

**Agendum
Oakland University
Board of Trustees Formal Session
October 16, 2026**

**FINANCIAL STATEMENTS, JUNE 30, 2026 AND 2025
A Recommendation**

1. **Division and Department:** Finance and Administration, Controller's Office
2. **Introduction:** The Financial Statements, June 30, 2026 and 2025 for Oakland University (University) have been completed (Attachment B).

The audit opinion of Andrews Hooper Pavlik PLC (AHP) states, "We have audited the financial statements of Oakland University (University), a component unit of the State of Michigan, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2026, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America."

AHP's Board of Trustees Letter (Attachment A) summarizes the audit engagement and required communications.

Representatives from AHP presented the Financial Statements in draft form to the Board of Trustees' (Board) Audit Committee at the Committee's October 16, 2026 meeting.

3. **Previous Board Action:** As a result of a competitive bid process, the public accounting firm Andrews Hooper Pavlik PLC was appointed by the Board of Trustees (Board) on April 11, 2025 and reappointed on April 24, 2026.

4. **Budget Implications:** The annual financial audits are budgeted for in the General Fund. No budget variances have occurred or are expected.

5. **Educational Implications:** None.

6. **Personnel Implications:** None.

7. **University Reviews/Approvals:** The Financial Statements were prepared by the Controller's Office and reviewed by the Senior Vice President for Finance and Administration, and President, audited by AHP, and presented to the Board's Audit Committee at its October 16, 2026 meeting.

Financial Statements, June 30, 2026 and 2025
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8. Recommendation:

RESOLVED, that the Board of Trustees accepts the Financial Statements, June 30, 2026, and 2025, which were audited by the Board of Trustee's public accounting firm, Andrews Hooper Pavlik PLC.

9. Attachments:

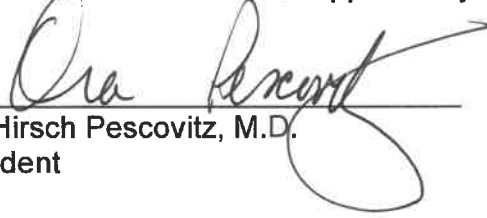
- A. Board of Trustees Letter dated October 16, 2026
- B. Draft Financial Statements, June 30, 2026 and 2025

Submitted to the President
on Oct 6, 2026, 2026 by



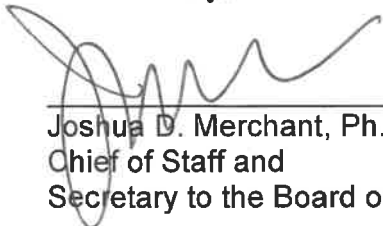
Stephen W. Mackey
Senior Vice President for Finance and
Administration and Treasurer to the Board of
Trustees

Recommended on 10/6, 2026
to the Board of Trustees for approval by



Ora Hirsch Pescovitz, M.D.
President

Reviewed by:



Joshua D. Merchant, Ph.D.
Chief of Staff and
Secretary to the Board of Trustees

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

Management and the Board of Trustees
Oakland University
Rochester, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Oakland University (University), a component unit of the State of Michigan, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Oakland University's basic financial statements, and have issued our report thereon dated October 16, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Bloomfield Hills, Michigan
October 16, 2026

Audit Committee of the
Board of Trustees

Oakland University

October 16, 2026

Oakland University

Audit Committee of the
Board of Trustees Meeting Agenda

October 16, 2026

◆ Introduction of Audit Team

- AHP Representatives

Greg Soule – Partner

Randy Morse – Independent Review Partner

Kate Farwell – Senior Manager

Chas Bruske – Senior Manager

Jacob Boerner – Senior Accountant

◆ Financial Highlights

◆ Audit Committee of the Board of Trustees Letter

- Services Provided and in Process
- Results of the Audit of the Financial Statements
- The Auditor's Communications with Those Charged with Governance

◆ Other Questions or Comments

October 16, 2026

Audit Committee of the Board of Trustees
Oakland University
Rochester, Michigan

We are pleased to submit this report which summarizes the results of our audit of Oakland University (University) and other matters which we believe would be of interest to you.

Services Provided and Reports Issued or in Process

In accordance with our engagement letter, AHP provided the following services:

Audit Services:

- An audit in accordance with auditing standards generally accepted in the United States of America and the applicable standards in *Government Auditing Standards* of the financial statements of the University for the year ended June 30, 2026. – Completed.
- An audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Government Auditing Standards* for the year ended June 30, 2026. – In Process.
- An agreed-upon procedures report as required by the NCAA Financial Audit Guidelines to assist the University in complying with NCAA Bylaw 3.2.4.15.1. – In Process.
- Procedures as required by the State of Michigan related to the inclusion of the University's audited financial statements in the State's comprehensive annual financial report. Additional limited procedures will be required by the State to be performed later in the year, updating our subsequent events procedures through that date. – In Process.

Nonaudit Services:

- Assistance with the preparation of the financial statements and disclosures – Completed.
- Assistance with the preparation of the schedule of expenditures of federal awards – In Process.
- Procedures related to the review of the 2026 990T – In Process.

We have reviewed the services provided and confirm that we are independent of Oakland University and its related parties.

Results of our Audit of the Financial Statements

The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and included such tests of the accounting records and such other auditing procedures as we considered necessary for the purpose of expressing an opinion on the financial statements.

The following summarizes various matters of interest noted during our audit:

Significant Risks

As noted in our scope letter dated April 24, 2026, we identified certain areas as having significant risks related to the potential of a material misstatement. We audited each of those significant risks with audit procedures designed to mitigate those risks. Based on our procedures performed, we noted no matters that need to be communicated to you.

Adopted Audit and Accounting Standards

The University adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, to improve key components of the financial reporting model. The purposes of the improvement are to (1) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (2) address certain application issues identified through pre-agenda research conducted by GASB.

This statement establishes new accounting and financial reporting requirements – or modifies existing requirements – related to the following:

- Management's discussion and analysis (MD&A)
- Unusual or infrequent items
- Presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position
- Information about major component units in basic financial statements
- Budgetary comparison information
- Financial trends information in the statistical section

The adoption of this statement required changes to the Management's Discussion and Analysis and the classification of financial statement items as noncapital subsidies rather than nonoperating revenue.

The University also adopted GASB Statement No. 104, *Disclosures of Certain Capital Assets*, which requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital asset note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, the Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The adoption of this Statement did not have a material impact on the University's financial statements.

Future Accounting Standards

We will continue to keep management up-to-date on any upcoming accounting standards that may impact the University.

General Revenue and Refunding Bonds, Series 2026A

The University issued General Revenue and Refunding Bonds, Series 2026A in the amount of \$86,830,000 in March 2026. The bonds were issued at a premium of \$9,796,243 and a final maturity date of March 1, 2047. The proceeds were utilized to refund the Series 2016 general revenue bonds which were utilized to fund the construction of a new 750 bed student residence complex (Hillcrest Hall), expansion of the Oakland Center, and other capital projects. As result of the refunding, the University will reduce its aggregate debt service payments over the remaining 21-year period by approximately \$10,627,000. The refunding will result in an economic gain of \$9,585,000. The aggregate outstanding principal on the 2016 Bonds totaled \$95,800,000. The pricing resulted in a 3.92% true interest cost.

Commitments and Contingencies

The University is the guarantor on certain faculty and staff residence mortgages. As of June 30, 2026, the amount subject to guarantee by the University was \$2,744,644.

The estimated costs to complete construction projects in progress is \$27.2 million as of June 30, 2026, due in large part to the construction costs associated with the high temperature hot water redundancy project of \$10.3 million, improvements to O'Dowd Hall in the amount of \$2.5 million, the Science Complex Renovation of \$2.3 million, \$2.1 million in improvements to Hamlin Hall, renovation of the Oakland West Center of \$1.5 million, and addition to the Research and Innovation Center of \$1.2 million, and various campus enhancement projects totaling \$7.3 million. The Science Complex renovation project is anticipated to be funded from the State Capital Outlay for \$30.0 million and \$14.3 million from University resources. The various other campus enhancements are funded from University resources.

Allowance for Doubtful Accounts

Management performed a detailed analysis of the allowance for doubtful accounts related to accounts receivable, student loan receivables, and pledges receivable. The University determined these allowances were adequate. Based on our testing and review of assumptions made by management, we believe the allowance for doubtful accounts is appropriate as of June 30, 2026.

Derivative Instruments

The University has one interest-rate swap agreement, the purpose of which is to reduce overall interest costs over the long term. The interest-rate swap is a hedging derivative associated with the 2008 Bonds. The estimated fair value of the 2008 Swap as of June 30, 2026 was (\$498,691) and is reflected in the deferred outflows of resources section of the Statements of Net Position. The fair value represents the estimated amount that the University would pay to terminate the 2008 Swap (termination risk), taking into account current interest rates and creditworthiness of the underlying counterparty. The University is required to post collateral under the agreement when the fair value is less than a negative \$5,000,000 at the University's current credit rating. As

of June 30, 2026, there was no collateral posted by the University. The counterparty's credit rating from Moody's Investors Service was Baa3.

Required Communications with the Audit Committee

This section discusses our responsibilities under AICPA Professional Standards AU-C Section 260, *The Auditor's Communication with Those Charged with Governance*. The following excerpts from that standard describe the specific matters required to be communicated to you and our responses thereto:

Our Responsibility under U.S. Generally Accepted Auditing Standards

The auditor's standard report emphasizes that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* is designed to provide reasonable, but not absolute, assurance that the financial statements are free of material misstatement and in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our report dated October 16, 2026 follows this format. Because of the concept of reasonable assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

Our responsibility, as described by our professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. GAAP. Our audit does not relieve you or management of your responsibilities.

