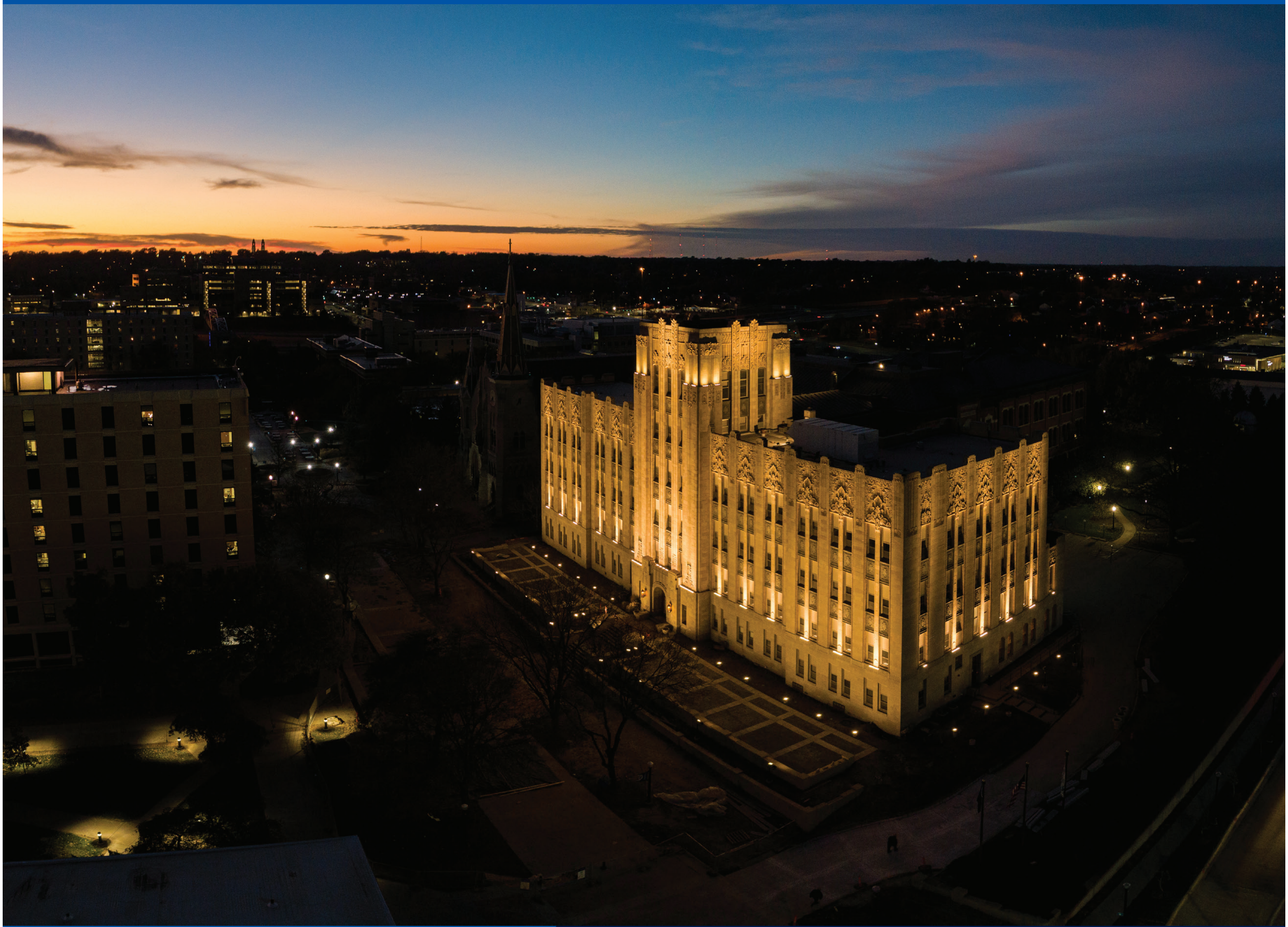

Financial Report 2022

JUNE 30, 2022

Creighton
UNIVERSITY

CREIGHTON UNIVERSITY

Consolidated Financial Statements

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

CREIGHTON UNIVERSITY

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KPMG LLP
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Independent Auditors' Report

The Board of Trustees
Creighton University:

Opinion

We have audited the consolidated financial statements of Creighton University, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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 financial position of Creighton University as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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.

KPMG

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 Creighton 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 Creighton 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.

KPMG LLP

Omaha, Nebraska
October 27, 2022

CREIGHTON UNIVERSITY

Consolidated Statements of Financial Position

June 30, 2022 and 2021

(All amounts in thousands)

Assets		2022	2021
Cash and cash equivalents	$	61,752	54,306
Restricted cash and cash equivalents		40,292	12,869
Accounts receivable, net		30,811	36,050
Contributions receivable, net		17,171	14,914
Student loans receivable, net of reserve for doubtful accounts of $665 and $1,103 in 2022 and 2021, respectively		22,922	24,036
Notes receivable, net		13,633	13,957
Prepaid expenses, inventories, and other assets		20,458	15,967
Investments		958,038	1,010,827
Land, buildings, and equipment, net		594,533	574,071
Total assets	$	1,759,610	1,756,997
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	65,467	58,740
Deferred and unearned income		22,050	31,118
Other liabilities		35,846	34,559
Interest rate swap liability		12,642	24,606
Refundable government student loan funds		18,196	18,833
Bonds and notes payable		298,561	260,375
Total liabilities		452,762	428,231
Commitments and contingencies			
Net assets:			
Without donor restrictions		786,101	793,517
With donor restrictions:			
Time or purpose		219,802	260,878
Perpetual		300,945	274,371
Total net assets		1,306,848	1,328,766
Total liabilities and net assets	$	1,759,610	1,756,997

See accompanying notes to consolidated financial statements.

CREIGHTON UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2022

(All amounts in thousands)

		Without donor restrictions	With donor restrictions	Total
Net operating revenue:				
Tuition and fees	$	267,243	—	267,243
Educational support contract revenue		38,528	—	38,528
Healthcare services revenue		14,008	—	14,008
Grants and contracts		36,323	—	36,323
Contributions		11,768	—	11,768
Investment income appropriated for operations		21,262	—	21,262
Auxiliary enterprises		48,804	—	48,804
Other revenue		13,091	—	13,091
Capital gifts appropriated for operations		7,007	—	7,007
Net assets released from restrictions		5,809	—	5,809
Total net operating revenue		463,843	—	463,843
Operating expenses:				
Salaries, wages, and benefits		272,516	—	272,516
Contracted services		43,922	—	43,922
Supplies and materials		22,389	—	22,389
Depreciation		40,593	—	40,593
Interest		9,326	—	9,326
Utilities and communications		11,507	—	11,507
Other operating		46,463	—	46,463
Total operating expenses		446,716	—	446,716
Increase in net assets from operating activities		17,127	—	17,127
Nonoperating changes in net assets:				
Investment return under amounts appropriated for operations		(67,275)	(34,365)	(101,640)
Equity losses in minority-owned affiliates		(5)	—	(5)
Loss on extinguishment of debt		(1,531)	—	(1,531)
Change in fair value of interest rate swaps		11,964	—	11,964
Contributions for nonoperating purposes		45	65,292	65,337
Other changes in net assets		—	(354)	(354)
Capital gifts appropriated to operations		(7,007)	—	(7,007)
Net assets released from restrictions		39,266	(45,075)	(5,809)
Net nonoperating changes in net assets		(24,543)	(14,502)	(39,045)
Decrease in net assets		(7,416)	(14,502)	(21,918)
Net assets, beginning of year		793,517	535,249	1,328,766
Net assets, end of year	$	786,101	520,747	1,306,848

See accompanying notes to consolidated financial statements.

