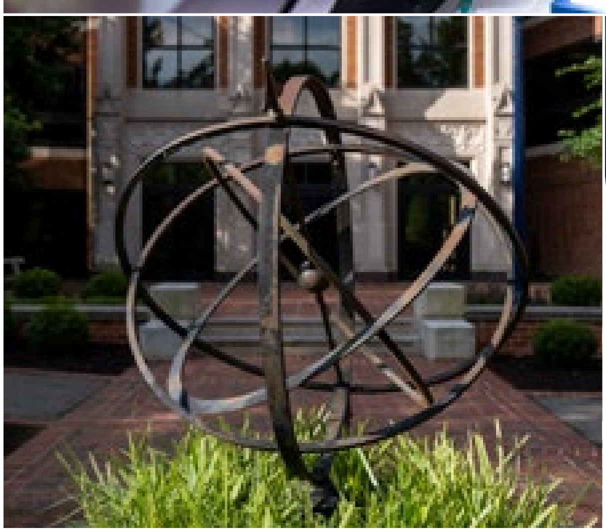
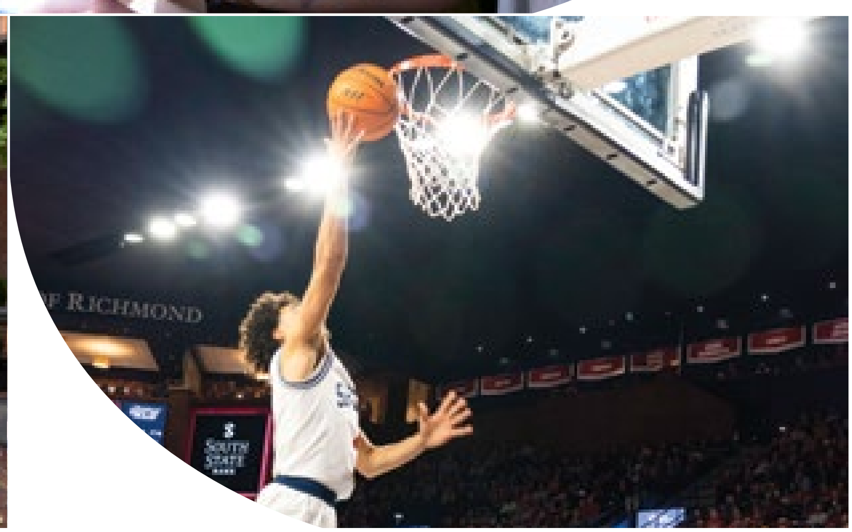
UNIVERSITY OF RICHMOND

Treasurer's Report

2024–25





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KPMG LLP
750 East Pratt Street, 18th Floor
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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, 2025, 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 consolidated financial position of the University as of June 30, 2025, 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 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, 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 13, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Baltimore, Maryland
October 13, 2025

Consolidated Statement of Financial Position

As of June 30, 2025

With comparative financial information as of June 30, 2024

(in thousands)

		2025	2024
Assets			
Cash and cash equivalents	$	144,714	146,314
Pledges receivable, net		1,475	3,308
Investments		3,465,721	3,227,716
Beneficial interest in perpetual trusts		36,408	34,162
Other assets, net		32,939	28,456
Property, plant and equipment, net		379,756	377,527
Total assets	**$**	**4,061,013**	**3,817,483**
Liabilities			
Accounts payable and other liabilities	$	75,826	63,806
Postretirement benefits obligation		13,658	13,508
Notes payable		303,335	306,036
Interest rate swap agreements		7,170	6,133
Total liabilities		**399,989**	**389,483**
Net assets			
Without donor restrictions		1,807,416	1,728,680
With donor restrictions		1,853,608	1,699,320
Total net assets		**3,661,024**	**3,428,000**
Total liabilities and net assets	**$**	**4,061,013**	**3,817,483**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Activities

For the year ended June 30, 2025

With summarized comparative financial information for the year ended June 30, 2024

(in thousands)

