University of Richmond

Consolidated Financial Statements, the Schedule of Expenditures of Federal Awards, and Audit of Federal Awards Performed in Accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards

June 30, 2024

With Independent Auditors' Report Thereon

Including Supplementary Schedule of Financial Responsibility Data in Accordance with 34.CFR 668.171 for the U.S. Department of Education

KPMG LLP
Suite 2000
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Richmond, VA 23219-4023

Independent Auditors' Report

The Board of Trustees
University of Richmond:

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited the University's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Richmond, Virginia
October 14, 2024

Consolidated Statement of Financial Position

As of June 30, 2024

With comparative financial information as of June 30, 2023
(in thousands)

	2024	2023
Assets		
Cash and cash equivalents	$ 146,314	121,562
Pledges receivable, net	3,308	5,635
Investments	3,227,716	3,153,400
Beneficial interest in perpetual trusts	34,162	31,592
Other assets, net	28,456	24,271
Property, plant and equipment, net	377,527	369,238
Total assets	**$ 3,817,483**	**3,705,698**
Liabilities		
Accounts payable and other liabilities	$ 63,806	80,494
Postretirement benefits obligation	13,508	16,109
Notes payable	306,036	257,698
Interest rate swap agreements	6,133	8,454
Total liabilities	**389,483**	**362,755**
Net assets		
Without donor restrictions	1,728,680	1,692,738
With donor restrictions	1,699,320	1,650,205
Total net assets	**3,428,000**	**3,342,943**
Total liabilities and net assets	**$ 3,817,483**	**3,705,698**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Activities

For the year ended June 30, 2024

With summarized comparative financial information for the year ended June 30, 2023
(in thousands)

	2024			
	Without donor restrictions	With donor restrictions	Total	2023 Total
Operating revenues				
Tuition and fees (Net of scholarship allowance of $103,728 and $99,238)	$ 129,582	—	129,582	126,762
Grants and contracts	4,243	—	4,243	3,362
Contributions	7,033	7,893	14,926	8,791
Investment return, net	148,684	1,593	150,277	133,606
Auxiliary enterprises	46,928	—	46,928	46,820
Other sources	25,099	—	25,099	22,293
Net assets released from restrictions	9,480	(9,480)	—	—
Total operating revenues	**371,049**	**6**	**371,055**	**341,634**
Operating expenses				
Instruction	109,307	—	109,307	101,147
Research	4,660	—	4,660	4,825
Public service	4,241	—	4,241	3,630
Academic support and libraries	66,265	—	66,265	58,832
Student services	68,807	—	68,807	61,789
Institutional support	61,953	—	61,953	59,829
Auxiliary enterprises	56,926	—	56,926	59,414
Total operating expenses	**372,159**	**—**	**372,159**	**349,466**
Change in net assets from operating activities	**(1,110)**	**6**	**(1,104)**	**(7,832)**
Nonoperating activities				
Contributions	165	11,053	11,218	13,561
Investment return, net	33,950	39,197	73,147	(15,154)
Change in fair value of interest rate swap agreements	2,321	—	2,321	5,314
Change in postretirement benefits	2,863	—	2,863	1,019
Other nonoperating activities, net	(4,932)	1,544	(3,388)	(9,756)
Net assets released from restrictions	2,685	(2,685)	—	—
Change in net assets from nonoperating activities	**37,052**	**49,109**	**86,161**	**(5,016)**
Change in net assets	**35,942**	**49,115**	**85,057**	**(12,848)**
Net assets at beginning of year	**1,692,738**	**1,650,205**	**3,342,943**	**3,355,791**
Net assets at end of year	**$ 1,728,680**	**1,699,320**	**3,428,000**	**3,342,943**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended June 30, 2024

With comparative financial information for the year ended June 30, 2023
(in thousands)

	2024	2023
Cash flows from operating activities		
Change in net assets	$ 85,057	(12,848)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	35,700	35,181
Net unrealized and realized gains on investments	(236,374)	(117,957)
Settlement activity for rate of return agreement	(19,670)	74,535
Amortization of note premiums	-	(83)
Contributions restricted for purchase of property and equipment	(100)	(3,570)
Contributions restricted for endowment	(10,747)	(9,243)
Change in fair value of interest rate swap agreements	(2,321)	(5,314)
Change in assets and liabilities that provide (use) cash:		
Pledges receivable, net	2,327	4,051
Beneficial interest in perpetual trusts	(2,570)	(579)
Other assets, net	15,485	(6,404)
Accounts payable and other liabilities	(16,688)	13,808
Postretirement benefits obligation	(2,601)	(669)
Net cash used in operating activities	**(152,502)**	**(29,092)**
Cash flows from investing activities		
Proceeds from sales of investments	924,213	565,293
Purchases of investments	(762,155)	(591,682)
Purchases of property, plant and equipment	(43,989)	(37,795)
Net cash provided by (used in) investing activities	**118,069**	**(64,184)**
Cash flows from financing activities		
Contributions restricted for purchase of property and equipment	100	3,570
Contributions restricted for endowment	10,747	9,243
Repayment of notes payable	(4,650)	-
Proceeds from issuance of notes payable	113,786	-
Refunding of notes payable	(60,798)	-
Net cash provided by financing activities	**59,185**	**12,813**
Net change in cash and cash equivalents	24,752	(80,463)
Cash and cash equivalents at beginning of year	121,562	202,025
Cash and cash equivalents at end of year	**$ 146,314**	**121,562**
Supplemental disclosure		
Cash paid for interest on notes payable and interest rate swap agreements	$ 9,007	9,350
Cash paid for income taxes	5,375	7,559
Change in accounts payable related to property, plant and equipment	5,846	(323)

See accompanying notes to the consolidated financial statements.

