair value accurately reflects the value of these investments, and records the change in fair value in investment returns, net of operating distributions in the statement of activities.

**Texas Christian University**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2024 and 2023**

Mineral interests consist primarily of royalty interests in oil, natural gas, and natural gas liquids, which are developed and produced by oil and gas companies independent of the University. The mineral interests are primarily located in Texas, Oklahoma, New Mexico, Louisiana, Arkansas, and Mississippi. The University's valuation process for determining the fair value of producing mineral interests is based upon cash flows. Under the cash flows valuation method, the fair value of mineral interests is determined using a multiple of the average monthly net cash flows from producing royalties for the fiscal year. The resulting fair value determination is reviewed by an independent petroleum engineer in conjunction with management's due diligence process. In addition, non-producing mineral and non-participating royalty interests are valued by an independent petroleum engineer annually based on bonus potential and net mineral acreage retained by the University.

The following table summarizes the fair value measurement of the University's investments in certain entities that calculate NAV per share as of May 31, 2024:

		Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
		(in millions)			
Investments in:					
Hedge funds	(a) \$	144	\$ —	(c)	(d)
Limited partnerships	(b)	1,566	474	n/a	n/a

(a) This category includes six hedge funds with multiple strategies such as long/short equity, absolute return, multi-strategy, event-driven and global macro. The fair values of the investments in this category have been estimated using NAV per share of the investments, substantiated in part by the investments' audited financial statements. Four investments have gates which may potentially impose limitations on redemption amounts. Some hedge fund managers have withdrawal provisions established upon entering their funds which limit an investor's ability to withdraw amounts without a variable charge of up to 5%.

- One investment, valued at \$54.5 million, can be redeemed every three years from the date of issuance.
- One investment, valued at \$30.0 million, can be redeemed every two years from the date of issuance.
- One investment, valued at \$45.0 million, is gated, and can be redeemed over three years.
- Three investments, valued at \$14.9 million, are gated.

(b) This category includes private equity limited partnerships that invest primarily in diversified leveraged buyout and venture capital companies, opportunistic distressed debt/equity securities, senior secured mortgages, and secondary investments. This category also includes real asset limited partnerships invested primarily in commercial mortgages and properties located almost exclusively in North America. The fair values of the investments in this category have been estimated using the NAV of the University's ownership interest in the partners' capital. NAVs are determined by the fund manager or general partner based upon the latest investee information available, including financial statements and other similar data necessary to the valuation process. Pending capital commitments by the University to these partnerships total approximately \$474.0 million. Generally, partnership investments cannot be redeemed because the investments are structured as closed-end funds with maturity dates 10 or more years from initial acquisition. All funds in this category can be redeemed in the secondary market at a discount or premium to current fair value depending on the market for each particular fund subject to, in some cases, certain approval rights of the general partners.

**Texas Christian University**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2024 and 2023**

(c) Hedge fund redemption frequency varies by fund and may occur quarterly, annually, every two years or every three years.

(d) Hedge fund redemption notice varies by fund and may be from 60 to 90 days depending on the fund.

Investments held in trust by others consist primarily of investments in securities and mineral-producing interests. The fair values are presented as follows from information provided by independent trustees as of May 31:

	2024	2023
	(in thousands)	
Milton E. Daniel Trust	\$ 67,665	\$ 62,224
Charles H. Harris Foundation	9,713	9,017
Charitable remainder trusts, net, at estimated net present value	17,208	15,294
Other estates and trusts	4,757	4,118
Total investments held in trust by others	\$ 99,343	\$ 90,653

The University has received as contributions various types of split-interest agreements and investments held in trust by others, including charitable gift annuities, pooled income funds, charitable remainder trusts, and perpetual trusts. The assets for charitable remainder trusts and perpetual trusts are neither in the possession nor under the control of the University, but are held and administered by fiscal agents independent of the University. These assets are included in the accompanying financial statements because the University has legally enforceable, irrevocable rights or claims, including those as to income or eventual distribution of the assets. The associated net assets included in pooled income funds and perpetual trusts are recorded in investments and are revalued to fair value at each year end based upon valuations provided by trustees. The associated net assets under charitable remainder trusts and charitable gift annuities are recorded in investments and are revalued to fair value at each year end using standard IRS-required valuation methodologies. The assumed rate of return used was 7.19% at May 31, 2024 and 2023. Split-interest contributions were \$0.4 million for the year ended May 31, 2024. There were no contributions to split-interest agreements for the year ended May 31, 2023.

Under the charitable gift annuity arrangements, the University has recorded the assets at fair value and the liabilities to the donors or the donors' beneficiaries at the present value of the estimated future payments to be distributed by the University to such individuals. The amount of the contribution is the difference between the assets and the liability and is recorded as contribution revenue with donor restrictions.

Under the pooled income fund and charitable remainder trust agreements, the University has recorded the contribution with donor restrictions at the present value of the estimated future benefits to be received based on the ultimate disposition of the assets dependent on the donor's intent. Subsequent changes in fair value for charitable remainder trusts are recorded as changes in value in net assets with donor restrictions and are reflected in the statement of activities as investment returns, net of operating distributions.

