

Financial Report

2025-2026



Table of Contents

	Page
Letter from the Chief Financial Officer	1
Selected Data – Dollars in Millions (Unaudited)	7
Report of Independent Auditors	12
Consolidated Financial Statements	
Consolidated Statements of Financial Position	16
Consolidated Statement of Activities	17
Consolidated Statements of Cash Flows	19
Notes to Consolidated Financial Statements	20

Gonzaga University

Letter from the Chief Financial Officer

Educating for Lives of Leadership and Service for the Common Good

As I reflect on the past fiscal year, the measure of Gonzaga's work is found first in our graduates. In May 2026 the University conferred degrees on 1,272 undergraduates, 597 graduate students, and 181 law graduates. More than two thousand Zags crossed the stage over a single weekend, carrying with them the formation this University exists to provide. They enter the world as engineers and nurses, teachers and lawyers, entrepreneurs and public servants, and they do so having been asked, throughout their time here, to consider not only what they will do but who they will become.

That same commitment — to forming servant leaders who ask not only what they will do but who they will become — was reflected this year in the University's own leadership transition. On July 15, 2025, Dr. Katia Passerini took office as Gonzaga's 27th President and the first woman to lead this institution, succeeding Dr. Thayne McCulloh, whose sixteen years of service the Board of Trustees honored by naming him President Emeritus, the first in Gonzaga's history. At Dr. Passerini's inauguration this past fall, her longtime friend Sister Raffaella Petrini, President of the Governorate of Vatican City State, reminded us that higher education "accomplishes its primary task when it can form people who are ready to journey together as friends... servant leaders who wish to promote the well-being of those entrusted to them." That is the charge this University sets for its graduates, and the one its leaders now carry forward. In January 2026, Dr. Passerini launched Forging Forward, a national tour advancing innovative partnerships, expanding graduate opportunities, and strengthening the Zag network — the work of translating that vision into Gonzaga's next chapter.

The year brought much to celebrate. Our alumni, parents, and friends responded to this moment with extraordinary generosity: more than 8,100 donors committed a record \$104 million¹ in fiscal year 2026, including over \$39 million in future planned gift commitments, the largest single year figure in the University's history. The University launched the Woodley Institute for Civil Engagement and Humanistic Dialogue, with its inaugural lecture titled "Free Speech and Civic Responsibility in the Jesuit Tradition." The University expanded its capacities in the School of Engineering with a new biomedical engineering lab suite and the Patrick D. Ferro Center for Materials Research within the Bollier Center; completed renovations to Manresa Hall, the new home for the School of Leadership Studies; and relocated the Doctor of Nurse Anesthesia Practice program to newly renovated space adjacent to campus. Student outcomes remained strong, with a 90% first-year retention rate and 85% of students completing a degree within six years, well above the national averages of 82% and 65%, respectively. In July 2026, Gonzaga began competition in a reimagined Pac-12 Conference, joining as its only private university and extending the University's reach across seven states and a national media platform.

1 Amounts here represent figures determined using Council for Advancement and Support of Education (CASE) measurement standards, which differ from U.S. Generally Accepted Accounting Principles (US GAAP).

Gonzaga University

Letter from the Chief Financial Officer

These accomplishments were achieved in a demanding environment, and the financial results reflect that reality. A smaller entering class, additional investment in institutional financial aid, and lower total enrollment reduced net tuition revenue. Federal policy affecting research funding, international student enrollment, student lending, and intercollegiate athletics remained unsettled throughout the year. The University responded by taking deliberate steps to align its cost structure with a durable revenue base, including completion of a \$7.0 million permanent budget reduction and offering voluntary separation agreements in spring 2026 to selected faculty and staff based on years of service and age criteria. At the center of these planning and resource decisions remains a deep and enduring commitment to students and families, who make significant financial and personal sacrifices to be part of the Gonzaga community. Choosing Gonzaga represents not only an investment of resources, but an act of trust—an expectation that the University will deliver on both its explicit promises and its implicit commitments related to educational quality, care, formation, access to support, and the overall student experience. Gonzaga's value proposition remains grounded in strong teaching, close student-faculty engagement, student outcomes, whole-person formation, and mission-centered education. Preserving these strengths is central to how the University evaluates reductions, reallocations, and strategic investments. At the same time, the University's financial position strengthened considerably. Total net assets grew \$92.6 million, or 10.9%, to \$943.4 million, supported by a 22.0% net return on the pooled endowment investment fund, and total long-term investments reached \$677.3 million. The University issued \$41.1 million of Series 2026 tax-exempt bonds to fund capital projects and to refund a portion of its outstanding taxable bonds. Gonzaga's balance sheet, liquidity, and access to capital all remain sound.

I am grateful to Dr. Passerini for her partnership in a consequential first year, and to our faculty and staff, whose commitment to students has not wavered. Their work, informed by Gonzaga's Catholic, Jesuit, and humanistic traditions, remains the reason this University endures. I extend my appreciation to the entire Gonzaga community for its continued dedication to the University's fundamental mission: to educate students for lives of leadership and service for the common good.

Following is a summary of the financial performance for the fiscal year ended May 31, 2026.

Consolidated Statements of Financial Position

Assets

Assets totaled \$1.326 billion as of May 31, 2026, an increase of \$137.4 million or 11.6% from the prior fiscal year. Total assets are comprised largely of cash and short-term investments, contributions receivable, long-term investments, and campus facilities.

Cash, cash equivalents, and short-term investments totaled \$104.3 million as of May 31, 2026, a decrease of \$8.9 million or 7.9% from the prior fiscal year. These resources provide essential liquidity to cover operating costs, funds to construct and maintain campus facilities, and capacity to satisfy debt service payments. Additionally, the funds support strategic plan initiatives supplemented by contingencies and reserves. Changes in cash and cash equivalents are the result of cash generated from operations, cash receipts from gifts, changes in investments, capital spending, debt payments, and other activity. In addition, deposits with bond trustees, which are restricted for capital improvements, were \$25.4 million as of May 31, 2026, compared with a nominal balance in the prior fiscal year. Taken together with deposits with bond trustees, cash, cash equivalents and short-term investments totaled \$129.6 million as of May 31, 2026, compared with \$113.1 million in the prior fiscal year.

Gonzaga University

Letter from the Chief Financial Officer

Contributions receivable, net totaled \$60.3 million as of May 31, 2026, an increase of \$12.8 million or 27.0% from the prior fiscal year. Of this amount, \$56.6 million (undiscounted) is expected to be collected within the next five years. The increase is driven by new contributions pending receipt, offset by the collection of past contributions.

Long-term investments and beneficial interest in split-interest agreements held by others totaled \$677.3 million as of May 31, 2026, an increase of \$97.8 million or 16.9% from the prior fiscal year. Such amounts represent 51.1% of total assets as of May 31, 2026, and are substantially comprised of endowment assets. The net return on the diversified endowment investment pool was 22.0% for the fiscal year, ahead of the University's policy index by 560 basis points. Additional drivers of the year-over-year change included new endowment gifts of \$9.1 million, \$1.3 million net inflows for investments held in custody for others, offset by an annual spending distribution of \$22.6 million, of which \$15.1 million was used to help offset the University's total expenditure of \$169.9 million for institutional financial aid to students. The pooled endowment is invested on a total return basis to provide a long-term annual return equal to, or in excess of, the annual spending distribution plus inflation. The strategic target asset allocation of the endowment is domestic equities (20%), international equities (20%), fixed income (20%), alternative investments (30%) and real assets (10%). The pooled endowment achieved annualized net returns ranking among the top 10% of higher education institutions nationwide for the one-year period ending June 30, 2025, top 20% for the five-year period ending June 30, 2025 and top 10% for the ten-year period ending June 30, 2025 (the most currently available data)². The ten-year annualized net return was 9.3% as of June 30, 2025, or 160 basis points higher than the NCSE average for all participants.

2 Source: NACUBO Commonfund Study of Endowments® (NCSE), 2025

Property, plant, and equipment, net totaled \$410.4 million as of May 31, 2026, an increase of \$7.9 million or 2.0% from the prior fiscal year. The University continues to invest in its physical facilities to support key academic initiatives, student services, housing, and overall infrastructure. Total additions to construction in progress were \$22.6 million for the year ended May 31, 2026, compared with \$10.2 million in the prior fiscal year, and include first-year residence hall restroom and shower renovations, campus heating and cooling renovations, completion of the Manresa Hall renovation, and completion of lab spaces in the Bollier Center. Depreciation expense was \$18.8 million for the year ending May 31, 2026, an increase of \$0.3 million or 1.8% over the prior fiscal year. The University incorporates renewal and replacement spending within its annual operating budget to maintain a 152-acre main campus of more than 100 buildings.

Liabilities

Liabilities totaled \$382.2 million as of May 31, 2026, an increase of \$44.8 million or 13.3% from the prior fiscal year, driven principally by the issuance of the Series 2026 bonds. Liabilities primarily include short-term obligations for accounts and other payables, accrued salaries, taxes, and benefits, and deferred revenue and refundable advances, as well as long-term obligations for leases, and bonds payable.

Accounts and other payables totaled \$15.7 million as of May 31, 2026, an increase of \$2.7 million or 21.1% from the prior fiscal year. Accrued salaries, taxes, and benefits totaled \$30.8 million as of May 31, 2026, an increase of \$1.9 million or 6.6%, of which \$2.3 million is attributable to various employee voluntary separation agreements.

Gonzaga University

Letter from the Chief Financial Officer

In addition to shorter-term obligations to vendors, creditors, and employees, along with deferred revenues and refundable advances, the most significant liabilities are bonds payable. Bonds payable are largely used to finance the construction and acquisition of property, plant, and equipment. As of May 31, 2026, bonds payable increased \$29.4 million or 13.0%, reflecting the issuance of \$41.1 million of Series 2026 tax-exempt bonds, the proceeds of which provided project funds for various campus renovations and were used to redeem \$3.1 million of the Series 2016 A and \$12.0 million of the Series 2013 B taxable bonds, together with scheduled principal payments. All bonds payable are 100% fixed rate instruments, which provides a high degree of certainty as to the annual debt service payments given payments are not subject to interest rate variability. Together, the overall debt portfolio represents a 3.73% weighted average cost of borrowed funds and a 17.3 year remaining weighted average duration. Gonzaga's currently scheduled annual total debt service through fiscal year 2035-36 remains largely flat, ranging between \$10.7 million and \$12.5 million per fiscal year. Bonds are rated by Moody's Investors Service and Fitch Ratings and carry an "A2" rating (outlook negative) and "A+" rating (outlook stable), respectively.

Net Assets

Net assets were \$943.4 million as of May 31, 2026, an increase of \$92.6 million or 10.9% from the prior fiscal year. The three primary drivers of annual changes in net assets are (1) the net change from operating activities; (2) net investment return of the endowment and other long-term investments, after the annual spending distribution; and (3) contributions towards non-operating activities, such as acquisition of capital assets and endowment.

Net assets without donor restrictions totaled \$347.6 million as of May 31, 2026, a decrease of \$7.9 million or 2.2% from the prior year. The decrease results from an \$18.5 million decrease in net assets from operations attributable to activities without donor restrictions, partially offset by net gains from non-operating activities of \$10.6 million resulting largely from return on investments and net assets released from restrictions for the acquisition of capital assets, offset by endowment income distributed for operating activities and other changes.

Net assets with donor restrictions for time or purpose totaled \$364.6 million as of May 31, 2026, an increase of \$91.5 million or 33.5% from the prior year. The increase was due primarily to investment gains of \$80.4 million and contributions of \$40.7 million, grants and contracts of \$3.2 million, offset by net assets released from restriction of \$36.3 million, among other changes.

Net assets with donor restrictions in perpetuity totaled \$231.2 million as of May 31, 2026, an increase of \$9.1 million or 4.1% from the prior fiscal year from new contributions to endowment funds.

Consolidated Statements of Activities

The University categorizes changes in its net assets as either operating activities or non-operating activities, each of which is summarized below:

Gonzaga University

Letter from the Chief Financial Officer

Operating Activities

For the year ended May 31, 2026, total operating activities resulted in a \$5.1 million increase in net assets, compared with a \$21.3 million increase in the prior fiscal year. For the years ended May 31, 2026 and 2025, the operating margin (calculated as change in net assets from operations divided by total operating revenues) was 1.6% and 6.5%, respectively, and the operating cash flow margin (calculated as the sum of change in net assets from operations, depreciation, amortization, and interest paid divided by total operating revenues) was 10.5% and 15.2%, respectively. The narrowing reflects a \$1.8 million decline in total operating revenues against a \$14.4 million increase in total operating expenses.

For the year ended May 31, 2026, total operating revenues of \$325.6 million decreased \$1.8 million or 0.6% from the prior fiscal year. The most significant component of operating revenues is student tuition and fees, net of institutional financial aid, which decreased \$12.0 million or 6.0% from the prior fiscal year. The change is driven by a decrease in undergraduate net tuition revenue of \$5.3 million, the net result of a 3.2% tuition rate increase, a decrease in undergraduate headcount enrollment (fall) of 300 students, stable retention, and variations in institutional financial aid from year to year. The fall 2025 freshmen class was 1,130 students, down 121 students from the prior year freshmen cohort. Graduate net revenues, including law, decreased by \$1.0 million due to changes in tuition per graduate credit that vary by program with credit generation from year to year. Institutional financial aid as a percentage of student tuition and fees increased 214 basis points to 47.6% in fiscal year 2026 compared to fiscal year 2025, largely driven by variations in institutional financial aid awards between undergraduate and law cohorts each year. The University continues to evaluate its net tuition revenue strategy, including the relationship between published price, institutional aid, and enrollment, as part of its ongoing budget planning.