1 Organization & Summary of Significant Accounting Policies

Organization

The University of Richmond (the University) is a private institution of higher education located in Richmond, Virginia that provides a collaborative learning and research environment to students and professionals through a combination of liberal arts, law, business, leadership studies and continuing education.

These statements also include the activities of the University's related entities, the most significant of which is Spider Management Company, LLC (SMC), a wholly controlled affiliate of the University, that provides investment research, advice, counsel and management with respect to the University's endowment assets. The Richmond Fund Management Company, LLC (RFMC), a wholly controlled affiliate of SMC, is the general partner of the Richmond Fund, LP (Richmond Fund) and is managed by SMC's Board of Managers. The Richmond Fund is an investment limited partnership that provides a vehicle for unaffiliated 501(c) organizations to achieve investment returns that mirror the investment returns of the University's endowment. Richmond Fund is not included in the consolidated financial statements.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Significant inter-entity balances and transactions have been eliminated in consolidation.

The assets and liabilities in the consolidated statement of financial position are presented in order of liquidity with the exception of investments, which have certain components that are considered short term and others that are considered long term.

The University classifies revenues earned and expenses incurred related to its core missions of teaching, research, scholarship and service, and investment returns made available for current use as operating revenues or expenses in the consolidated statement of activities. All other activities, including contributions restricted by donors or designated for longer term use by the Board of Trustees (the Board), are shown as a component of nonoperating activities.

Net Asset Classes

The accompanying consolidated financial statements present information regarding the University's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions

Net assets that are subject to donor restrictions that expire through the passage of time or can be fulfilled or removed by actions pursuant to those restrictions.

Cash and Cash Equivalents

Cash equivalents with an original maturity of three months or less at date of purchase are reported as cash and cash equivalents in the accompanying consolidated statement of financial position. Cash equivalents held by investment custodians or managers are reported within investments in the accompanying consolidated financial statements. These investments are not considered cash equivalents for purposes of the consolidated statement of cash flows. At June 30, 2024, $34.4 million of cash and cash equivalents consist of the unexpended proceeds related to notes payable issued in March 2024 (see Note 6). These funds are invested in short-term, highly liquid securities which will be used for construction of certain facilities or payment of capitalized interest. At June 30, 2023, no unexpended bond proceeds were included in cash and cash equivalents.

Investments

Investments are recorded at fair value in the consolidated statement of financial position. In determining fair value, the University uses various methods.

Investments in stocks, bonds and other fixed income securities are valued based upon quoted prices in active markets, if available. If the market is inactive, fair value is determined by underlying fund managers and reviewed by the University after considering various sources of information.

For investments made directly by the University whose values are based on quoted market prices in active markets, the market price of the investment is used to report fair value. The University's interests in alternative investment funds are reported at the net asset value (NAV) as a practical expedient for fair value reported by the fund managers. Unless it is probable that all or a portion of the investment will be sold for an amount other than NAV, the University has concluded, as a practical expedient, that the NAV approximates fair value. Investments in real assets consist primarily of investment funds which invest in real estate and real asset partnerships, as well as mortgages held by the University.

Investments are exposed to several risks, including interest rate, currency, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Investment transactions are accounted for on a trade date basis. Dividend income or expense is recognized on the ex-dividend date and interest income is recognized on the accrual basis. Realized gains and losses are determined by the specific identification method for investments in investment funds and average cost for investments in securities.

Investment return, including realized and unrealized gains and losses, is recognized when earned and reported in the consolidated statement of activities net of related investment expenses. Investment return is reported in the consolidated statement of activities as increases or decreases in net assets without donor restrictions or net assets with donor restrictions, until amounts have been appropriated and the donor-imposed or legal time restrictions have been satisfied.

Fair Value Measurements

The University measures certain assets and liabilities that are recognized in the accompanying consolidated financial statements at fair value. The University determines fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The levels of the hierarchy are defined as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2

Inputs to the valuation methodology include 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 other market-corroborated inputs.

Level 3

Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

Derivative Instruments

Certain derivative instruments, such as interest rate swap agreements, are used by the University. The University recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position at their respective fair value. Changes in fair value of derivatives are recognized as a change in net assets without donor restrictions in the consolidated statement of activities.

Effective July 1, 2022, the fair value of interest rate swap agreements is determined using pricing models based on the Secured Overnight Financing Rate (SOFR), which was adopted after the discontinuation of use of the London Interbank Offered Rate (LIBOR), and other unobservable market data. The value was determined after considering the potential impact of collateralization and netting agreements, and adjusted to reflect nonperformance risk of both the counterparty and the University.