CREIGHTON UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2021

(All amounts in thousands)

		Without donor restrictions	With donor restrictions	Total
Net operating revenue:				
Tuition and fees	$	263,592	—	263,592
Educational support contract revenue		40,432	—	40,432
Healthcare services revenue		12,820	—	12,820
Grants and contracts		26,171	—	26,171
Contributions		16,394	—	16,394
Investment income appropriated for operations		20,076	—	20,076
Auxiliary enterprises		33,512	—	33,512
Other revenue		11,517	—	11,517
Capital gifts appropriated for operations		6,128	—	6,128
Net assets released from restrictions		2,476	—	2,476
Total net operating revenue		433,118	—	433,118
Operating expenses:				
Salaries, wages, and benefits		255,604	—	255,604
Contracted services		37,847	—	37,847
Supplies and materials		22,004	—	22,004
Depreciation		39,719	—	39,719
Interest		9,097	—	9,097
Utilities and communications		10,307	—	10,307
Other operating		30,488	—	30,488
Total operating expenses		405,066	—	405,066
Increase in net assets from operating activities		28,052	—	28,052
Nonoperating changes in net assets:				
Investment return over amounts appropriated for operations		94,171	97,286	191,457
Equity earnings in minority-owned affiliates		1	—	1
Change in fair value of interest rate swaps		7,843	—	7,843
Contributions for nonoperating purposes		634	83,841	84,475
Other changes in net assets		22	(1,284)	(1,262)
Capital gifts appropriated to operations		(6,128)	—	(6,128)
Net assets released from restrictions		20,105	(22,581)	(2,476)
Net nonoperating changes in net assets		116,648	157,262	273,910
Increase in net assets		144,700	157,262	301,962
Net assets, beginning of year		648,817	377,987	1,026,804
Net assets, end of year	$	793,517	535,249	1,328,766

See accompanying notes to consolidated financial statements.

CREIGHTON UNIVERSITY

Consolidated Statements of Cash Flows

Years ended June 30, 2022 and 2021

(All amounts in thousands)

		2022	2021
Cash flows from operating activities:			
(Decrease) increase in net assets	$	(21,918)	301,962
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:			
Equity losses (earnings) in minority-owned affiliates		5	(1)
Receipt of contributed securities		(4,731)	(30,198)
Proceeds from sale of contributed securities without donor restrictions		3,110	2,749
Depreciation, amortization, and accretion		40,476	39,370
Loss from sale of land, buildings, and equipment, net		194	248
Actuarial loss on annuities payable		594	912
Actuarial adjustment on contributions receivable		(124)	135
Cash contributions for nonoperating purposes		(58,472)	(43,209)
Change in fair value of interest rate swap agreements		(11,964)	(7,843)
Net realized and unrealized losses (gains) on investments		88,879	(208,106)
Loss on extinguishment of debt		1,531	—
Changes in operating assets and liabilities:			
Accounts receivable		5,239	(14,833)
Notes receivable		324	458
Contributions receivable		(2,133)	(11,067)
Prepaid expenses, inventories, and other assets		(4,491)	1,725
Accounts payable and accrued expenses		8,086	6,939
Deferred and unearned income		(9,068)	7,766
Other liabilities		1,706	6,098
Net cash provided by operating activities		37,243	53,105
Cash flows from investing activities:			
Repayments on student loans		5,182	5,312
Student loans issued		(4,068)	(4,033)
Proceeds from the sales of investments		351,123	214,909
Purchases of investments		(387,535)	(276,067)
Purchases of land, buildings, and equipment, net		(62,609)	(83,183)
Net cash used in investing activities		(97,907)	(143,062)
Cash flows from financing activities:			
Cash contributions for nonoperating purposes		58,472	43,209
Proceeds from sale of contributed securities with donor restrictions		1,621	27,449
Proceeds from the issuance of long-term debt		141,940	—
Payments on long-term debt		(105,120)	(5,180)
Decrease in federal student loan funds		(637)	(2,673)
Net payments on annuity agreements		(743)	(911)
Net cash provided by financing activities		95,533	61,894
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents		34,869	(28,063)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year		67,175	95,238
Cash, cash equivalents, and restricted cash and cash equivalents, end of year	$	102,044	67,175
Supplemental cash flow data:			
Cash paid for interest	$	10,080	10,508
Capital assets acquired through accounts payable		10,023	1,580
Contributed securities		4,731	30,198

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Nature of Operations

Creighton University (Creighton or the University) is a private, Catholic, Jesuit, comprehensive university located primarily in Omaha, Nebraska and Phoenix, Arizona. Creighton offers degree programs through four colleges, four professional schools, and a graduate school. Creighton's students come from nearly every state in the country, as well as from numerous foreign countries, with the majority of students coming from the Midwestern region of the United States.

Sources of operating revenue to Creighton predominantly consist of student tuition and fees, and also include charges for educational support, healthcare services, grants and contracts, contributions, investment earnings, auxiliary services, and others.

(b) Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and include the accounts of Creighton University, Creighton Soccer Stadium, Inc. (CSSI), a wholly owned for-profit subsidiary, and Creighton Dental QALICB, Inc. (Creighton Dental), a nonprofit subsidiary. Creighton University, CSSI, and Creighton Dental are together referred to as the University. All material transactions between the parent, CSSI, and Creighton Dental have been eliminated in consolidation.

Resources are reported in two separate categories of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into categories as follows:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.
- Net assets with donor restrictions – Net assets whose use by the University is subject to donor-imposed stipulations as follows:
  - Net assets with donor restrictions (time or purpose) – Net assets whose use by the University is subject to donor-imposed stipulations that will be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.
  - Net assets with donor restrictions (perpetual) – Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on these assets for purposes consistent with the donor's intent. Such assets primarily include the University's permanent endowment funds and irrevocable trusts held by others.

Expenses are generally reported as decreases in net assets without donor restrictions.

Net assets with donor restrictions (time or purpose) for which donor-imposed restrictions are met in subsequent reporting periods are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Net assets released from restrictions also include net assets without donor restrictions or net assets with donor restrictions for which donors have added, changed, or removed restrictions on contributions. Net assets without donor-imposed restrictions, as well as contributions for which donors have stipulated restrictions that are met within the same reporting period, are reported as support without donor restrictions.

A promise to give is conditional based on whether the agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. Conditional promises to give are not recorded until one or more barriers are overcome for the recipient to be entitled to the assets transferred. Unconditional promises to give are recorded as receivables and revenue at fair value in the period the promise is made. Unconditional promises to give with payments due in future periods are reported as support with donor restrictions. Amounts due more than one year from the consolidated statement of financial position date are recorded at the net realizable discounted cash flow, while amounts due in one year or less are recorded at undiscounted net realizable value. Intentions to give that clearly and explicitly allow resource providers to rescind their indications are not considered promises to give and therefore are not recorded in the consolidated financial statements.

Gifts of land, building, equipment, or other assets are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as support with donor restrictions. The University reports expirations of donor restrictions on long-lived assets as the assets are placed in service. Gifts of land, building, equipment, or other assets are recorded at fair value.

(c) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

(d) Measure of Operations

The increase or decrease in net assets without donor restrictions from operating activities reflected on the accompanying consolidated financial statements includes primarily activities closely related to the educational, healthcare, research, auxiliary, and administrative functions of the University. Amounts not included in the measure of operations consist of contributions for nonoperating or long-term purposes, equity earnings/losses in minority-owned affiliates, losses on extinguishment of debt, investment income on endowments in excess of the established spending policy, certain amounts released from restrictions, the change in the fair value of interest rate swaps, and other changes in net assets that are nonrecurring. Operating results also include a reclassification associated with the amortization of capital gifts placed in service, as described in note 1(e).

(All amounts in thousands)

(e) Capital Gifts to Acquire or Construct Long-Lived Assets

Capital gifts to acquire or construct a long-lived asset are recorded as a donor restricted gift until the related asset is placed in service, at which time the capital gift is released from net assets with donor restrictions to net assets without donor restrictions within the nonoperating section and subsequently amortized into operations over the estimated useful life of the acquired or constructed asset. This amortization, which amounted to $7,007 and $6,128 for the years ended June 30, 2022 and 2021, respectively, is recorded as a reclassification between the nonoperating and operating sections of the change in net assets without donor restrictions in the consolidated statements of activities under capital gifts appropriated to and for operations.

(f) Tuition and Fees

Tuition and fees represent charges for educational programs and services. Tuition discounts and scholarship allowances represent a reduction of the tuition transaction price. Advance payments for tuition, room, and board related to the next semester have been deferred and will be reported as revenue in the year in which the services are rendered.

Deferred tuition revenue is fully recognized in the following fiscal year and amounted to $7,102 and $8,865 as of June 30, 2022 and 2021, respectively, and is recognized in deferred and unearned income in the consolidated statements of financial position.

The University bills tuition and fees in advance for each academic term. Tuition and fees revenue is recognized ratably over time as the services are provided over the academic year, which generally aligns with the University's fiscal year.