While operating revenues come largely from student tuition and fees and associated auxiliary revenues, grants and contracts, contributions and endowment distributions are important revenue diversifiers that help offset the cost of a Gonzaga education for all students, particularly to support institutional financial aid. Total contributions to support operations were \$42.0 million, an increase of \$2.5 million or 6.3%. Endowment distributions increased year over year by \$1.7 million or 8.0%, driven by a 4.5% input spending rate, investment growth, new gifts, and inflation, all of which serve as inputs to the annual endowment spending calculation.

For the year ended May 31, 2026, total operating expenses of \$320.5 million increased \$14.4 million or 4.7% from the prior fiscal year. Salaries, wages, and benefits, the largest category of expense, increased \$1.7 million or 0.9%, due to regular annual compensation increases for faculty and staff, increased expenditures for employee medical benefits and retirement plan contributions, and other compensation increases resulting from changes in Washington State minimum wage and exempt staff salary thresholds, partially offset by the effect of position vacancies and a hiring freeze instituted during the year. In addition, the University recorded \$4.4 million of expense for voluntary separation agreements offered to eligible faculty and staff as part of a deliberate realignment of the University's cost structure; combined, salaries, wages, and benefits and voluntary separation agreements increased \$6.0 million or 3.2%. Professional fees and contracted services increased \$8.3 million or 26.0%, driven largely by revenue sharing payments in athletics. Occupancy, utilities, and maintenance increased \$0.8 million, driven by inflation.

Gonzaga University

Letter from the Chief Financial Officer

Non-Operating Activities

In addition to operations, Gonzaga reports other changes in net assets from those activities that are not directly attributable to its annual operations. Return on investments combined with endowment income distributed for operating activities was a net gain of \$73.4 million for the year ended May 31, 2026, and such amounts generally experience high levels of fluctuations from year to year resulting from the broader investment markets. Contributions for the acquisition of capital assets, net and contributions for endowment funds, net were \$11.2 million for the year ended May 31, 2026, a decrease of \$0.7 million or 5.6% compared to the prior fiscal year. Non-operating activities for the year also included a \$4.0 million favorable change in the value of split-interest agreements, compared with an unfavorable change of \$1.1 million in the prior fiscal year, and a \$1.0 million loss on the defeasance and refunding of bonds in connection with the Series 2026 issuance.

Closing

I am grateful for the ongoing work of our faculty and staff and amazed at the accomplishments of our students. I also wish to extend a special thank you to our accounting and finance teams who together make the preparation of this annual financial report possible.

Faithfully,



Joe Smith, CPA, CGMA, MBA
Chief Financial Officer
September 2026

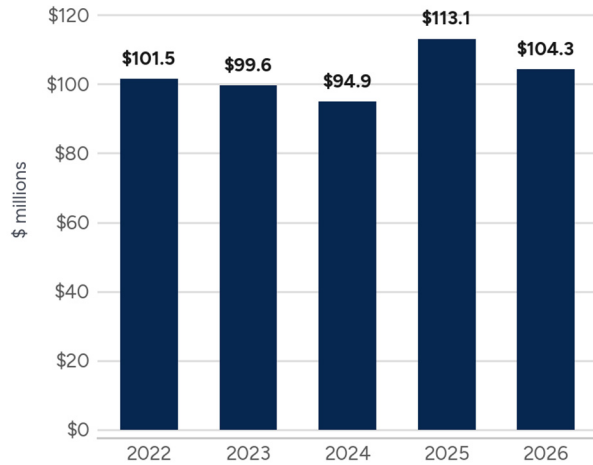
Gonzaga University

Selected Data – Dollars in Millions (Unaudited)

Cash, investments, debt, and net assets

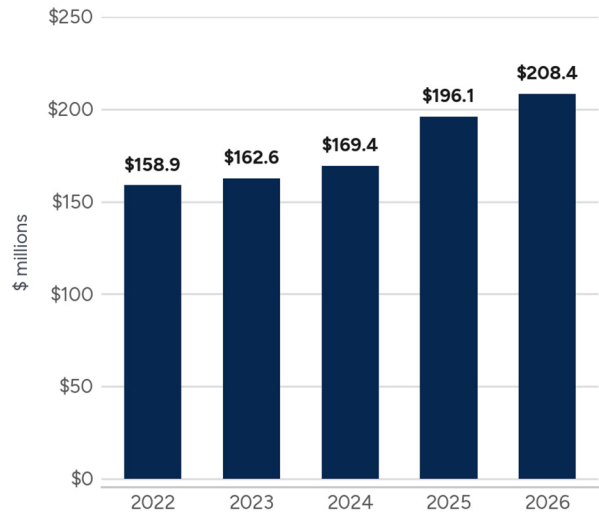
Cash, cash equivalents, and short-term investments

Excludes deposits with bond trustees, which totaled \$10.1, \$9.3, \$1.1, \$0.0, and \$25.4 million at May 31, 2022 through 2026, respectively.



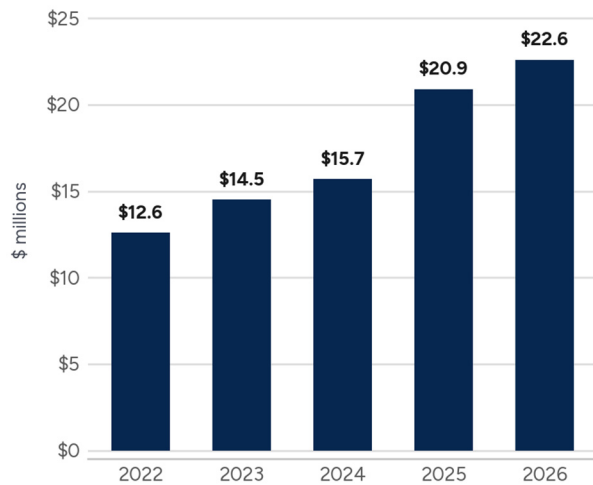
Financial assets available for general expenditure within one year

At May 31.



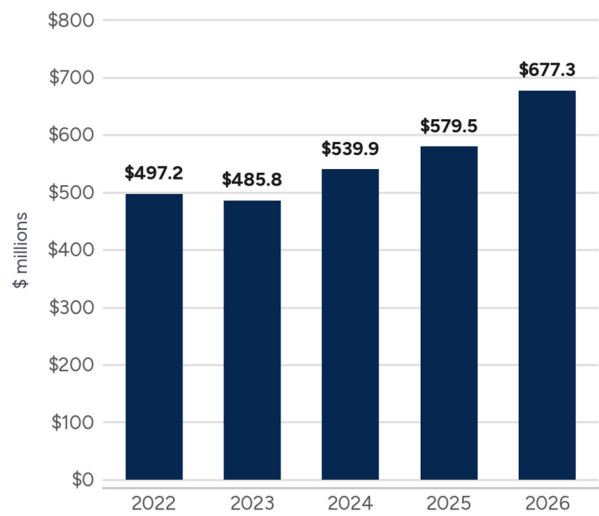
Endowment spending distribution

Amounts represent endowment income distributed for operating activities.



Long-term investments

Includes beneficial interest in split-interest agreements held by others and investments held in custody for others.



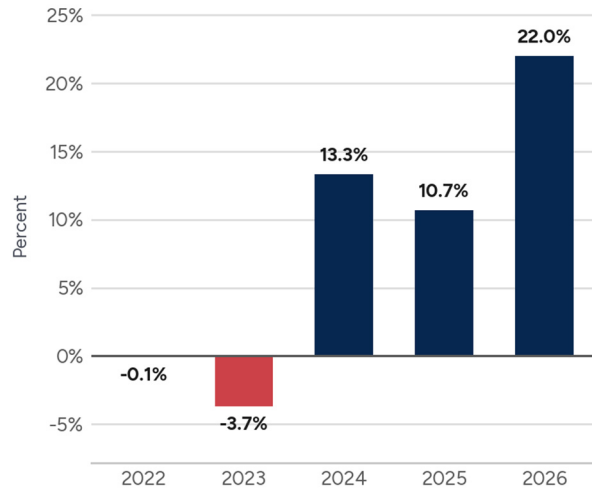
Gonzaga University

Selected Data – Dollars in Millions (Unaudited)

Cash, investments, debt, and net assets (continued)

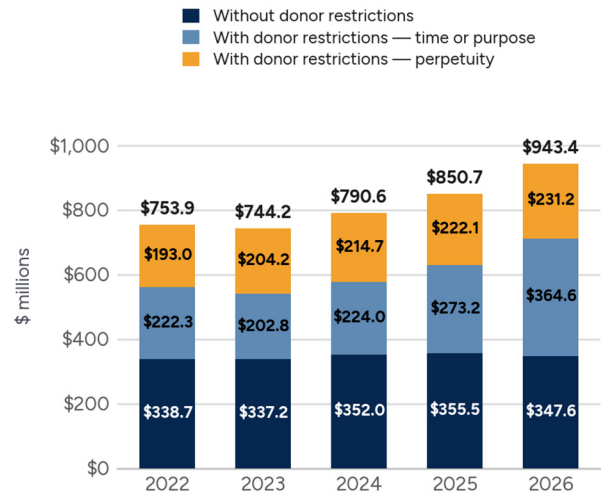
Pooled investment fund annual return, net of fees

For the years ended May 31.



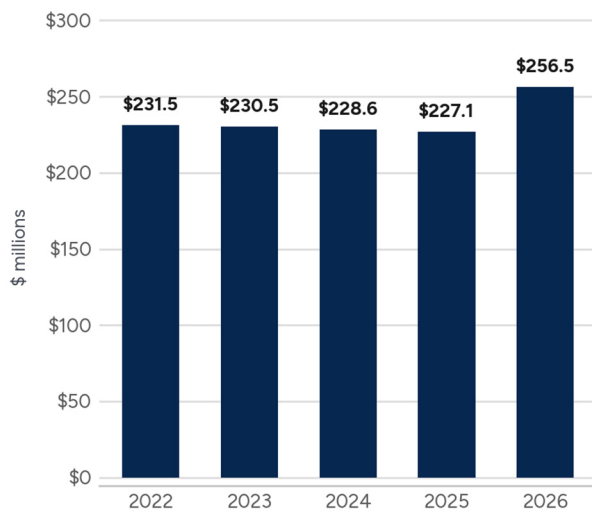
Total net assets by classification

At May 31. Components may not sum to totals due to rounding.



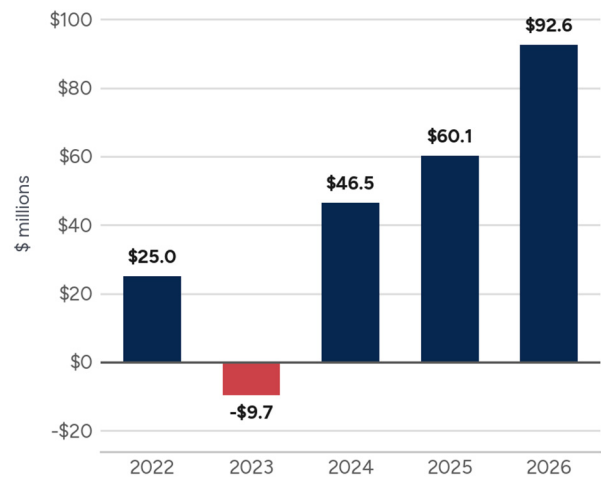
Bonds payable

At May 31.



Increase (decrease) in total net assets

For the years ended May 31.



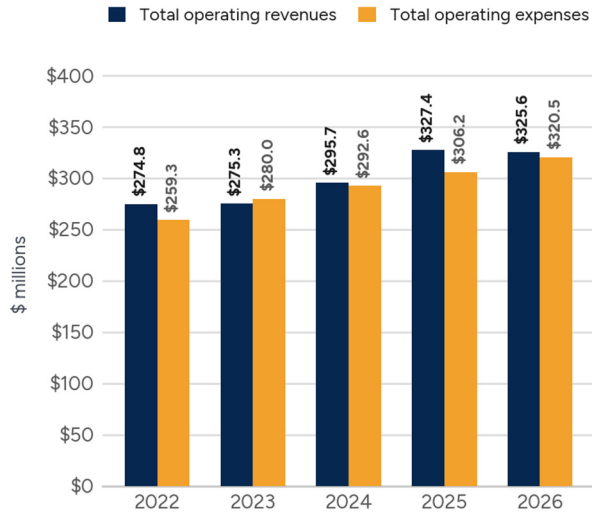
Gonzaga University

Selected Data – Dollars in Millions (Unaudited)

Operating results

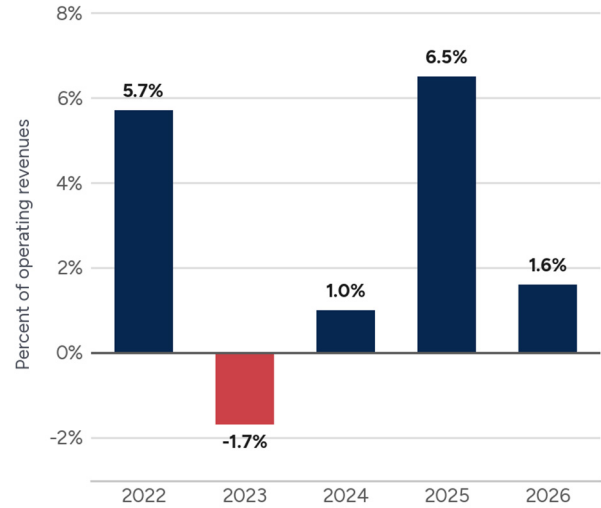
Total operating revenues and total operating expenses

For the years ended May 31.