As part of the audit, we considered the internal control of the University. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our scope letter dated April 24, 2026. No matters came to our attention during our audit that resulted in a change to our timing or scope of our procedures.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note A to the financial statements. Except as previously described in this report, no new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events

affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Fair market value of investments and swap agreement
- Other postemployment benefits

For each of the estimates listed above, we evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Significant accounting policies
- Investments and deposits with financial institutions
- Bonds payable and interest rate swaps
- Other postemployment benefits

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no misstatements during our audit. Also, there were no uncorrected misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on financial accounting, reporting, or auditing matters, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in management's representation letter dated October 16, 2026. A copy is attached for your reference.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information (RSI)

We applied certain limited procedures to management's discussion and analysis and the OPEB schedules, which are required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Supplementary Information

We were engaged to report on the University's crosswalk reconciliation schedules and schedule of expenditures of federal awards, which are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America and the Uniform Guidance (as applicable), the method of preparing the information has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Communication of Fees for Nonaudit Services

As previously described in this letter, we performed certain nonaudit services at the request of management and documented in an engagement letter. Fees for those services did not exceed those noted in our engagement letter.

Management Letter

We considered the University's internal control during the course of the audit, and we remained alert for areas where procedures and controls could be improved. We noted no matters involving internal control over financial reporting and its operation that we are required to report to you.

* * *

This report is intended solely for the information and use of the Audit Committee of the Board of Trustees, the Board of Trustees, and management of Oakland University and is not intended to be, and should not be, used by anyone other than these specified parties.

We will be pleased to respond to any comments or questions you may have concerning this letter, our management letter, or any other aspects of our services to Oakland University.

It has been a pleasure to serve Oakland University during 2026. We would like to express our appreciation for the cooperation and courtesy extended to us by the Audit Committee of the Board of Trustees, the Board of Trustees, and the management and employees of the University and look forward to continuing our association in the future.

Sincerely,

Andrews Hooper Pavlik PLC

October 16, 2026

Andrews Hooper Pavlik PLC
43252 Woodward Ave Suite 150
Bloomfield Hills, Michigan 48302

This representation letter is provided in connection with your audits of the financial statements of Oakland University (University), which comprise the respective financial position and results of operations and cash flows as of and for the years ended June 30, 2026 and 2025, and the disclosures (collectively, the “financial statements”), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 16, 2026, the following representations made to you during your audits.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 24, 2026, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information of the University required by U.S. GAAP to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable and in accordance with U.S. GAAP.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the University is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10) We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within the University from whom you determined it necessary to obtain audit evidence.
- Minutes of the meetings of the University's Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.

11) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the University and involves:

- a. Management,
- b. Employees who have significant roles in internal control, or

c. Others where the fraud could have a material effect on the financial statements.

- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the University's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the University's related parties and all the related party relationships and transactions of which we are aware.

Government-Specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 21) The University has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net assets or net position.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have appropriately identified, recorded, and disclosed all leases in accordance with GASB No. 87.
- 24) We have reported and disclosed amounts as deferred inflows and outflows in accordance with the provision of GASB No. 87, 75, 65, and 63.
- 25) We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASB No. 96.

- 26) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 27) We have appropriately measured, recorded, and disclosed compensated absences and other salary-related payments in accordance with GASB No. 101.
- 28) We have appropriately considered and designed all vulnerabilities due to certain concentrations or constraints in accordance with GASB No. 102.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) The University has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
- 31) During your engagement, we acknowledge that we requested that you provide limited assistance with the preparation of the financial statements and disclosures and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of federal awards.
- 32) The University has complied with all aspects contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements include all fiduciary activities required by GASB No. 84, as amended.
- 35) The financial statements properly classify all funds and activities in accordance with GASB No. 34, as amended.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of revenues, expenses, and change in net position.
- 41) Unusual or infrequent items are appropriately classified and reported.
- 42) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 44) We have appropriately disclosed the University's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under this policy.
- 45) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 46) With respect to federal award programs:
- We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

- If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the supplementary information and the auditor's report thereon.
- We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- We have disclosed any communications from federal awarding agencies and passthrough entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse.

- We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
 - We have charged costs to federal awards in accordance with applicable cost principles.
 - We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
 - We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
 - We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
 - We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
- 47) In regards to the assistance with the preparation of the financial statements and disclosures and schedule of expenditures of federal awards, Form 990, 990-T, and related state return assistance and review performed by you, we have:
- Assumed all management responsibilities
 - Designated Marci Snyder, who has suitable skill, knowledge, or experience to oversee the services.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.
 - Ensured that data and records are complete, and we have sufficient information to oversee the services.

General

- 48) Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements unless disclosed to you and agreed that disclosure is not required.
- 49) Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
- 50) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries, if any, have been properly recorded.
- 51) Management considers the decline in value of debt or equity securities to be temporary.
- 52) We have complied with all aspects of debt and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 53) There were no oral or written commitments, contracts, or leases in existence during or at the end of the year that have not been brought to your attention.
- 54) There were no defaults in principal-interest, sinking fund, reserve requirements, or redemption provisions with respect to any issue of securities or credit agreements, and no breach of covenants of the related indenture or agreement.
- 55) We believe that the majority of our grants are either of a reimbursement nature or require us to return unused funds. Accordingly, we have recorded advances received as unearned revenue.
- 56) We have reviewed all public-private, public-public, and availability payment arrangements in accordance with GASB Statement No. 94. Our review indicated that these arrangements were considered short-term and not material; therefore, the adoption of GASB Statement No. 94 did not result in any amounts being recorded in the financial statements.
- 57) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the statement of net position date and through the date of this letter that would require adjustment to, or disclosure in, the aforementioned financial statements or in the schedule of findings and questioned costs, unless otherwise disclosed.

Ora Hirsch Pescovitz, M.D., President

Stephen W. Mackey, Senior Vice President for
Finance and Administration and Treasurer to
the Board of Trustees

Marci Snyder, Associate Vice President and Controller

DRAFT

OAKLAND UNIVERSITY
**FINANCIAL
STATEMENTS**
JUNE 30, 2026 and 2025



Oakland University
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June 30, 2026 and 2025

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Marci Snyder
Interim Director of Accounting Services

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Report of Independent Auditors

To the Board of Trustees
Oakland University
Rochester, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oakland University (University), a component unit of the State of Michigan, as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2026 and 2025, and the changes in its financial position 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2026 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2026

Introduction

Following is Management's Discussion and Analysis of the financial activities of Oakland University (University, Oakland or OU) for the fiscal year ended June 30, 2026 with selected comparative information for the years ended June 30, 2025 and 2024.

The University is a state-supported institution offering a diverse set of academic programs, from baccalaureate to doctoral levels, as well as programs in continuing education. The University is recognized as one of the country's 139 doctoral/high research activity (R2) universities by the Carnegie Foundation for the Advancement of Teaching. The University currently offers 102 baccalaureate degree programs and 144 graduate and certificate programs. The University's student-centered education offers students opportunities to work directly on research projects with expert faculty who bring current knowledge into the classroom.

The University is considered a component unit of the State of Michigan (State). Accordingly, the University's financial statements are included in the State's annual comprehensive financial report.

This analysis is designed to focus on current financial activities; it should be read in conjunction with the University's financial statements and footnotes to the financial statements. This discussion, financial statements, and related footnotes have been prepared by and are the responsibility of University management.

Overview of the Financial Statements

This annual report consists of financial statements which have been prepared in accordance with the "business-type" activities requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, and GASB Statement No. 103, *Financial Reporting Model Improvements*. The fundamental objective of the financial statements is to provide an overview of the University's economic condition. The statements and their primary purpose are discussed below.

- **Statement of Net Position:** This statement presents information on the University's assets, deferred outflows, liabilities, deferred inflows, and net position (assets plus deferred outflows less liabilities and deferred inflows) as of the end of the fiscal year. Net position is displayed in four components – net investment in capital assets; restricted nonexpendable; restricted expendable; and unrestricted. Net position is one indicator of the current financial condition of the University, while the change in net position serves as a useful indicator of whether the financial position is improving or deteriorating.
- **Statement of Revenues, Expenses, and Changes in Net Position:** This statement presents the operating results of the University, as well as noncapital subsidies, nonoperating revenues and expenses, and unusual or infrequent items. The statement also presents information that shows how the University's net position has changed during the fiscal year.
- **Statement of Cash Flows:** This statement presents information about the University's cash receipts and cash payments during its fiscal year. Cash activities are classified in the following categories: operating activities, noncapital financing activities, capital financing activities, and investing activities.

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2026

- Notes to the Financial Statements: The footnotes provide additional information that is essential to a full understanding of the data provided in the financial statements.
- Required Supplementary Information: The required supplementary information provides additional information relative to the other postemployment benefit liability.