The composition of student tuition and fees revenue was as follows for the years ended June 30, 2022 and 2021:

		2022	2021
Undergraduate	$	189,844	184,031
Graduate/professional		167,803	161,071
Other tuition and fees		32,980	30,835
Tuition and fees at standard rates		390,627	375,937
Less:			
Tuition discount and scholarship allowances		(123,384)	(112,345)
Tuition and fees	$	267,243	263,592

(g) Healthcare Services

Healthcare services revenue represents patient charges for services provided through the University's health sciences clinical operations, including the schools of Medicine, Dentistry, and Pharmacy and Health Professions. Payments for patient charges are generally received through medical insurance arrangements (including Medicare and Medicaid) and payments from patients. Clinical operations

(Continued)

revenue reflects the consideration the University expects to be entitled in exchange for providing services. Generally, revenue is recognized over time as patients receive services. The University measures the performance obligation from the commencement of the services to the point when it is no longer required to provide services to the patient. The University bills the patients and third-party payers after the services are performed.

Revenue for healthcare services provided to regional medical organizations is based upon the corresponding operating agreements and the amount the University expects to be entitled in exchange for services provided.

(h) Educational Support

Educational support contract revenue represents contract payments received for services and programs, which support the University's educational mission, and is recorded at the amount the University expects to be entitled in exchange for services provided. These primarily include payments from health systems for the services of medical residents, physicians, and other medical staff from the University's Health Sciences schools. Educational support is billed on a monthly basis under terms of the specific contract. Educational support is recognized over time based on costs incurred for services provided.

Creighton health sciences programs, located in both Omaha, NE and Phoenix, AZ, require access to patients in order to complete required clinical components of the program.

For the Omaha based students, the University entered into an agreement with Catholic Health Initiatives (CHI), designed to expand access to patients for its medical and other health sciences educational programs.

Annual income received related to CHI educational support is $34,959 and $33,089, for the fiscal years ended June 30, 2022 and 2021, respectively. In addition, Creighton reimburses CHI for the time their employed physicians allocate to teaching undergraduate medical education and performing research activities reflected in salaries totaling $10,382 and $10,543 for the fiscal years ended June 30, 2022 and 2021, respectively.

For the Phoenix based students, the University entered into an agreement with Dignity Health d/b/a Dignity Health Medical Group and St. Joseph's Hospital and Medical Center, District Medical Group and Maricopa County Special Health Care District d/b/a Maricopa Integrated Health System. The agreement establishes the framework for collaboration to enable the parties to leverage their own expertise and resources to facilitate their shared interests in collaboration across multiple disciplines of health science, clinical learning environment, research, and teaching medical students, residents, fellows, nurses, allied health, and related health professionals.

The Phoenix parties formed a 501(c)(3) organization, "Creighton University Arizona Health Education Alliance" ("Arizona Alliance") to run the operations of the Arizona Alliance. The Arizona Alliance reimburses Creighton for employees, primarily medical residents, and other related support which is recorded net against the related expenses (mainly salaries, wages and benefits) in the consolidated statement of activities totaling $28,379 and $3,050 for the fiscal years ended June 30, 2022 and 2021, respectively. Creighton records these reimbursements net against the expense incurred as Creighton has determined they are the agent in the transaction based on the level of control the members of the Arizona Alliance exert. Creighton, in return shares in a portion of the Arizona Alliance's costs reflected in expenses totaling $170 and $195 for the fiscal years ended June 30, 2022 and 2021, respectively. Creighton reimburses other parties of the Arizona Alliance for the time their employed physicians allocate to teaching undergraduate medical education and performing research activities reflected in salaries, wages, and benefits totaling $4,200 and $3,280 for the fiscal years ended June 30, 2022 and 2021, respectively. Creighton's Phoenix campus had its first year of full operations during the fiscal year ended June 30, 2022.

(All amounts in thousands)

In both clinical arrangements, the parties intend that all members continue to be autonomous parties that remain independently governed by their respective governing bodies and management.

(i) Grants and Contracts

Grants and contracts consist primarily of contractual agreements with governmental and private entities for the conduct of research and other sponsored programs. These agreements generally are considered nonexchange transactions restricted by sponsors for certain purposes and are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. Payments received from sponsors in advance of conditions being met are reported as deferred and unearned income, which totaled $7,042 and $12,263 as of June 30, 2022 and 2021, respectively.

On March 27, 2020, U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES) in response to the economic fallout of the COVID-19 pandemic. The CARES Act established the Higher Education Emergency Relief Fund (HEERF), Coronavirus Relief Fund (CRF), and the Provider Relief Fund (PRF). The University recognized revenue as a result of these funds totaling $8,948 and $7,633 during the years ended June 30, 2022 and 2021, respectively.

(j) Auxiliary Enterprises

Auxiliary enterprises include student housing and dining services, intercollegiate athletics, campus recreation, the student center, and a childcare center. Generally, auxiliary enterprises revenue is recognized ratably over time as the services are provided over the academic year, which generally aligns with the University's fiscal year.

The composition of auxiliary enterprises revenue was as follows for the years ended June 30, 2022 and 2021:

		2022	2021
Room and board	$	29,101	26,528
Athletic ticket sales		10,897	812
Other		8,806	6,172
Auxiliary enterprises	$	48,804	33,512

(All amounts in thousands)

(k) Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand and highly liquid investments with original maturities of less than three months from the date of purchase. Cash and cash equivalents representing assets of endowment and similar funds are included in investments. Cash and cash equivalents are deposited in demand and money market accounts and deposits held with banks may exceed the amount of insurance provided on such deposits. The University has not experienced any losses on its deposits of cash and cash equivalents.

(l) Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent funds maintained in accounts for: 1) unspent bond proceeds from the Series 2021A bonds issued through the County of Douglas, Nebraska; and 2) government or University loan funds. Such funds are held in bank or short-term interest-bearing accounts.

The following table provides a reconciliation of cash and cash equivalents, and restricted cash and cash equivalents reported within the consolidated statements of financial position as of June 30, 2022 and 2021 that sum to the total of the same such amounts shown in the accompanying consolidated statements of cash flows:

		2022	2021
Cash and cash equivalents	$	61,752	54,306
Restricted cash and cash equivalents		40,292	12,869
Cash, cash equivalents, and restricted cash and cash equivalents, as shown in consolidated statements of cash flows	$	102,044	67,175

(m) Investments

Investments are stated at fair value. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, changes in values may occur in the near term and such changes could materially affect the University's financial position. For alternative investments in funds that do not have readily determinable fair values, including certain hedge funds and limited partnerships, the University records these investments using net asset value per share or its equivalent as a practical expedient to fair value.

In accordance with the accounting policy of stating investments at fair value, the change in unrealized appreciation or depreciation of those securities is reflected in investment income within the accompanying consolidated financial statements. The cost of investments sold is determined by use of the specific-identification method for all investments except those in the investment pool. The cost of the investments in the investment pool (note 6) is determined using individual unit values.

Funds held in trust by others represent amounts held by third-party trustees for the beneficial interest of the University under perpetual trust agreements created by donors. The University's interests in the trusts are recorded at fair value, with increases or decreases in fair value being reported as investment gains or losses during the year.

The University owns a minority interest in an affiliated entity, Arizona Alliance. The University's ownership of Arizona Alliance is recorded using the equity method, which is carried at the value of the original investment and adjusted for entity earnings and losses.

(n) Student Loans Receivable

Student loans receivable consist primarily of loans made to students under U.S. government loan programs. The loans are stated at net realizable value in the accompanying consolidated financial statements. These receivables are not saleable and contain federally mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition. The University reviews receivables on an ongoing basis to assess collectability and records an allowance for potential uncollectible balances based on historical experience and aging of the account balances. Provision for bad debt and write-off activity related to the allowance for potential uncollectible balances for student loans is not material to the consolidated financial statements. At June 30, 2022 and 2021, the amount of loans past due under the student loan programs was $1,400 and $1,859, respectively.

(o) Refundable Government Student Loan Funds

Refundable government student loan funds consist of amounts advanced by the federal government on the condition that the University administers various campus-based student loan programs subject to federal regulations. Under certain conditions, the funds must be returned to the federal government. The amounts are not saleable and can only be assigned to the U.S. government or its designees.

(p) Land, Buildings, and Equipment

Land, buildings, and equipment are primarily stated at cost of acquisition, less accumulated depreciation. Generally, equipment purchases and renovations equal to or greater than $5 and $25, respectively, are capitalized. The library collection is stated at cost or, if acquired by donation, at the appraised value at the date of donation. Land, buildings, and equipment are removed from the records at the time of disposal. Depreciation is computed on a straight-line basis over the estimated useful life of buildings (10–40 years), library books and periodicals (25 years), and equipment (3–15 years). Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment charges recorded during fiscal year 2022 or 2021. Gifts of land, building, equipment, or other assets are recorded at estimated fair value when received.