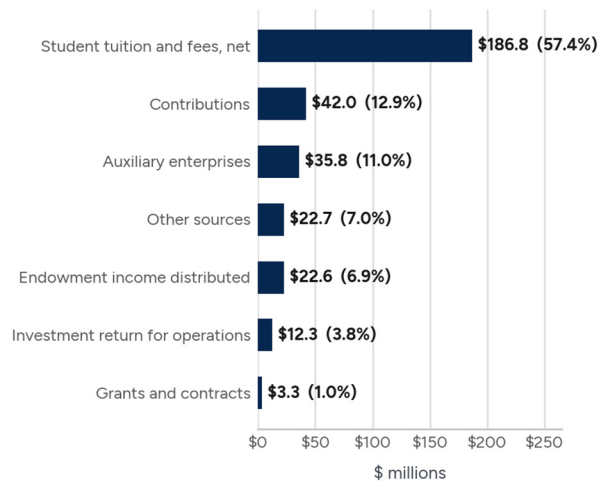
Operating margin

Change in net assets from operations divided by total operating revenues.



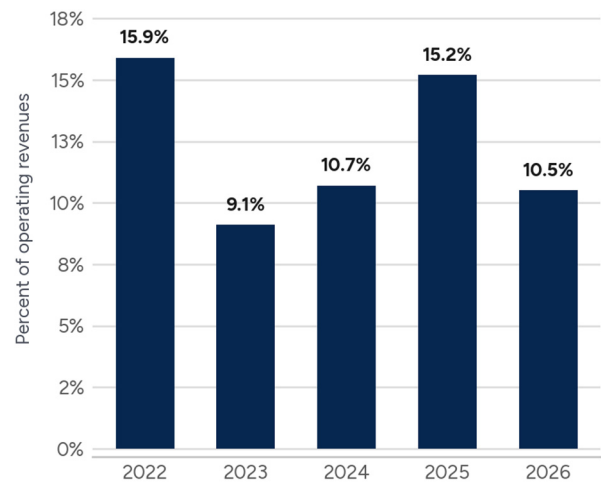
Operating revenues by source, fiscal year 2026

Total \$325.6 million.



Operating cash flow margin

Change in net assets from operations plus depreciation, amortization, and interest paid, divided by total operating revenues.



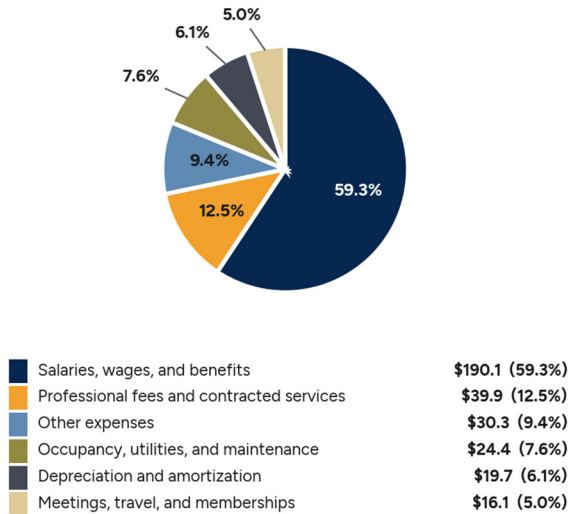
Gonzaga University

Selected Data – Dollars in Millions (Unaudited)

Operating results and enrollment

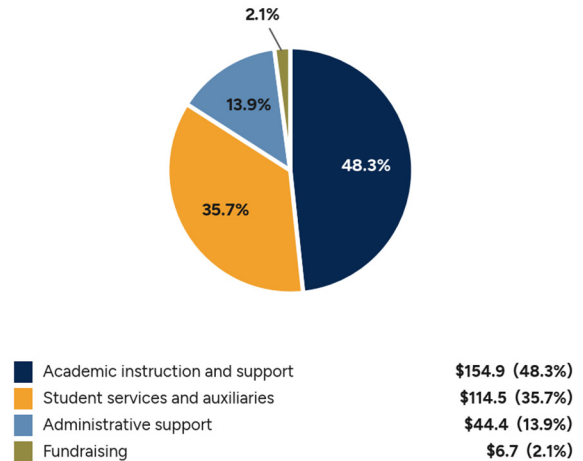
Operating expenses by natural classification, fiscal year 2026

Total \$320.5 million.



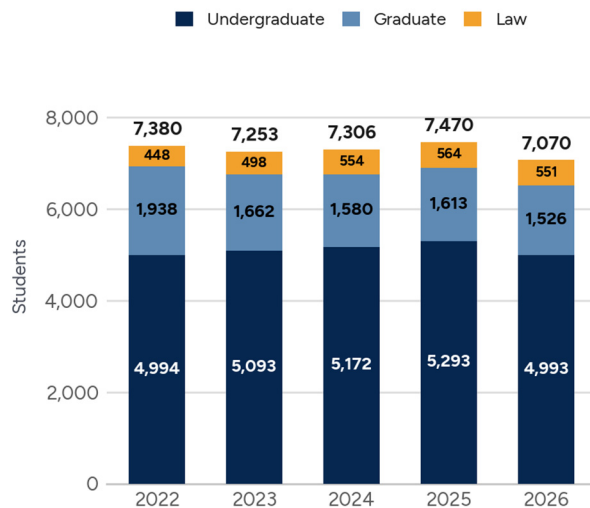
Operating expenses by functional classification, fiscal year 2026

Total \$320.5 million.



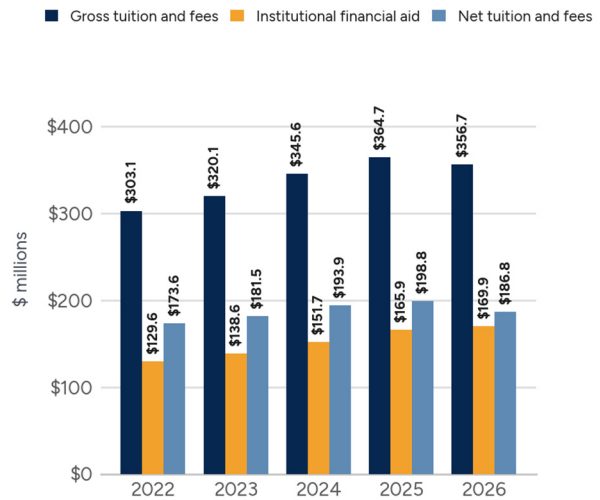
Enrollment by headcount, fall of the fiscal year

Undergraduate, graduate and law students.



Gross tuition and fees, institutional aid, and net tuition

For the years ended May 31.



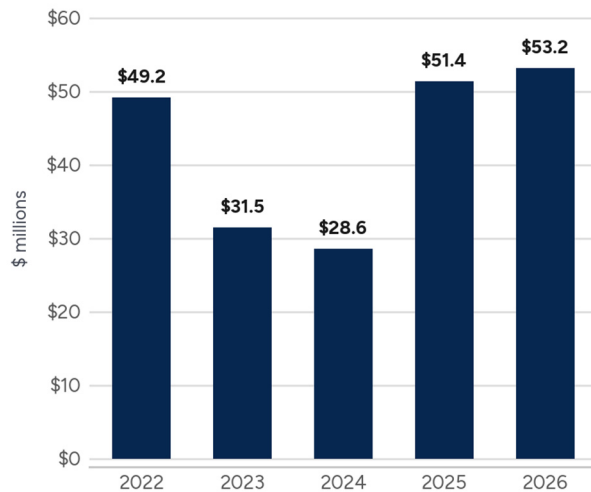
Gonzaga University

Selected Data – Dollars in Millions (Unaudited)

Contributions and other key indicators

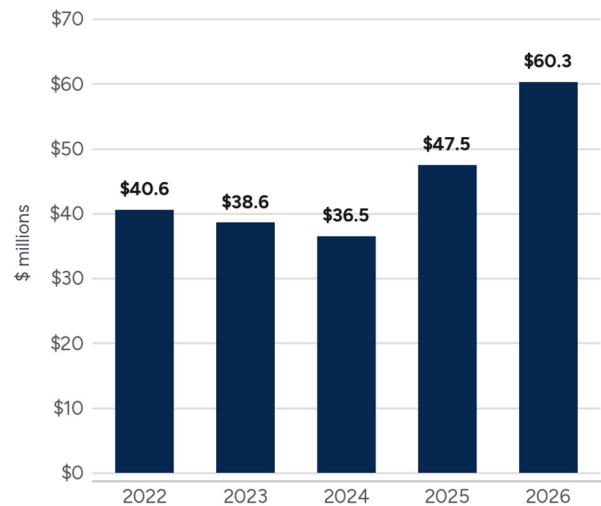
Total contributions

Contributions supporting operations, for the acquisition of capital assets, and to endowment funds, combined.



Contributions receivable, net

At May 31.



Indicators not presented in the charts above

As of or for the years ending May 31.

	2022	2023	2024	2025	2026
FINANCIAL DATA					
Endowment net assets	\$439.5	\$433.8	\$476.1	\$511.6	\$594.1
Property, plant, and equipment, net	\$404.0	\$396.3	\$405.6	\$402.5	\$410.4
Acquisition of property, plant, and equipment	\$16.6	\$12.2	\$25.8	\$13.7	\$23.8
Depreciation and amortization	\$18.7	\$20.1	\$19.2	\$19.4	\$19.7
Interest paid	\$9.4	\$9.7	\$9.3	\$9.2	\$9.4
HEADCOUNT					
Faculty	459	464	457	470	467
Staff and administration	824	857	901	903	914
Total employees	1,283	1,321	1,358	1,373	1,381

Faculty, staff and administration, and total employees are headcounts as measured in October of each fiscal year per the Human Resources Historical Headcount report. Employee figures include part-time faculty and staff and exclude student employees and adjunct faculty. Acquisition of property, plant, and equipment is the investing-activities outflow per the consolidated statements of cash flows; amounts for fiscal years 2022 through 2024 as reported also include finance right-of-use assets. Amounts are presented in millions and may not sum to totals due to rounding.

Source: Figures are derived from Gonzaga University consolidated financial statements and accompanying notes for the years ended May 31, 2022 through May 31, 2026 and other official University sources. Charts and figures are unaudited. Prepared with AI assistance and reviewed by Gonzaga University Finance.

Report of Independent Auditors

President and Board of Trustees
Gonzaga University

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Gonzaga University (a Washington nonprofit corporation), which comprise the consolidated statements of financial position as of May 31, 2026 and 2025, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gonzaga University as of May 31, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Gonzaga University's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Gonzaga 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 Gonzaga 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Letter from the Chief Financial Officer and the Selected Data are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Baker Tilly US, LLP

Spokane, Washington

September 8, 2026

Consolidated Financial Statements

Gonzaga University
Consolidated Statements of Financial Position
May 31, 2026 and 2025

ASSETS

	(in thousands)	
	2026	2025
ASSETS		
Cash and cash equivalents	\$ 60,462	\$ 70,971
Short-term investments	43,790	42,169
Accounts and interest receivable, net	14,022	13,072
Prepaid expenses	7,484	7,794
Contributions receivable, net	60,332	47,487
Student loans receivable, net	6,175	6,280
Deposits with bond trustees	25,396	3
Long-term investments	665,174	568,784
Beneficial interest in split-interest agreements held by others	12,118	10,733
Right-of-use assets, operating leases, net	17,749	15,591
Right-of-use assets, finance leases, net	2,513	2,783
Property, plant, and equipment, net	410,370	402,487
Total assets	<u>\$ 1,325,585</u>	<u>\$ 1,188,154</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts and other payables	\$ 15,651	\$ 12,920
Accrued salaries, taxes, and benefits	30,794	28,890
Interest payable	1,706	1,511
Deferred revenues and refundable advances	18,778	17,202
Split-interest agreement obligations	6,792	5,745
Federal student loan program	829	1,375
Long-term investments held in custody for others	29,962	23,559
Operating lease liabilities, net	18,514	16,201
Finance lease liabilities, net	2,662	2,902
Bonds payable	256,530	227,109
Total liabilities	<u>382,218</u>	<u>337,414</u>
NET ASSETS		
Without donor restrictions	<u>347,592</u>	<u>355,520</u>
With donor restrictions		
Time or purpose	364,618	273,166
Perpetuity	<u>231,157</u>	<u>222,054</u>
Total with donor restrictions	<u>595,775</u>	<u>495,220</u>
Total net assets	<u>943,367</u>	<u>850,740</u>
Total liabilities and net assets	<u>\$ 1,325,585</u>	<u>\$ 1,188,154</u>

See accompanying notes.

Gonzaga University
Consolidated Statement of Activities
Year Ended May 31, 2026

	(in thousands)			
	Year Ended May 31, 2026			Year Ended
	Without Donor Restrictions	With Donor Restrictions	Total	May 31, 2025 Total
Operating revenues				
Student tuition and fees	\$ 356,657	\$ -	\$ 356,657	\$ 364,679
Less institutional financial aid	(169,852)	-	(169,852)	(165,878)
Student tuition and fees, net	186,805	-	186,805	198,801
Contributions	3,366	38,646	42,012	39,540
Grants and contracts	97	3,163	3,260	4,523
Return on investments designated for operating activities	12,872	(535)	12,337	7,428
Endowment income distributed for operating activities	4,953	17,646	22,599	20,926
Auxiliary enterprises	35,832	-	35,832	35,650
Other sources	22,745	-	22,745	20,569
Net assets released from restrictions	35,306	(35,306)	-	-
Total operating revenues	301,976	23,614	325,590	327,437
Operating expenses				
Salaries, wages, and benefits	190,081	-	190,081	188,412
Voluntary separation agreements	4,363	-	4,363	-
Professional fees and contracted services	39,935	-	39,935	31,683
Occupancy, utilities, and maintenance	24,405	-	24,405	23,652
Depreciation and amortization	19,695	-	19,695	19,430
Meetings, travel, and memberships	16,135	-	16,135	15,958
Materials, supplies, printing, and postage	11,086	-	11,086	11,794
Interest	9,145	-	9,145	8,848
Other expenses	5,666	-	5,666	6,383
Total operating expenses	320,511	-	320,511	306,160
Increase (decrease) in net assets from operations	(18,535)	23,614	5,079	21,277
Nonoperating activities				
Contributions for acquisition of capital assets, net	-	2,026	2,026	3,729
Contributions and other additions to endowment funds, net	-	9,141	9,141	8,095
Gain (loss) on disposal of property and equipment	3	-	3	(10)
Return on investments	15,611	80,414	96,025	49,027
Endowment income distributed for operating activities	(4,953)	(17,646)	(22,599)	(20,926)
Loss on defeasance and refunding of bonds, net	(998)	-	(998)	-
Change in value of split-interest agreements	-	3,950	3,950	(1,096)
Net assets released from restrictions for acquisition of capital assets	944	(944)	-	-
Total nonoperating activities	10,607	76,941	87,548	38,819
Increase (decrease) in net assets	(7,928)	100,555	92,627	60,096
Net assets at beginning of year	355,520	495,220	850,740	790,644
Net assets at end of year	\$ 347,592	\$ 595,775	\$ 943,367	\$ 850,740

See accompanying notes.