	2025			
	Without donor restrictions	With donor restrictions	Total	2024 Total
Operating revenues				
Tuition and fees (net of scholarship allowance of $110,894 and $103,728)	$ 134,796	—	134,796	129,582
Grants and contracts	3,429	—	3,429	4,243
Contributions	11,750	5,646	17,396	14,926
Investment return, net	153,116	—	153,116	150,277
Auxiliary enterprises	49,138	—	49,138	46,928
Other sources	25,136	—	25,136	25,099
Net assets released from restrictions	437	(437)	—	—
Total operating revenues	**377,802**	**5,209**	**383,011**	**371,055**
Operating expenses				
Instruction	132,098	—	132,098	109,307
Research	3,984	—	3,984	4,660
Public service	3,884	—	3,884	4,241
Academic support and libraries	53,234	—	53,234	66,265
Student services	77,903	—	77,903	68,807
Institutional support	72,815	—	72,815	61,953
Auxiliary enterprises	50,345	—	50,345	56,926
Total operating expenses	**394,263**	**—**	**394,263**	**372,159**
Change in net assets from operating activities	**(16,461)**	**5,209**	**(11,252)**	**(1,104)**
Nonoperating activities				
Contributions	—	11,304	11,304	11,218
Investment return, net	110,531	122,322	232,853	73,147
Change in fair value of interest rate swap agreements	(1,037)	—	(1,037)	2,321
Change in postretirement benefits	(258)	768	510	2,863
Other nonoperating activities, net	(14,055)	14,701	646	(3,388)
Net assets released from restrictions	16	(16)	—	—
Change in net assets from nonoperating activities	**95,197**	**149,079**	**244,276**	**86,161**
Change in net assets	**78,736**	**154,288**	**233,024**	**85,057**
Net assets at beginning of year	**1,728,680**	**1,699,320**	**3,428,000**	**3,342,943**
Net assets at end of year	**$ 1,807,416**	**1,853,608**	**3,661,024**	**3,428,000**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended June 30, 2025

With comparative financial information for the year ended June 30, 2024
(in thousands)

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 233,024	85,057
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	35,372	35,700
Net unrealized and realized gains on investments	(383,452)	(236,374)
Settlement activity for rate of return agreement	14,843	(19,670)
Amortization of note premiums	(446)	—
Contributions restricted for purchase of property and equipment	(1,647)	(100)
Contributions restricted for endowment	(11,304)	(10,747)
Change in fair value of interest rate swap agreements	1,037	(2,321)
Change in assets and liabilities that provide (use) cash:		
Pledges receivable, net	1,833	2,327
Beneficial interest in perpetual trusts	(2,246)	(2,570)
Other assets, net	(4,483)	15,485
Accounts payable and other liabilities	(2,823)	(16,688)
Postretirement benefits obligation	150	(2,601)
Net cash used in operating activities	**(120,142)**	**(152,502)**

	2025	2024
Cash flows from investing activities		
Proceeds from sales of investments	1,237,107	924,213
Purchases of investments	(1,091,661)	(762,155)
Purchases of property, plant and equipment	(37,600)	(43,989)
Net cash provided by investing activities	**107,846**	**118,069**
Cash flows from financing activities		
Contributions restricted for purchase of property and equipment	1,647	100
Contributions restricted for endowment	11,304	10,747
Repayment of notes payable	(2,255)	(4,650)
Proceeds from issuance of notes payable	—	113,786
Refunding of notes payable	—	(60,798)
Net cash provided by financing activities	**10,696**	**59,185**
Net change in cash and cash equivalents	(1,600)	24,752
Cash and cash equivalents at beginning of year	146,314	121,562
Cash and cash equivalents at end of year	**$ 144,714**	**146,314**

	2025	2024
Supplemental disclosure		
Cash paid for interest on notes payable and interest rate swap agreements	$ 6,870	9,007
Cash paid for income taxes	5,704	5,375
Change in accounts payable related to property, plant and equipment	(2,668)	5,846

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, 2025 and 2024, $8.2 million and $34.4 million, respectively, 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 interest.

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.

The fair value of interest rate swap agreements is determined using pricing models based on the Secured Overnight Financing Rate (SOFR) 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 represent 88.6% 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 $3.0 million for the year ended June 30, 2025. Summer tuition revenue deferred was $1.1 million as of June 30, 2025.

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, 2025 and 2024 were $110.9 million and $103.7 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, 2025, 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 of 2017 (TCJA) imposed an excise tax on certain net investment income and revised rules for unrelated business taxable income. The University is subject to these provisions and has recorded estimates for related taxes in its consolidated financial statements.

On July 4, 2025, Congress enacted the "One Big Beautiful Bill" (the Act), which modifies the TCJA excise tax by revising the definition of net investment income and establishing a new tiered structure. These changes are effective for the University's fiscal year ending June 30, 2027. The University is currently evaluating the impact of the Act on future tax provisions.

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, 2024, from which this information was derived.

Subsequent Events

The University has evaluated subsequent events for potential recognition or disclosure in the June 30, 2025 consolidated financial statements through October 13, 2025, the date the consolidated financial statements were issued.

2 Endowment

At June 30, 2025, the University's endowment consisted of approximately 1,570 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, 2025, there were no significant deficiencies of this nature.