(q) Income Taxes

The University has been recognized by the Internal Revenue Service as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The University is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. After evaluating the tax positions for the University and Creighton Dental, none are considered to be uncertain. CSSI, a taxable subsidiary, had no taxable income for 2022 and 2021. Accordingly, no federal or state income taxes have been provided. As of June 30, 2022, and 2021, the University, CSSI, and Creighton Dental had no liability for unrecognized tax benefits.

(All amounts in thousands)

(2) Net Assets

Net assets without donor restrictions consist of the following:

		2022	2021
Board-designated endowment funds (note 6)	$	277,097	301,813
Other net assets without donor restrictions		509,004	491,704
Total net assets without donor restrictions	$	786,101	793,517

Net assets with donor restrictions (time or purpose) consist of the following:

		2022	2021
Contributions for buildings yet to be placed in service	$	48,200	58,410
Contributions receivable		17,171	14,914
Annuity funds		4,068	5,307
Unexpended income and contributions for restricted purposes		33,248	18,913
Endowment funds and unappropriated donor-restricted endowment earnings (note 6)		117,115	163,334
Total net assets with donor restrictions (time or purpose)	$	219,802	260,878

Net assets with donor restrictions (perpetual) consist of the following:

		2022	2021
Endowment funds (note 6)	$	271,548	241,037
Endowment funds held in trust by others (note 6)		25,037	25,803
Student loan funds		461	470
Annuity funds		3,899	7,061
Total net assets with donor restrictions (perpetual)	$	300,945	274,371

(Continued)

(All amounts in thousands)

(3) Accounts Receivable, Net

Accounts receivable, net consist of the following:

		2022	2021
Student accounts receivable, net	$	11,680	9,471
Grant funds receivable		5,404	8,931
Medical affiliate receivables		8,031	5,384
Miscellaneous receivables		5,696	12,264
Total accounts receivable, net	$	30,811	36,050

Student accounts receivable is recorded net of estimated reserves for uncollectible amounts of $3,984 and $3,763 at June 30, 2022 and 2021, respectively.

(4) Financial Assets and Liquidity Resources

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, including capital. Resources available to the University to fund general expenditures, such as operating expenses, scheduled principal and interest payments on debt, and internally funded capital costs, have seasonal variations related to the timing of tuition payments, receipts of gifts and pledge payments, and transfers from the endowment. The University actively manages its resources, utilizing a combination of short and long-term investment strategies to align operating cash inflows with anticipated outflows. As of June 30, 2022, and 2021, respectively, existing financial assets available within one year were as follows:

		2022	2021
Financial assets:			
Cash and cash equivalents	$	61,752	54,306
Accounts receivable, net		30,811	36,050
Contributions receivable, net, due within one year		4,046	4,180
Notes receivable, net, due within one year		250	375
Investments not subject to donor restrictions or Board designations, available within one year		92,788	143,535
Fiscal 2023 and 2022 projected endowment payout:			
Donor-restricted endowments		16,485	12,260
Board-designated endowments		13,002	15,108
Other endowments without donor restrictions		889	485
Total financial assets available within one year	$	220,023	266,299

Student loans receivable are not considered to be available to meet general expenditures since principal and interest collected on these loans are used to make new loans.

(Continued)

(All amounts in thousands)

The University included in this analysis the amount of funds authorized by the Board of Trustees to be distributed from the endowment. The University's Board of Trustees has designated a portion of its resources without donor restrictions for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available, as needed. As of June 30, 2022, and 2021, respectively, the University had $277,097 and $301,813 in funds functioning as endowment, which are available for general expenditure with Board of Trustees approval.

The University maintains two lines of credit which can be drawn upon as needed to meet working capital requirements (see note 10).

(5) Investments

University investments as of June 30, 2022 and 2021 comprise the following:

		2022	2021
Short-term investments	$	44,113	43,627
Long-term investments		888,301	940,335
Investment in minority-owned subsidiaries and affiliates		27	33
Funds held in trust by others		25,597	26,832
Total University investments	$	958,038	1,010,827

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The University discloses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The lowest-level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. Fair value measurements are categorized as Level 3 when a significant amount of price or other inputs that are considered to be unobservable are used in their valuations.

The three levels of inputs that may be used to measure fair value are as follows:

Level 1 – Observable inputs such as quoted prices in active markets that the University has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices in active markets such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

(Continued)

(All amounts in thousands)

Level 3 – Unobservable inputs where there is little or no market data and which require the University to develop its own assumptions about the inputs that market participants would use to price an instrument based on the best available information.

The table below summarizes the University's classification of fair value measurements utilized for assets recorded at fair value on a recurring basis and provides a reconciliation to the total investments on the consolidated statements of financial position as of June 30, 2022:

	Total	Level 1	Level 2	Level 3
Investments:				
Investment money markets	$ 24,632	24,632	—	—
Domestic funds	151,218	151,218	—	—
International funds	99,371	99,371	—	—
Global funds	180,574	180,574	—	—
Real assets funds	832	832	—	—
Corporate bonds	3,300	—	3,300	—
Fixed-income funds	169,557	137,824	31,733	—
Notes and mortgages	2	—	—	2
Real estate	1,711	—	—	1,711
Funds held in trust by others	25,597	—	—	25,597
Other	194	194	—	—
Subtotal	656,988	$ 594,645	35,033	27,310
Alternative investments recorded at NAV (*)	301,023			
Investments in minority affiliates recorded using equity method	27			
Total University investments	$ 958,038			

(*) Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

(All amounts in thousands)

The table below summarizes the University's classification of fair value measurements utilized for assets recorded at fair value on a recurring basis and provides a reconciliation to the total investments on the consolidated statements of financial position as of June 30, 2021:

	Total	Level 1	Level 2	Level 3
Investments:				
Investment money markets	$ 45,440	45,440	—	—
Domestic funds	179,490	179,490	—	—
International funds	130,842	130,842	—	—
Global funds	232,864	232,864	—	—
Real assets funds	1,020	1,020	—	—
Corporate bonds	3,300	—	3,300	—
Fixed-income funds	131,267	131,267	—	—
Notes and mortgages	262	—	—	262
Real estate	1,711	—	—	1,711
Funds held in trust by others	26,832	—	—	26,832
Other	275	275	—	—
Subtotal	753,303	$ 721,198	3,300	28,805
Alternative investments recorded at NAV (*)	257,491			
Investments in minority affiliates recorded using equity method	33			
Total University investments	$ 1,010,827			

(*) Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Fair value of the University's financial instruments is determined using the methods and assumptions as set forth below. While the University believes that its valuation methods are appropriate and consistent with those of other market participants, use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value at the reporting date. There were no changes in valuation methodology from 2021 to 2022.

Investment money market funds – Investment money market funds are recorded at fair value using quoted market prices. These are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

Domestic, international, global, real asset, fixed-income funds – These securities are mainly measured using quoted market prices at the reporting date multiplied by the quantity held. These are classified as Level 1 if they are traded in an active market for which closing market prices are readily available.

(All amounts in thousands)

Fixed-income funds and corporate bonds – Investments in fixed-income securities are comprised of government and agency obligations, and corporate bonds. When quoted prices of identical investment securities in active markets are not available, the fair values for these investment securities are obtained primarily from pricing services; one evaluated price is received for each security. The fair values provided by the pricing services are estimated using matrix pricing or other pricing models, where the inputs are based on observable market inputs or recent trades of similar securities. Such investment securities are generally classified as Level 2.

Real estate, notes, and mortgages – Investments in real property represent various real properties donated to the University and initially valued at appraised value on the date of receipt. Valuations for real properties are classified as Level 3 and the properties are valued based upon market comparisons. The fair value of notes and mortgages is based upon the principal outstanding that approximates estimated net present value of estimated future cash flows.

Funds held in trust by others – Funds held in trust by others represent the University's beneficial interest in certain assets held by third parties. The valuation of these funds is based on fair value information received from external trustees and is calculated based upon information received from the trustee times the University's percentage of ownership. These interests are classified as Level 3.

Other – Items included in this category include primarily accrued interest that is reported at fair value at the reporting date and futures contracts, which are recorded at fair value based on quoted market prices.