Property, Plant and Equipment

Property, plant and equipment consisting of land, improvements, buildings, equipment and library books are stated at cost, if purchased, or estimated fair value at the date of gift, net of accumulated depreciation. Depreciation is calculated using the straight-line method based on estimated useful lives of 30 to 50 years for buildings, 10 to 20 years for improvements, 5 to 10 years for equipment, and 10 years for library books.

Collections

The University's collections of historically significant artifacts, scientific specimens and art objects are held for education, research, scientific inquiry, and public exhibition. Their value is not reflected in the University's consolidated financial statements, as permitted by U.S. GAAP.

Revenue Recognition

Tuition and Fees

Student tuition and fees are recorded as revenue during the academic term that the related academic services are rendered. Student tuition and fees received in advance of services rendered are considered deferred revenue and reported within accounts payable and other liabilities in the consolidated statement of financial position. Payments for tuition are typically due the first Monday in August for the Fall semester, first Monday in December for the Spring term, and the first date of each respective summer term. Undergraduate tuition and fees are 88% of total gross tuition and fees.

The University offers several summer terms where revenue is recognized ratably over each summer term. Summer tuition revenue recognized was $2.8 million for the year ended June 30, 2024. Summer tuition revenue deferred was $1.1 million as of June 30, 2024.

Need-based institutional scholarships are awarded to students to defray the costs of academic programs, which reduce the amount of revenue recognized. Scholarships awarded to students for the years ended June 30, 2024 and 2023 were $103.7 million and $99.2 million, respectively.

Contributions

Contributions of cash and other assets, including unconditional pledges, are recorded as revenue based upon any donor-imposed restrictions, on the date of the donor's commitment or gift. Contributions whose restrictions are met in the same fiscal year as their receipt are reported as contribution revenue without donor restrictions. Contributions of other assets are recorded at estimated fair value at the date of gift. Unconditional pledges are recorded at estimated present value at the date of the commitment, which approximates fair value, net of an allowance for uncollectible amounts. Conditional pledges are not recognized as revenue until such time as the conditions are substantially met. As of June 30, 2024, the University had no conditional pledges.

Auxiliary Enterprises

The University's auxiliary enterprises are managed as self-supporting activities. Auxiliaries consist primarily of food services, housing, and bookstore operations. Auxiliary revenues are recognized over the academic term or at the point of sale for bookstore operations.

Tax Status

The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the Code). As such, the University is exempt from Federal income taxes to the extent provided under Section 501 of the Code.

The Tax Cuts and Jobs Act (TCJA) was enacted on December 23, 2017. Among other things, the TCJA imposes an excise tax on net investment income for certain organizations and establishes new rules for calculating unrelated business taxable income. The University is subject to the excise tax. The University has reflected an estimate in its consolidated financial statements for both unrelated trade or business income tax and the excise tax using the current regulatory guidance. The University continues to evaluate the impact of the TCJA on current and future tax positions.

The University has not taken any uncertain tax positions. No interest expense or penalties have been recognized as of and for the year ended June 30, 2024. The tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2020 and forward.

Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Comparative Financial Information

The consolidated financial statements include certain prior year information presented for comparative purposes, which 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 consolidated financial statements as of and for the year ended June 30, 2023, from which this information was derived.

Subsequent Events

The University has evaluated subsequent events for potential recognition or disclosure in the June 30, 2024 consolidated financial statements through October 14, 2024, the date the consolidated financial statements were issued.

2 Endowment

At June 30, 2024, the University's endowment consisted of approximately 1,560 individual funds, established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the University's Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The University has interpreted the Commonwealth of Virginia's enacted version of the Uniform Prudent Management of Institutional Funds Act (the Act) as allowing the University to appropriate for expenditure or accumulate so much of an endowment fund as the University determines is prudent for the uses, purposes, and durations for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

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

1. The duration, purposes and preservation of the funds;
2. General economic conditions including inflation and deflation;
3. The expected total return from income and the appreciation of investments;
4. Other resources of the University;
5. The University's investment policies.

Spending Policy

The University's spending policy was developed with the objectives of meeting the current operating needs of the University, providing year-to-year budget stability and protecting the future purchasing power of the endowment assets against the impact of inflation.

The University's annual endowment spending distribution is determined each year based on the sum of a two-part, spending formula:

Market-value based component

This component is calculated by determining the average endowment market value at June 30 for the preceding five years, lagged by one year, and multiplying that calculated amount by five percent (5%). Thirty percent (30%) of this calculated amount is included in the determination of the annual spend from the endowment.

Spending component

This component is calculated by increasing or decreasing seventy percent (70%) of the prior year's calculated endowment spending distribution by an inflation factor, using a five-year average of the Higher Education Price Index, as published by the Commonfund.

Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to maintain the purchasing power of the endowment assets in perpetuity and achieve investment returns sufficient to sustain the level of spending necessary to support ongoing University operations. The primary investment objective is to earn an average annual real total return of at least 5% per year over the long term. Actual returns in any given year may vary from this amount. A secondary objective is to outperform, over the long term, a blended policy benchmark based on the current asset allocation policy. A third objective is to rank in the top quartile of the National Association of College and University Business Officers' reported endowment returns.