Endowment Net Assets as of June 30 (in thousands)

	2025 Without donor restrictions	2025 With donor restrictions	2025 Total
Board designated endowment funds	$ 1,700,219	—	1,700,219
Donor-restricted endowment funds			
Historical gift value	—	456,861	456,861
Accumulated gains	—	1,300,502	1,300,502
Beneficial interest in perpetual trusts	—	36,408	36,408
Total endowment net assets	**$ 1,700,219**	**1,793,771**	**3,493,990**

	2024 Without donor restrictions	2024 With donor restrictions	2024 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**

Changes in Endowment Net Assets (in thousands)

	2025 Without donor restrictions	2025 With donor restrictions	2025 Total	2024 Total
Beginning endowment net assets	$ 1,598,486	1,646,603	3,245,089	3,150,033
Investment return, net	187,202	194,297	381,499	227,154
Contributions	10	11,949	11,959	12,215
Board designated funds transfer	—	—	—	4,000
Appropriated for expenditure	(71,713)	(73,002)	(144,715)	(147,319)
Reinvested endowment income	—	—	—	4,328
Other adjustments	(13,766)	13,924	158	(5,322)
Ending endowment net assets	**$ 1,700,219**	**1,793,771**	**3,493,990**	**3,245,089**

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)

	2025				
Investments	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Cash and cash equivalents	$ 62,094	—	—	—	62,094
Corporate bonds & other fixed income	99,218	—	—	—	99,218
Common stock and preferred stock	129,826	—	—	—	129,826
Commingled funds	3,254	—	—	—	3,254
Alternative investments					
Absolute return	—	—	—	578,064	578,064
Public equity	—	—	—	892,407	892,407
Private equity	—	—	—	1,262,052	1,262,052
Real assets	—	—	—	438,806	438,806
Total investments	**$ 294,392**	**—**	**—**	**3,171,329**	**3,465,721**

	2024				
Investments	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
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**	**3,227,716**

Alternative Investments Information as of June 30, 2025 (in thousands)

Alternative investments	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency (if currently eligible)**	**Redemption Notice Period**
Absolute return	$ 578,064	128,579	Monthly to annually	45 – 150 days
Public equity	892,407	1,532	Quarterly to rolling 3-year	30 - 90 days
Private equity	1,262,052	425,722	N/A	N/A
Real assets	438,806	119,216	N/A	N/A
	$ 3,171,329	**675,049**		

Redemptions

Of the investments reported at NAV, approximately $723 million were redeemable at June 30, 2025, subject to the redemption notice period. 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 $2.2 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 4.45% at June 30, 2025.

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, 2025, 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, 2025.

Derivatives as of June 30 (in thousands)

Interest rate swap agreements	Rate Paid	Notional Amount	Fair Value Liability 2025	Fair Value Liability 2024	Change in Fair Value
March 1, 2029	3.778%	$ 25,000	$ (1,217)	(980)	(237)
June 1, 2031	3.744	30,000	(2,128)	(1,734)	(394)
August 1, 2034	4.000	25,000	(2,770)	(2,470)	(300)
November 1, 2036	3.744	10,000	(1,055)	(949)	(106)
			$ (7,170)	**(6,133)**	**(1,037)**

4 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)

	2025	2024
Land	$ 5,932	5,932
Buildings	661,226	654,927
Improvements	73,399	67,043
Equipment	83,211	83,226
Library books	20,697	23,375
Construction in progress	63,508	39,044
	907,973	873,547
Accumulated depreciation	(528,217)	(496,020)
	$ 379,756	**377,527**

5 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 2024, the University paid the scheduled $2.25 million 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 from 2027 through 2044 and again from 2049 through 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.

As of June 30, 2025, the University has unspent Series 2024 bond project funds of $8.2 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)

	2025	2024
Tax-exempt fixed-rate		
Series 2024, 5%, final maturity in 2054	$ 113,340	113,786
Tax-exempt variable-rate[1]		
Series 2004, 3.07%, final maturity in 2035	46,000	46,000
Series 2006, 2.86%, final maturity in 2037	48,995	51,250
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
	$ 303,335	**306,036**

[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, 2025.

Repayments of Notes Payable for Years Ended June 30 (in thousands)

Years ending June 30:	
2026	$ 6,140
2027	3,240
2028	3,400
2029	3,575
2030	3,750
Thereafter	270,435
	290,540
Unamortized premium	12,795
	$ 303,335

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 $95.0 million are available to the University solely for this purpose and may not be used for the operating or capital needs of the University. Both facilities terminate in December 2025. There were no draws against these standby credit facilities for the year ended June 30, 2025.

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, 2025.

Interest expense on notes payable, including amortization of premiums on notes payable and the cost of standby credit facilities of $0.1 million, was $11.4 million for the year ended June 30, 2025.

6 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 $14.8 million into these plans for the year ended June 30, 2025.