The following tables summarize the changes in fair value of Level 3 investments for the years ended June 30, 2022 and 2021:

		Notes and mortgages	Real estate investments	Funds held in trust by others	Total Level 3
Balance at June 30, 2021	$	262	1,711	26,832	28,805
Investment income		—	—	—	—
Unrealized gains and losses, net		—	—	(1,235)	(1,235)
Purchases		—	—	—	—
Sales		—	—	—	—
Mortgage payments		(260)	—	—	(260)
Balance at June 30, 2022	$	2	1,711	25,597	27,310
Total losses included in changes in net assets attributable to the change in unrealized gains and losses on assets still held at the reporting date	$	—	—	(1,235)	(1,235)

(All amounts in thousands)

		Notes and mortgages	Real estate investments	Funds held in trust by others	Total Level 3
Balance at June 30, 2020	$	423	1,711	26,992	29,126
Investment income		—	—	—	—
Unrealized gains and losses, net		—	—	(160)	(160)
Purchases		—	—	—	—
Sales		—	—	—	—
Mortgage payments		(161)	—	—	(161)
Balance at June 30, 2021	$	262	1,711	26,832	28,805
Total losses included in changes in net assets attributable to the change in unrealized gains and losses on assets still held at the reporting date	$	—	—	(160)	(160)

The estimated fair value of certain alternative investments, such as private equity funds, private credit funds, private real assets funds and hedge funds was supplied by the respective fund administrator or trust. For these alternative investments, the University used the net asset value (or its equivalent) reported by the underlying fund to estimate the fair value of the investment as a practical expedient to fair value. Below is a summary of investments accounted for at net asset value as of June 30, 2022 and 2021:

Fiscal year ended June 30, 2022		Fair value	Unfunded commitment	Redemption frequency (if currently eligible)	Redemption notice period	Investment strategy
Private equity funds (a)	$	185,247	101,357	Illiquid	—	Multiple strategies
Real assets (b)		54,332	27,185	Illiquid	—	Multiple strategies
Hedge fund		61,444	—	Monthly	60–90 days	Multiple strategies
Total	$	301,023	128,542			

(a) These funds are expected to liquidate within 1 to 12 years.

(b) These funds are expected to liquidate within 1 to 12 years.

(All amounts in thousands)

Fiscal year ended June 30, 2021		Fair value	Unfunded commitment	Redemption frequency (if currently eligible)	Redemption notice period	Investment strategy
Private equity funds (a)	$	143,450	83,421	Illiquid	—	Multiple strategies
Real assets (b)		42,211	24,688	Illiquid	—	Multiple strategies
Hedge fund		71,830	—	Monthly	60–90 days	Multiple strategies
Total	$	257,491	108,109			

(a) These funds are expected to liquidate within 1 to 12 years.

(b) These funds are expected to liquidate within 1 to 12 years.

Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the University's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if the University were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

(6) Endowment Fund

The University's endowment consists primarily of funds invested in an externally managed pooled endowment fund. The composition of the total endowment fund as of June 30, 2022 and 2021 is as follows:

		2022	2021
University share of pooled endowment fund	$	873,790	921,265
Operational and other funds invested in the pooled fund		(213,498)	(218,838)
Endowment funds held in trust by others		25,037	25,803
Nonpooled assets, including cash and cash equivalents, notes receivable, real estate, and other		5,468	3,757
Total endowment	$	690,797	731,987

Certain assets of the endowment fund are pooled on a market value basis. Each individual pooled endowment fund subscribes to or disposes of units on the basis of the per-unit market value at the beginning of the calendar month within which the transaction takes place. The following table illustrates the relative percentage composition of the investments at June 30, 2022 and 2021 by security type, based upon the function that the investment serves in the portfolio:

(All amounts in thousands)

	2022	2021
Equities – domestic	17 %	18 %
Equities – international	11	14
Equities – global	21	25
Fixed-income securities	15	10
Hedge funds	7	8
Private capital and real assets funds	26	20
Cash and cash equivalents	3	5
	100 %	100 %

The total rate of return on the pooled endowment fund was (8.0)% for the year ended June 30, 2022 and 29.3% for the year ended June 30, 2021.

(a) UPMIFA

The University applies the provisions of the Nebraska Uniform Prudent Management of Institutional Funds Act (the Act) and the related provisions of Accounting Standards Codification (ASC) 958-205-05, *Reporting Endowment Funds*, in managing its endowment. ASC 958-205-05 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Act and also requires certain disclosures about both donor-restricted and board-designated endowment funds.

The University's endowment consists of more than 1,200 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the University's Board of Trustees to function as endowments. Net assets associated with the endowment, including the board-designated funds, are classified and reported based upon the presence or absence of donor-imposed restrictions.

(b) Interpretation of Relevant Law

The University's Board of Trustees has interpreted the Act as allowing the University to appropriate for expenditure or accumulate as much of an endowment fund as the University determines is prudent for the uses, benefits, purposes, and direction for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, the University classifies as net assets with donor restrictions (perpetual) (a) the original value of the gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions (perpetual) is classified as net assets with donor restrictions (time or purpose) until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the Act.

(All amounts in thousands)

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

(c) Endowment Net Asset Composition by Fund Type

The endowment composition by type of fund is illustrated in the following tables:

		Without donor restrictions	With donor restrictions (time or purpose)	With donor restrictions (perpetual)	Total
June 30, 2022:					
Donor-restricted endowments	$	—	117,115	296,585	413,700
Board-designated endowments		277,097	—	—	277,097
Endowment totals	$	277,097	117,115	296,585	690,797

		Without donor restrictions	With donor restrictions (time or purpose)	With donor restrictions (perpetual)	Total
June 30, 2021:					
Donor-restricted endowments	$	—	163,334	266,840	430,174
Board-designated endowments		301,813	—	—	301,813
Endowment totals	$	301,813	163,334	266,840	731,987

(All amounts in thousands)

(d) Endowment Net Asset Reconciliation

		Without donor restrictions	With donor restrictions	Total
Beginning balance, July 1, 2021	$	301,813	430,174	731,987
Investment income, net		(24,112)	(35,642)	(59,754)
Contributions		45	29,641	29,686
Amounts appropriated for expenditure		(6,177)	(12,354)	(18,531)
Other changes		5,528	1,881	7,409
Ending balance, June 30, 2022	$	277,097	413,700	690,797

		Without donor restrictions	With donor restrictions	Total
Beginning balance, July 1, 2020	$	231,830	334,145	565,975
Investment income, net		70,509	89,867	160,376
Contributions		181	17,543	17,724
Amounts appropriated for expenditure		(6,597)	(12,485)	(19,082)
Other changes		5,890	1,104	6,994
Ending balance, June 30, 2021	$	301,813	430,174	731,987

(e) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the University to retain as a fund of perpetual duration. The University considers funds for which the fair value of the assets is less than the value of all contributions to the fund to be deficient and such funds are referred to as “underwater” funds. As of June 30, 2022, and 2021, funds with an original gift value of $69,610 and $4,957 were “underwater” by $(6,708) and $(897), respectively. Deficiencies of this nature were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions with donor restrictions and continued appropriation for certain programs as deemed prudent.

(f) Return Objectives and Risk Parameters

The University has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the spending rate and long-term inflation rate while assuming a prudent level of investment risk. Over a three- to five-year market cycle, the University expects its endowment funds to provide an average nominal rate of return, net of investment fees, of approximately 7.00% annualized. Actual returns in any given year may vary from this amount.

(g) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places emphasis on investments in equities, fixed income, hedge funds, private markets, and other strategies to achieve its long-term return objectives within prudent risk constraints.

(h) Endowment Spending Policy

The University endowment spending formula represents a 50/50 weighting between market value and prior year's spending. It is designed to provide a measure of stability for budgeting purposes and help preserve the purchasing power of the endowment over the long term. There is also a spending cap of 5% and a floor of 2% to further ensure that significant fluctuations and "overspending" are avoided.

Specifically, the calculated distribution is the sum of:

- Prior year distribution multiplied by inflation multiplied by 50%
- Market value (one year prior to start of year being budgeted) multiplied by 4.90% multiplied by 50%

The amounts calculated for distribution are further reviewed for any funds that are underwater. Based on the review and assessment of the specific factors described above, the distribution may be reduced or suspended for the applicable year.

In establishing the spending policy, the University considered the expected return on its endowment and, accordingly, expects the current spending policy to allow the endowment to maintain its purchasing power by growing at a rate equal to planned distributions over the long term. Additional real growth will be provided through new gifts and any excess investment return.

(All amounts in thousands)

(7) Land, Buildings, and Equipment, Net

Land, buildings, and equipment, net consist of the following:

		2022	2021
Land	$	54,995	54,995
Land improvements		42,418	38,598
Buildings		707,968	701,549
Equipment		139,248	129,813
Library collection		75,174	74,074
Construction in progress		45,286	11,578
		1,065,089	1,010,607
Accumulated depreciation		(470,556)	(436,536)
	$	594,533	574,071

Depreciation expense was $40,593 and $39,719 for the fiscal years ended June 30, 2022 and 2021, respectively.