Gonzaga University
Consolidated Statement of Activities
Year Ended May 31, 2025

	(in thousands)		
	Year Ended May 31, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Student tuition and fees	\$ 364,679	\$ -	\$ 364,679
Less institutional financial aid	(165,878)	-	(165,878)
Student tuition and fees, net	198,801	-	198,801
Contributions	866	38,674	39,540
Grants and contracts	114	4,409	4,523
Return on investments designated for operating activities	7,423	5	7,428
Endowment income distributed for operating activities	4,821	16,105	20,926
Auxiliary enterprises	35,650	-	35,650
Other sources	20,569	-	20,569
Net assets released from restrictions	34,682	(34,682)	-
Total operating revenues	302,926	24,511	327,437
Operating expenses			
Salaries, wages, and benefits	188,412	-	188,412
Professional fees and contracted services	31,683	-	31,683
Occupancy, utilities, and maintenance	23,652	-	23,652
Depreciation and amortization	19,430	-	19,430
Meetings, travel, and memberships	15,958	-	15,958
Materials, supplies, printing, and postage	11,794	-	11,794
Interest	8,848	-	8,848
Other expenses	6,383	-	6,383
Total operating expenses	306,160	-	306,160
Increase (decrease) in net assets from operations	(3,234)	24,511	21,277
Nonoperating activities			
Contributions for acquisition of capital assets, net	-	3,729	3,729
Contributions and other additions to endowment funds, net	-	8,095	8,095
Loss on disposal of property and equipment	(10)	-	(10)
Return on investments	9,054	39,973	49,027
Endowment income distributed for operating activities	(4,821)	(16,105)	(20,926)
Change in value of split-interest agreements	-	(1,096)	(1,096)
Net assets released from restrictions for acquisition of capital assets	1,635	(1,635)	-
Transfers	927	(927)	-
Total nonoperating activities	6,785	32,034	38,819
Increase in net assets	3,551	56,545	60,096
Net assets at beginning of year	351,969	438,675	790,644
Net assets at end of year	\$ 355,520	\$ 495,220	\$ 850,740

See accompanying notes.

Gonzaga University
Consolidated Statements of Cash Flows
Years Ended May 31, 2026 and 2025

	(in thousands)	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 92,627	\$ 60,096
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	19,695	19,430
Bond premium and debt issuance cost amortization	(68)	49
Provision for uncollectible receivables	112	304
(Gain) loss on disposal of property and equipment	(3)	10
Loss on defeasance and refunding of bonds	998	-
Contributions restricted for long-term purposes	(11,167)	(11,824)
Interest and dividends restricted for long-term investment	(9,037)	(9,117)
Net realized and unrealized gain on investments	(94,335)	(42,320)
Change in value of split-interest agreements	(3,950)	1,096
Other change in assets and liabilities, net	(10,397)	(8,772)
Net cash (used in) provided by operating activities	(15,525)	8,952
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant, and equipment	(23,812)	(13,665)
Proceeds from sale of property and equipment	3	5
Proceeds from sale of investments	131,396	121,399
Purchase of investments	(121,221)	(122,497)
Issuance of student loans receivable	(819)	(1,112)
Repayment of student loans receivable	900	984
Net cash used in investing activities	(13,553)	(14,886)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for long-term purposes	7,907	9,647
Proceeds from contributions for split-interest agreements	322	1,627
Proceeds from issuance of bonds	46,727	-
Payments for bond issuance costs	(623)	-
Principal payments on refunding of bonds	(16,093)	-
Principal payments on bonds and finance leases	(2,381)	(2,453)
Payments on split-interest agreements	(388)	(354)
Interest and dividends restricted for long-term investment	9,037	9,117
Net change in student loan liability	(546)	(993)
Net cash provided by financing activities	43,962	16,591
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH EQUIVALENTS	14,884	10,657
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH EQUIVALENTS, beginning of year	70,974	60,317
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH EQUIVALENTS, end of year	<u>\$ 85,858</u>	<u>\$ 70,974</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid (includes capitalized interest of \$337 and \$406 for 2026 and 2025, respectively)	<u>\$ 9,355</u>	<u>\$ 9,211</u>
NONCASH ACTIVITIES		
Right-of-use assets acquired under operating leases	\$ 3,573	\$ -
Right-of-use assets acquired under finance leases	621	\$ 537
Acquisition of investments and property, plant, and equipment	4,470	3,071
Gifts of investments, beneficial interests, and property, plant, and equipment	3,277	210
Cash and cash equivalents	\$ 60,462	\$ 70,971
Deposits with bond trustees	25,396	3
Total cash, cash equivalents, and restricted cash equivalents	<u>\$ 85,858</u>	<u>\$ 70,974</u>

See accompanying notes.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Note 1 – Organization

Gonzaga University is an independent, accredited coeducational higher education institution founded in 1887 by the Society of Jesus. The Corporation of Gonzaga University (the Corporation) was incorporated in the state of Washington in 1894 as a tax-exempt charitable organization located in Spokane, Washington. The consolidated financial statements include the accounts of the Corporation, the Gonzaga Law School Foundation (Foundation), Immobiliare Gonzaga Srl., Gonzaga University Telecommunications Association (GUTA), Woldson Western 00 LLC, Woldson Alaskan Way 01 LLC, Woldson Western 01 LLC, and Woldson Western 25 LLC (LLCs) (collectively, University). The purpose of the Foundation is to provide financial support to the University's Law School. Immobiliare Gonzaga Srl. is an Italian corporation that owns land and a classroom/administration building used in the University's Florence, Italy program. GUTA broadcasts educational television and FM radio. The Corporation is the single member in the LLCs, which are organized for the exclusive purpose of holding title to property as part of the University's endowment, collecting income therefrom, and turning over the entire amount thereof less expenses to the Corporation.

All significant inter-entity transactions and balances have been eliminated. The summarized consolidating statement of financial position for the University is as follows:

	For the Year Ended May 31, 2026				Year Ended May 31, 2025
	Corporation	All Other Entities	Inter-Entity Elimination	Consolidated Total	Total
Assets	\$ 1,321,900	\$ 135,002	\$ (131,317)	\$ 1,325,585	\$ 1,188,154
Liabilities	\$ 425,032	\$ 6,003	\$ (48,817)	\$ 382,218	\$ 337,414
NET ASSETS					
Without donor restrictions	347,004	85,824	(85,236)	347,592	355,520
With donor restrictions					
Time or purpose	334,972	26,910	2,736	364,618	273,166
Perpetuity	214,892	16,265	-	231,157	222,054
Total net assets	896,868	128,999	(82,500)	943,367	850,740
Total liabilities and net assets	\$ 1,321,900	\$ 135,002	\$ (131,317)	\$ 1,325,585	\$ 1,188,154

The primary source of revenue is tuition and fees from undergraduate, graduate, and law programs through the College of Arts & Sciences, and Schools of Business Administration, Engineering & Applied Science, Education, Health Sciences, Leadership Studies, and Law. Other sources of revenue include room and board, contributions, grants and contracts, return on investments, athletic ticket sales, sponsorships, and other sales and services.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Note 2 – Summary of Significant Accounting Policies

The accounting policies of the University reflect practices common to universities and colleges and are in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Significant policies are summarized below.

Basis of presentation – The accompanying consolidated financial statements have been prepared with net assets, revenues, expenses, gains, and losses classified into two categories based on the existence or absence of donor-imposed restrictions. The net assets of the University are classified and defined as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board.

Net assets with donor restrictions for time or purpose – Net assets that are subject to donor-imposed restrictions that will be met by actions of the University or the passage of time. This includes gifts as well as income and net gains and losses accruing on those gifts, whose use by the University is subject to donor-imposed stipulations.

Net assets with donor restrictions in perpetuity – Net assets that are subject to donor-imposed restrictions that are permanently maintained by the University. Generally, the donors of these assets permit the University to use all or part of the return on related investments for general or specific purposes. This includes gifts, trusts, and contributions that, by donor restriction, require the corpus be invested in perpetuity.

Cash and cash equivalents – Cash and cash equivalents consist of cash balances and short-term, highly liquid investments with remaining maturities of 90 days or less as of the University's fiscal year end. Amounts also include money market mutual funds, all of which comply with Rule 2a-7 of the Investment Company Act of 1940 that seeks to limit the risk of money market funds. The University holds cash and cash equivalents at several major financial institutions, which, during the course of the year, exceeded the amounts insured by the Federal Depositary Insurance Corporation (FDIC) or National Credit Union Administration (NCUA). Assets with the characteristics of cash and cash equivalents that are held in donor-restricted endowment funds are reported as long-term investments.

Included in cash and cash equivalents and short-term investments are assets that are donor or contractually restricted for investment in property, plant, and equipment of \$1,591 and \$862 as of May 31, 2026 and 2025, respectively.

Accounts and interest receivable, net – Accounts receivable from students are included in accounts and interest receivable, net, in the consolidated statements of financial position. Student accounts receivable are amounts due from students primarily for tuition and fees and are stated at the amount billed to students less applied scholarships and loan proceeds. The University offers several payment plans that allow students to defer payment for a nominal fee. Late fees are charged on delinquent accounts. Student account receivable balances by nature are noninterest-bearing, short-term, unsecured, and do not have specific due dates.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Student accounts receivable is presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The University separates student accounts receivable into risk pools based on whether they are in collection. In determining the amount of the credit loss as of the consolidated statement of financial position date, the University develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. Accounts receivable are written off only when they are deemed to be permanently uncollectible.

Contributions receivable, net – Contributions are recognized as revenue when the donor's commitment is made. Unconditional promises are recognized at the estimated present value of the future cash flows using discount rates, net of allowances for doubtful accounts. The discounts are determined using a rate that is commensurate with the risks involved and applicable to the years in which the promises are received. The discount rates utilized were between 2.81% to 8.36% as of May 31, 2026 and 2025. Based upon historical pledge payments and current information, an allowance for doubtful accounts is determined. Account balances are charged off against the allowance when collection is considered remote. Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as revenue with donor restrictions.

Student loans receivable, net – Student loans receivable are primarily amounts loaned to students under the Federal Perkins Loan Program and Nursing Student Loans as well as institutional loan programs and are stated at their outstanding principal amount. Principal and interest payments on Federal loans generally do not commence until 9 months after the borrower graduates or 6 months after the individual otherwise ceases enrollment. Principal and interest payments on institutional loans generally do not commence until 6 months after the borrower graduates or otherwise ceases enrollment. Given the nature of the types of student loans receivable, federal loan programs and institutional loan program receivables are analyzed separately for credit losses.

The University estimates the allowance for credit losses on its student loans receivable using the current expected credit losses (CECL) methodology, which requires the University to estimate lifetime expected credit losses on its student loans receivable at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The University employs a provisional loss rate approach to estimate the expected credit losses. Under this approach, the University segments the student loans portfolio based on shared risk characteristics, such as the type of loan (federal or institutional). For each segment, the University calculates an average loss rate based on historical default and recovery rates, adjusted for current conditions, and forward-looking information, including economic forecasts related to unemployment rates and inflation. The University continually monitors the appropriateness of its CECL methodology and makes adjustments as necessary to reflect the changes that may impact the student loan portfolio.

The notes receivable bear interest ranging from 3% to 7% and are generally repayable to the University over a period not to exceed ten years.

Deposits with bond trustees – Deposits with bond trustees consist of bond funds held in restricted cash and cash equivalents and are restricted for the purpose designated in the bond documents.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Investments – Except for direct investments in real property, the University manages its investments by using external investment managers. These investment managers invest the University's funds in various financial instruments in accordance with Board-approved investment policies. The University classifies investments as short-term investments or long-term investments depending upon the investment time horizon, liquidity considerations, and intended purpose and use of the assets.

To enable broad diversification and economies of scale, the University's policy is to pool endowment and other long-term assets for investment purposes to the fullest extent possible as permitted by gift agreements and any applicable government regulations. In the limited cases when a donor has prohibited a gift from being pooled for investment purposes, or where the nature of the gift calls for it to be separately invested, those assets are separately invested and managed.

The University's investments are recorded in the consolidated financial statements at fair value. Investments contributed to the University are recorded at the fair value at the date of contribution. Return on investments is shown net of external and direct internal expenses. Return on investments is reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions or net assets with donor restrictions.

Investments are exposed to various risks, such as interest rate, market, foreign currency, credit, and regulatory risk. 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 total net assets and the amounts reported in the consolidated statements of financial position. Any such changes, however, would not change the reporting balance on the consolidated statement of financial position as of year-end. The University is a limited partner in a managed diversified global multi-asset fund that represents a significant concentration of investment risk, such amounts comprising 28% and 26% of long-term investments as of May 31, 2026 and 2025, respectively.