Financial Summary and Detailed Analyses

Condensed Statements of Net Position

The University's net position is summarized in the following Condensed Statements of Net Position:

Condensed Statements of Net Position

	2026	June 30, 2025 (in thousands)	2024	%Change 2026-2025	%Change 2025-2024
Assets					
Current assets	\$ 87,919	\$ 90,922	\$ 96,291	-3%	-6%
Capital assets, net	682,858	682,862	686,478	0%	-1%
Other noncurrent assets	483,099	426,284	395,808	13%	8%
Total assets	1,253,876	1,200,068	1,178,577	4%	2%
Deferred outflows of resources	3,908	6,202	7,238	-37%	-14%
Liabilities					
Current liabilities	90,830	87,215	99,490	4%	-12%
Noncurrent liabilities	332,955	364,833	381,955	-9%	-4%
Total liabilities	423,785	452,048	481,445	-6%	-6%
Deferred inflows of resources	33,899	17,720	26,394	91%	-33%
Net investment in capital assets	345,273	328,871	319,298	5%	3%
Restricted nonexpendable	66,309	62,027	52,841	7%	17%
Restricted expendable	101,548	85,055	72,813	19%	17%
Unrestricted	286,970	260,549	233,024	10%	12%
Total net position	\$ 800,100	\$ 736,502	\$ 677,976	9%	9%

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2026

Condensed Statements of Revenues, Expenses, and Changes in Net Position

The University's revenues, expenses, and changes in net position are summarized in the following Condensed Statements of Revenues, Expenses, and Changes in Net Position:

Condensed Statements of Revenues, Expenses, and Changes in Net Position	2026	2025	2024	% Change 2026-2025	% Change 2025-2024
		(in thousands)			
Operating revenues					
Net tuition	\$ 203,101	\$ 194,214	\$ 197,541	5%	-2%
Pell grants	31,720	31,538	23,100	1%	37%
Grants and contracts	25,621	25,239	23,692	2%	7%
Departmental activities	20,886	17,309	20,323	21%	-15%
Auxiliary activities, net	39,139	36,289	33,938	8%	7%
Other	400	397	102	1%	289%
Total operating revenues	320,867	304,986	298,696	5%	2%
Operating expenses	383,843	374,496	364,475	2%	3%
Operating loss	(62,976)	(69,510)	(65,779)	-9%	6%
Noncapital subsidies					
State appropriations	75,574	74,047	72,289	2%	2%
Gifts	10,272	6,367	5,406	61%	18%
Total noncapital subsidies	85,846	80,414	77,695	7%	3%
Income from operations and noncapital subsidies	22,870	10,904	11,916	110%	-8%
Nonoperating revenues (expenses)					
Investment income, net	49,433	40,444	42,242	22%	-4%
Interest expense	(12,285)	(12,830)	(13,545)	-4%	-5%
Capital appropriations	159	3,589	18,265	-96%	-80%
Capital grants and gifts	41	34	106	21%	-68%
Additions to permanent endowments	4,091	13,320	2,929	-69%	355%
Other	(711)	3,065	843	-123%	264%
Net nonoperating revenues	40,728	47,622	50,840	-14%	-6%
Increase (decrease) in net position	63,598	58,526	62,756	9%	-7%
Net position					
Beginning of year	736,502	677,976	615,220	9%	10%
End of year	\$ 800,100	\$ 736,502	\$ 677,976	9%	9%

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2026

University Operating Expenses

	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>% Change</u>	<u>% Change</u>
		(in thousands)		2026-2025	2025-2024
Education and general					
Instruction	\$ 137,429	\$ 135,754	\$ 131,360	1%	3%
Research	15,969	17,775	18,409	-10%	-3%
Public service	4,071	3,949	3,676	3%	7%
Academic support	56,867	56,413	52,052	1%	8%
Student services	39,112	39,400	36,870	-1%	7%
Institutional support	32,317	28,957	24,907	12%	16%
Operations and maintenance of plant	26,852	26,798	23,509	0%	14%
Depreciation and amortization	34,178	30,999	32,412	10%	-4%
Student aid	2,241	387	8,495	479%	-95%
Total education and general	349,036	340,432	331,690	3%	3%
Auxiliary activities	34,807	34,064	32,785	2%	4%
Total operating expenses	<u>\$ 383,843</u>	<u>\$ 374,496</u>	<u>\$ 364,475</u>	2%	3%

Condensed Statements of Cash Flows

The University's cash flows are summarized in the following Condensed Statements of Cash Flows:

Condensed Statements of Cash Flows

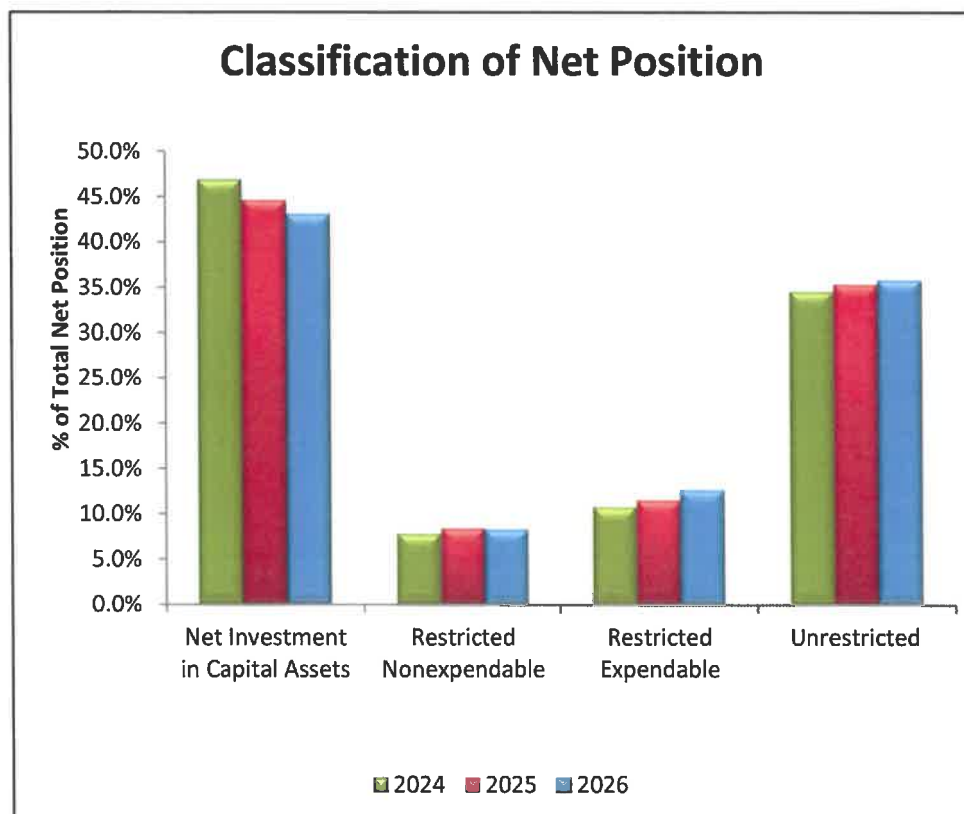
	<u>2026</u>	<u>2025</u>	<u>2024</u>
		(in thousands)	
Cash from			
Operating activities	\$ (30,467)	\$ (43,311)	\$ (42,207)
Noncapital financing activities	88,517	90,172	79,504
Capital financing activities	(55,647)	(54,137)	(62,398)
Investing activities	(6,976)	3,980	(5,604)
Net change in cash and cash equivalents	(4,573)	(3,296)	(30,705)
Cash and cash equivalents			
Beginning of year	45,079	48,375	79,080
End of year	<u>\$ 40,506</u>	<u>\$ 45,079</u>	<u>\$ 48,375</u>

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2026

Analysis of the University's Net Position

The University's net position consists of net investment in capital assets, restricted, and unrestricted. Restricted expendable net position represents assets whose use is restricted by a party independent of the University, including restrictions related to grants, contracts, and gifts. Restricted nonexpendable net position consists of gifts that have been received for endowment purposes. Unrestricted net position represents assets of the University that have not been restricted by parties independent of the University.

Unrestricted net position includes funds the Board and University management have designated for specific purposes, as well as amounts that have been contractually committed for goods and services that have not been received as of the end of the fiscal year.



Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2026

The following summarizes the internal designations of unrestricted net position:

	June 30,	
	2026	2025
	<i>(in thousands)</i>	
Auxiliary enterprises	\$ (459)	\$ 283
Capital projects and repair reserves	98,722	78,813
Funds designated for departmental use	59,437	57,615
Funds functioning as endowments	33,337	29,988
Gifts and investment income reserves	80,464	84,662
Retirement and insurance reserves	15,469	9,188
Total Unrestricted Net Position	\$ 286,970	\$ 260,549

Analysis of the University's Change in Net Position

Net position increased \$63.6 million in 2026 and is primarily attributed to noncapital subsidies and nonoperating activities including \$49.4 million of investment income, \$10.3 million of gift income, and \$4.1 million in additions to permanent endowments.

Net position increased \$58.5 million in 2025 and is primarily attributed to an increase in Pell grants of \$8.4 million and nonoperating activities including \$40.4 million of investment income, and \$10.3 million increase in additions to permanent endowments.

Net position increased \$62.8 million in 2024 and is primarily attributed to nonoperating activities including \$42.2 million of investment income, \$11.5 million increase in state appropriations, and \$10.6 million increase in capital appropriations.

Auxiliary enterprises consist of the operating fund balances at year end for the various auxiliary units, the largest of which are Athletics, Golf & Learning Center, and maintenance projects. The decrease is primarily due to using funding for projects.

Capital projects and repair reserves consist of the unexpended portion of ongoing capital projects, reserves for plant renewal, and bond sinking funds. The increase is primarily due to an increase in repair and maintenance reserves and appropriations for additions.

Funds designated for departmental use consist of specific projects earmarked by various departments. The increase is primarily due to the increase of scholarships and academic affairs support, offset by the use of the prior year's balances for departmental funded capital projects.