Under the perpetual trust agreements, the assets are held in perpetuity and recorded in investments in the accompanying statements of financial position. The University has recorded the assets and has recognized contribution revenue with donor restrictions at the fair value of the University's beneficial interest in the trust assets. Income earned on the trust assets is included in investment returns distributed for operations in the accompanying statement of activities. Subsequent changes in the fair value of the



**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

beneficial interest in the trust assets are recorded in the statement of activities as investment returns with donor restrictions, net of operating distributions.

The net investment return for the years ended May 31 consists of the following:

	2024	2023
	(in thousands)	
Dividends and interest	\$ 59,038	\$ 64,334
Mineral income	12,034	17,487
Net realized and unrealized gain	121,401	9,798
Net investment return	\$ 192,473	\$ 91,619

**NOTE F - FAIR VALUE MEASUREMENT**

The schedule below classifies certain of the University's assets and liabilities carried at fair value based upon the three-tier hierarchy required by ASC 820 as of May 31, 2024 (in thousands):

Description	2024	Fair Value Measurements at May 31, 2024 Using				Investments Valued at NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV	
Short-term investments	\$ 460,610	\$ 422,123	\$ 38,487	\$ —	\$ —	
Derivatives	361	—	361	—	—	
Equities	459,324	296,053	163,271	—	—	
Fixed income	157,513	—	157,513	—	—	
Hedge funds	144,337	—	—	—	144,337	
Limited partnerships	1,565,835	—	—	—	1,565,835	
Real estate	4,616	—	—	4,616	—	
Mineral interests	104,650	—	—	104,650	—	
Investments held in trust by others	99,343	—	—	99,343	—	
Total investments	2,996,589	718,176	359,632	208,609	1,710,172	
Interest rate swaps	(7,513)	—	(7,513)	—	—	
Total	\$ 2,989,076	\$ 718,176	\$ 352,119	\$ 208,609	\$ 1,710,172	

**Texas Christian University**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2024 and 2023**

The schedule below classifies certain of the University's assets and liabilities carried at fair value based upon the three-tier hierarchy required by ASC 820 as of May 31, 2023 (in thousands):

Description	2023	Fair Value Measurements at May 31, 2023 Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
Short-term investments	\$ 586,684	\$ 566,923	\$ 19,761	\$ —	\$ —
Equities	316,855	316,855	—	—	—
Fixed income	80,047	—	80,047	—	—
Hedge funds	145,846	—	—	—	145,846
Limited partnerships	1,606,044	—	—	—	1,606,044
Real estate	3,481	—	—	3,481	—
Mineral interests	159,416	—	—	159,416	—
Investments held in trust by others	90,653	—	—	90,653	—
<b>Total investments</b>	<b>2,989,026</b>	<b>883,778</b>	<b>99,808</b>	<b>253,550</b>	<b>1,751,890</b>
Interest rate swaps	(11,345)	—	(11,345)	—	—
<b>Total</b>	<b>\$ 2,977,681</b>	<b>\$ 883,778</b>	<b>\$ 88,463</b>	<b>\$ 253,550</b>	<b>\$ 1,751,890</b>

The schedule below summarizes the activity for the items above, which have been classified as Level 3 investments:

	Real Estate	Mineral Interests (in thousands)	Investments Held in Trust
Ending balance at May 31, 2022	\$ 2,441	\$ 123,120	\$ 93,662
Purchases, acquisitions, and additions	898	—	—
Sales, issuances and settlements (net)	(259)	—	—
Net gains/(losses)	401	36,296	(3,009)
Ending balance at May 31, 2023	3,481	159,416	90,653
Net gains/(losses)	1,135	(54,766)	8,690
Ending balance at May 31, 2024	<u>\$ 4,616</u>	<u>\$ 104,650</u>	<u>\$ 99,343</u>

Unrealized and realized gains and losses on the investments valued using significant unobservable inputs are included, net of investment management fees and related expenses, in investment returns distributed for operations and investment returns, net of operating distributions, in the accompanying statement of activities. Specific valuation techniques are not disclosed because all valuation information is provided by third parties. For the year ended May 31, 2024, net unrealized losses of approximately \$44.9 million

**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

relate to Level 3 assets still held at May 31, 2024. For the year ended May 31, 2023, net unrealized gains of approximately \$33.7 million related to Level 3 assets still held at May 31, 2023.

**NOTE G - PROPERTY AND EQUIPMENT**

Property and equipment, at cost or fair market value at the date of receipt by gift, are as follows at May 31:

	2024	2023
	(in thousands)	
Land improvements	\$ 71,340	\$ 70,898
Buildings, renovations, and improvements	1,805,370	1,731,447
Furniture and equipment	208,029	214,734
Library books and film	36,223	36,022
Finance lease	16,685	78,676
Property and equipment	2,137,647	2,131,777
Less accumulated depreciation	(867,821)	(824,486)
	1,269,826	1,307,291
Land	110,881	102,313
Construction-in-progress	184,093	57,508
Property and equipment, net	\$ 1,564,800	\$ 1,467,112

Depreciation expense was approximately \$81.6 million and \$80.8 million for the years ended May 31, 2024 and 2023, respectively.