Split-interest agreements – The University has legal title, as trustee, to irrevocable charitable remainder trusts and also receives contributions in connection with charitable gift annuity contracts. Actuarial methods are used to record these annuities and trusts using discount rates ranging from 4% to 6%. When a gift is received, the present value of future expected payments to the beneficiaries is recorded as a liability based upon life expectancy and discount rate assumptions and the remainder is recorded as a contribution. Annuity and trust assets are reported at fair value and included within long-term investments on the consolidated statements of financial position. Investment returns, beneficiary payments, and direct costs of funds management are charged to the liability accounts, with periodic adjustments made between the liability and the net assets to record actuarial gains or losses resulting from changes in fair value and life expectancy.

The University maintains separate funds adequate to meet future payments under its charitable gift annuity contracts as required by state laws. The total investments held in separate funds were \$4,890 and \$4,043 as of May 31, 2026 and 2025, respectively. The corresponding amount included in split-interest agreement obligations to meet future payments under gift annuity contracts was \$1,746 and \$1,664 as of May 31, 2026 and 2025, respectively.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Beneficial interest in split-interest agreements held by others – The University is the irrevocable beneficiary of the income or the residual interest of assets in charitable split-interest agreements held by others. At the date of donation, the University recognizes its beneficial interest in the outside split-interest agreement as a contribution at fair value that is measured as the present value of the estimated expected future benefits to be received. The contribution revenue recognized is classified as an increase in net assets with donor restrictions based on the time or use restrictions placed by the donor upon the University's beneficial interest in the split-interest agreement. Periodic adjustments to the beneficial interest to reflect changes in the fair value, life expectancy, and discount rate are recognized as changes in value of split-interest agreements.

Property, plant, and equipment, net – Property, plant, and equipment are stated at cost at the date of acquisition or fair value at the date of donation. The cost of improvements in excess of \$100 and all other property, plant, and equipment in excess of \$5 are capitalized. Property, plant, and equipment purchased in connection with a building acquisition or construction project but less than \$5 is also capitalized. Normal repair and maintenance expenses and minor equipment costs are expensed as incurred. Depreciation, except for land and collection of artworks, is provided for on a straight-line basis over the estimated useful lives of the respective assets as follows:

Land improvements	20–40 years
Buildings	20–50 years
Equipment and furniture	3–12 years
Library books	10 years

The University owns a collection of artwork that is held for public exhibition, education, and research rather than for financial gain. The collection of artwork is recorded at cost if purchased and at fair value if donated. Gains and losses from sales or insurance recoveries are reported as changes in net assets based on the absence or existence and nature of donor-imposed restrictions. The collection of artwork is insured, protected, kept unencumbered, cared for, and preserved.

Asset retirement obligations include legal environmental obligations associated with the retirement of long-lived assets. These liabilities are recorded in accounts and other payables on the consolidated statements of financial position at fair value when incurred and are capitalized by increasing the carrying amount of the associated long-lived asset. Over time, the liability is accreted to its present value each period and the capitalized cost is depreciated on a straight-line basis through the estimated date of retirement. The liability is removed when the obligation is settled. Management has evaluated these asset retirement obligations and concluded that such obligations are not material to the consolidated financial statements.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues in net assets without donor restrictions. Contributions of cash or other assets to be used to acquire property, plant, and equipment are reported as revenues with donor restrictions. The restrictions are released when the long-lived assets are placed in service.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Deferred revenue and refundable advances – Deferred revenue includes tuition and other student deposits related to programs applicable to the next fiscal year, as well as grants and other payments received in advance of incurring related expenses. Deferred revenue is recognized ratably as revenue in the fiscal year that it is earned. Refundable advances consist of vendor incentive payments and are recognized as a reduction of operating expenses or recognized as revenue from other sources over the term of the agreements.

Long-term investments held in custody for others – The University manages certain investments on behalf of the Gonzaga Preparatory School Foundation and St. Aloysius Gonzaga Foundation, both charitable organizations organized to support other ministries of the Society of Jesus within the Diocese of Spokane. The management of these investments is subject to agreements that governs the arrangements, including additions and redemptions. Additions buy an undivided beneficial ownership interest in the University's pooled endowment. Redemptions can be requested, in addition to the annual spending distribution, subject to the underlying liquidity of the endowment pool. A redemption request not to exceed 50% of the fair value of the undivided beneficial interest in the endowment pool will be distributed within 30 calendar days. A redemption request in excess of 50% and up to 80% of the fair value of the beneficial interest in the endowment pool may be subject to a longer redemption period informed by the liquidity of the underlying investments in the endowment pool and will be paid within 180 calendar days. A redemption request in excess of 80% of the fair value of the beneficial interest in the endowment pool shall be considered a full redemption and will lead to the complete redemption of all remaining units, paid within 180 calendar days. Long-term investments held in custody for others were \$29,962 and \$23,559 as of May 31, 2026 and 2025, respectively.

Leases – The University determines if an arrangement is or contains a lease at inception of the contract and classifies leases as either operating or finance depending upon the terms and conditions set forth in the contract. The University uses an incremental borrowing rate to determine the present value of lease payments when the implicit rate in the lease is not readily available. The current treasury rate and the University's current borrowing rate are factored into the incremental borrowing rate calculation.

The University recognizes operating lease expense within occupancy, utilities, and maintenance expense in the consolidated statements of activities on a straight-line basis over the lease term. On the consolidated statements of financial position, right-of-use assets represent the University's right to use the underlying assets for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Right-of-use assets are reduced each period by an amount equal to the difference between the operating lease expense and the amount of interest expense on the lease liability utilizing the effective interest method. The University's policy is not to record a right-of-use asset and lease liability for leases with terms less than one year. Upon adoption, the University elected not to reassess whether existing contracts contain leases, and not to reassess lease classification for leases that commenced before the adoption date of the new lease standard.

Finance lease assets are amortized on a straight-line basis within depreciation and amortization on the consolidated statements of activities over the lease term. Interest expense associated with finance leases is recorded using the effective interest method and is included in interest expense on the consolidated statements of activities. The University recognizes variable expenses, other than those related to rates or indices, in operating expenses in the period in which the obligation is incurred.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Revenue recognition – Each academic term set forth in the University’s published academic calendar is treated as a portfolio of contracts with students, who are the University’s customers. The University’s performance obligation is to provide instruction and, where applicable, housing and dining services over the period of instruction for each term. Because the student simultaneously receives and consumes these services, the University recognizes student tuition, fees, and room and board revenue over time, ratably over the period of instruction for each academic term.

Institutional scholarships and financial aid awarded to students are treated as a reduction of the transaction price and reduce the amount of revenue recognized. Students who adjust their course load or withdraw completely within the first four weeks of the academic term may receive a full or partial refund in accordance with the University’s refund policy. Payments for tuition are due approximately three weeks prior to the start of the academic term period of instruction, and amounts received in advance of the period of instruction are recorded as contract liabilities within deferred revenues and refundable advances (Note 11). Fees that do not relate to the provision of instruction are recognized as revenue when the related service is provided or when the fee is no longer refundable.

The University applies a portfolio approach to its student contracts because it reasonably expects that the effects of doing so would not differ materially from applying the guidance to individual student contracts. Revenue from student tuition, fees, and room and board is earned over time as the University’s performance obligations are satisfied.

Functional allocation of expenses – The University’s primary program activity is academic instruction and support. Facilities operation and maintenance, interest, and depreciation and amortization are allocated among functional classifications based on usage of space, square footage, building costs, and debt proceeds usage. Information technology costs are allocated based on software usage and the overall number of employees in the various functional categories. Name, image, and likeness expenses are recorded in professional fees and contracted services in the consolidated statement of activities and in the student services and auxiliaries functional classification (see Note 16). All other costs are charged directly to the appropriate functional category.

Advertising – Costs expensed for the years ended May 31, 2026 and 2025, were \$2,930 and \$2,955, respectively, and are recorded in professional fees and contracted services in the consolidated statements of activities.

Income taxes – The Internal Revenue Service (IRS) has recognized the Corporation and Foundation as exempt from tax under the provisions of Section 501(c)(3) of the Internal Revenue Code, except to the extent of unrelated business income under Sections 511 through 515. Unrelated business income tax, if any, is immaterial. As of May 31, 2026 and 2025, the University had no uncertain tax positions requiring accrual. The University may be subject to routine audit by the IRS; however, there are currently no audits for any tax periods in progress.

Foreign currency translation – The functional currency of Immobiliare Gonzaga Srl. is the euro. Assets and liabilities are translated to U.S. dollars at the exchange rate in effect at the consolidated statement of financial position date, and revenues and expenses are translated at average exchange rates during the period. Resulting translation adjustments are recorded in nonoperating activities within net assets without donor restrictions as a component of cumulative translation adjustment. Foreign currency transaction gains and losses are recognized in current period operations.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Operating and nonoperating activities – The University’s measure of operating activities, presented in the consolidated statements of activities, includes all transactions that are incurred in the course of the normal business operations of the University. Nonoperating activities presented in the consolidated statements of activities include transactions that result from something other than the ongoing day-to-day activity of the University.

Concentrations of financial aid – A significant number of students attending the University receive financial assistance from the U.S. government student financial aid programs. These programs require the University to comply with recordkeeping, eligibility, and other requirements. Failure to comply with such U.S. government requirements could result in the loss of U.S. government financial assistance to the University’s students and adversely impact the operations of the University.

Use of estimates – The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to be in accordance with the presentation in the current-year financial statements. Total net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. The University recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The University’s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are issued.

The University has evaluated subsequent events through September 8, 2026, which is the date the consolidated financial statements were issued.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Note 3 – Accounts and Interest Receivable, Net

Accounts and interest receivable, net, consisted of the following as of May 31:

	2026	2025
Government grants	\$ 5,643	\$ 6,665
Student receivables	3,180	3,787
Miscellaneous receivables	5,035	2,367
Accrued interest receivable	364	353
	<u>14,222</u>	<u>13,172</u>
Less allowance for credit losses		
Beginning of year	(100)	(100)
Increase in provision	(98)	(77)
Write-offs, net of recoveries	(2)	77
	<u>(200)</u>	<u>(100)</u>
Total	<u>\$ 14,022</u>	<u>\$ 13,072</u>

Note 4 – Contributions Receivable, Net

Contributions receivable, net, at May 31 are expected to be realized in the following periods:

	2026	2025
In one year or less	\$ 28,412	\$ 23,527
Between one year and five years	28,206	21,536
More than five years	20,074	14,106
Less present value discounts	(15,676)	(10,998)
	<u>61,016</u>	<u>48,171</u>
Less allowance for doubtful accounts	(684)	(684)
Total	<u>\$ 60,332</u>	<u>\$ 47,487</u>

Contributions receivable, net, at May 31 are designated as follows:

	2026	2025
With donor restrictions for financial aid and program support	\$ 36,070	\$ 23,301
With donor restrictions for property, plant, and equipment	18,199	17,575
With donor restrictions for endowment financial aid and chairs	6,063	6,611
Total	<u>\$ 60,332</u>	<u>\$ 47,487</u>

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Note 5 – Student Loans Receivable, Net

The University makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs and institutional resources.

Student loans receivable, net, consisted of the following as of May 31:

	2026	2025
Federal government programs	\$ 1,800	\$ 2,365
Institutional programs	4,588	4,125
	<u>6,388</u>	<u>6,490</u>
Less allowance for credit losses:		
Beginning of year	(210)	(205)
Increase in provision	<u>(3)</u>	<u>(5)</u>
End of year	<u>(213)</u>	<u>(210)</u>
Total	<u><u>\$ 6,175</u></u>	<u><u>\$ 6,280</u></u>

The University participates in the Perkins and Nursing federal revolving loan programs. The availability of funds for new loans under the programs is dependent on reimbursements to the programs from repayments on outstanding loans and the continuation of the program by the federal government. Outstanding loans cancelled under the programs result in a reduction of the funds available for new loans and a decrease in the liability to the government. Funds advanced by the federal government are ultimately refundable to the government. The liability due to the government was \$829 and \$1,375 at May 31, 2026 and 2025, respectively.

The University has been notified that the federal government will collect the federal share of the University's Perkins Loan Revolving Funds annually from the University as loans are paid back to the University by students. The University estimates the federal share will be returned to the government over the next 3-5 years.

At May 31, 2026 and 2025, the following amounts were past due under all student loan programs:

	1–59 Days Past Due	60–89 Days Past Due	90–119 Days Past Due	120–179 Days Past Due	180–729 Days Past Due	730+ Days Past Due	Total Past Due
2026	\$ 2	\$ 2	\$ 2	\$ 2	\$ 86	\$ 315	\$ 409
2025	\$ -	\$ 3	\$ 2	\$ 2	\$ 77	\$ 296	\$ 380

Allowances for credit losses are established based on prior collection experience and current economic factors, which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Institutional loan balances are written off only when they are deemed to be permanently uncollectible.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Note 6 – Investments

Short-term investments, at fair value, at May 31 are as follows:

	<u>2026</u>	<u>2025</u>
Fixed-income securities	<u>\$ 43,790</u>	<u>\$ 42,169</u>

Short-term investments consist of operating funds and funds held for fixed asset acquisition with the objectives of preserving principal, maintaining an appropriate degree of liquidity, and generating an appropriate risk-adjusted return.

Long-term investments, at fair value, at May 31 are as follows:

	<u>2026</u>	<u>2025</u>
Cash and cash equivalents	\$ 3,190	\$ 2,433
Equity securities	175,194	146,239
Fixed-income securities	63,717	58,704
Commingled equity and debt funds	68,658	61,215
Alternative investments	250,779	202,298
Direct real property investments	85,186	81,762
Split-interest agreements	18,215	15,885
Other	<u>235</u>	<u>248</u>
Total	<u>\$ 665,174</u>	<u>\$ 568,784</u>

Direct real property investments include gifted properties, three real property assets in downtown Seattle, Washington received through an estate gift, and an investment in a real estate joint venture which supports regional health science programs, including that of the University. As described in Note 1, the Seattle properties are held in separate single-member LLCs, consisting of two parking garages and one surface parking lot, a portion of which is subject to a ground lease.