Strategies Employed for Achieving Objectives

To satisfy the return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The University's asset allocation policy provides a diversified strategic mix of asset classes which emphasizes investments in equity and fixed income securities, hedge funds, private equity, real assets, real estate funds, and cash and produces the highest expected investment return within a prudent risk framework.

Underwater Endowment Funds

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the Act requires the University to retain as a fund of perpetual duration. The University has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. As of June 30, 2024, there were no significant deficiencies of this nature.

Endowment Net Assets as of June 30 (in thousands)

	2024		
	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	$ 1,598,486	—	1,598,486
Donor-restricted endowment funds			
Historical gift value	—	441,205	441,205
Accumulated gains	—	1,171,236	1,171,236
Beneficial interest in perpetual trusts	—	34,162	34,162
Total endowment net assets	**$ 1,598,486**	**1,646,603**	**3,245,089**

	2023		
	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	$ 1,558,814	—	1,558,814
Donor-restricted endowment funds			
Historical gift value	—	424,299	424,299
Accumulated gains	—	1,135,328	1,135,328
Beneficial interest in perpetual trusts	—	31,592	31,592
Total endowment net assets	**$ 1,558,814**	**1,591,219**	**3,150,033**

Changes in Endowment Net Assets (in thousands)

	2024			
	Without donor restrictions	With donor restrictions	Total	2023 Total
Beginning endowment net assets	$ 1,558,814	1,591,219	3,150,033	3,153,393
Investment return, net	119,652	107,502	227,154	122,092
Contributions	—	12,215	12,215	13,376
Board designated funds transfer	4,000	—	4,000	---
Appropriated for expenditure	(78,296)	(69,023)	(147,319)	(141,081)
Reinvested endowment income	—	4,328	4,328	6,815
Other adjustments	(5,684)	362	(5,322)	(4,562)
Ending endowment net assets	**$ 1,598,486**	**1,646,603**	**3,245,089**	**3,150,033**

3 Investments and Other Fair Value Measurements

Fair Value Measurements

The following tables show the estimated fair value of University investments as of June 30.

Fair Value of Investments by Level as of June 30 (in thousands)					
	2024				
	Level 1	Level 2	Level 3	NAV	Total
Investments					
Cash and cash equivalents	$ 90,161	—	—	—	90,161
Corporate bonds & other fixed income	87,525	—	—	—	87,525
Common stock and preferred stock	1,446	—	—	—	1,446
Commingled funds	2,903	—	—	—	2,903
Alternative investments					
Absolute return	—	—	—	619,390	619,390
Public equity	—	—	—	916,198	916,198
Private equity	—	—	—	973,622	973,622
Real assets	—	—	—	536,471	536,471
Total investments	**$182,035**	**—**	**—**	**3,045,681**	**3,277,716**

	2023				
	Level 1	Level 2	Level 3	NAV	Total
Investments					
Cash and cash equivalents	$ 68,061	—	—	—	68,061
Corporate bonds & other fixed income	44,621	—	—	—	44,621
Common stock and preferred stock	1,147	—	—	—	1,147
Commingled funds	72,294	—	—	—	72,294
Alternative investments					
Absolute return	—	—	—	785,927	785,927
Public equity	—	—	—	735,270	735,270
Private equity	—	—	—	866,663	866,663
Real assets	—	—	—	579,417	579,417
Total investments	**$186,123**	**—**	**—**	**2,967,277**	**3,153,400**

Alternative Investments Information as of June 30, 2024 (in thousands)				
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Alternative investments				
Absolute return	$ 619,390	130,091	Monthly to annually	45 – 150 days
Public equity	916,198	6,872	Quarterly to rolling 3-year	30 - 90 days
Private equity	973,622	480,292	N/A	N/A
Real assets	536,471	142,467	N/A	N/A
	$3,045,681	**759,722**		

Redemptions

Of the investments reported at NAV, approximately $681 million were redeemable at June 30, 2024. It is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to inherent uncertainty of fair value in secondary markets, such estimates of fair value may differ from values that would have been applied had a readily available market existed, and those differences could be material. It is possible that if the University were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and that discount could be significant.

Beneficial Interest in Perpetual Trusts

The University is the beneficiary of certain perpetual trusts held and administered by outside trustees. These trust interests are reported at fair value, based on the value of the underlying assets, which approximates the present value of future income from these trusts. As such, these assets fall within level 3 of the hierarchy of fair value inputs, with changes resulting from net investment return of $2.6 million. Distributions from these trusts are recorded as investment return designated for current operations.

Derivatives

The University has four fixed interest rate swap agreements to convert variable interest rates on notes payable to fixed rates without exchanging the underlying principal amounts. These liabilities fall within level 3 of the hierarchy of fair value inputs. The University anticipates holding the interest rate swap agreements until maturity. The interest rate received under each agreement is calculated at 68% of the one-month SOFR, which was 5.33% at June 30, 2024.