The University had outstanding commitments for construction and renovation of approximately \$81.0 million and \$132.4 million at May 31, 2024 and 2023, respectively.

**NOTE H - LEASES**

The University leases parking, retail/office space, equestrian facilities, athletics equipment, and dedicated ethernet under operating leases expiring at various dates through 2043, which are primarily considered operating ROU assets under ASC 842. Included in operating leases is one ground lease arrangement in which the University is building a Golf Learning Center to be utilized by student golf teams. In addition, two lease arrangements for student housing apartments for which the University collects fees from students for use, one lease arrangement for student laundry facility equipment, and one lease arrangement for classroom and lab space for TCU School of Medicine are classified as a finance ROU asset under ASC 842 expiring at various dates through 2033.

**Texas Christian University**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2024 and 2023**

	2024	2023
	(in thousands)	
Lease cost for the year ended May 31:		
Operating lease cost	\$ 1,757	\$ 1,651
Finance lease cost:		
Amortization of right of use assets	6,173	7,095
Interest on lease liabilities	1,465	2,063
Total finance lease cost	7,638	9,158
Total lease cost	\$ 9,395	\$ 10,809

	2024	2023
	(in thousands)	
Supplemental cash flow related to leases:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 1,712	\$ 1,627
Operating cash flows from finance leases	\$ 259	\$ 604
Financing cash flows from finance leases	\$ 5,796	\$ 7,977

	Operating	
	2024	2023
Supplemental information related to leases:		
Right of use assets	\$ 3,773	\$ 4,666
Accumulated amortization	(1,651)	(1,555)
Right of use assets, net	\$ 2,122	\$ 3,111
Right of use liabilities, current	\$ 468	\$ 1,585
Right of use liabilities, non-current	2,029	1,583
Right of use liabilities	\$ 2,497	\$ 3,168
Weighted-average remaining lease term	8.64	3.80
Weighted-average discount rate	3.65%	3.32%

	Finance	
	2024	2023
Supplemental information related to leases:		
Right of use assets	\$ 16,685	\$ 78,676
Accumulated amortization	(3,111)	(12,709)
Right of use assets, net	\$ 13,574	\$ 65,967

**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

Right of use liabilities, current	\$ 3,739	\$ 7,265
Right of use liabilities, non-current	9,726	59,143
Right of use liabilities	\$ 13,465	\$ 66,408
Weighted-average remaining lease term	4.70	9.16
Weighted-average discount rate	4.04%	3.65%
Lease maturity table:		
<u>Years ending May 31,</u>		
2025		\$ 4,317
2026		4,337
2027		3,189
2028		3,180
2029		575
Thereafter		2,008
		17,606
Less effects of discounting		(1,644)
Total		\$ 15,962

**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

**NOTE I - BONDS AND NOTES PAYABLE AND REVOLVING LINE OF CREDIT**

The carrying value of bonds and notes payable, net, consisted of the following at May 31:

	2024	2023
	(in thousands)	
2000 Red River Higher Education Variable Rate Demand Revenue Bonds, partially refunded in 2020, due March 1, 2030, bearing interest at variable rates (3.62% at May 31, 2024 and 3.30% at May 31, 2023)	\$ 30,000	\$ 30,000
2006 Red River Higher Education Variable Rate Demand Revenue Bonds, due March 15, 2035, bearing interest at variable rates (3.45% at May 31, 2024 and 3.30% at May 31, 2023)	80,000	80,000
2015A Taxable Senior Notes, due March 15, 2045, bearing interest at 3.97%	50,000	50,000
2016 Red River Higher Education Loan, due in annual payments through March 15, 2027, bearing interest at 2.30%	15,200	20,035
2016A Red River Higher Education Revenue Refunding Bonds, due in annual payments through March 15, 2038, bearing interest at rates between 4% and 5%, net of unamortized premium of \$3.6 million and \$3.8 million at May 31, 2024 and 2023, respectively	27,718	29,150
2017 Red River Higher Education Revenue Refunding Notes, due in annual payments through March 15, 2026, bearing interest at 2.44%	29,809	30,071
2017A Taxable Senior Notes, due August 11, 2037, bearing interest at 3.61%	100,000	100,000
2019 Taxable Senior Notes, due April 9, 2043, bearing interest at 3.82%	75,000	75,000
2020 Red River Higher Education Revenue and Improvement Refunding Taxable Bonds, due in annual payments March 15, 2026 through March 15, 2045, bearing interest at rates between 2.164% and 3.397%	309,385	309,385
2020A Taxable Senior Notes, due May 14, 2060, bearing interest at 3.6%	150,000	150,000
2022 Taxable Senior Notes, due in annual payments beginning in 2046 through March 15, 2057, bearing interest at 3.86%	120,000	120,000



**Texas Christian University**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2024 and 2023**

	2024	2023
	(in thousands)	
Bonds and notes payable	\$ 987,112	\$ 993,641
Unamortized debt issuance costs	(4,130)	(4,538)
Bonds and notes payable, net	\$ 982,982	\$ 989,103

The 2000 and 2006 bonds are variable rate bonds in a weekly mode and can be tendered by holders upon demand. Remarketing agents selected by the University determine the interest rates and market the bonds at rates that will price the bonds at a market value of approximately 100% of the principal balance outstanding, plus accrued interest. The University has \$110.0 million of bank-supported standby bond purchase agreements (SBPA). In the event that the remarketing agent is unable to market the bonds at any given time, the bonds could become callable and the SBPA bank would be required to pay the balance at that time. The SBPAs mature in May 2025.