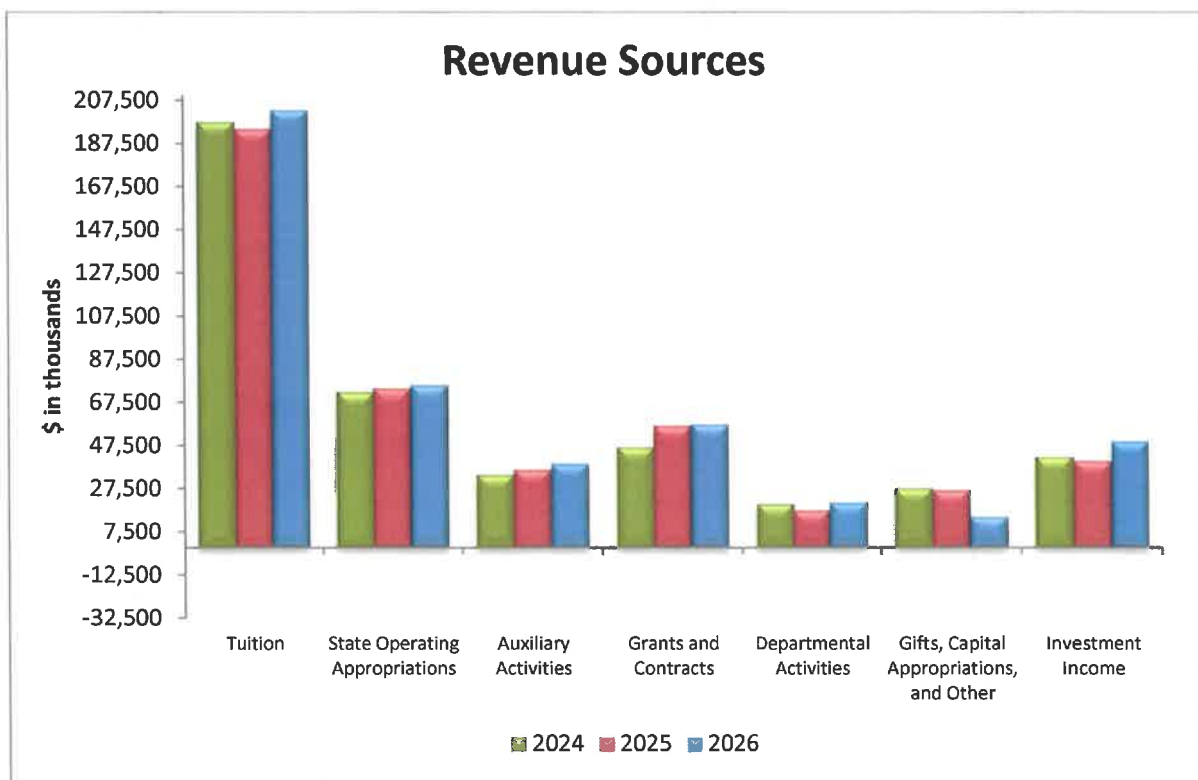
Funds functioning as endowments were created by the Board utilizing University resources. These funds are invested in the endowment pool to achieve long-term growth. The funds consist of endowments for scholarships, excellence in teaching and research, and deferred plant renewal. The increase was due to a 15.0% gain on endowment investments this year.

Gifts and investment income reserves include the University's unrestricted gifts and realized and unrealized investment income reserves. There was a decrease due to the use of funds for the Athletic Dome and Housing Fund, offset by an increase due to a 7.3% gain on working capital investments this year.

Oakland University
Management's Discussion and Analysis (unaudited)
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Retirement and insurance reserves include the University's reserves and liability recorded for OPEB. The University follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The actuarially determined liability at June 30, 2026 was \$16.3 million. The University has decided that future benefits will not be prefunded; however, the University has designated assets to meet future obligations through the creation of a Board-approved, quasi-endowment valued at approximately \$40.3 million, earnings from which will be used to offset annual postemployment contributions. The increase was primarily due to favorable returns in the endowment investments this year. The retirement and insurance balance also includes reserves for unemployment and workers' compensation for which the University is self-insured.

A graphic illustration of each revenue source is as follows:



Operating revenues were \$320.9 million in 2026, \$305.0 million in 2025, and \$298.7 million in 2024. The \$15.9 million, or 5%, increase in 2026 over 2025 was largely due to a \$8.9 million increase in Net tuition revenue, a \$3.6 million increase in Departmental activities primarily attributable to the distribution of special network access fees in the physician payment adjuster program, and a \$2.8 million increase in Auxiliary activities. The \$6.3 million, or 2%, increase in 2025 over 2024 was largely due to a \$8.4 million increase in Pell grants, a \$2.4 million increase in Auxiliary activities, net, and \$1.5 million increase in Grants and contracts. That increase was partially offset by a \$3.3 million decrease in Net tuition revenue due to a change in accounting method for scholarship allowance, and a \$3.0 million decrease in Departmental activities primarily attributable to a decline in distribution of special network access fees in the physician payment adjuster program.

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2026

In fiscal year 2026, the University earned \$49.4 million in net investment income. This growth is comprised of \$25.7 million, a 7.3% rate of return, in University pooled working capital investments and \$23.7 million, a 15.0% rate of return, in the endowment investments.

In fiscal year 2025, the University earned \$40.4 million in net investment income. This growth is comprised of \$22.0 million, a 7.1% rate of return, in University pooled working capital investments and \$18.4 million, a 12.9% rate of return, in the endowment investments.

Operating expenses were \$383.8 million in 2026, \$374.5 million in 2025, and \$364.5 million in 2024. The operating expense increase of 2% in 2026 over 2025 primarily resulted from supporting contractual agreements and increases in instruction, institutional support, and student aid. The operating expense increase of 3% in 2025 over 2024 primarily resulted from increases in instruction, research, academic support, student services, and institutional support attributable to rising costs during an inflationary period.

Total education and general expenses increased 3% in 2026 over 2025 and increased 3% in 2025 over 2024. The increase in 2026 was mainly attributable to compensation increases to maintain competitive salaries in an inflationary market coupled with the rising costs of travel, services, and purchased supplies.

Instruction for 2026 increased \$1.7 million primarily the result of compensation increases to maintain competitive salaries in an inflationary market. Additional increases in Institutional support of \$3.4 million are largely due to increases in compensation, the cost of travel, and purchased supplies. Student aid increased \$1.8 million in 2026 due to the University's increased funding of financial aid.

Instruction for 2025 increased \$4.4 million primarily the result of compensation increases to maintain competitive salaries in an inflationary market. Additional increases in Academic support of \$4.4 million; Institutional support of \$4.1 million; and Student services of \$2.5 million are largely due to increases in compensation, the cost of travel, and purchased supplies.

In accordance with the reporting improvements of GASB Statement No. 103, the University's restated operating loss was \$63.0 million in 2026, \$69.5 million in 2025, and \$65.8 million in 2024. Offsetting these losses were noncapital subsidies of \$85.8 million and net nonoperating revenues of \$40.7 million in 2026, \$80.4 million and \$47.6 million in 2025, and \$77.7 million and \$50.8 million in 2024, respectively.

Noncapital subsidies are largely comprised of State appropriations and, as reflected in the State's approved appropriations bills, were \$75.6 million in 2026, \$74.0 million in 2025, and \$72.3 million in 2024.

Noncapital subsidies also include Gifts of \$10.3 million in 2026. Gift revenue for 2025 and 2024 was \$6.4 million and \$5.4 million, respectively.

Nonoperating revenues primarily consist of \$49.4 million of investment income and \$4.1 million of permanent endowments and capital grants and gifts.

Significant Capital Asset and Long-Term Financing Activity

The University's total assets were \$1,253.9 million, \$1,200.1 million, and \$1,178.6 million at June 30, 2026, 2025, and 2024 respectively. The University's largest asset is its investment in capital assets, including land, land improvements, infrastructure, buildings, equipment, library acquisitions, construction in progress, and right to use subscription assets. Capital assets represent 54%, 57%, and 58% of the University's total assets at June 30, 2026, 2025 and 2024 respectively. Capital expenditures totaled \$36.9 million in 2026, \$27.8 million in 2025, and \$51.4 million in 2024. Included in capital expenditures for

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2026

2026 were \$11.7 million for the high temperature hot water redundancy project and upgrades to the existing infrastructure, \$5.1 million of improvements to O'Dowd Hall and Dodge Hall for the School of Medicine, \$3.2 million for improvements to the Sports Dome and the Recreation Outdoor Complex, \$1.3 million for the Science Complex renovation, \$0.9 million in improvements to Hamlin Hall, \$0.7 million for West Center renovations, and \$6.3 million in right to use subscription assets. Additional capital expenditures of \$7.7 million include other campus enhancement projects. Depreciation expense was \$34.2 million in 2026, \$31.0 million in 2025, and \$32.4 million in 2024.

The University's total liabilities were \$423.8 million at June 30, 2026, \$452.0 million at June 30, 2025, and \$481.4 million at June 30, 2024. Current liabilities consist primarily of accounts payable, accrued expenses, current portion of long-term liabilities, current portion of other postemployment benefits, and unearned revenue. The \$3.6 million increase in current liabilities is largely attributable to an increase in accounts payable and accrued expenses primarily due to an increase in construction activity compared to 2025. Noncurrent liabilities are comprised primarily of bonds and notes payable and represent 78.6% of the University's total liabilities as of June 30, 2026, 80.7% as of June 30, 2025, and 79.3% as of June 30, 2024. Noncurrent long-term liabilities decreased by \$31.9 million primarily due to a \$22.1 million decrease in long-term liabilities related to bond principal payments and amortization of bond premiums; \$8.8 million decrease in other postemployment benefits (OPEB) as a result of actuarial analysis used to determine the cost of the current retiree health insurance benefit program; \$0.5 million decrease in unearned revenue; and a \$0.5 million decrease in derivative instruments consisting of the accumulated change in fair value of the 2008 Swap.

Capital financing activities for 2026 include capital expenditures of \$31.2 million and debt service payments of \$122.9 million. Cash disbursements for capital expenditures in 2026 included the high temperature hot water redundancy project of \$7 million; \$3.7 million for improvements to the Recreation Center; \$2.8 million for the School of Medicine renovation and expansion; \$1.2 million for the Science Complex renovation; \$1 million for the Oakland West Center renovations; \$1 million for golf course improvements; \$0.9 million Dodge Hall renovation; \$5.3 million and \$0.1 million in equipment and library books respectively; and \$8.3 million in various infrastructure and building improvements and repairs.