Certain University derivative instruments contain provisions requiring that long-term, unsecured debt be maintained at specified credit ratings from Moody's Investor Service and Standard and Poor's Rating Service. If the ratings of the University's debt were to fall below certain benchmarks, the counterparty could request collateral on derivatives in net liability positions. During the year ended June 30, 2024, the University's long-term debt ratings exceeded these benchmarks. No collateral was required to be posted related to the University's interest rate swap agreements during the year ended June 30, 2024.

Derivatives as of June 30 (in thousands)

	Rate Paid	Notional Amount	Fair Value Liability 2024	Fair Value Liability 2023	Change in Fair Value
Interest rate swap agreements					
March 1, 2029	3.778%	$ 25,000	$ (980)	(1,407)	427
June 1, 2031	3.744	30,000	(1,734)	(2,427)	693
August 1, 2034	4.000	25,000	(2,470)	(3,300)	830
November 1, 2036	3.744	10,000	(949)	(1,320)	371
			$ (6,133)	**(8,454)**	**2,321**

4 Pledges Receivable

Following is an analysis of the maturities of the University's unconditional pledges receivable as of June 30. Pledges receivable are donor restricted for specific purposes including endowment, capital activities, and programmatic support.

Pledges Receivable, net as of June 30 (in thousands)

	2024	2023
Unconditional pledges expected to be collected in:		
Less than one year	$ 1,848	2,721
One year to five years	1,953	3,479
	3,801	6,200
Less unamortized discount[1]	(110)	(223)
Less allowance for uncollectible amounts	(383)	(342)
	$ 3,308	**5,635**

[1] *Discount rates range from 0.5% to 4.2%*

5 Property, Plant and Equipment

Property, plant, and equipment, as shown in the consolidated statement of financial position, consisted of the following as of June 30:

Property, Plant and Equipment as of June 30 (in thousands)		
	2024	**2023**
Land	$ 5,932	5,932
Buildings	654,927	639,812
Improvements	67,043	63,973
Equipment	83,226	83,838
Library books	23,375	26,828
Construction in progress	39,044	13,548
	873,547	833,931
Accumulated depreciation	(496,020)	(464,693)
	$ 377,527	**369,238**

6 Notes Payable

The University issued tax-exempt revenue bonds through the Virginia College Building Authority and taxable notes through a private placement with New York Life Insurance and Annuity Corporation. Proceeds were used to refinance existing debt as well as to construct, equip, or improve several capital projects on campus.

In November 2023, the University paid the scheduled $4.65 million bullet payment on the VCBA 2006 Series Bonds.

In March 2024, the University issued tax exempt bonds through the VCBA with a par value of $100.5 million at an interest rate of 5%, maturing in 2054. The bonds were sold at a premium of $13.2 million, resulting in an effective yield of 4.4%. These notes payable bear interest of 5%, with principal payments due in installments between 2027 and 2044, 2049 and 2054 with the final installment due in 2054. The proceeds were used to refund the Series 2012 bonds as well as for the construction and renovation of certain projects on the University's campus.

In June 2024, the University refunded the Series 2012 bonds $60.8 million which included unamortized premium of $798 thousand.

As of June 30, 2024, the University has unspent 2024 Bond Project Funds of $32.0 million and 2024 Bond Capital Interest Funds of $2.4 million. These amounts are invested in short-term cash equivalents and are recorded in cash and cash equivalents on the Statement of Financial Position.

Principal balances, including unamortized premium amounts, were as follows as of June 30:

Notes Payable as of June 30 (in thousands)		
	2024	**2023**
Tax-exempt fixed-rate		
Series 2012, 3.00% - 4.00%, refunded June 2024	$ —	60,798
Series 2024, 5%, final maturity in 2054	113,786	
Tax-exempt variable-rate[1]		
Series 2004, 2.36%, final maturity in 2035	46,000	46,000
Series 2006, 2.07%, final maturity in 2037	51,250	55,900
Taxable fixed-rate		
Series 2015, 3.60%, final maturity in 2046	40,000	40,000
Series 2020, 2.95%, final maturity in 2051	55,000	55,000
	$ 306,036	**257,698**

[1]*Variable rates for Series 2004 and Series 2006 notes reset weekly and daily, respectively. Interest rates shown reflect averages for the year ended June 30, 2024.*

Repayments of Notes Payable for Years Ended June 30 (in thousands)		
Years ending June 30:		
2025	$	2,255
2026		6,140
2027		3,240
2028		3,400
2029		3,575
Thereafter		274,185
		292,795
Unamortized premium		13,241
	$	**306,036**

The University has standby credit facilities to enable the University to repurchase tendered variable-rate debt in the event of a failed remarketing. Two diversified facilities totaling $97.3 million are available to the University solely for this purpose and may not be used for the operating or capital needs of the University. There were no draws against these standby credit facilities for the year ended June 30, 2024.

The University has a one-year revolving credit facility in the amount of $75.0 million to support timing differences within the operating cash portfolio. Interest on drawn amounts is calculated as the rate per year equal to Daily SOFR plus 0.80%. Any unused outstanding credit balance incurs a fee of 0.125% annually. There was no outstanding balance against this facility as of June 30, 2024.

Interest expense on notes payable, including amortization of premiums on notes payable and the cost of standby credit facilities of $0.1 million, was $10.6 million for the year ended June 30, 2024.