The University entered into a ground lease agreement in 2019 with an unrelated third-party entity to develop a portion of the surface parking lot into a proposed 340,000-square-foot multifamily residential housing facility. The City of Seattle issued a Master Use Permit for the project in September 2021. The issuance of the permit was challenged unsuccessfully to the City Hearing Examiner, to the Superior Court, and to the Washington Court of Appeals. With the issuance of the Master Use Permit and the end of all legal appeals, the lessee is now able to move forward with design and construction. The lessee may elect to terminate the ground lease, in its sole discretion, no later than December 31, 2026. The University has the right to terminate the lease if construction has not commenced by June 30, 2027. The lessee has forty-eight months from the start of construction to achieve substantial completion of the project. The University may terminate the ground lease if substantial completion is not achieved within this time period.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

The annual ground lease payments are on a triple-net basis, subject to annual adjustment beginning in 2026, and reset every 20 years beginning with the initial reset of March 15, 2032. The ground lease will expire November 14, 2105. Upon the termination of the lease, all improvements will become the property of the University. The University has an end of term call right in the 70th and 75th year to buy out the ground lessee's interest in the improvements at the net present value of the anticipated remaining payments.

An initial deposit credit of \$600 is recorded in deferred revenues in the consolidated statements of financial position. If the lessee elects to terminate the lease prior to the completion of the improvements, the deposit will be retained by the University.

The total lease income recognized on the development ground lease for the years ended May 31, 2026 and 2025, was \$1,397 and \$1,375, respectively, and is recorded as return on investments in the consolidated statements of activities. Fixed and probable lease payments for the development ground lease expected to be received on an annual basis in each of the next five years are \$1,429, plus annual adjustments, subject to the conditions noted above.

The University also has lease agreements with an unrelated third-party parking company to operate two parking garages, and the portion of the surface parking lot that is not part of the development ground lease. The surface parking lot is leased on a month-by-month basis and the two garage leases expire in January 2029, all of which can be terminated by either party at any time with notice. The total lease income recognized by the University on these agreements for the years ended May 31, 2026 and 2025, was \$3,790 and \$3,664, respectively, and is recorded as return on investments in the consolidated statements of activities.

Lease income is recognized on a straight-line basis over the fixed noncancelable term of the agreement. Variable lease income is recognized as return on investments in the period in which changes in facts and circumstances occur.

Expenses incurred for the management and operation of the Seattle properties are recognized on an accrual basis and are recorded as a reduction in the return on investments in the consolidated statements of activities.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Included in long-term investments, measured at net asset value practical expedient, are commingled equity and debt funds and alternative investments as follows:

	<u>2026</u>	<u>2025</u>
Commingled equity and debt funds	<u>\$ 68,658</u>	<u>\$ 61,215</u>
Alternative investments		
Managed diversified global multi-asset fund	182,965	146,272
Private equity funds	35,380	25,366
Private credit funds	25,066	24,028
Real estate funds	5,565	5,323
Diversified fund of funds	<u>1,803</u>	<u>1,309</u>
	<u>250,779</u>	<u>202,298</u>
Total	<u><u>\$ 319,437</u></u>	<u><u>\$ 263,513</u></u>

Long-term investments are largely composed of donor-restricted, Board-designated funds, and without donor restriction co-investments directed by management. Long-term investments are managed within various investment portfolios. See Notes 7 and 8 for return objectives and risk parameters for such funds.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Note 7 – Endowment

The University's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the 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.

Endowment net asset composition by type of fund at May 31 is summarized as follows:

2026					
	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift	Accumulated Return on Investments, Net of Distributions	Foundation Board-Designated (1)	
Board-designated funds	\$ 102,488	\$ -	\$ -	\$ -	\$ 102,488
Donor-restricted funds	-	231,157	258,020	2,424	491,601
Total	<u>\$ 102,488</u>	<u>\$ 231,157</u>	<u>\$ 258,020</u>	<u>\$ 2,424</u>	<u>\$ 594,089</u>
2025					
	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift	Accumulated Return on Investments, Net of Distributions	Foundation Board-Designated (1)	
Board-designated funds	\$ 91,630	\$ -	\$ -	\$ -	\$ 91,630
Donor-restricted funds	-	221,504	195,841	2,070	419,415
Underwater funds	-	550	(13)	-	537
Total	<u>\$ 91,630</u>	<u>\$ 222,054</u>	<u>\$ 195,828</u>	<u>\$ 2,070</u>	<u>\$ 511,582</u>

(1) Amounts shown as Board-designated funds with donor restrictions are Foundation assets restricted for use by the Gonzaga Law School Foundation.

Interpretation of relevant law – Under the Washington Uniform Prudent Management of Institutional Funds Act (WUPMIFA), the Board has adopted as policy for donor-restricted endowment funds the requirement to preserve the original fair value of the initial gift and any subsequent gifts (as of the respective gift date), along with any accumulations to the permanent endowment made at the direction of the donor, absent explicit donor stipulations to the contrary. Together, these amounts become the perpetual value of the funds. Net endowment return on investments that have not been appropriated for expenditure are classified as net assets with donor restrictions for time and purpose.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

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

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

Return objectives and risk parameters – The University has adopted an investment and spending policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The University's goal for its endowment funds, over time, is to provide an average annualized return of approximately 5% in excess of the Higher Education Price Index (HEPI) over a market cycle of three to five years. To satisfy this goal, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University maintains a diversified asset allocation that places a greater emphasis on equity-based and alternative investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy – The University has a policy of appropriating for expenditure amounts from its pooled endowment fund each year based upon a hybrid rate that is the sum of two components:

- 70% based upon the HEPI applied to the prior year endowment spending amount.
- 30% based upon a rate of 4% to 5% of a three-year rolling average of the fund's total market value, measured quarterly.

Absent donor stipulations to the contrary, the University will not appropriate for expenditure from a permanent pooled endowment fund if such expenditure will result in the fair value of the fund falling below the original gift of the fund, measured as of June 30 of the fiscal year of appropriation.

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the University is required to retain as a fund of perpetual duration. Deficiencies of this nature reported in net assets with donor restrictions were \$0 and \$13 as of May 31, 2026 and 2025, respectively. In accordance with the University's spending policy, no appropriations are made from underwater endowment funds.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Changes in endowment net assets are summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, May 31, 2024	\$ 87,277	\$ 388,871	\$ 476,148
Return on investments, net	9,054	38,739	47,793
Contributions and other additions	-	8,095	8,095
Amount distributed for operating activities	(4,821)	(16,105)	(20,926)
Transfers	120	352	472
Net assets, May 31, 2025	91,630	419,952	511,582
Return on investments, net	15,611	83,680	99,291
Contributions and other additions	-	9,141	9,141
Amount distributed for operating activities	(4,953)	(17,646)	(22,599)
Transfers	200	(3,526)	(3,326)
Net assets, May 31, 2026	<u>\$ 102,488</u>	<u>\$ 491,601</u>	<u>\$ 594,089</u>

Note 8 – Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques utilized maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs are developed based on market data obtained from sources independent of the University. Unobservable inputs reflect the University's own assumptions about market inputs based on its own data.

Assets and liabilities are classified in one of three categories as follows:

Level 1 – Inputs consist of quoted market prices in active markets for identical assets or liabilities the University has the ability to access at the measurement date.

Level 2 – Inputs consist of valuations other than quoted prices included in Level 1 that are observable by the University for the related asset or liability.

Level 3 – Inputs consist of unobservable valuations related to the asset or liability.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

The University uses the following methods and significant assumptions to estimate fair value, by level:

Level 1 assets include:

Mutual funds, index funds, cash and cash equivalents, and publicly traded stocks valued using active market exchange values of identical assets at the last reported sales price. These investments can be traded daily with trades settling between one and three days.

Level 2 assets and liabilities include:

- Investments in U.S. government and agency obligations, certificates of deposit, corporate bonds, municipal bonds, and asset-backed bonds. These investments use other observable inputs to measure fair value such as dealer market prices for comparable assets based on interest rates, spreads, and trade activity in the market.
- Investments in privately held stock valued using the market approach using recent sales.
- Certain investments in real property assets are valued using market quotations or tax assessed values that approximate fair values.

Level 3 assets include:

- Privately held stock valued based on the net asset value of the investment that approximates market value.
- Direct real property investments are valued based on independent appraisals of two parking garages and one surface lot, a portion of which is subject to a ground lease. The primary unobservable input for each of the parking garages, valued using an income approach, is the income capitalization rate, which was 7.99% for one garage and 6.00% for the other garage. A decrease of 0.25% in the underlying income capitalization rates would increase the fair value of the two parking garages by approximately \$1,129. An increase of 0.25% in the underlying income capitalization rates would decrease the fair value of the two parking garages by approximately \$1,048. The primary unobservable inputs for the surface parking lot, using a market approach, are the parameters associated with its future development, including the number of apartment units to be constructed, total developed square footage, and estimations of the revenue per square foot derived from market comparisons. The sensitivity associated with changes in these inputs is not quantified.
- Beneficial interests in the future cash flows of split-interest agreements are valued under the income approach, calculated using a discounted cash flow analysis based on the expected annuity payments to be made over the remaining life of each respective beneficial interest, utilizing a risk-free rate adjusted for the inherent risk of the assets held and the risk of nonperformance. The primary unobservable inputs for beneficial interests in split-interest agreements are the applicable discount rates that range from 4.55% to 9.02%, and applicable life expectancies that range from 6 to 44 years. A decrease of 1.0% in each of the underlying discount rates would increase the fair value by approximately \$2,043. An increase of 1.0% in each of the underlying discount rates would decrease the fair value by approximately \$1,516. The sensitivity associated with changes in life expectancies is not quantified.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

The following tables present assets and liabilities that are measured and carried at fair value on a recurring basis:

	May 31, 2026			
	Level 1	Level 2	Level 3	Total
Short-term investments				
Certificate of deposit	\$ -	\$ 5,431	\$ -	\$ 5,431
U.S. government and agency obligations	-	4,199	-	4,199
Asset-backed bonds	-	7,357	-	7,357
Corporate bonds	-	26,803	-	26,803
Total short-term investments	-	43,790	-	43,790
Long-term investments				
Cash and cash equivalents	3,190	-	-	3,190
Equity securities				
Mutual funds and index funds				
Domestic	94,284	-	-	94,284
International	64,365	-	-	64,365
Global	9,325	-	-	9,325
Direct ownership - public				
Domestic	7,073	-	-	7,073
International	147	-	-	147
Fixed income securities				
Mutual funds and index funds				
Domestic	59,827	-	-	59,827
International	3,890	-	-	3,890
Direct real property investments	-	1,071	84,115	85,186
Assets held under split-interest agreements				
Cash and cash equivalents	1,482	-	-	1,482
Equity mutual funds	10,768	-	-	10,768
Equity-direct ownership	1,543	-	-	1,543
Fixed income mutual funds	3,449	-	-	3,449
Fixed income-direct ownership	-	973	-	973
Other	229	6	-	235
Total long-term investments in fair value hierarchy	259,572	2,050	84,115	345,737
Beneficial interest in split-interest agreements held by others	-	-	12,118	12,118
Total assets in fair value hierarchy	\$ 259,572	\$ 45,840	\$ 96,233	\$ 401,645
Long-term investments measured at NAV practical expedient				\$ 319,437

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

	May 31, 2025			Total
	Level 1	Level 2	Level 3	
Short-term investments				
Certificate of deposit	\$ -	\$ 5,182	\$ -	\$ 5,182
U.S. government and agency obligations	-	4,798	-	4,798
Corporate bonds	-	32,189	-	32,189
Total short-term investments	-	42,169	-	42,169
Long-term investments				
Cash and cash equivalents	2,433	-	-	2,433
Equity securities				
Mutual funds and index funds				
Domestic	81,602	-	-	81,602
International	51,495	-	-	51,495
Global	7,542	-	-	7,542
Direct ownership - public and privately held stock				
Domestic	5,515	-	-	5,515
International	85	-	-	85
Fixed income securities				
Mutual funds and index funds				
Domestic	55,192	-	-	55,192
International	3,512	-	-	3,512
Direct real property investments	-	1,073	80,689	81,762
Assets held under split-interest agreements				
Cash and cash equivalents	1,322	-	-	1,322
Equity mutual funds	7,949	-	-	7,949
Equity-direct ownership	2,713	-	-	2,713
Fixed income mutual funds	3,031	-	-	3,031
Fixed income-direct ownership	-	870	-	870
Other	242	6	-	248
Total long-term investments in fair value hierarchy	222,633	1,949	80,689	305,271
Beneficial interest in split-interest agreements held by others	-	-	10,733	10,733
Total assets in fair value hierarchy	\$ 222,633	\$ 44,118	\$ 91,422	\$ 358,173
Long-term investments measured at NAV practical expedient				\$ 263,513

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Following is a reconciliation of activity for the years ended May 31, 2025 and 2026, of assets classified as Level 3:

	Privately Held Stock	Direct Real Property Investments	Beneficial Interest in Split-Interest Agreements Held by Others	Total
Balance, May 31, 2024	\$ 843	\$ 77,145	\$ 13,381	\$ 91,369
Return on investments	(843)	7,691	(1,255)	5,593
Return of capital	-	(4,147)	(1,393)	(5,540)
Balance, May 31, 2025	-	80,689	10,733	91,422
Contributions	-	1,000	2,700	3,700
Return on investments	-	6,470	2,421	8,891
Return of capital	-	(4,044)	(3,736)	(7,780)
Balance, May 31, 2026	<u>\$ -</u>	<u>\$ 84,115</u>	<u>\$ 12,118</u>	<u>\$ 96,233</u>

Unrealized gains for investments classified as Level 3 were \$2,565 and \$3,249 for the years ended May 31, 2026 and 2025, respectively.