On March 3, 2005, the University entered into, at no cost, a 29.1-year \$80.0 million notional amount interest rate swap, in which the University agrees to pay an annual fixed rate of 4.34%. The University entered into this rate swap to minimize the interest rate risk related to the 2006 bonds. The fair value of the swap represented a liability to the University of approximately \$7.5 million and \$11.3 million at May 31, 2024 and 2023, respectively. Periodic settlements of the swap are recorded as a component of interest expense.

On August 11, 2017, the University entered into an agreement with a private lender to issue \$100.0 million of Taxable Senior Notes at a fixed rate of 3.61% and due on August 11, 2037. Identified functionally as Series 2017A, the proceeds from the Notes were used to renovate and expand the Neeley School of Business facilities and construct a new School of Music Performance Hall. The Neeley School of Business renovation was a \$75.0 million capital project for which approximately \$57.9 million in binding written pledges, non-binding agreements, and donor gifts had been committed through May 31, 2024 and 2023. The School of Music Performance Hall was a \$53.0 million capital project for which approximately \$12.5 million in binding written pledges, non-binding agreements, and donor gifts had been committed through May 31, 2024 and 2023.

On April 9, 2019, the University entered into an agreement with a private lender to issue \$75.0 million of Taxable Senior Notes at a fixed rate of 3.82% and due on April 9, 2043. Identified functionally as Series 2019, the proceeds of the Notes were used to fund the construction of The Harrison administration building, a \$57.0 million capital project, and to expand the east side of Amon G. Carter Stadium, a \$113.0 million capital project. Approximately \$67.1 million and \$66.1 million in binding written pledges, non-binding agreements, and donor gifts had been committed toward the stadium expansion through May 31, 2024 and 2023, respectively.

On May 15, 2020, the University entered into an agreement with a private lender to issue \$150.0 million of Taxable Senior Notes at a fixed rate of 3.60% and due on May 14, 2060. Identified functionally as Series 2020A, the proceeds from the Notes were held in reserve to manage liquidity given the uncertainty of the worldwide COVID-19 pandemic. Currently, the proceeds are invested alongside the endowment until otherwise needed. As of May 31, 2024, no proceeds have been spent.

ASC 815, *Derivatives and Hedging*, states that not-for-profit organizations are not permitted special hedge accounting for derivatives used to hedge forecasted transactions. Accordingly, the interest rate swaps have not been accounted for by the University as a hedge. Changes in the fair value of the swaps are included as non-operating activities in the statement of activities as gain on interest rate swaps.

**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

Aggregate scheduled maturities of bonds and notes payable are as follows (in thousands):

<u>Year Ended May 31</u>	
2025	\$ 6,454
2026	37,790
2027	13,475
2028	13,395
2029	13,515
Thereafter	<u>898,930</u>
Total bonds and notes payable	983,559
Unamortized premium	3,553
Unamortized bond issuance costs	<u>(4,130)</u>
Bonds and notes payable, net	<u>\$ 982,982</u>

As of May 31, 2024, the University had available revolving lines of credit totaling \$90.0 million, supporting operations, with staggered maturities through March 2025. No borrowings were outstanding under any line of credit at May 31, 2024. Borrowings under the revolving lines of credit would be unsecured and bear interest at rates which fluctuate with Secured Overnight Financing Rate (SOFR) (5.3% at year end).

On March 22, 2024, the University issued a \$3.0 million Letter of Credit to the City of Fort Worth which will expire on May 31, 2026. The Letter of Credit which guarantees utility work for construction improvements near campus, has not been called.

Cash payments of interest totaled approximately \$35.5 million and \$34.1 million for the years ended May 31, 2024 and 2023, respectively. Interest capitalized totaled approximately \$5.5 million and \$2.6 million for the years ended May 31, 2024 and 2023, respectively. Interest expense was approximately \$30.0 million and \$31.5 million for the years ended May 31, 2024 and 2023, respectively.

**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

**NOTE J - RETIREMENT BENEFITS**

All full-time University faculty and staff hired on or after June 1, 2020 may participate in retirement plans administered by the Teachers Insurance and Annuity Association/College Retirement Equities Fund or Pension Fund of the Christian Church the first month after hire date with a five-year full vesting period. Full-time University faculty and staff hired before June 1, 2020 with less than two years of service were able to begin participating as of June 1, 2020 with immediate vesting. The University's contributions to the plans were 8% of the participant's salary base. Contributions to the plans by the University were approximately \$18.3 million and \$16.7 million for the years ended May 31, 2024 and 2023, respectively.

In addition to retirement contributions, the University provides certain health care benefits for retired employees. Normal retirement age is 65. For employees hired prior to January 1, 2005, early retirement is possible, beginning at age 55, with a minimum of five years of service, provided that a retiree's years of service plus age equal or exceed 75 at the date of retirement. For employees hired after December 31, 2004, early retirement is possible, beginning at age 55, with a minimum of 10 years of service, provided that a retiree's years of service plus age equal or exceed 75 at the date of retirement.