7 Retirement Plans and Postretirement Benefits

The University has contributory defined contribution retirement annuity plans for academic and nonacademic employees. Contributions are based on a percentage of the employee's salary. The University contributed $13.7 million into these plans for the year ended June 30, 2024.

The University sponsors defined benefit health care plans that provide postretirement medical benefits to full time employees who meet minimum age and service requirements. These plans, which are closed to new participants, are not funded.

The University utilizes a measurement date of June 30. Net actuarial loss and prior service cost not yet recognized as a component of net periodic postretirement costs were $0.6 million at June 30, 2024. At June 30, 2024 and 2023, the weighted average annual assumed rate of increase in the per capita cost of covered benefits was 7.2% and 5.8%, respectively, and is assumed to decrease gradually to 4.0% by the year 2048 and remain at that level thereafter. At June 30, 2024 and 2023 the weighted average discount rate used in determining the accumulated postretirement benefit obligation was 5.6% and 5.4%, respectively.

For the nontaxable federal subsidy related to the postretirement benefit plan drug benefit, the University has determined actuarial equivalence of its plans. Therefore, the accumulated benefit obligation and the net periodic benefit cost reflect a reduction arising from this subsidy.

Changes in Postretirement Benefits Obligation (in thousands)			
		2024	**2023**
Accrued postretirement benefits obligation at beginning of year	$	16,109	16,778
Service cost		528	545
Interest cost		830	778
Benefits paid		(1,201)	(1,132)
Actuarial gain		(2,758)	(860)
Accrued postretirement benefits obligation at end of year	**$**	**13,508**	**16,109**

Net Periodic Postretirement Benefit Cost (in thousands)		
	2024	2023
Service cost	$ 528	545
Interest cost	830	778
Amortization of unrecognized net loss	105	159
	$ 1,463	**1,482**

Estimated Future Benefit Payments for Years Ended June 30 (in thousands)	
2025	$ 1,149
2026	1,136
2027	1,138
2028	1,092
2029	1,098
2030 – 2034	5,797

8 Composition of Net Assets

Net assets without donor restrictions include board-designated endowments that are used to support general operations. Within the donor-restricted endowments category, other programming consists of endowments restricted for specific programmatic purposes, including instruction; library support and materials; and athletics.

Composition of Net Assets as of June 30 (in thousands)		
	2024	2023
Without donor restrictions		
Board-designated endowments	$ 1,598,486	1,558,814
Other net assets without donor restrictions	130,194	133,924
Total without donor restrictions	**1,728,680**	**1,692,738**
With donor restrictions		
Donor-restricted endowments:		
Scholarships and fellowships	849,744	719,628
Professorships	229,006	295,739
Other programming	567,853	575,852
Purpose restricted and other	52,717	58,986
Total with donor restrictions	**1,699,320**	**1,650,205**
	$3,428,000	**3,342,943**

9 Expenses

The composition of expenses for the year ended June 30, 2024 is as follows:

Operating Expenses for the Year Ended June 30, 2024 (in thousands)					
	Compensation and benefits	**Materials and supplies**	**Services and other**	**Interest and depreciation**	**Total**
Instruction	$ 90,770	2,960	9,436	6,141	**109,307**
Research	2,234	321	1,350	755	**4,660**
Public service	2,248	215	870	908	**4,241**
Academic support and libraries	26,998	11,347	15,059	12,861	**66,265**
Student services	36,200	4,627	19,042	8,938	**68,807**
Institutional support	45,811	3,254	10,760	2,128	**61,953**
Auxiliary enterprises	21,070	13,271	8,027	14,558	**56,926**
Total operating expenses	**$ 225,331**	**35,995**	**64,544**	**46,289**	**372,159**
2023 operating expenses	**$ 213,543**	**33,317**	**58,160**	**44,446**	**349,466**

Program services are comprised of instruction, research, public service, academic support and libraries, student services, and auxiliary enterprises. Athletics expenses are included in student services. Supporting services includes institutional support. Fundraising expenses of $8.3 million are included in institutional support for the year ended June 30, 2024. The University allocates maintenance of plant, interest, and depreciation to the program and support expenses reported in the accompanying consolidated statement of activities on a square footage basis.

10 Availability of Financial Assets for General Expenditures

Resources available to the University to fund general expenditures, such as operating expenses, interest and principal payments on debt, and internally funded capital construction, have seasonal variations related to the timing of tuition billings, receipt of gifts and pledge payments, and transfers from the endowment. The University actively manages its resources, utilizing a combination of short, medium, and long-term operating investment strategies, to align its cash inflows with anticipated outflows, in accordance with policies approved by the Board. As further described in Note 6, the University may draw upon a revolving credit facility to manage cash flows. At June 30, 2024, existing financial assets and liquidity resources available within one year were as follows:

Availability and Liquidity Resources for General Expenditures at June 30, 2024 (in thousands)	
Financial assets available for general expenditures within one year	
Cash and cash equivalents	$ 65,050
Operating investments	87,358
Liquidity resources	
Revolving credit facility	75,000

Additionally, the University has $1.6 billion in board-designated endowments, of which $822.5 million can be liquidated within one year; however, no liquidation is anticipated.