Redemption, funding commitments, restrictions, and other information associated with the nature and valuation of applicable investments are as follows:

	Fair Value at May 31, 2026	Unfunded Cash Commitments	Redemption Frequency (if Eligible)	Redemption Notice Period	Investment Strategies and Other Restrictions
Commingled equity and debt funds	<u>\$ 68,658</u>	<u>\$ -</u>	(a)	(a)	(a)
Alternative investments					
Managed diversified global multi-asset fund	182,965	-	(b)	(b)	(b)
Private equity funds	35,380	7,200	(c)	n/a	(c)
Private credit funds	25,066	13,148	(d)	n/a	(d)
Real estate fund	5,565	-	(e)	(e)	(e)
Diversified fund of funds	<u>1,803</u>	<u>39</u>	(f)	(f)	(f)
	<u>250,779</u>	<u>20,387</u>			
Total long-term investments measured at NAV practical expedient	<u>\$ 319,437</u>	<u>\$ 20,387</u>			

- a) Four of the five commingled equity and debt funds in this category can be redeemed monthly with notice (ranging from 15 days to 31 days), and a fifth fund can be redeemed on a quarterly basis, unless any withdrawal from the funds would have a materially adverse effect on the fund. The funds' investment objective is to achieve long-term capital appreciation by investing in a portfolio of primarily international market companies, global companies, and global credit opportunities.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

- b) The University may receive up to 5.5% of this capital account balance in the fund as an annual distribution. The election must be made in the second quarter of the calendar year preceding the calendar year to which the distribution applies, and amounts will be distributed within 90 days of the end of the calendar year, or within ten business days after the fund's audited financial statements for the year are completed.

For distributions in excess of the annual distribution, the University may request the withdrawal of all or a portion of its capital account, with a minimum withdrawal of at least \$5,000, on the last day of any calendar year by providing a withdrawal request at any time during the fourth quarter of the preceding calendar year. The amount requested to be withdrawn will be apportioned between the liquid portion and limited liquidity portion of the University's capital account, as determined based on the liquidity attributes of the underlying fund investments. As of May 31, 2026, the value of the liquid portion is \$9,101. The fund will make a distribution within 30 days after the effective withdrawal date in an amount not less than 90% of the liquid portion, with the remaining liquid portion amount paid subsequent to the fund's financial statement audit. For withdrawal amounts attributable to the limited liquidity portion, distributions will be made within 45 days after the realization or deemed realization of assets held in that account. Distributions may be made in cash, fund assets, or both. The fund general partner can also suspend the rights of the University and other limited partners to make withdrawals or receive distributions for all or part of any period of market disruption. The fund general partner may also limit withdrawals such that they do not exceed 15% of the liquid subaccount balance.

The fund's objective is to manage and grow long-term capital with equity-like annual returns of 10%–12% over time, with lower-than-average risk, with investments in private and public equity, real estate, fixed income, natural resources, and uncorrelated.

- c) This category includes nine private equity funds that invest in privately held entities with potential for significant growth in revenue and earnings, including one impact fund focused on investments that have a positive societal (i.e. social and/or environmental) impact, and one sustainable real assets fund. Each fund is nonredeemable and can be sold only on the secondary market as long as the respective fund general partner receives an opinion from counsel that such a transfer is not in violation of certain sanctions of the Securities Act, Investment Company Act, and/or federal tax laws. It is estimated that the underlying assets of the funds will be liquidated between 2026 and 2036.
- d) This category includes six private credit funds, including a mezzanine debt fund, three special opportunities funds, an upper-middle market direct lending fund, and a European direct fund. Each fund has the objective to invest in debt and debt-like preferred securities of companies, primarily to generate interest income, within the mandate of the respective fund. Each fund is nonredeemable and can be sold only on the secondary market as long as the respective fund general partner receives an opinion from counsel that such a transfer is not in violation of certain sanctions of the Securities Act, Investment Company Act, and/or federal tax laws. Distributions are received through the liquidation of the underlying assets of the funds. It is estimated the underlying assets of these funds will be liquidated between 2026 and 2029.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

- e) This category includes a real estate fund primarily invested in U.S. commercial and residential real estate with the objective to invest in real estate assets to generate capital appreciation and operating income. Investments in the fund can be redeemed with at least 90-day notice, as liquid assets in the fund permits.
- f) This category includes one private equity fund with underlying investments in direct private equity and private equity funds. The fund has the objective to generate capital appreciation at a rate in excess of that historically generated by investments in publicly traded equity securities. The funds can only be redeemed through the liquidation of underlying assets, and as underlying assets are liquidated, distributions are received. It is estimated that the underlying assets of the illiquid funds will be liquidated between 2026 and 2027.

Valuation of alternative investments – Alternative investments that are not readily marketable or redeemable are valued utilizing the most current information provided by the fund managers using the net asset value (NAV) per share of the respective fund as a practical expedient to estimate the fair value of the University's interest in the respective fund. The NAV is determined in accordance with a fund's policies as described in their respective financial statements and offering memoranda. The most recent NAV reported, which in most instances is as of March 31 of the respective fiscal year, is adjusted for any investment-related transactions such as capital calls or distributions and significant known valuation changes of its related portfolio through May 31 of the respective fiscal year. These investments are generally less liquid than other investments, and the value reported may differ from the values that would have been reported had a ready market for these investments existed.

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

Note 9 – Property, Plant, and Equipment, Net

Components of property, plant, and equipment, net, at May 31 are as follows:

	2026	2025
Land	\$ 13,897	\$ 13,283
Land improvements	10,325	9,171
Buildings	562,525	554,030
Equipment and furniture	56,661	52,743
Collection of artwork	6,166	5,916
Library books	6,071	6,027
Construction in progress	17,856	6,325
	673,501	647,495
Less accumulated depreciation	(263,131)	(245,008)
Total	<u>\$ 410,370</u>	<u>\$ 402,487</u>

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Construction in progress consisted of the following major projects during the years ended May 31, 2026 and 2025:

Project	Cost to Date May 31, 2025	Current Year Additions	Placed into Service	Cost to Date May 31, 2026
Manresa Hall renovations	\$ 1,539	\$ 1,044	\$ (2,583)	\$ -
Bollier labs	643	1,968	(2,611)	-
Residence Hall restroom replacements	-	4,254	-	4,254
HVAC replacements	303	6,198	(1,451)	5,050
CRM Project	1,793	954	-	2,747
Roof Renovations	-	1,806	-	1,806
All other projects	2,047	6,347	(4,395)	3,999
Total	<u>\$ 6,325</u>	<u>\$ 22,571</u>	<u>\$ (11,040)</u>	<u>\$ 17,856</u>

Project	Cost to Date May 31, 2024	Current Year Additions	Placed into Service	Cost to Date May 31, 2025
Manresa Hall renovations	\$ 76	\$ 1,463	\$ -	\$ 1,539
Mantua Hall	11,008	4,222	(15,230)	-
CRM Project	1,126	667	-	1,793
All other projects	4,591	3,856	(5,454)	2,993
Total	<u>\$ 16,801</u>	<u>\$ 10,208</u>	<u>\$ (20,684)</u>	<u>\$ 6,325</u>

Note 10 – Lines of Credit

The University has committed lines of credit with separate banks. Any outstanding balance is due on or before the termination of these agreements. The lines of credit consist of the following:

Line of Credit	Total Available Credit	Rate	Term	Security	Balance at May 31, 2026	Balance at May 31, 2025
Revolving operating	\$ 15,000	Prime minus a margin based on the University's credit rating (2.00%); floor of 0.50%; 4.75% as of May 31, 2026, subject to an unused fee of 0.10%	2/28/2028	Parity lien on gross revenue without donor restriction, as defined in the loan agreement	\$ -	\$ -
Revolving operating	10,000	30 day average secured overnight financing rate plus 1.85%, floor of 4.00%; 5.44% as of May 31, 2026	12/1/2026	Parity lien on gross revenue without donor restriction, as defined in the loan agreement	-	-

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Note 11 – Deferred Revenues and Refundable Advances

Deferred revenues and refundable advances consisted of the following:

	Balance at May 31, 2025	Revenue Recognized	Cash Received in Advance of Performance	Balance at May 31, 2026
Tuition	\$ 12,456	\$ 12,456	\$ 11,574	\$ 11,574
Refundable advances	4,746	4,223	6,681	7,204
Total	<u>\$ 17,202</u>	<u>\$ 16,679</u>	<u>\$ 18,255</u>	<u>\$ 18,778</u>

	Balance at May 31, 2024	Revenue Recognized	Cash Received in Advance of Performance	Balance at May 31, 2025
Tuition	\$ 12,998	\$ 12,998	\$ 12,456	\$ 12,456
Refundable advances	6,209	1,463	-	4,746
Total	<u>\$ 19,207</u>	<u>\$ 14,461</u>	<u>\$ 12,456</u>	<u>\$ 17,202</u>

Deferred tuition represents a contract liability for student tuition, fees, room, and board received in advance of the period of instruction. These amounts are recognized as revenue as the University satisfies its performance obligations by providing the related instruction, housing, and dining services, generally in the following fiscal year.

Refundable advances consist of vendor incentive payments. The balance of refundable advances will be recognized as a reduction of operating expenses or as revenue from other sources during the terms of the agreements that expire through August 2032.

Note 12 – Leases

The University is the lessee in three operating leases. One lease expires in 2031 and is for the rental of land occupied by an apartment building constructed by the University. The other two operating leases are for the rental of space and tenant improvements in a facility constructed by a third-party developer adjacent to the University's Spokane campus. This facility is the home of the Spokane operations of the University of Washington School of Medicine and the University's School of Health Sciences. Provided certain conditions are met, the University has the right of opportunity to purchase the building, if at any time during the lease term and extension periods, the landlord intends to offer the building for sale to third-parties or accepts an offer of a third-party to purchase the building. The initial leases expire in 2034 and 2040 with five extension options to extend the term for a period of five years per option period. The University is not reasonably certain to exercise the options to extend; therefore, the options are not included in the lease liability.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

As of May 31, 2026 and 2025, the University recognized an operating lease liability of \$18,514 and \$16,201, respectively, with a corresponding right-of-use asset of \$17,749 and \$15,591, respectively, based on the present value of the minimum rental payments. Cash payments for amounts included in the measurement of lease liabilities were \$1,840 and \$1,880 for the years ended May 31, 2026 and 2025, respectively, and are reflected within cash flows from operating activities on the consolidated statement of cash flows. The weighted average discount rate is 3.86% and 3.62% as of May 31, 2026 and 2025, respectively and the weighted average remaining lease term is 9.1 years and 8.9 years as of May 31, 2026 and 2025, respectively.

The University is the lessee in nine finance leases. One lease is for the rental of an apartment complex that expires in 2093. The other eight finance leases are for the rental of equipment that expire in various years through 2030.

As of May 31, 2026 and 2025, the University recognized a finance lease liability of \$2,662 and \$2,902, respectively, with a corresponding right-of-use asset of \$2,513 and \$2,783, respectively, based on the present value of the minimum rental payments. Cash payments for amounts included in the measurement of lease liabilities were \$964 and \$1,043 for the years ended May 31, 2026 and 2025, respectively, and are reflected within cash flows from operating activities of \$102 and \$110, respectively, and cash flows from financing activities of \$861 and \$933, respectively, on the consolidated statement of cash flows. The weighted average discount rate is 3.60% and 3.61% as of May 31, 2026 and 2025, respectively and the weighted average remaining lease term is 12.2 years as of May 31, 2026 and 2025.

Lease costs recognized in the consolidated statements of activities as of May 31 are as follows:

	2026	2025
Finance lease cost		
Amortization of right-of-use asset	\$ 891	\$ 962
Interest on lease liabilities	102	110
Operating lease cost	1,995	2,049
Variable lease cost	-	21
Short-term lease cost	107	68
Total lease cost	\$ 3,095	\$ 3,210

Future minimum lease payments are as follows:

	Finance	Operating
<u>Years Ending May 31,</u>		
2027	\$ 881	\$ 1,885
2028	881	1,962
2029	660	2,351
2030	76	2,410
2031	30	2,470
Thereafter	1,868	11,552
Total minimum lease payments	4,396	22,630
Amounts representing interest	(1,734)	(4,116)
Present value of net minimum lease payments	\$ 2,662	\$ 18,514

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Note 13 – Bonds Payable

Bonds payable consisted of the following as of May 31:

	2026	2025
Taxable bonds		
Series 2019 B	\$ 12,160	\$ 13,680
Series 2016 A	105,180	108,275
Series 2013 B	8,000	20,000
Tax exempt bonds		
Series 2026	41,090	-
Series 2023	32,030	32,030
Series 2022	9,475	9,475
Series 2019 A	44,685	44,685
	252,620	228,145
Unamortized net premium	6,275	825
Unamortized debt issuance costs	(2,365)	(1,861)
Total	<u>\$ 256,530</u>	<u>\$ 227,109</u>

The Series 2019 B taxable bonds, issued through Washington Higher Education Facilities Authority (WHEFA), have an original issuance of \$30,315 and were issued in conjunction with the Series 2019 A bonds. Interest rates are fixed and range from 1.896% to 2.889%. Principal payments began in 2020 with final maturity in 2034 and the bonds have an optional make-whole call.

The Series 2016 A taxable bonds have an original issuance of \$108,275. The interest rate is fixed at 4.158%. Principal payments begin in 2044 with final maturity in 2046 and the bonds have an optional make-whole call. Proceeds from the Series 2026 bonds were used to redeem \$3,095 of the Series 2016 A bonds.