In March, 2026, the University issued \$86,830,000 of general revenue refunding bonds (2026A Bonds), with an average coupon rate of 5.0% and a net original issue premium of \$9,796,243. The 2026A Bonds were issued with a final maturity date of March 1, 2047. The proceeds were utilized to refund the Series 2016 general revenue bonds (2016 Bonds) which were utilized to fund the construction of a new 750 bed student residence complex (Hillcrest Hall), expansion of the Oakland Center, and other capital projects. As a result of the refunding, the University will reduce its aggregate debt service payments over the remaining 21-year period by approximately \$10,627,000. The refunding will result in an economic gain of \$9,585,000. The aggregate outstanding principal on the 2016 Bonds totaled \$95,800,000. The pricing resulted in a 3.92% true interest cost. The University's most recent rating through Moody's Investors Service reaffirmed the University's underlying credit rating as A1 - Stable.

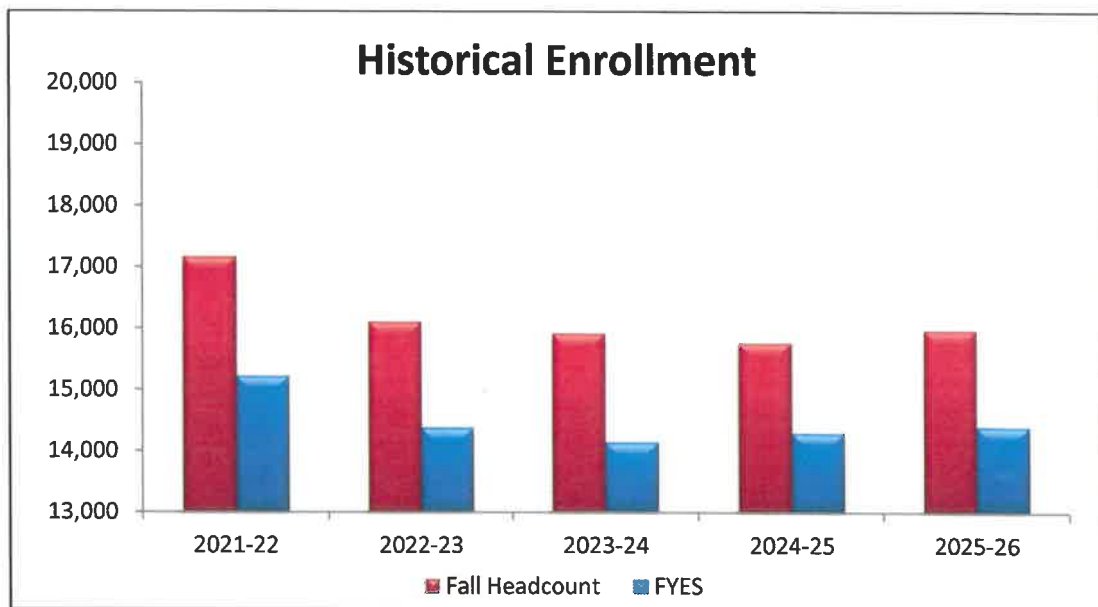
The estimated costs to complete construction projects in progress is \$27.2 million as of June 30, 2026, due in large part to the construction costs associated with the high temperature hot water redundancy project of \$10.3 million, improvements to O'Dowd Hall in the amount of \$2.5 million, the Science Complex renovation of \$2.3 million, \$2.1 million in improvements to Hamlin Hall, renovation of the Oakland West Center of \$1.5 million, an addition to the Research and Innovation Center of \$1.2 million, and various campus enhancement projects totaling \$7.3 million. The Science Complex renovation project is anticipated to be funded from the State Capital Outlay for \$30.0 million and \$14.3 million from University resources. The various other campus enhancements are funded from University resources.

Oakland University
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Currently Known Facts, Decisions, or Conditions

Financial and budget planning is directly related to and supportive of the University's mission, strategic plan, and operational needs. The ability to plan effectively is influenced by an understanding of the following factors which impact the University's finances:

- In fiscal year 2026, student headcount enrollment for the fall 2025 semester increased by 1.3% to 15,979. Undergraduate enrollment was 12,770 (80%) and graduate enrollment was 3,209 (20%). In fiscal year 2025, student headcount enrollment for the fall 2024 semester decreased by 1.0% to 15,768. Undergraduate enrollment was 12,587 (80%) and graduate enrollment was 3,181 (20%). The increase in enrollment is primarily attributable to the growing demand for nursing and healthcare professionals.
- Enrollment based on Fiscal Year Equated Students (FYES) increased 0.7% to 14,409 and increased 1.1% to 14,302 for fiscal years 2026 and 2025 respectively. A five-year summary of historical enrollment is presented below.



- In August 2025, Oakland University began offering a new academic minor in Sport Management. With Oakland University being a Division I Institution located within the Metro Detroit area, OU is in a unique position to support this career path. This five-course minor gives students essential knowledge in sport marketing, services, laws and governance, which builds a strong foundation for future graduates.
- In August 2025, Oakland University celebrated 25 years of the executive MBA (EMBA) program. This program is tailored to students who have full-time positions and at least five years of professional work experience.
- In April 2026, the Leadership Development Institute (LDI) officially graduated its founding cohort, marking the completion of the prototype phase. Within this program groups of students from diverse majors were brought together to develop the leadership skills that employers seek in today's graduates.

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LDI is now preparing for its full launch in Fall 2026 with a more refined model and five-year scaling plan.

- In May 2026, several Oakland University Faculty earned international recognition for the impact of their research in the 2026 “World’s Best Scientists” ranking released by Research.com. These faculty members were from various science departments across campus, including Engineering & Computer Science, Psychology, Physics, Biology, and Mathematics & Statistics. Collectively, these rankings reflect Oakland University’s continued research presence and investment in faculty scholarship across the sciences.
- In June 2026, the School of Business Administration launched a new Graduate Certificate in Supply Chain Analytics. This fifteen credit program is designed to help working professionals and recent graduates build valuable in-demand skills that combine supply chain management and business analytics. With an online option available, students can complete the program while balancing other commitments.
- In June 2026, Oakland University was selected as the new statewide Great Start Readiness Program (GSRP) evaluator, Michigan’s state-funded pre-K program for four-year-old children. Funding has been recently awarded through a competitive grant process to support the ongoing evaluation of children participating in GSRP. This contract is renewable for up to five years, empowering OU to lead research efforts studying the effectiveness and impact of GSRP.

Oakland University
Statements of Net Position
June 30, 2026 and 2025

	2026	2025
Assets		
Current assets		
Cash and cash equivalents (Note 2)	\$ 40,408,082	\$ 45,005,451
Accounts receivable, net (Note 3)	24,388,757	25,925,984
Leases receivable (Note 4)	712,211	783,550
Appropriations receivable (Note 5)	13,740,770	13,463,122
Pledges receivable, net (Note 6)	1,195,714	1,137,806
Inventories	573,198	540,907
Deposits and prepaid expenses	6,709,162	3,778,034
Student loans receivable, net (Note 7)	191,258	287,371
Total current assets	<u>87,919,152</u>	<u>90,922,225</u>
Noncurrent assets		
Restricted cash and cash equivalents (Note 2)	97,601	73,505
Endowment investments (Note 2)	190,683,302	167,858,415
Other long-term investments (Note 2)	285,713,312	252,129,695
Leases receivable (Note 4)	2,529,227	3,241,437
Pledges receivable, net (Note 6)	2,265,817	1,500,620
Student loans receivable, net (Note 7)	1,198,988	841,720
Capital assets, net (Note 9)	682,858,341	682,861,615
Other assets (Note 11)	610,318	638,829
Total noncurrent assets	<u>1,165,956,906</u>	<u>1,109,145,836</u>
Total assets	<u>1,253,876,058</u>	<u>1,200,068,061</u>
Deferred outflows of resources (Note 12)	3,908,125	6,201,581
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	22,537,189	17,965,205
Accrued payroll	16,113,940	14,913,092
Long-term liabilities - current portion (Note 13)	19,587,992	19,368,601
Other postemployment benefits - current portion (Note 14)	185,547	1,515,457
Unearned revenue	28,592,639	29,785,267
Deposits	3,812,858	3,666,872
Total current liabilities	<u>90,830,165</u>	<u>87,214,494</u>
Noncurrent liabilities		
Unearned revenue	3,936,034	4,380,538
Derivative instruments - swap liability (Note 8)	498,691	962,804
Long-term liabilities (Note 13)	312,359,989	334,491,134
Other postemployment benefits (Note 14)	16,160,341	24,998,833
Total noncurrent liabilities	<u>332,955,055</u>	<u>364,833,309</u>
Total liabilities	<u>423,785,220</u>	<u>452,047,803</u>
Deferred inflows of resources (Note 16)	33,899,079	17,719,743
Net position		
Net investment in capital assets	345,273,294	328,871,256
Restricted:		
Nonexpendable	66,308,701	62,027,020
Expendable:		
Research and gifts	43,900,154	40,334,122
Quasi and term endowments	55,097,839	43,894,183
Debt service and capital projects	1,951,392	315,371
Student loans	598,584	511,358
Unrestricted	286,969,920	260,548,786
Total net position	<u>\$ 800,099,884</u>	<u>\$ 736,502,096</u>

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

Oakland University
Statements of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2026 and 2025