The Board has approved fiscal year 2025 spending from the endowment, which is estimated to be $154.8 million.

11 Related Party Transactions

All members of the Board of Trustees, its officers, and senior administrators are required to disclose annually any information about possible conflicts of interest affecting the University, including personal interests, or interests of family members and organizations in which the individual has either a significant management position or ownership interest.

Management fees earned by RFMC from the Richmond Fund during the year ended June 30, 2024 were $14.2 million, shown in other sources on the consolidated statement of activities, of which $3.6 million was due to RFMC.

On January 28, 2008, the University entered into a blended rate of return agreement with the Richmond Fund. The purpose of the agreement is to equalize the quarterly rate of return of the University's pooled endowment managed by SMC and the Richmond Fund's rate of return prior to fees and expenses. The agreement requires settlement of the agreement at least once a calendar year. The University anticipates holding the agreement until termination of the Richmond Fund. As of June 30, 2024 and 2023, the University has a receivable from the Richmond Fund in the amount of $5.1 million and a payable to the Richmond Fund in the amount of $11.4 million, respectively, which is included in other assets and accounts payable and other, respectively on the accompanying consolidated statement of financial position. The settlement value for the year ended June 30, 2024 totaled $8.9 million, which has been recorded in investment return.

12 Contingencies and Commitments

Contingencies

From time to time, the University is involved in various legal proceedings in the normal course of operations. In management's opinion, the University is not currently involved in any legal proceedings which individually or in the aggregate could have a material effect on the financial condition, change in net assets, or liquidity of the University.

The University receives revenues under U.S. government funded grants and contracts. The ultimate determination of amounts received under these programs generally is based upon allowable costs, which are subject to audit, and are reported to the U.S. government. Recovery of indirect costs is based on predetermined rates negotiated with the U.S. government. The University is of the opinion that adjustments, if any, arising from such audits will not have a material effect on the consolidated financial statements.

Commitments

The University is in the process of constructing, renovating and equipping certain facilities. The expected cost to complete construction in progress at June 30, 2024 was approximately $39 million.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

	AL Number	Total Expenditures	Pass-Through Entity Expenditures	Amounts Provided to Subrecipients	Identifying Number Assigned by the Pass-Through Entity
Student Financial Aid Cluster					
United States Department of Education					
Federal Supplemental Educational Opportunity Grants	84.007	$ 452,441	—	—	
Federal Work Study Program	84.033	506,516	—	—	
Federal Pell Grant Program	84.063	2,964,817	—	—	
Federal Perkins Loan Program	84.038	808,010	—	—	
Federal Direct Student Loans	84.268	22,004,127	—	—	
Student Financial Aid Cluster Total		**26,735,911**	**—**	**—**	
Research & Development Cluster					
US Department of Agriculture					
Plant & Animal Disease, Pest Control, & Animal Care	10.025	337,283	—	—	
National Aeronautics Space Administration					
Science	43.001	15,035			
Pass-Through from the University of Vermont	43.001	—	15,035	—	AWD00001319SU B00000439
National Science Foundation					
Mathematical & Physical Sciences	47.049	363,768	—	—	
Biological Sciences	47.074	140,921	—	—	
Pass-Through from Virginia Tech	47.074	—	11,403	—	480544-19F36
Social, Behavioral, & Economic Sciences	47.075	14,319	—	—	
Education & Human Resources	47.076	162,198	—	466	
US Department of Energy					
Office of Financial Assistance Financial Program	81.049	70,560	—	—	
US Department of Health & Human Services - National Institutes of Health					
Minority Health and Health Disparity Research	93.307	34,757	—	—	
Pass-Through from Leland Stanford Junior University	93.307	—	34,757	—	63120805-137317
Heart and Vascular Diseases	93.837	2,133	—	—	
Pass-Through from the University of St. Thomas	93.837	—	2,133	—	2020-60-01
Allergy, Immunology, & Transplantation Research	93.855	54,742	—	—	
Pass-Through from Old Dominion University Research Foundation	93.855	—	2,442	—	18-121-100684-010
Pass-Through from Yale University	93.855	—	52,300	—	CON-80004074 (GR118732)
Biomedical Research & Research Training	93.859	139,763			
Pass-Through from High Point University	93.859	—	16,168	—	A23-0012-S001
Aging Research	93.866	85,920	—	—	
Pass-Through from Regents of University of Michigan	93.866	—	85,920	—	SUBK00017247
Research & Development Cluster Total		**1,421,399**	**220,158**	**466**	