(8) Contributions Receivable, Net

Unconditional promises to give are included in the consolidated financial statements as contributions receivable and revenue within the appropriate net asset category. Values expected to be received are discounted to net present value using risk-adjusted discount rates, ranging from 3.00% to 5.54%. Unconditional promises to give are expected to be realized in the following periods:

		2022	2021
One year or less	$	4,046	4,180
Between one and five years		12,729	10,100
More than five years		2,766	2,761
Less discount		(2,370)	(2,127)
	$	17,171	14,914

In addition, donors to the University have indicated intentions to contribute in future periods of approximately $93,473 and $88,900 at June 30, 2022 and 2021, respectively. These amounts are not included in contributions receivable because they do not constitute unconditional promises to give. It is not practicable to estimate the net realizable value of these intentions to contribute or the period over which they will be collected.

(Continued)

(All amounts in thousands)

(9) Bonds and Notes Payable

Bonds and notes payable, net of premium, discount and issuance costs at June 30, 2022 and 2021 consist of the following:

		2022	2021
$43,155 issuance of loan notes (Douglas County Educational Facilities Loan Notes 2021A); annual principal and interest payments through 2051; interest rates 3.00% to 4.00%; (collateralized by unrestricted receipts, revenue, and income of the University)	$	49,683	—
$94,075 issuance of loan notes (Douglas County Educational Facilities Loan Notes 2021B); annual principal and interest payments through 2035; interest rates variable, 0.63% to 1.35% for 2022 (collateralized by unrestricted receipts, revenue, and income of the University)		93,606	—
$62,645 issuance of bonds (Maricopa IDA Educational Facilities Revenue Bonds Series 2020); interest only payments through 2036; annual principal and interest payments through 2051; interest rates 4.00% to 5.00%; (collateralized by unrestricted receipts, revenue, and income of the University)		72,069	72,418
$72,250 issuance of loan notes (Douglas County Educational Facilities Loan Notes 2017); annual principal and interest payments through 2047; interest rates 3.00% to 5.00%; (collateralized by unrestricted receipts, revenue, and income of the University)		64,624	67,361
$99,675 issuance of bonds (Douglas County Educational Facilities Revenue Refunding Bonds 2014); annual principal and interest payments through 2036; interest rates variable, 1.07% to 1.14% for 2021 (collateralized by unrestricted receipts, revenue, and income of the University)		—	94,412
$13,180 issuance of loan notes (Douglas County Educational Facilities Loan Notes 2010B); annual principal and interest payments through 2029; interest rate 7.34%; (collateralized by unrestricted receipts, revenue, and income of the University)		—	7,695
$5,457 issuance of notes payable (URP Subsidiary CDE XXIX, LLC CDE Loan A); quarterly interest payments through 2023; interest rate 0.763%; (collateralized by certain University property)		5,431	5,404
$1,943 issuance of notes payable (URP Subsidiary CDE XXIX, LLC CDE Loan B); quarterly interest payments through 2023; interest rate 0.763%; (collateralized by certain University property)		1,933	1,924

(Continued)

(All amounts in thousands)

		2022	2021
$4,452 issuance of notes payable (UACD Sub CDE 27 LLC CDE Loan A); quarterly interest payments through 2023; interest rate 1.269%; (collateralized by certain University property)	$	4,431	4,409
$1,918 issuance of notes payable (UACD Sub CDE 27 LLC CDE Loan B); quarterly interest payments through 2023; interest rate 1.269%; (collateralized by certain University property)		1,908	1,899
$3,423 issuance of notes payable (UACD Sub CDE 26 LLC CDE Loan A); quarterly interest payments through 2023; interest rate 1.239%; (collateralized by certain University property)		3,406	3,390
$1,477 issuance of notes payable (UACD Sub CDE 26 LLC CDE Loan B); quarterly interest payments through 2023; interest rate 1.239%; (collateralized by certain University property)		1,470	1,463
Total bonds and notes payable		298,561	260,375
Less current portion of bonds and notes payable		(4,152)	(4,532)
Noncurrent portion of bonds and notes payable	$	294,409	255,843

On August 5, 2021, the University issued $43,155 tax-exempt Series 2021A bonds through the County of Douglas, Nebraska. The proceeds from the Series 2021A bonds are being used to fund construction of and equipment for the CL Werner Center for Health Sciences and the new freshmen residence hall. The bonds were issued on a serial basis with various maturities and will bear interest at a fixed rate paid on a semi-annual basis.

On September 1, 2021, the University issued $94,075 tax-exempt Series 2021B bonds through the County of Douglas, Nebraska. The proceeds from the Series 2021B bonds were used to refinance the $94,075 outstanding of the Series 2014 bonds. The Series 2021B bonds were purchased by one investor in a direct placement transaction, but the investor may sell all or a portion of the bonds at any time. The initial direct purchase period is five years from issuance. Amounts outstanding under the Series 2021B bonds initially bear interest at a variable rate, but the University has the option to convert to a fixed rate upon written notice to the trustee.

On September 10, 2021, the University executed an early redemption of the $6,965 outstanding of the Series 2010B bonds. In addition to the principal amount, the University paid a $1,531 make-whole premium calculated in accordance with terms of the Series 2010B indenture, which is recorded as a loss on extinguishment of debt in the consolidated statement of activities.

Upon execution of the Series 2021B and Series 2010B transactions, the financial covenants in those loan documents were extinguished. The loan documents for the University’s Series 2017, Series 2020, Series 2021A and Series 2021B debt issues outstanding after these transactions contain no financial covenants.

On December 12, 2019, the University issued $62,645 tax-exempt Series 2020 bonds through the Industrial Development Authority of the County of Maricopa, Arizona. The proceeds from the Series 2020 bonds are being used to fund construction of and equipment for a new health sciences facility in Phoenix. The bonds were issued on a serial basis with various maturities and will bear interest at a fixed rate paid on a semi-annual basis.

(All amounts in thousands)

On December 4, 2017, the University issued $72,250 tax-exempt Series 2017 bonds through the County of Douglas, Nebraska. The proceeds from the Series 2017 bonds were used to fund construction of and equipment for a new dental school facility and to refinance $29,610 outstanding of the Series 2010A bonds. The Series 2010A debt service reserve fund was redeemed as part of this transaction and the amount applied against the outstanding Series 2010A amount. The bonds were issued on a serial basis with various maturities and will bear interest at a fixed rate paid on a semi-annual basis.

On October 18, 2016, certain entities provided $18,670 in debt financing to Creighton Dental through the New Markets Tax Credit Financing (note 15). Creighton Dental is required to make interest-only payments on the six notes payable for a period of seven years. As described more fully below, the notes payable have put and call options that can be exercised at the end of the new markets tax credit seven-year compliance period.

Repayments of bond and note principal, including amortization of premium, discount, and debt issuance costs in each of the five fiscal years subsequent to June 30, 2022 are scheduled as follows:

Year ending June 30:		
2023	$	4,152
2024		4,478
2025		4,617
2026		5,063
2027		4,932
Thereafter		275,319
Total payments	$	298,561

Interest expense on long-term debt was $9,155 in 2022 and $8,939 in 2021. Bond discounts, premiums, and issuance costs totaled $(6,076) and $452 for the fiscal years ended June 30, 2022 and 2021, respectively, and are deferred and amortized over the life of the related indebtedness utilizing the straight-line method.

Interest Rate Swap Agreements

The University uses derivative financial instruments to offset interest rate risk or to otherwise modify the characteristics of its debt portfolio. The interest rate swap agreements were not entered into for trading or speculative purposes. All such financial instruments and derivatives are marked to market and recorded at estimated fair value. These financial instruments necessarily involve counterparty credit exposure. The counterparties for these swap transactions are major financial institutions that meet the University’s criteria for financial stability and creditworthiness.

(All amounts in thousands)

The swap agreements are considered derivative financial instruments and the estimated fair values have been reported in other liabilities in the consolidated statements of financial position at June 30, 2022 and 2021. The swap agreements do not qualify for hedge accounting. Accordingly, the net changes in the estimated fair value of the agreements have been reported as a component of nonoperating changes in net assets in the consolidated statements of activities for the years ended June 30, 2022 and 2021.

The swap agreements involve the exchange of floating and fixed-rate interest payments over the life of the agreements without an exchange of the underlying principal amount. The differential to be paid or received is recognized as an adjustment to interest expense related to the debt.