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 $0.8 million at June 30, 2025. At June 30, 2025 and 2024, the weighted average annual assumed rate of increase in the per capita cost of covered benefits was 6.9% and 7.2%, respectively, and is assumed to decrease gradually to 4.0% by the year 2048 and remain at that level thereafter. At June 30, 2025 and 2024 the weighted average discount rate used in determining the accumulated postretirement benefit obligation was 5.5% and 5.6%, 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)

	2025	2024
Accrued postretirement benefits obligation at beginning of year	$ 13,508	16,109
Service cost	397	528
Interest cost	724	830
Benefits paid	(1,148)	(1,201)
Actuarial loss (gain)	177	(2,758)
Accrued postretirement benefits obligation at end of year	**$ 13,658**	**13,508**

Net Periodic Postretirement Benefit Cost (in thousands)

	2025	2024
Service cost	$ 397	528
Interest cost	724	830
Amortization of unrecognized net loss	—	105
	$ 1,121	**1,463**

Estimated Future Benefit Payments for Years Ended June 30 (in thousands)

2026	$ 1,136
2027	1,138
2028	1,092
2029	1,098
2030	1,106
2031 – 2035	5,964

7 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)

	2025	2024
Without donor restrictions		
Board-designated endowments	$ 1,700,219	1,598,486
Other net assets without donor restrictions	107,197	130,194
Total without donor restrictions	**1,807,416**	**1,728,680**
With donor restrictions		
Donor-restricted endowments:		
Scholarships and fellowships[1]	787,657	849,744
Professorships	302,751	229,006
Other programming	703,363	567,853
Split-interest agreements	14,328	12,300
Purpose restricted and other	45,509	40,417
Total with donor restrictions	**1,853,608**	**1,699,320**
	$ 3,661,024	**3,428,000**

[1]During fiscal year 2025, certain endowments were reclassified from Scholarships and fellowships to Other programming to more accurately reflect donor intent and purpose restrictions. These reclassified endowments continue to be used, in part, to support scholarships and fellowships.

8 Expenses

The composition of expenses for the year ended June 30, 2025 is as follows:

Operating Expenses for the Year Ended June 30, 2025 (in thousands)

	Compensation and benefits	Materials and supplies	Services and other	Interest and depreciation	Total
Instruction	$ 103,869	3,328	18,535	6,366	**132,098**
Research	2,088	364	764	768	**3,984**
Public service	2,030	169	772	913	**3,884**
Academic support and libraries	24,046	7,397	8,612	13,179	**53,234**
Student services	43,795	4,332	20,663	9,113	**77,903**
Institutional support	49,214	3,095	18,722	1,784	**72,815**
Auxiliary enterprises	18,569	13,611	3,545	14,620	**50,345**
Total operating expenses	**$ 243,611**	**32,296**	**71,613**	**46,743**	**394,263**
2024 operating expenses	$ 225,331	35,995	64,544	46,289	372,159

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 include institutional support. Fundraising expenses of $8.6 million are included in institutional support for the year ended June 30, 2025. The University allocates maintenance of plant, information technology, interest, and depreciation to the program and support expenses reported in the accompanying consolidated statement of activities on a square footage basis.

9 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, 2025, existing financial assets and liquidity resources available within one year were as follows:

Availability and Liquidity Resources for General Expenditures at June 30, 2025 (in thousands)		
Financial assets available for general expenditures within one year		
Cash and cash equivalents	$	52,040
Operating investments		99,218
Liquidity resources		
Revolving credit facility		75,000

Additionally, the University has $1.7 billion in board-designated endowments, of which $723.3 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 $160.3 million.

10 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, 2025 were $14.7 million, shown in other sources on the consolidated statement of activities, of which $3.7 million was due from 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, 2025 and 2024, the University has a payable to the Richmond Fund in the amount of $9.7 million and a receivable from the Richmond Fund in the amount of $5.1 million, respectively, which is included in accounts payable and other liabilities and other assets, respectively on the accompanying consolidated statement of financial position. The settlement value for the year ended June 30, 2025 totaled $24.8 million, which has been recorded against investment return.

11 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, 2025 was approximately $39 million.

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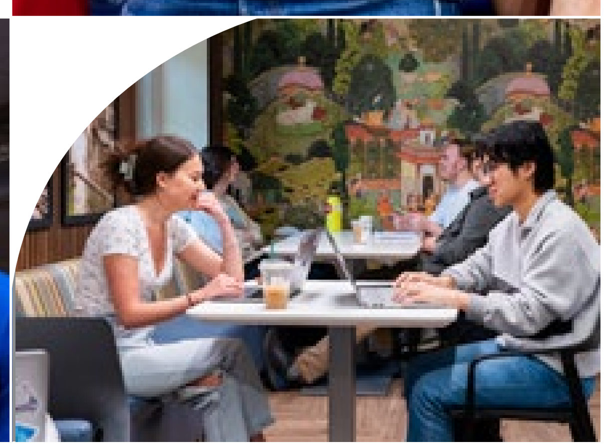

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