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

	AL Number	Total Expenditures	Pass-Through Entity Expenditures	Amounts Provided to Subrecipients	Identifying Number Assigned by the Pass-Through Entity
US Department of Justice					
Public Safety Partnership and Community Policing Grants	16.710	—	—	—	
US Department of Transportation					
National Priority Safety Programs	20.616	1,410	—	—	
Pass-Through from Virginia Department of Motor Vehicles	20.616	—	1,410	—	FM6OT-2023-53377-23377
US Department of Treasury					
Coronavirus State and Local Fiscal Recovery Funds	21.027	78,000	—	—	
Pass-Through from Virginia Department of Criminal Justice Services	21.027	—	78,000	—	510125
National Endowment for the Arts					
Promotion of the Arts Partnership Agreement	45.025	15,658	—	—	
Pass-Through from Mid-Atlantic Arts Foundation	45.025	—	15,658	—	2023-4837, 2024-4834, 2024-4220, 2023-6309
National Endowment for the Humanities					
Promotion of the Humanities Office of Digital Humanities	45.169	136,479	—	—	
US Department of Education					
Fulbright-Hayes – Faculty Research Abroad	84.019A	105,705	—	—	
US Department of Health & Human Services					
Opioid STR	93.788	31,024	—	—	
Pass-Through from Virginia Department of Behavioral Health and Developmental Sciences	93.788	—	24,925	—	5729
Pass-Through from Virginia Commonwealth University	93.788	—	6,099	—	FP00018448_SA007
Total Expenditures of Federal Awards		**$ 28,525,586**	**346,250**	**466**	

See independent auditors' report and notes to the Schedule of Expenditures of Federal Awards.

1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal award programs of the University of Richmond and its affiliates (the University) for the year ended June 30, 2024. All federal awards received directly and indirectly from federal agencies are included in this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. Although the University is required to match certain amounts, as defined in the grant agreements, no such matching has been included in this Schedule. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to, and does not, present the consolidated financial position, activities, and cash flows of the University.

2 Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting.

Expenditures for federal student financial assistance programs are recognized as incurred and include grants to students under the Federal Pell Grant and Federal Supplemental Educational Opportunity Grant Programs, student earnings under the Federal Work Study Program, and administrative cost allowances, where applicable.

Expenditures for loans related to the Federal Direct Loan Program are reported in the Schedule when disbursed.

Expenditures for other federal awards are recognized as incurred using the cost accounting principles contained in *Uniform Guidance*. Under these cost principles, certain types of expenses are not allowable or are limited as to reimbursement.

The University has not elected to use the 10% de minimis indirect cost rate discussed in Uniform Guidance Section 200.414.

3 Federal Perkins Loan Program

New loans made during the fiscal year and loans from previous fiscal years for which the University has continuing compliance requirements to adhere to related to the Federal Perkins Loan Program are reported in the Schedule.

The Federal Perkins Loan Program (Assistance Listing Number 84.038) (Perkins) is administered directly by the University and the current year loaned amount under Perkins was $0. The total amount of Perkins loans outstanding at June 30, 2024 under the program was $550,431 and is included in other assets in the University's consolidated statement of financial position as of June 30, 2024. The amount of Perkins loans on the Schedule includes the outstanding loan balance as of July 1, 2023, the current year loaned amount, and administrative charges, if applicable, less any repayments made to the Federal Government. No additional loans will be made under this program as the program has been closed. The University's Federal Perkins Loan Program included outstanding loan balances of $4.6 million, for which $4.0 million has been remitted back to the Federal government as of June 30, 2024.

4 Federal Direct Loan Program

The University participates in the Federal Direct Loan Program (AL Number 84.268) (the Program), which includes the Federal Direct Subsidized Loan Program, the Federal Direct Unsubsidized Loan Program, and the Federal Direct PLUS Program. The Program requires the University to request cash from the U.S. Department of Education and disburse such funds.

The University is responsible only for the performance of certain administrative functions with respect to the Program, and accordingly, these loans are not included in the University's consolidated financial statements. It is not practicable to determine the balance of loans outstanding to students and former students of the University under the Program at June 30, 2024.

5 Reconciliation of Schedule to Consolidated Statement of Activities

Reconciliation of Schedule of Expenditures of Federal Awards to Consolidated Statement of Activities	
Federal grant expenditures per the Schedule (Total expenditures less loan programs)	$ 5,713,449
Less: Federal grants considered agency transactions	(2,964,817)
Add: Nonfederal grants and contracts	1,494,418
Grants and contracts per Consolidated Statement of Activities	**$ 4,243,050**

KPMG LLP
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1021 East Cary Street
Richmond, VA 23219-4023

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

The Board of Trustees
University of Richmond:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of University of Richmond (the University), which comprise the University's consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 14, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

KPMG LLP

Richmond, Virginia
October 14, 2024

KPMG LLP
Suite 2000
1021 East Cary Street
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Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Trustees
University of Richmond:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2024, and have issued our report thereon dated October 14, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Baltimore, Maryland
March 7, 2025

UNIVERSITY OF RICHMOND

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

(1) Summary of Auditors' Results

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

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

- Material weaknesses: **No**
- Significant deficiencies: **None reported**

c. Noncompliance material to the consolidated financial statements: **No**

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

- Material weaknesses: **No**
- Significant deficiencies: **None reported**

e. Type of report issued on compliance for major programs: **Unmodified**

f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**

g. Major programs:

- Research and Development Cluster – various Assistance Listing numbers
- Student Financial Assistance Cluster – various Assistance Listing numbers

h. Dollar threshold used to distinguish between Type A and Type B programs: **$750,000**

i. Auditee qualified as a low-risk auditee: **Yes**

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

None

(3) Findings and Questioned Costs Relating to Federal Awards

None