The University's interest rate swaps outstanding had the following changes in fair value for the years ended at June 30, 2022 and 2021:

Purchase date	University pays	University receives		2022 Change in fair value	2021 Change in fair value
July 2001	4.455 %	68% of 1-month LIBOR	$	3,359	2,286
March 2003	3.520	70% of 1-month LIBOR		2,383	1,615
August 2004	3.600	68% of 1-month LIBOR		2,055	1,413
February 2005	3.642	Greater of 67% of 1-month LIBOR or 63% of 1-month LIBOR plus 0.20%		1,268	574
February 2005	3.642	Greater of 67% of 1-month LIBOR or 63% of 1-month LIBOR plus 0.20%		890	606
April 2005	3.769	67% of 1-month LIBOR		2,009	1,349
Total change in fair value for the years ended June 30, 2022 and 2021			$	11,964	7,843

(All amounts in thousands)

The following schedule presents the notional principal amounts and estimated fair values of the University's interest rate swaps at June 30, 2022 and 2021:

				Estimated fair value of swaps at June 30	
	2022	**2021**	**Expiration dates**	**2022**	**2021**
$	25,000	25,000	August 1, 2030	$ (4,647)	(8,006)
	20,950	21,800	March 1, 2033	(2,048)	(4,431)
	17,575	17,575	August 1, 2031	(2,261)	(4,316)
	8,500	8,500	September 18, 2031	(471)	(1,739)
	8,500	8,500	September 18, 2031	(871)	(1,761)
	13,000	13,000	August 23, 2035	(2,344)	(4,353)
$	93,525	94,375		$ (12,642)	(24,606)

The University's interest rate swaps are valued at fair value using Level 2 inputs of the fair value hierarchy by the swap managers using a discounted cash flow analysis.

(10) Short-Term Borrowings

The University has two current revolving lines of credit established for daily operating needs as of June 30, 2022. One operating line of credit has a maximum borrowing capacity of $25,000 and expires March 31, 2023. The interest rate payable on this line of credit is established at one-month LIBOR plus a 1.55% margin, or 3.34% at June 30, 2022. The University will pay a 0.10% non-use fee on the daily unused portion of the maximum borrowing capacity, payable quarterly in arrears. The outstanding balances on this line of credit were $0 at June 30, 2022 and 2021.

The second operating line of credit has a maximum borrowing capacity of $25,000 and expires December 1, 2023. The interest rate payable on this line of credit is established at prime rate minus 1.55%. The interest rate was 3.20% at June 30, 2022. The University will pay a 0.10% non-use fee on the daily unused portion of the maximum borrowing capacity, payable quarterly in arrears. The outstanding balances on this line of credit were $0 at June 30, 2022 and June 30, 2021.

(Continued)

(All amounts in thousands)

(11) Functional Expenses

Natural expenses allocated by functional category are as follows for the years ended June 30, 2022 and 2021:

	Academic, instructional, and research	Healthcare services	Student services and auxiliary	Institutional support	Total
Salaries, wages, and benefits	$ 196,556	15,274	34,855	25,831	272,516
Contracted services	12,050	879	19,393	11,600	43,922
Supplies and materials	11,286	6,117	4,048	938	22,389
Depreciation and amortization	17,888	802	20,722	1,181	40,593
Interest	3,680	199	5,130	317	9,326
Utilities and communications	4,420	270	5,766	1,051	11,507
Other operating	15,436	681	28,413	1,933	46,463
2022 Total	$ 261,316	24,222	118,327	42,851	446,716

	Academic, instructional, and research	Healthcare services	Student services and auxiliary	Institutional support	Total
Salaries, wages, and benefits	$ 185,232	16,830	30,391	23,151	255,604
Contracted services	9,951	968	17,853	9,075	37,847
Supplies and materials	11,990	5,573	3,235	1,206	22,004
Depreciation and amortization	17,367	824	20,247	1,281	39,719
Interest	3,555	204	5,002	336	9,097
Utilities and communications	3,936	241	5,135	995	10,307
Other operating	10,880	640	16,940	2,028	30,488
2021 Total	$ 242,911	25,280	98,803	38,072	405,066

Included under Academic, instructional, and research are instructional, student aid, sponsored research, libraries, public service, and academic support. Costs related to the operation and maintenance of physical plant, including depreciation of plant assets and interest expense on external debt, are allocated to operating programs and supporting activities based upon square footage. Included under Institutional support in the table above are University fundraising expenses of $8,766 and $7,415 for the fiscal years ended June 30, 2022 and 2021, respectively.

(12) Retirement Plan

A defined-contribution retirement plan is available to employees who have met certain employment requirements. Contributions by employees and the University are used to purchase individual annuities or interests in mutual funds. On July 1, 2020, the University suspended all contributions to the retirement plan. On January 1, 2021, the University restored its 2% Qualified Non-Elective Contribution (QNEC). On April 1, 2021, the University restored its 5% dollar-for-dollar match – above and beyond the 2% QNEC. University contributions during the years ended June 30, 2022 and 2021 were $10,167 and $3,310, respectively.

(13) Self-Insured Benefit Plans

The University has a self-insured health benefit plan covering active employees and their dependents. The plan also covers medical house staff whose cost of participation is paid by the organizations for whom they provide services. Total claims paid under the plan for the fiscal years 2022 and 2021 were $23,996 and $20,106, respectively. The University carries stop-loss insurance coverage that limits the University's claim liability to $225 per individual. The University has also contracted with an insurance carrier to provide administrative services for the plan. The liability estimated by the University for claims incurred but not reported was $2,685 and $2,105 at June 30, 2022 and 2021, respectively. The University is also partially self-insured for workers' compensation and accrues an estimated liability for claims incurred but not paid based on studies performed by an outside actuarial firm. The liability amounts are included in accounts payable and accrued expenses in the consolidated statements of financial position.

(14) Commitments and Contingencies

The University is involved in various litigation arising in the normal course of operations. On the basis of information presently available and the advice of legal counsel, management is of the opinion that any liability, to the extent not provided for through reserves or otherwise, for pending litigation is not likely to be material in relation to the University's financial position or activities.

The University executed a 25-year energy services contract in May 2019. Payments by the University are based upon volume levels and energy prices.

The University has contractual obligations of $21,641 related to the construction of a new residence hall with a mixture of study and living spaces for incoming freshman students. Construction began on the new building in Spring 2021 and is expected to be completed in Summer 2023. The University expects to fund the project with a combination of donations, reserves, and debt.

The University has contractual obligations of $66,118 related to the construction of the CL Werner Center for Health Sciences Education and renovations in its existing health sciences facility. The new facility, which will serve as the new home of the School of Medicine, will feature a centralized interdisciplinary simulation center and active group classrooms, bringing together medical, nursing, physician assistant, pharmacy, occupational therapy, physical therapy, behavioral health and other students to train and learn with—and from—each other. Approximately 5,900 students, faculty and staff will use the building each year. Construction began on the new building in Summer 2021 and is expected to be completed in Summer 2023. The University expects to fund the project with a combination of donations, reserves, and debt.

The University has contractual obligations of $25,000 related to the construction of the Jerome Nadal, S.J. Jesuit Residence which will house the Jesuits who live, serve and work on campus as instructors, pastors, chaplains and University administrators and staff. Construction began on the new building in Summer 2022 and is expected to be completed in Fall 2023. The University expects to fund the project with donations.

Research grants and contracts normally provide for the recovery of direct and indirect costs. Recovery of indirect costs on U.S. government grants is recorded at fixed or predetermined rates negotiated with the government. Indirect cost recovery rates have been established with the U.S. government through fiscal year 2025.

(15) New Markets Tax Credit Financing

The University and Creighton Dental entered into a financing agreement with various entities for the purpose of receiving financing for the construction of a new dental school. The new markets tax credit structure consists of new markets tax credit investors and other lenders that provide qualified equity investments to community development entities (CDE) who in turn provide debt financing to qualified active low-income community businesses (QALICB).

The University is the leveraged lender in this process and holds notes with the US Bank Investment Fund and Capital One Investment Fund (Investment Funds). The Investment Funds made qualified equity investments to URP Subsidiary CDE XXIX, UACD Sub-CDE 26, and UACD Sub-CDE 27, which qualify as CDEs. These CDEs provided debt financing to Creighton Dental of $18,670 beginning in October 2016 for the qualified purpose of constructing a dental school building, as required by the terms of the agreement.

The University and owners of the Investment Funds have put and call options that can be exercised at the end of the new markets tax credit seven-year compliance period. If either option is exercised, Creighton Dental will purchase the third-party investor interests in the Investment Funds at an amount as defined in the agreements. Once the option is exercised and agreed-upon consideration is paid, notes payable related to the new markets tax credit structure will be considered settled in full, which would result in the forgiveness of the QLICI B notes payable of $5,338.