	2026	2025
Operating revenues		
Tuition (net of scholarship allowances of \$88,322,017 in 2026 and \$84,942,650 in 2025)	\$ 203,100,699	\$ 194,213,760
Pell grants	31,720,490	31,538,386
Federal grants and contracts	18,729,179	16,300,968
State, local, and private grants and contracts	6,891,484	8,938,048
Departmental activities	20,885,812	17,309,642
Auxiliary activities (net of scholarship allowances of \$5,533,409 in 2026 and \$5,819,008 in 2025)	39,138,716	36,288,757
Other operating revenues	400,239	396,810
Total operating revenues	<u>320,866,619</u>	<u>304,986,371</u>
Operating expenses		
Education and general		
Instruction	137,429,458	135,753,968
Research	15,968,841	17,775,005
Public service	4,070,505	3,948,702
Academic support	56,866,976	56,412,720
Student services	39,112,096	39,400,524
Institutional support	32,317,440	28,957,224
Operations and maintenance of plant	26,851,607	26,797,672
Depreciation	34,177,741	30,999,464
Student aid	2,241,433	387,375
Auxiliary activities	34,806,538	34,063,790
Total operating expenses (Note 19)	<u>383,842,635</u>	<u>374,496,444</u>
Operating loss	<u>(62,976,016)</u>	<u>(69,510,073)</u>
Noncapital subsidies		
State appropriations (Note 5)	75,574,300	74,047,200
Gifts	10,271,917	6,366,861
Total noncapital subsidies	<u>85,846,217</u>	<u>80,414,061</u>
Income from operations and noncapital subsidies	<u>22,870,201</u>	<u>10,903,988</u>
Nonoperating revenues (expenses)		
Investment income (net of investment expenses of \$908,905 in 2026 and \$577,135 in 2025)	49,432,657	40,443,534
Interest on capital asset related debt	(12,285,256)	(12,829,974)
Capital appropriations (Note 5)	159,235	3,588,680
Capital grants and gifts	40,995	34,470
Additions to permanent endowments	4,091,406	13,320,300
Other	(711,450)	3,065,024
Net nonoperating revenues	<u>40,727,587</u>	<u>47,622,034</u>
Increase in net position	<u>63,597,788</u>	<u>58,526,022</u>
Net position		
Beginning of year	736,502,096	677,976,074
End of year	<u>\$ 800,099,884</u>	<u>\$ 736,502,096</u>

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

Oakland University
Statements of Cash Flows
Year Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Cash flows from operating activities		
Tuition	\$ 205,034,369	\$ 207,355,439
Pell Grants	31,720,490	31,538,386
Grants and contracts	22,339,857	14,179,846
Payments to suppliers	(74,906,541)	(92,659,734)
Payments to employees	(271,579,383)	(256,549,523)
Payments for scholarships and fellowships	(858,386)	(387,375)
Loans issued to students	(403,218)	(512,794)
Collection of loans from students	130,491	243,787
Federal direct lending receipts	83,525,354	83,922,821
Federal direct lending disbursements	(83,525,354)	(83,922,821)
Auxiliary enterprise charges	38,797,852	36,291,275
Other receipts	19,257,770	17,189,773
Net cash from operating activities (Note 20)	<u>(30,466,699)</u>	<u>(43,310,920)</u>
Cash flows from noncapital financing activities		
State appropriations	75,296,652	73,727,492
Gifts and grants for other than capital purposes	7,787,822	8,444,061
Endowment gifts	5,432,393	8,000,699
Net cash from noncapital financing activities	<u>88,516,867</u>	<u>90,172,252</u>
Cash flows from capital financing activities		
Proceeds from capital debt	96,626,243	-
Capital appropriations	159,235	7,333,324
Proceeds from payments on leases	1,761,600	(840,623)
Purchases of capital assets	(31,267,367)	(32,292,557)
Principal paid on capital debt	(106,850,537)	(12,280,736)
Interest paid on capital debt	(16,076,769)	(16,056,925)
Net cash from capital financing activities	<u>(55,647,595)</u>	<u>(54,137,517)</u>
Cash flows from investing activities		
Proceeds from sales and maturities of investments	51,664,115	40,361,536
Investment income	8,582,046	11,536,726
Purchase of investments	(67,222,007)	(47,918,092)
Net cash from investing activities	<u>(6,975,846)</u>	<u>3,980,170</u>
Net change in cash and cash equivalents	<u>(4,573,273)</u>	<u>(3,296,015)</u>
Cash and cash equivalents		
Beginning of year	45,078,956	48,374,971
End of year	<u>\$ 40,505,683</u>	<u>\$ 45,078,956</u>

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

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

1. Organization, Basis of Presentation, and Significant Accounting Policies

Organization

Oakland University (University) is an institution of higher education and is considered to be a component unit of the State of Michigan (State). Its Board of Trustees (Board) is appointed by the Governor of the State. Accordingly, the University is included in the State's financial statements as a discretely presented component unit. Transactions with the State relate primarily to appropriations for operations, capital improvements and grants from various Federal and State agencies.

Basis of Presentation

The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. The statements incorporate all fund groups utilized internally by the University. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The University follows the "business-type" activities requirements of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. These statements require the following components of the University's financial statements:

- Management's Discussion and Analysis
- Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows
- Notes to the financial statements

GASB Statements No. 34 and 35 establish standards for external financial reporting for public colleges and universities and require that resources be classified for accounting and reporting purposes into the following four net asset categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted:
 - Nonexpendable – Net position subject to externally imposed constraints which permanently restrict the University from expending such assets. Such assets include the University's permanent endowment funds.

Expendable – Net position where use by the University is subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

1. Organization, Basis of Presentation, and Significant Accounting Policies (continued)

- **Unrestricted:** Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the Board or may otherwise be limited by contractual agreements with outside parties. Substantially all of the unrestricted net position is designated for academic, research, and outreach programs and initiatives, postemployment benefits, operating and stabilization reserves, capital projects and capital asset renewals, and replacements.

GASB Statements No. 34 and 35 also require the University to report revenues net of discounts and allowances. Gift and grant revenues are recognized at the later of the pledge date or when the eligibility requirement of the gifts and grants are met.

Significant Accounting Policies

Cash and Cash Equivalents

The University considers all investments with an original maturity of 90 days or less when purchased to be cash equivalents. Restricted cash and cash equivalents consist of unexpended bond proceeds which are restricted for use as noted in the bond documents.

Cash Flow Reporting

For the purpose of presentation in the Statements of Cash Flows, cash and cash equivalents includes restricted cash.

Investments

Investments are stated at fair value.

Inventories

Inventories are stated at actual cost.

Physical Properties

Physical properties are stated at cost or, if acquired by gift, at acquired value at the date of acquisition. A capitalization threshold of \$10,000 is used for equipment. In addition, all equipment under a unit cost of \$10,000 purchased in bulk for a newly constructed building is capitalized and depreciated over seven years. Depreciation is computed using the straight-line method over the estimated useful life of the property. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. The costs of maintenance and repairs are expended as incurred. The University does not capitalize certain works of art or historical treasures that are held for exhibition, education, research or public service. The following are asset classifications and the respective estimated useful lives:

<u>Classifications</u>	<u>Life</u>
Buildings	40 years
Land improvements and infrastructure	20 years
Library acquisitions	10 years
Equipment and software	7 years

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

1. Organization, Basis of Presentation, and Significant Accounting Policies (continued)

Deferred Outflows of Resources

The Statements of Net Position include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an expense until then. Deferred outflows of resources consist of differences between expected and actual experiences in the other postemployment benefit (OPEB) valuation in addition to contributions remitted to the University's retiree health care plan after the measurement date of the plan, and interest rate swap accumulated change in fair value.

Unearned Revenue

Unearned revenue consists primarily of summer semester tuition not earned during the current year and contractual advances.

Deferred Inflows of Resources

The Statements of Net Position include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as revenue until then. Deferred inflows of resources consist of OPEB assumption changes, beneficial interest in assets held by others, split interest agreements, deferred amortization on refunding of debt, and leasing arrangements.

Revenue Recognition

Operating revenues represent revenue earned from exchange transactions and consist of tuition, certain grants and contracts, departmental activities, auxiliary activities, and other miscellaneous revenues. Noncapital subsidies include state appropriations and gifts. Nonoperating revenues include investment income, capital appropriations, capital grants and gifts. When an expense is incurred for which both restricted and unrestricted net position are available, the University applies the restricted or unrestricted resources at its discretion.

Tuition revenue related to the summer semester is recognized in the fiscal year in which the semester is conducted.

Scholarship allowance is the difference between the stated charge for tuition and the amount paid by the student or third parties making payments on behalf of the student. Student financial aid such as fee waivers, Pell grants, and scholarship awards are considered to be scholarship allowances if used to pay tuition and room and board. These allowances are netted against tuition and auxiliary revenues in the Statements of Revenues, Expenses, and Changes in Net Position.

Funds are appropriated to the University for operations by the State covering the State's fiscal year, October 1 through September 30. The appropriation is for the University's fiscal year ending June 30 and is considered earned when appropriated.

Bond Issuance Costs

Bond issuance costs are expensed when incurred.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

1. Organization, Basis of Presentation, and Significant Accounting Policies (continued)

Income Tax Status

The University is classified as a political subdivision of the State of Michigan under Section 115 of the Internal Revenue Code and is therefore exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*, to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed, clarifies the subsequent events that constitute recognized and nonrecognized events, and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement will improve financial reporting related to subsequent events by (1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and (2) specifying the information items that are required to be disclosed about subsequent events. Those improvements will assist preparers and auditors in applying the requirements more consistently, thereby reducing diversity in practice and providing information that better meets the needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026.

Adoption of New Standards

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. This Statement requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the University has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. This Statement requires that capital assets held for sale be evaluated each reporting period. The statement requires disclosure of (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2026. The adoption of this guidance by the University did not have a material impact on the financial statements.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

1. Organization, Basis of Presentation, and Significant Accounting Policies (continued)

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing accountability. This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A) enhanced with detailed analyses that explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. Additionally, this Statement requires additional disclosures and discussion of unusual or infrequent items, presentation of proprietary fund statement of revenues, expenses and changes in fund net position, major component unit information, budgetary comparison information, and financial trends information in the statistical section. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2026. The adoption of this guidance by the University did not have a material impact on the financial statements. In accordance with GASB Statement No. 103, the University applied the reporting changes which resulted in a reclassification of Pell grant revenue to operating revenues from nonoperating revenues and a reclassification of state appropriations and gifts from nonoperating revenues to noncapital subsidies. The reclassification of revenues was made to 2026 and 2025 balances for presentation.