The University provides Medicare eligible retirees with a monthly benefit amount toward the purchase of individual medical and prescription drug coverage through a private Medicare exchange. Insured dental benefits are offered to all eligible retirees. Self-insured medical and prescription drug benefits are provided by the plan for pre-Medicare eligible retirees and the University partially subsidizes the premium on a current basis. The cost for the plan for participants who are not Medicare eligible is projected to increase in the future at the health care cost trend rates disclosed below.

Effective January 1, 2021, the University modified its plan so that only employees who attain age 45 on or before December 31, 2020, are eligible for the health care benefits currently available to retired employees. Current employees under the age of 45 on January 1, 2021, and any new hires after January 1, 2021, will be eligible for the defined contribution retiree health savings program (RHSP). All eligible employees will be automatically enrolled in the RHSP the month following their 40th birthday. Employees in the RHSP will vest after 10 years of service.

The following tables set forth information regarding postretirement benefits attributable to employees of the University at May 31 (determined using a measurement date of May 31):

Change in benefit obligation:

	2024	2023
	(in thousands)	
Accumulated postretirement benefit obligation at beginning of year	\$ 51,847	\$ 48,118
Service cost	1,007	1,227
Interest cost	2,628	2,337
Actuarial (gain)/loss	(1,629)	4,031
Plan participants' contributions	627	647
Benefit payments	(4,493)	(4,513)
	<u>\$ 49,987</u>	<u>\$ 51,847</u>
Accumulated postretirement benefit obligation at end of year	<u>\$ 49,987</u>	<u>\$ 51,847</u>

**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

Reconciliation of funded status:

	2024	2023
	(in thousands)	
Accumulated postretirement benefit obligation (unfunded)	\$ 49,987	\$ 51,846
Unrecognized actuarial loss	(13,007)	(15,565)
Unrecognized prior service credit	—	2,925
	<u>\$ 36,980</u>	<u>\$ 39,206</u>

Reconciliation of accrued postretirement benefit cost:

	2024	2023
	(in thousands)	
Accrued postretirement benefit cost at beginning of year	\$ 39,207	\$ 42,707
Net periodic postretirement benefit cost	1,639	366
University contributions	(3,866)	(3,866)
	<u>\$ 36,980</u>	<u>\$ 39,207</u>

Components of net periodic postretirement benefit cost:

	2024	2023
	(in thousands)	
Service cost	\$ 1,007	\$ 1,227
Interest cost	2,628	2,337
Recognized actuarial loss	931	651
Amortization of prior service credit	(2,925)	(3,849)
	<u>\$ 1,641</u>	<u>\$ 366</u>

Change in plan assets:

	2024	2023
	(in thousands)	
Fair value of plan assets at beginning of year	\$ —	\$ —
University contributions	3,866	3,866
Plan participants' contributions	627	647
Benefit payments	(4,493)	(4,513)
	<u>\$ —</u>	<u>\$ —</u>

**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

Postretirement benefit changes reported as non-operating activities:

	Projected 2025 (unaudited)	2024 (in thousands)	2023 (in thousands)
Recognized actuarial loss included in net periodic benefit cost	\$ 727	\$ 931	\$ 651
Unrecognized actuarial loss (gain) adjustment	—	(2,560)	3,380
Actuarial loss/(gain)	<u>\$ 727</u>	<u>\$ (1,629)</u>	<u>\$ 4,031</u>

Weighted-average assumptions used in calculating amounts relating to postretirement benefit obligations:

	2024	2023
Discount rate used	5.50%	5.25%
Health care cost trend rates:		
Initial pre-65 trend rate	7.00%	5.00%
Ultimate pre-65 trend rate	5.00%	5.00%
Years to decrease to ultimate trend rate	0	0
Initial dental trend rate	4.00%	5.00%
Ultimate dental trend rate	4.00%	5.00%
Years to decrease to ultimate trend rate	-	-

Expected postretirement benefit payments, net of expected plan participants' contributions (in thousands):

2025	\$ 3,637
2026	3,750
2027	3,776
2028	3,773
2029	3,788
Years 2030 - 2034	19,574

The University expects to contribute \$3.6 million to the plan during the year ended May 31, 2025.

**Texas Christian University**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2024 and 2023**

**NOTE K - NET ASSETS**

At May 31, net assets are categorized by purpose as follows:

	Without Donor Restrictions	With Donor Restrictions	2024	2023
	(in thousands)			
Internally designated for specific programs and net investment in plant	\$ 716,330	\$ —	\$ 716,330	\$ 682,218
Restricted by donor for plant	—	26,959	26,959	8,156
Restricted by donor for scholarships and programs	—	84,766	84,766	56,835
Endowment funds	1,326,934	1,288,613	2,615,547	2,503,569
Student loan funds	—	968	968	948
	<u>\$ 2,043,264</u>	<u>\$ 1,401,306</u>	<u>\$ 3,444,570</u>	<u>\$ 3,251,726</u>

Net assets with donor restrictions includes balances restricted by donors and the income from such assets which is either restricted until appropriated for expenditure or unrestricted based on donor stipulations. This category also includes balances restricted by donors subject to certain time or purpose limitations.