The Series 2013 B taxable bonds, issued through WHEFA, have an original issuance of \$20,000. The interest rate is fixed at 6.00%. Principal payments begin in 2039 with final maturity in 2040 and the bonds have an optional make-whole call. Proceeds from the Series 2026 bonds were used to redeem \$12,000 of the Series 2013 B bonds.

The Series 2026 tax-exempt bonds, issued through WHEFA, have an original issuance of \$41,090. The interest rate is fixed at 5.00%. Principal payments begin in 2031 with final maturity in 2040 and the bonds have a par call in 2036. Proceeds from the Series 2026 bonds were used to provide project funds and to redeem a portion of the Series 2016 A and 2013 B taxable bonds.

The Series 2023 tax-exempt bonds, issued through WHEFA, have an original issuance of \$32,030. The interest rate is fixed at 4.00%. Principal payments begin in 2041 with final maturity in 2043 and the bonds have a par call in 2033.

The Series 2022 tax-exempt bonds, issued through WHEFA, have an original issuance of \$9,475. The interest rate is fixed at 4.00%. The principal amount is due in 2047 and the bonds are callable at par in fiscal year 2032.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

The Series 2019 A tax-exempt bonds, issued through WHEFA, have an original issuance of \$44,685 and were issued in conjunction with the Series 2019 B bonds. The interest rate is fixed at 3.00%. The principal amount is due in 2049 and the bonds are callable at par in fiscal year 2030.

The taxable bonds and tax-exempt bonds are secured on a parity basis by a pledge of, and lien on, all gross revenues without donor restrictions, as defined in the loan agreement.

Scheduled principal payments on bonds payable are as follows:

<u>Years Ending May 31,</u>	<u>Principal</u>
2027	\$ 1,520
2028	1,520
2029	1,520
2030	1,520
2031	2,520
Thereafter	<u>244,020</u>
	252,620
Unamortized net premium	6,275
Unamortized debt issuance costs	<u>(2,365)</u>
Total	<u><u>\$ 256,530</u></u>

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Note 14 – Net Assets

The University's net assets were available for the following purposes at May 31:

	2026	2025
Without donor restrictions		
Available for operations	\$ 75,922	\$ 95,851
Property, plant, and equipment	169,037	167,894
Board-designated quasi-endowment for financial aid	50,347	43,856
Board-designated quasi-endowment for general support	35,937	33,866
Board-designated quasi-endowment for program support	16,204	13,908
Board-designated for investment in property, plant, and equipment	145	145
Total without donor restrictions	<u>\$ 347,592</u>	<u>\$ 355,520</u>
With donor restrictions for time or purpose		
Unappropriated donor-restricted endowment earnings	\$ 258,020	\$ 195,828
Program support	77,620	52,511
Financial aid	12,349	10,184
Property, plant, and equipment	9,058	7,770
Life income funds	2,909	2,135
Board-designated quasi-endowment for Foundation	2,424	2,070
Annuities	1,218	961
Academic chairs	1,008	1,695
Student loan program	12	12
Total with donor restrictions for time or purpose	<u>\$ 364,618</u>	<u>\$ 273,166</u>
With donor restrictions in perpetuity		
Financial aid	\$ 163,257	\$ 156,741
Program support	32,491	29,777
Academic chairs	21,530	21,447
Split-interest agreements	10,702	10,945
Student loan program	3,177	3,144
Total with donor restrictions in perpetuity	<u>\$ 231,157</u>	<u>\$ 222,054</u>

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Note 15 – Financial Assets and Liquidity Resources

The following table reflects the University's financial assets, reduced by amounts not available for general expenditures within one year. Financial assets are unavailable when illiquid or not convertible to cash within one year. Other considerations of non-liquid assets are perpetual endowments and accumulated earnings net of appropriations within one year, amounts restricted by donors for nonoperating activities, amounts limited by the University's Board of Trustees, student loans receivable, deposits with bond trustees, and assets held by others. The University considers investment income without donor restrictions, appropriated earnings from donor-restricted and Board-designated endowments, contributions without donor restrictions, and contributions with donor restrictions for current operating activities to be available to meet cash needs for general expenditures. The University considers all expenditures related to its operating activities that are incurred in the course of the normal business operations of the University to be general expenditures.

	2026	2025
Financial assets		
Cash and cash equivalents	\$ 60,462	\$ 70,971
Short-term investments	43,790	42,169
Accounts and interest receivable, net	14,022	13,072
Contributions receivable, net	60,332	47,487
Student loans receivable, net	6,175	6,280
Deposits with bond trustees	25,396	3
Long-term investments	665,174	568,784
Beneficial interest in split-interest agreements held by others	12,118	10,733
	<u>887,469</u>	<u>759,499</u>
Financial assets at May 31		
Less financial assets unavailable for general expenditure within one year		
Accounts receivable beyond one year	1,211	1,043
Contributions receivable collectible beyond one year	33,771	25,327
Student loan receivable restricted for financial aid purposes	6,175	6,280
Deposits with bond trustees restricted for construction or debt service	25,396	3
Other assets with donor, contractual, or board restrictions for construction	4,603	3,652
Endowment assets, net of appropriation for next fiscal year	556,224	483,858
Long-term investments held in custody for others	29,962	23,559
Non-endowment investments beyond one year	9,566	8,971
Assets held by others	12,118	10,733
	<u>679,026</u>	<u>563,426</u>
Financial assets unavailable for general expenditure within one year		
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 208,443</u>	<u>\$ 196,073</u>

The University's practice is to structure its financial assets to be available as its general expenses, liabilities, and obligations come due. In addition to financial assets available to meet general expenditures over the next year, the University's goal is to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Cash in excess of daily requirements is typically invested in short-term, liquid securities. The University also has \$25,000 in committed lines of credit. The outstanding advances against the lines of credit for the years ended May 31, 2026 and 2025, were \$0 for both years. Included in endowment assets, net of appropriation for next fiscal year, the University has \$102,488 and \$91,630 in Board-designated endowment as of May 31, 2026 and 2025, respectively. These funds remain available and may be spent at the discretion of the Board. The University maintains sufficient liquidity within the endowment to cover Board-designated amounts, funding commitments, and appropriations for spending distributions. Outstanding funding commitments are \$20,387 and may be called by the investment manager at any time (see Note 8).

Note 16 – Expenses by Natural and Functional Classification

Expenses by natural and functional classification for the year ended May 31, 2026, were as follows:

	Program Activities		Supporting Activities			
	Academic Instruction & Support	Student Services & Auxiliaries	Administrative Support	Fundraising	Facilities Operation & Maintenance	Total Expense
Salaries, wages, and benefits	\$ 101,782	\$ 45,567	\$ 26,923	\$ 4,232	\$ 11,577	\$ 190,081
Voluntary separation agreements ^[1]	2,338	384	1,376	5	260	4,363
Professional fees and contracted services	13,201	22,536	3,070	358	770	39,935
Occupancy, utilities, and maintenance	7,241	4,385	3,697	176	8,906	24,405
Depreciation and amortization	7,739	9,730	1,984	9	233	19,695
Meetings, travel, and memberships	4,439	9,018	1,972	670	36	16,135
Materials, supplies, printing, and postage	5,165	2,432	958	334	2,197	11,086
Interest	2,661	5,470	874	-	140	9,145
Other expenses	774	3,026	1,264	590	12	5,666
	145,340	102,548	42,118	6,374	24,131	320,511
Facilities operation and maintenance	9,570	11,935	2,311	315	(24,131)	-
Total operating expenses	<u>\$ 154,910</u>	<u>\$ 114,483</u>	<u>\$ 44,429</u>	<u>\$ 6,689</u>	<u>\$ -</u>	<u>\$ 320,511</u>

[1] - The University offered a voluntary separation program to selected faculty and staff based on years of service and age criteria resulting in additional salaries, wages, and benefits expense.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Expenses by natural and functional classification for the year ended May 31, 2025, were as follows:

	Program Activities		Supporting Activities			
	Academic Instruction & Support	Student Services & Auxiliaries	Administrative Support	Fundraising	Facilities Operation & Maintenance	Total Expense
Salaries, wages, and benefits	\$ 102,601	\$ 45,822	\$ 25,087	\$ 3,670	\$ 11,232	\$ 188,412
Professional fees and contracted services	13,276	15,183	2,541	228	455	31,683
Occupancy, utilities, and maintenance	6,787	3,955	3,591	196	9,123	23,652
Depreciation and amortization	7,572	9,571	1,992	11	284	19,430
Meetings, travel, and memberships	3,761	9,480	2,098	584	35	15,958
Materials, supplies, printing, and postage	5,266	2,357	1,257	394	2,520	11,794
Interest	2,526	5,324	860	-	138	8,848
Other expenses	882	3,778	1,139	552	32	6,383
	142,671	95,470	38,565	5,635	23,819	306,160
Facilities operation and maintenance	9,399	11,764	2,352	304	(23,819)	-
Total operating expenses	<u>\$ 152,070</u>	<u>\$ 107,234</u>	<u>\$ 40,917</u>	<u>\$ 5,939</u>	<u>\$ -</u>	<u>\$ 306,160</u>

Note 17 – Retirement Plans

Retirement benefits are provided to all employees (excluding students) working a minimum of 1,000 hours per year under a 403(b) defined-contribution plan (Plan). Beginning the first day of the month following one year of service, eligible employees are required to contribute 5% of their salary and the University contributes 8.5%. All contributions vest immediately and are subject to annual IRS limitations. The Plan is administered by TIAA and offers a variety of investment options from TIAA and other funds. The University's expense for the Plan was \$9,721 and \$9,486 for the years ended May 31, 2026 and 2025, respectively.

The University maintains two 457(b) supplemental deferred compensation plans funded by highly compensated employee pre-tax dollar contributions. The original plan was frozen to new participants on December 31, 2016. The second plan commenced on January 1, 2017. Voluntary employee contributions and accumulated earnings to the 457(b) plans of \$5,951 and \$5,437 as of May 31, 2026 and 2025, respectively, are included in long-term investments and accrued benefits payable. By IRS regulations, these funds are considered to be assets of the University until distributed to participants.

Note 18 – Commitments and Contingencies

Commitments – The University has obtained or has plans to obtain the necessary funding for the acquisition, construction, renovation, and furnishing of certain facilities that will be capitalized in the applicable capital asset categories upon completion. Management estimates that the University has sufficient resources available and/or future resources identified to satisfactorily complete the construction of such projects, which are expected to be completed in varying phases over the next one or two years, at an estimated unexpended cost of \$15,778. Of the unexpended balance, the University has remaining commitment balances of \$15,778 with certain engineering firms, construction contractors, and vendors related to these projects. Retainages payable on these capitalized projects as of May 31, 2026, was \$0.

Gonzaga University
Notes to Consolidated Financial Statements
(In thousands)

Gonzaga University has an agreement with the University of Washington, an institution of higher education and an agency of the state of Washington, School of Medicine to provide faculty, student support services, and facilities for the University of Washington School of Medicine – Gonzaga University Health Partnership. The program expands the University of Washington's Washington, Wyoming, Alaska, Montana, and Idaho medical education program in Spokane, with an emphasis in meeting the needs of rural and medically underserved communities in eastern Washington. The agreement is effective until June 30, 2034, with automatic renewals for two-year terms thereafter, unless the parties terminate the agreement via written mutual agreement or written notice of termination, by either party, 24 months in advance.

Contingencies – From time to time, the University is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the results of these matters will not have a significant impact on the consolidated financial statements.

The University receives and expends monies under federal grant programs and is subject to audits by governmental agencies. The University believes that any liabilities resulting from such audits would not have a material impact on the consolidated financial statements of the University.

The University's grant funding is subject to various risks, including changes in government policy and executive orders issued by federal, state, or local authorities. These policies and executive orders may result in additional modifications, delays, or cancellations of grant funding programs that could adversely impact the University's ability to fulfill its commitments under existing grants. Additionally, the regulatory environment surrounding intercollegiate athletics, with respect to student-athlete compensation for Name, Image, and Likeness (NIL) rights continues to evolve. Recent federal actions, related regulatory initiatives, and legal proceedings may change the University's responsibilities, risk, or funding associated with NIL activities. The University continues to monitor developments in NIL regulations and has implemented policies and procedures to mitigate these risks.

The University has assessed these risks and believes that any potential impact from such executive orders and policies related to grants and NIL is uncertain. The ultimate effect on the University's financial position and results of operations will depend on future governmental actions and the timing of their implementation. The University will continue to monitor developments related to these executive orders and policy changes and will take appropriate actions as necessary.

Note 19 – Related-Parties

Unsecured contributions receivable and contributions revenue includes amounts from the Board of Trustees as listed below at May 31:

	<u>2026</u>	<u>2025</u>
Contributions receivable	\$ 34,844	\$ 22,446
Contributions revenue	15,904	3,480

Mission Statement

Gonzaga University is an exemplary learning community that educates students for lives of leadership and service for the common good.

In keeping with its Catholic, Jesuit, and humanistic heritage and identity, Gonzaga models and expects excellence in academic and professional pursuits and intentionally develops the whole person -- intellectually, spiritually, culturally, physically, and emotionally.

Through engagement with knowledge, wisdom, and questions informed by classical and contemporary perspectives, Gonzaga cultivates in its students the capacities and dispositions for reflective and critical thought, lifelong learning, spiritual growth, ethical discernment, creativity, and innovation.

The Gonzaga experience fosters a mature commitment to dignity of the human person, social justice, diversity, intercultural competence, global engagement, solidarity with the poor and vulnerable, and care for the planet. Grateful to God, the Gonzaga community carries out this mission with responsible stewardship of our physical, financial, and human resources.

Vision Statement

Gonzaga is a premier liberal arts-based University recognized nationally for providing an exemplary Jesuit education that empowers its graduates to lead, shape, and serve their chosen fields and the communities to which they belong.



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