2. Investments and Deposits with Financial Institutions

Operating cash is pooled into investments and deposits, which are uninsured and uncollateralized. This pool is administered according to the University's "Working Capital Management and Investment Policy." The University's working capital is divided into three investment groups: short-term, intermediate-term, and long-term investments. Short-term investments are immediately available for use and have an average maturity of one year or less. Intermediate-term investments are liquid within five business days or less and have an average maturity of no more than five years. Long-term investments are liquid within 20 business days or less and have average maturities over five years. The long-term investment asset class is limited to 30% of the total investment pool and includes equities. All investment classes are rated investment grade or better by at least one rating agency.

The working capital at June 30, 2026 does not involve any concentration of credit risk as investments in any one entity, except the United States Government or its agencies, may not exceed 5% of the total investment pool. For non-amortizing securities, the maturity of any single debt instrument shall not exceed 15 years. No more than 50% of equity and bond investments are assigned to a single investment manager.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

2. Investments and Deposits with Financial Institutions (continued)

The University's working capital consists of the following as of June 30, 2026 and 2025:

		Investment Maturities (In Years)				
June 30, 2026	Fair Market Value	<1 Year	1-5 years	6-10 years	>10 years	N/A
University Working Capital						
Cash and Cash Equivalents	\$ 40,408,082	\$ 40,408,082	\$ -	\$ -	\$ -	\$ -
Commonfund						
Intermediate Bond Fund	77,105,518	6,584,811	68,531,384	1,796,559	192,764	-
High Quality Bond Fund	63,234,998	(2,889,839)	26,305,759	27,798,105	12,020,973	-
Contingent Asset Portfolio	62,507,041	5,544,374	43,098,605	9,976,124	3,887,938	-
Core Equity Fund	82,808,474	-	-	-	-	82,808,474
Fidelity	57,281	-	-	-	-	57,281
Cash with Trustees	97,601	97,601	-	-	-	-
Operating investments	\$ 326,218,995	\$ 49,745,029	\$137,935,748	\$ 39,570,788	\$16,101,675	\$ 82,865,755

As Reported on the Statement of Net Position

Cash and cash equivalents	\$ 40,408,082
Restricted cash and cash equivalents	97,601
Other long-term investments	<u>285,713,312</u>
	<u>\$ 326,218,995</u>

		Investment Maturities (In Years)				
June 30, 2025	Fair Market Value	<1 Year	1-5 years	6-10 years	>10 years	N/A
University Working Capital						
Cash and Cash Equivalents	\$ 45,005,451	\$ 45,005,451	\$ -	\$ -	\$ -	\$ -
Commonfund						
Intermediate Bond Fund	66,667,761	7,600,125	57,667,613	1,220,020	180,003	-
High Quality Bond Fund	55,358,881	2,125,781	24,058,970	19,868,302	9,305,828	-
Contingent Asset Portfolio	53,099,892	5,336,539	26,491,536	15,552,959	5,718,858	-
Core Equity Fund	30,260,251	-	-	-	-	30,260,251
Strategic Equity Fund	46,498,812	-	-	-	-	46,498,812
Fidelity	244,098	-	-	-	-	244,098
Cash with Trustees	73,505	73,505	-	-	-	-
Operating investments	\$ 297,208,651	\$ 60,141,401	\$108,218,119	\$ 36,641,281	\$15,204,689	\$ 77,003,161

As Reported on the Statement of Net Position

Cash and cash equivalents	\$ 45,005,451
Restricted cash and cash equivalents	73,505
Other long-term investments	<u>252,129,695</u>
	<u>\$ 297,208,651</u>

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

2. Investments and Deposits with Financial Institutions (continued)

Investment duration describes the level of interest rate risk in the portfolio. Changes in interest rates over time can impact the market value of the fixed income portion of the portfolio. At June 30, 2026, the Commonfund Intermediate Term Bond Fund had a duration of 2 years and an average credit quality of AA. The Commonfund Contingent Asset Portfolio had a duration of 2.4 years and an average credit quality of AA+. The Commonfund High Quality Bond Fund had a duration of 6.3 years and average credit quality of AA-. At June 30, 2025, the Commonfund Intermediate Term Bond Fund had a duration of 2 years and an average credit quality of AA. The Commonfund Contingent Asset Portfolio had a duration of 2.2 years and an average credit quality of AA+. The Commonfund High Quality Bond fund had a duration of 5.9 years and an average credit quality of AA-.

For deposits, custodial credit risk is present if the deposits are not covered by depository insurance and are 1) uncollateralized; 2) collateralized with securities held by the pledging financial institution; or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the University's name. The carrying amount of deposits, excluding investments classified as cash equivalents, was \$27,113,866 at June 30, 2026 and \$22,313,585 at June 30, 2025. The deposits were reflected in the accounts of the banks at \$30,309,290 at June 30, 2026 and \$23,092,448 at June 30, 2025. Of the bank balance, \$29,923,191 at June 30, 2026 and \$22,589,010 at June 30, 2025 was uninsured and uncollateralized.

As of June 30, 2026 and June 30, 2025, the University's working capital is not exposed to foreign currency risk.

These working capital funds produced a net rate of return of 7.3% and 7.1% for the years ended June 30, 2026 and 2025, respectively.

The University's endowment investments are administered according to the University's "Endowment Management and Investment Policy." The investment policy seeks to diversify investments among asset classes to provide a strategic asset allocation that enhances total returns and avoids undue credit risk exposure in any single asset class or investment category. The "Endowment Management and Investment Policy" restricts fixed income investments to "high quality" (primarily A to AAA rated) corporate bonds, U.S. Treasury, and agency securities or issues of supranational organizations and foreign sovereigns and no more than 20% of the fixed income portfolio may be invested in securities rated less than BBB or that are illiquid.

These endowment investment funds are uninsured and uncollateralized and produced a total net return of 15.0% and 12.9% for the years ended June 30, 2026 and 2025, respectively.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

2. Investments and Deposits with Financial Institutions (continued)

University endowment funds consist of the following as of June 30, 2026 and 2025:

June 30, 2026	Total	Investment Maturities (In Years)				N/A
		<1 Year	1-5 years	6-10 years	>10 years	
UBS Endowment Investment Pool						
Large Cap Value	\$ 30,975,748	\$ 571,131	\$ -	\$ -	\$ -	\$ 30,404,617
Large Cap Growth	43,949,884	423,003	-	-	-	43,526,881
Mid Cap Value	7,489,325	-	-	-	-	7,489,325
Mid Cap Growth	14,135,317	23	-	-	-	14,135,294
Small Cap Core	10,664,467	-	-	-	-	10,664,467
Small Cap Growth	5,546,204	-	-	-	-	5,546,204
International Value	6,063,368	-	-	-	-	6,063,368
International Growth	10,079,722	-	-	-	-	10,079,722
Developing Markets	7,903,076	-	-	-	-	7,903,076
Fixed Income Core	23,394,858	1,660,126	6,020,971	9,635,607	6,078,154	-
Fixed Income Mutual Fund	4,349,132	-	4,349,132	-	-	-
High Yield Bonds	2,834,979	318,547	1,928,099	505,245	83,088	-
Hedge Funds	6,111,422	-	-	-	-	6,111,422
Private Equity	16,086,116	-	-	-	-	16,086,116
Money Market Funds	1,099,684	1,099,684	-	-	-	-
	\$ 190,683,302	\$ 4,072,514	\$ 12,298,202	\$10,140,852	\$ 6,161,242	\$ 158,010,492

		Investment Maturities (In Years)					
June 30, 2025	Total	<1 Year	1-5 years	6-10 years	>10 years	N/A	
UBS Endowment Investment Pool							
Large Cap Value	\$ 26,635,851	\$ 526,419	\$ -	\$ -	\$ -	\$ 26,109,432	
Large Cap Growth	40,341,500	238,088	-	-	-	40,103,412	
Mid Cap Value	6,272,575	-	-	-	-	6,272,575	
Mid Cap Growth	12,888,679	-	-	-	-	12,888,679	
Small Cap Core	8,050,183	17	-	-	-	8,050,166	
Small Cap Growth	4,173,339	-	-	-	-	4,173,339	
International Value	5,193,832	-	-	-	-	5,193,832	
International Growth	7,935,061	84	-	-	-	7,934,977	
Developing Markets	6,242,610	2	-	-	-	6,242,608	
Fixed Income Core	19,883,368	1,475,594	6,233,660	7,337,267	4,836,847	-	
Fixed Income Mutual Fund	4,102,998	-	-	4,102,998	-	-	
High Yield Bonds	2,712,627	370,799	1,736,147	556,744	48,937	-	
Hedge Funds	4,842,182	-	-	-	-	4,842,182	
Private Equity	15,588,344	-	-	-	-	15,588,344	
Money Market Funds	2,995,266	2,995,266	-	-	-	-	
	\$ 167,858,415	\$ 5,606,269	\$ 7,969,807	\$ 11,997,009	\$ 4,885,784	\$137,399,546	

The fixed income investments within the Endowment pool have a fair market value of \$30.6 million as of June 30, 2026. The breakdown of market value, related percentage of the overall endowment pool and associated credit quality for the fixed income investments is as follows: \$0.8 million (0.4%) rated AAA, \$9.3 million (4.9%) rated AA+, \$3.8 million (1.9%) rated AA, \$14.1 million (7.4%) rated A-, \$2.6 million (1.4%) rated BB. Money market funds carry credit ratings of A-1, P-1, and F-1.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

2. Investments and Deposits with Financial Institutions (continued)

The University is not exposed to foreign currency risk within the endowment investment balance as of June 30, 2026.