**NOTE L - ENDOWMENT**

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

***Interpretation of Relevant Law***

The University interprets the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) enacted in the State of Texas as allowing the University, absent explicit donor stipulations to the contrary as stated in the gift instrument, to appropriate as much of a donor-restricted endowment fund as the University determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. As a result of this interpretation, the University classifies as perpetual endowments (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as donor-restricted net assets only until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the University and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the University; and (7) the investment policies of the University.



**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of donor-restricted contributions and continued appropriation for certain programs that were deemed prudent by the University. There were no deficiencies of this nature as of May 31, 2024 or 2023. Deficiencies of this nature would be included in investment returns, net of operating distributions in the statement of activities and reported in net assets with donor restrictions in the statements of financial position.

***Endowment Net Assets***

Endowment net assets consist of the following at May 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
	(in thousands)		
Donor-restricted endowment funds	\$ —	\$ 1,288,613	\$ 1,288,613
Board-designated endowment funds	1,326,934	—	1,326,934
Total endowment net assets	<u>\$ 1,326,934</u>	<u>\$ 1,288,613</u>	<u>\$ 2,615,547</u>

Endowment net assets consist of the following at May 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
	(in thousands)		
Donor-restricted endowment funds	\$ —	\$ 1,187,728	\$ 1,187,728
Board-designated endowment funds	1,315,841	—	1,315,841
Total endowment net assets	<u>\$ 1,315,841</u>	<u>\$ 1,187,728</u>	<u>\$ 2,503,569</u>

**Texas Christian University**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2024 and 2023**

Changes in endowment net assets for the years ended May 31, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
	(in thousands)		
Endowment net assets at May 31, 2022	\$ 1,284,229	\$ 1,156,489	\$ 2,440,718
Contributions	—	55,790	55,790
Total investment return	77,115	11,280	88,395
Endowment spending	(50,090)	(35,831)	(85,921)
Transfers to create designated funds	4,587	—	4,587
Endowment net assets at May 31, 2023	1,315,841	1,187,728	2,503,569
Contributions	—	31,809	31,809
Total investment return	59,667	110,028	169,695
Endowment spending	(54,862)	(40,952)	(95,814)
Transfers to create designated funds	6,288	—	6,288
Endowment net assets at May 31, 2024	<u>\$ 1,326,934</u>	<u>\$ 1,288,613</u>	<u>\$ 2,615,547</u>

**NOTE M - EXPENSES BY NATURAL CLASSIFICATION**

The University categorizes operating expenses according to functional classifications in its statement of activities. The natural classifications of University operating expenses according to major budget categories are presented below. Interest expense on external debt is allocated to the functional categories, which have benefited from the proceeds of the external debt. Directly attributable depreciation expense is reported in each functional category based on usage of assets. All expenses associated with utilities and operation and maintenance of facilities are allocated to the functional classifications based on square footage occupancy.

Operating expenses by natural classification at May 31, 2024:

	Compensation				Utilities	Supplies Services and Other	Depreciation	Total
	Faculty	Exempt Staff	Non Exempt and Other Wages	Benefits				
	(in thousands)							
Instruction	\$ 105,362	\$ 11,289	\$ 15,810	\$ 40,478	\$ 2,806	\$ 59,967	\$ 19,601	\$ 255,313
Research	50	5,059	3,223	2,457	24	5,915	290	17,018
Academic support	559	19,675	5,884	8,381	499	21,277	7,451	63,726
Student services	568	50,190	10,728	20,299	2,619	68,035	23,790	176,229
Institutional support	280	25,169	7,476	10,534	509	20,612	6,132	70,712
Auxiliary activities	418	4,557	9,025	4,107	3,747	41,737	23,597	87,188
Fund-raising	—	8,130	1,181	3,196	14	6,270	764	19,555
Total operating expenses	<u>\$ 107,237</u>	<u>\$ 124,069</u>	<u>\$ 53,327</u>	<u>\$ 89,452</u>	<u>\$ 10,218</u>	<u>\$ 223,813</u>	<u>\$ 81,625</u>	<u>\$ 689,741</u>

**Texas Christian University**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**May 31, 2024 and 2023**

Operating expenses by natural classification at May 31, 2023:

	Compensation				Utilities	Supplies Services and Other	Depreciation	Total
	Faculty	Exempt Staff	Non Exempt and Other Wages	Benefits				
	(in thousands)							
Instruction	\$ 98,397	\$ 10,413	\$ 15,532	\$ 35,628	\$ 2,732	\$ 55,661	\$ 18,570	\$ 236,933
Research	—	4,229	3,104	1,987	23	4,675	187	14,205
Academic support	431	18,086	5,200	7,141	497	19,202	7,819	58,376
Student services	120	45,669	14,047	17,250	2,562	72,652	23,760	176,060
Institutional support	219	22,699	6,029	9,392	539	24,377	5,972	69,227
Auxiliary activities	422	4,048	8,575	3,426	3,483	43,964	23,732	87,650
Fund-raising	—	7,426	1,031	2,747	14	3,039	780	15,037
Total operating expenses	<u>\$ 99,589</u>	<u>\$ 112,570</u>	<u>\$ 53,518</u>	<u>\$ 77,571</u>	<u>\$ 9,850</u>	<u>\$ 223,570</u>	<u>\$ 80,820</u>	<u>\$ 657,488</u>

**NOTE N - CONTINGENCIES**

During the normal course of business, the University is involved in various litigation and disputes. The University does not believe that the ultimate resolution of any of these matters will have a material impact on the financial position, results of operations or cash flows of the University.