As a result of the new markets tax credit financing structure, the University is the leveraged lender in this process and holder of promissory notes with the Investment Funds effective October 18, 2016, for the face value of $13,332. These notes bear interest at 1.00% per annum and is due in interest-only payments terminating on October 18, 2023. If the put or call options described above are not exercised upon expiration of the new markets tax credit compliance period, the principal balance will amortize over the life of the note maturing on September 30, 2041. Interest income for the years ended June 30, 2022 and 2021 was $133 and is included in investment income in the consolidated statements of activities.

(16) Related Parties

(a) Wholly Owned Subsidiaries

The University has two wholly owned subsidiaries in CSSI and Creighton Dental (See notes 1b and 15).

(b) Board of Trustees

The University has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each Trustee is requested to certify compliance with the conflict-of-interest policy on an annual basis and indicate whether the University does business with an entity in which a trustee has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm’s length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the University, and in accordance with applicable conflict of interest laws.

Board members contributed $7,807 and $8,262 for the years ended June 30, 2022 and 2021, respectively, for the purposes of purchasing and constructing capital assets, granting scholarships, programing, and general operations. These contributions are reflected in both the consolidated statements of financial position and consolidated statement of activities. Additionally, the University receives services from entities where Creighton Board of Trustee members are also trustees or hold key management positions. The University reported $3,699 and $2,428 of operating expenses and $88 and $1,615 of building construction related costs for the years ended June 30, 2022 and 2021, respectively from these entities.

(c) Other

Members of the Jesuit Community of Creighton University (Community) serve on the University's faculty and administration under individual employment agreements. Salaries related to these employment agreements are paid in total to the Community. In the opinion of the University's management, such employment agreements are comparable to those of other employees. Members of the Community do not participate in the University's employee benefits programs.

In order to receive grant funds appropriated by the State of Nebraska from the Nebraska Tobacco Settlement Fund, the University formed a tax-exempt organization named Creighton University – Boys Town Healthcare Foundation, along with Father Flanagan's Boys Home d/b/a Boys Town National Research Hospital. The appropriated grant funds are restricted for the purpose of biomedical research.

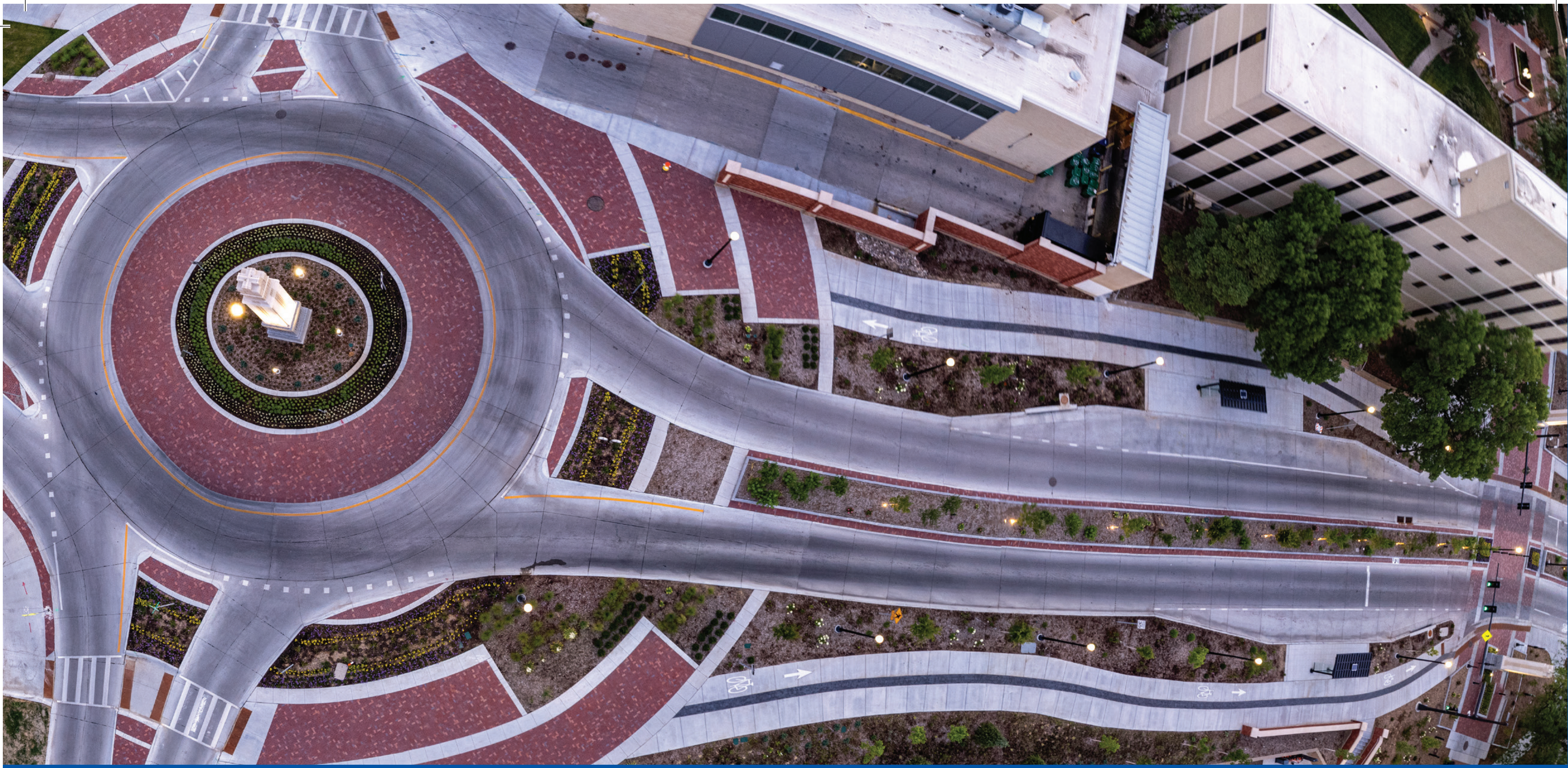
The University owns a minority interest in an affiliated entity, Arizona Alliance. See note 5.

(17) Subsequent Events

The University has evaluated subsequent events through October 27, 2022, the date the consolidated financial statements were issued, and noted no additional items to disclose, except the following:

The University has been informed that the Investment Funds referred to in note 15 made their initial tax credit equity investments in CDEs on October 21, 2015 (UACD Sub-CDE 26), December 15, 2015 (UACD Sub-CDE 27), and January 28, 2016 (URP Subsidiary CDE XXIX). Under the program provisions, the seven-year new markets tax credit compliance periods commenced on those dates even though the Creighton Dental transactions did not close until October 18, 2016. As such, the University and the Capital One Investment Fund have exercised their respective put/call options to unwind the new markets financing structure involving UACD Sub-CDE 26 effective October 25, 2022. Specifically, UACD Sub-CDE 26 assigned its Loan A and Loan B to the Capital One Investment Fund. In turn, Capital One assigned its interest in the Investment Fund to the University. The University canceled Loan A and Loan B, and the leveraged loan receivable, through the dissolution and liquidation of the Investment Fund. The University intends to exercise similar options with the US Bank Investment Fund in January 2023 to unwind the structures with UACD Sub-CDE 27 and URP Subsidiary CDE XXIX.

Once all options are exercised and the agreed-upon consideration has been paid, notes payable related to the new markets tax credit structure will be considered paid in full, which will result in the forgiveness of the QLICI B notes payable of $5,338. Assuming the successful completion of unwinding all new markets tax credit financing, the University intends to dissolve Creighton Dental QALICB prior to June 30, 2023.



The Creighton University Mission

Creighton is a Catholic and Jesuit comprehensive university committed to excellence in its selected undergraduate, graduate and professional programs.

As Catholic, Creighton is dedicated to the pursuit of truth in all its forms and is guided by the living tradition of the Catholic Church.

As Jesuit, Creighton participates in the tradition of the Society of Jesus, which provides an integrating vision of the world that arises out of a knowledge and love of Jesus Christ.

As comprehensive, Creighton's education embraces several colleges and professional schools and is directed to the intellectual, social, spiritual, physical and recreational aspects of students' lives and to the promotion of justice.

Creighton exists for students and learning. Members of the Creighton community are challenged to reflect on transcendent values, including their relationship with God, in an atmosphere of freedom of inquiry, belief and religious worship. Service to others, the importance of family life, the inalienable worth of each individual and appreciation of ethnic and cultural diversity are core values of Creighton.

Creighton faculty members conduct research to enhance teaching, to contribute to the betterment of society, and to discover new knowledge. Faculty and staff stimulate critical and creative thinking and provide ethical perspectives for dealing with an increasingly complex world.

Creighton UNIVERSITY

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