**NOTE O - RELATED PARTY TRANSACTIONS**

Members of the Board of Trustees and executive administration may be associated, either directly or indirectly, with entities doing business with the University. The University has conflict of interest policies that require any such association, including those of immediate family members, to be disclosed on an annual basis. If such associations exist, efforts are taken to mitigate any actual or perceived conflict. There were no related party transactions that were not effectively mitigated for the fiscal years ended May 31, 2024 and 2023.

**NOTE P - SUBSEQUENT EVENTS**

The University has evaluated events through September 23, 2024, the date these financial statements were issued. On June 27, 2024, the University closed on tax-exempt bond series 2024 using the proceeds to call and pay off the \$80 million variable rate demand bond Series 2006 and complete campus projects. The University terminated the \$80 million notional amount interest rate swap associated with bond series 2006. The \$80 million standby bond purchase agreement (SBPA) was terminated with the SBPA bank.

**TEXAS CHRISTIAN UNIVERSITY**  
**Board of Trustees 2023-2024 (Fiscal Year 2024)**

**Ms. Leanne S. Acuff**  
Civic Leader  
Snowmass Village, CO

**Mrs. Sheryl L. Adkins-Green**  
Chief Experience Officer  
Mary Kay, Inc.  
Dallas, TX

**Mr. V. “Neils” Agather, Jr.**  
Retired  
Burnett Oil Company  
Fort Worth, TX

**Mrs. Allie Beth McMurtry Allman**  
Founder and Chief Executive Officer  
Allie Beth Allman & Associates  
Dallas, TX

**Mr. Greg A. Arnold**  
Chairman and Chief Executive Officer  
The Arnold Companies  
Dallas, TX

**Mrs. Amy Roach Bailey**  
Civic Leader  
Fort Worth, TX

**Mrs. Sasha C. Bass**  
President and Chief Executive Officer  
Fine Line Group  
Fort Worth, TX

**Mr. Michael K. Berry**  
President  
Hillwood Properties  
Fort Worth, TX

**Mrs. Katherine G. Boehly**  
Co-Founder  
The Boehly Center for Excellence in Finance  
Darien, CT

**Mr. Joe D. Briggs**  
Global Head of Equity Strategies & Initiatives  
Amazon  
Washington, DC

**Mr. Edward A. “Eddie” Clark**  
President and Chief Executive Officer  
Professional Turf Products of Texas  
Euless/Fort Worth, TX

**Mrs. Brenda Almes Cline**  
Chief Financial Officer  
Kimbell Art Foundation  
Fort Worth, TX

**Mrs. Anita L. Cox**  
Director  
John & Maurine Cox Foundation  
Midland, TX

**Mr. Bradford L. Cunningham**  
Partner  
Four Sevens Oil Company, Ltd.  
Fort Worth, TX

**Ms. Marilyn E. Davies**  
Founder and Chief Executive Officer  
Bailey Banks Seismic, LP  
Katy, TX

**Mr. Barry E. Davis**  
Chairman and Chief Executive Officer  
EnLink Midstream, LLC  
Dallas, TX

**Mr. G. Hunter Enis**  
Partner and President  
Four Sevens Oil Company, Ltd.  
Fort Worth, TX

**Mrs. Kathryn Thompson Farmer**  
President and Chief Executive Officer  
BNSF Railway Company  
Fort Worth, TX

**Mrs. Charlotte Scharbauer French**  
Civic Leader  
Fort Worth, TX

**Mr. Alan D. Friedman**  
President  
Trisept, Inc.  
Dallas, TX

**Mr. Rafael G. “Rafa” Garza**  
Executive Vice Chairman  
VBT Financial Corporation  
Founder and Managing Director  
Bravo Equity Partners  
Fort Worth, TX

**The Honorable Charles L. Geren**  
Texas State Representative District 99  
President, Railhead Smokehouse  
Fort Worth, TX

**Mr. Nick A. Giachino**  
Retired  
PepsiCo  
Wilmington, NC

**Mr. Joe M. Gutierrez, Jr.**  
Founder and Chief Executive Officer  
Novi Midstream, LLC  
Houston, TX

**Mr. Elliott J. Hill**  
Operating Partner  
BDT MSD Capital  
Austin, TX

**Mr. Mark L. Johnson**  
Principal/Portfolio Manager  
Luther King Capital Management  
Fort Worth, TX

**Mr. Dee J. Kelly, Jr.**  
Partner  
Kelly Hart & Hallman, LLC  
Fort Worth, TX

**Mr. J. Bryan King**  
Principal  
Luther King Capital Management  
Fort Worth, TX

**Ms. Mary Ralph Lowe**  
Chief Executive Officer  
Maralo, LLC  
Fort Worth/Houston, TX

**Mr. Steven J. Mafrige**  
Chief Executive Officer  
Y Bar Ranch  
Tilden, TX

**Mr. Ross B. Matthews**  
Chief Operating Officer  
REH Company  
Salt Lake City, Utah/Dayton, WY

**Mr. Thomas F. Meagher, Jr.**  
Managing Director and Partner  
GCM Grosvenor  
Chicago, IL

**Ms. Kit Tennison Moncrief**  
Civic Leader  
Fort Worth, TX

**Dr. Frank H. Moore III**  
Urologist  
Urology Partners of North Texas  
Fort Worth, TX

**Mr. Ronald C. Parker**  
President and Chief Executive Officer  
The National Association of Securities  
Professionals  
Plano, TX/Washington, DC

**Mr. John H. Pinkerton**  
Chairman of the Board  
Encino Energy, LLC  
Houston/Fort Worth, TX

**Mr. David P. Purcell**  
CEO and Chief Investment Officer  
Jupiter Management  
Salt Lake City, UT/Park City, UT

**Mr. Rusty Reid**  
Chairman and Chief Executive Officer  
Higginbotham  
Fort Worth, TX

**Mr. Glenton E. Richards**  
Television and Film Writer  
Amazon Prime Television  
Los Angeles, CA

**Mr. Michael “Stewart” Richards**  
Owner  
Castle Peak Homes  
Dallas, TX

**Mrs. Adelaide Moncrief Royer**  
Soul Care Communications Coordinator  
Christ Chapel Bible Church  
Fort Worth, TX

**Mrs. Jan Tucker Scully**  
Civic Leader  
Fort Worth, TX

**Mr. Richard Lee “Ricky” Stuart II**  
Franchise Owners  
Chicken Express  
Weatherford, TX

**Mr. Kenneth D. “Kenny” Thompson**  
Senior VP/Chief Public Affairs Officer  
Vail Resorts  
Broomfield, CO/Washington, DC

**Mr. LaDainian T. Tomlinson**  
Tomlinson’s Touching Lives Foundation  
Coppell/Westlake, TX

**Mr. Duer Wagner III**  
Chairman and President  
Duer Wagner III Interests  
Dallas/Fort Worth, TX

**Mr. F. Howard Walsh III**  
President and Chairman  
Walsh Companies  
Aledo/Houston, TX

**The Honorable Roger Williams**  
U.S. House of Representatives,  
U.S. District 25  
Washington, DC/Weatherford, TX

**Mr. Rick L Wittenbraker**  
Retired  
Waste Management, Inc.  
Fort Worth, TX

**Mr. Michael G. Wright**  
Managing Partner, Business Jet Center  
President, Medical Cities, Inc.  
Dallas, TX

**Ex Officio Trustee**

**Mr. Jonathan P. Amerson**  
Vice President  
Trammell Crow Company  
El Segundo, CA/Rancho Palos Verdes, CA

**Mr. Joseph W. “Joe” Brown**  
Chief Executive Officer  
HF Custom Solutions  
Fort Worth, TX

**Mrs. Annie Cummins Dawson**  
Civic Leader  
Louisville, KY

**TEXAS CHRISTIAN UNIVERSITY**  
**Board of Trustees 2023-2024 (Fiscal Year 2024)**

**Officers of the University**

**Dr. Victor J. Boschini, Jr.**

Chancellor

**Dr. Jonathan Benjamin-Alvarado**

Chief Inclusion Officer

**Dr. Kathryn Cavins-Tull**

Vice Chancellor for Student Affairs

**Ms. Yohna J. Chambers**

Vice Chancellor and Chief Human Resources  
Officer

**Dr. Teresa Abi-Nader Dahlberg**

Provost and Vice Chancellor for  
Academic Affairs

**Dr. William J. Nunez**

Vice Chancellor for  
Finance and Administration

**Mr. Daniel W. Pullin**

President

**Mrs. Tracy D. Syler-Jones**

Vice Chancellor for Marketing and  
Communication

**Mr. Donald J. Whelan, Jr.**

Vice Chancellor for  
University Advancement

**Dr. Floyd Wormley**

Interim Provost and Vice Chancellor for  
Academic Affairs

**Officers of the Board of Trustees**

**Ms. Kit Tennison Moncrief**

Chair

**Mr. Edward A. "Eddie" Clark**

Vice Chair

**Mrs. Jean M. Pickett**

Secretary

**Dr. William J. Nunez**

Treasurer





## **Financial Staff**

Fiscal Year 2024

**William J. Nunez**

*Vice Chancellor for Finance and Administration*

**Cheryl Kennon**

*Associate Vice Chancellor and Controller*

**Chris Lawler**

*Director of Endowment and Gift Accounting*

**Caron Patton**

*Director of Research Accounting and Reporting*

**Keia Wilson**

*Director of Financial Reporting*



**Office of the Vice Chancellor for  
Finance and Administration**

TCU Box 297041

Fort Worth, Texas 76129

817.257.7815 phone

817.257.7750 fax