The private equity investment's estimated fair value as measured by net asset value is \$16,086,116 as of June 30, 2026. Hedge fund investments are estimated at a net asset value of \$6,111,422 as of June 30, 2026. As of June 30, 2025, the private equity investment's estimated net asset value is \$15,588,344. Hedge fund investments are estimated at a net asset value of \$4,842,182. Estimated net asset values and returns are reviewed by the UBS Alternative Investments U.S. Team through the University's endowment investment adviser UBS Financial Services, Inc.

Fair value is most often determined by open market prices except for the private equity and hedge funds. The estimated fair values are provided by external investment managers and advisers as of June 30, 2026. Alternative investments are not readily marketable; therefore, their estimated value may differ from the value that would have been used had a ready market value for such investments existed.

For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted in Michigan, permits the University to appropriate an amount of realized and unrealized endowment appreciation as determined to be prudent. The majority (92%) of the endowment investment pool can be liquidated within 90 days or less at fair market value.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs that reflect a company's own assessment about the assumptions that market participants would use in pricing an asset or liability.

The fair value of various debt securities held at June 30, 2026 and 2025 was determined primarily on Level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The investment objective of the Core Equity Fund is to outperform its benchmark, the S&P 500 Index, over a full market cycle while managing risk through diversification of manager allocations. The Core Equity Fund consists principally of investments where the emphasis is on companies that the managers perceive to have values not fully reflected in current market prices. This fund uses Sub-Advisers who select stocks using quantitative and bottom-up fundamental analysis. The fund will provide access to large capitalization and, to a lesser extent, mid-capitalization companies.

The investment objective of the Equity Index Fund is replicating the performance of the S&P 500 Index Capitalization Weighted. The Equity Index Fund relies on a replication approach, accumulating all the securities in the relevant index. Replication is subject to managed exceptions to reduce transaction costs by avoiding odd lot purchases. Transactions are designated to be cost effective and "nearly right" without precisely replicating index weights.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

2. Investments and Deposits with Financial Institutions (continued)

The investment objective of the High Quality Bond Fund is to outperform its benchmark, the Bloomberg Barclays U. S. Aggregate Index, over a full market cycle while managing risk through diversification of manager allocations. This fund will consist of investments that are chosen by managers because of their emphasis on securities they believe to be of high credit quality and highly liquid. The securities in the fund will consist primarily of U.S. Treasury and Agency issues, corporate bonds, mortgage bonds and other asset-backed securities.

Hedge funds in the Endowment portfolio utilize a diversified strategy approach by mixing managers focused on Fund of Funds investments, to managers focused on specific sectors, such as credit or commodities. Within the Fund of Funds, manager's investment intent is further marginalized into event driven, opportunistic trading, as well as industry specific preferences.

	Fair Value as of June 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Other Long-term Investments:				
Commonfund				
Intermediate Bond Fund	\$ 77,105,518	\$ 1,480,426	\$ 75,625,092	\$ -
High Quality Bond Fund	63,234,998	796,761	62,438,237	-
Contingent Asset Portfolio	62,507,041	1,700,192	60,638,080	168,769
Core Equity Fund	2,798,926	2,798,926	-	-
Fidelity	57,281	57,281	-	-
	<u>205,703,764</u>	<u>6,833,586</u>	<u>198,701,409</u>	<u>168,769</u>
Endowment Investment:				
Large Cap Value	30,975,748	30,975,748	-	-
Large Cap Growth	43,949,884	43,949,884	-	-
Mid Cap Value	7,489,325	7,489,325	-	-
Mid Cap Growth	14,135,317	14,135,317	-	-
Small Cap Core	10,664,467	10,664,467	-	-
Small Cap Growth	5,546,204	5,546,204	-	-
International Value	6,063,368	6,063,368	-	-
International Growth	10,079,722	10,079,722	-	-
Developing Markets	7,903,076	7,903,076	-	-
Fixed Income Core	23,394,858	23,394,858	-	-
Fixed Income Mutual Fund	4,349,132	4,349,132	-	-
High Yield Bonds	2,834,979	2,834,979	-	-
Money Market Funds	1,099,684	1,099,684	-	-
	<u>168,485,764</u>	<u>168,485,764</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 374,189,528</u>	<u>\$ 175,319,350</u>	<u>\$ 198,701,409</u>	<u>\$ 168,769</u>
Investments measured at the net asset value (NAV)				
	June 30, 2026	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Core Equity Fund	\$ 80,009,548	\$ -	Weekly	5 Days
Hedge Funds	6,111,422	-	Quarterly	7-105 Days
Private Equity	16,086,116	983,384	Not Applicable	Not Applicable
Total investments measured at NAV	<u>102,207,086</u>	<u>983,384</u>		
Total	<u>\$ 476,396,614</u>	<u>\$ 983,384</u>		
As Reported on the Statement of Net Position				
Endowment investments	\$ 190,683,302			
Other long-term investments	<u>285,713,312</u>			
Total	<u>\$ 476,396,614</u>			

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

2. Investments and Deposits with Financial Institutions (continued)

Most of the funds align into the low volatility category with the objective to participate consistently in up markets and provide favorable performance to the broader markets during depressed or down-market cycles.

	Fair Value as of June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Other Long-term Investments:				
Commonfund				
Intermediate Bond Fund	\$ 66,667,761	\$ 4,446,740	\$ 62,221,021	\$ -
High Quality Bond Fund	55,358,881	2,463,470	52,895,411	-
Contingent Asset Portfolio	53,099,892	2,378,875	50,721,017	-
Core Equity Fund	28,689,744	28,689,744	-	-
Strategic Equity Fund	2,390,039	2,390,039	-	-
Fidelity	244,098	244,098	-	-
	<u>206,450,415</u>	<u>40,612,966</u>	<u>165,837,449</u>	<u>-</u>
Endowment Investment:				
Large Cap Value	26,635,851	26,635,851	-	-
Large Cap Growth	40,341,500	40,341,500	-	-
Mid Cap Value	6,272,575	6,272,575	-	-
Mid Cap Growth	12,888,679	12,888,679	-	-
Small Cap Core	8,050,183	8,050,183	-	-
Small Cap Growth	4,173,339	4,173,339	-	-
International Value	5,193,832	5,193,832	-	-
International Growth	7,935,061	7,935,061	-	-
Developing Markets	6,242,610	6,242,610	-	-
Fixed Income Core	19,883,368	19,883,368	-	-
Fixed Income Mutual Fund	4,102,998	4,102,998	-	-
High Yield Bonds	2,712,627	2,712,627	-	-
Money Market Funds	2,995,266	2,995,266	-	-
	<u>147,427,889</u>	<u>147,427,889</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 353,878,304</u>	<u>\$ 188,040,855</u>	<u>\$ 165,837,449</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
	June 30, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Core Equity Fund	\$ 1,570,507	\$ -	Weekly	5 Days
Equity Index Fund	44,108,773	-	Weekly	5 Days
Hedge Funds	4,842,182	-	Quarterly	7-105 Days
Private Equity	15,588,344	1,029,432	Not Applicable	Not Applicable
Total investments measured at NAV	<u>66,109,806</u>	<u>1,029,432</u>		
Total	<u>\$ 419,988,110</u>	<u>\$ 1,029,242</u>		
As Reported on the Statement of Net Position				
Endowment investments	\$ 167,858,415			
Other long-term investments	<u>252,129,695</u>			
Total	<u>\$ 419,988,110</u>			

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

3. Accounts Receivable

Accounts receivable consist of the following as of June 30, 2026 and 2025:

	2026	2025
Tuition	\$ 8,461,050	\$ 5,387,393
Auxiliary enterprises	1,988,118	1,617,585
Contracts and grants	6,119,163	5,699,115
Other receivables	13,321,811	17,859,833
Total accounts receivable	29,890,142	30,563,926
Less: Allowance for doubtful accounts	(5,501,385)	(4,637,942)
Total accounts receivable, net	\$ 24,388,757	\$ 25,925,984

4. Leases Receivable

As prescribed in GASB 87, the University includes a receivable for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. The University leases certain assets to various third parties. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease receivable. As of June 30, 2026 and 2025, the University had \$3,241,438 and \$4,024,987 in leases receivable, respectively.

In January 2015, the University entered into a lease for its Sports Dome. Under the lease, the lessee pays the University \$30,519 monthly in exchange for operating its business within a 107,800 square foot multipurpose domed athletic facility to provide youth and adult teams, leagues, clubs, organizations, and individuals an area for indoor sports practices, sports camps and events, and athletic performance training. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.67%. In fiscal year 2026, the University recognized \$314,156 in lease revenue and \$50,396 of interest revenue under the lease. As of June 30, 2026 and 2025, the University had \$1,201,169 and \$1,517,000 in leases receivable, respectively for the Sports Dome.

In October 2014, the University entered into a lease for its Amphitheater. The lease was amended and remeasured as of January 1, 2025. Under the amended lease, the lessee pays the University \$175,000 annually in exchange for operating its business within a certain area on the University's campus that is commonly known as the Amphitheater to provide a variety of live entertainment attractions. The Amphitheater includes all of the University's buildings, fixtures, furnishings, dedicated equipment, grounds and parking areas contained thereon. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.57%. In fiscal year 2026, the University recognized \$173,346 in lease revenue and \$49,421 of interest revenue under the lease. As of June 30, 2026 and 2025, the University had \$1,237,023 and \$1,362,602 in leases receivable, respectively for the Amphitheater.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

4. Leases Receivable (continued)

In July 2023, the University entered into a lease for its Meadow Brook Theatre. Under the lease, the lessee pays the University \$2,687 per production week with a minimum of 37 productions annually in exchange for operating its business within the Meadow Brook Theatre auditorium and related spaces to present theatre productions and operate the Meadow Brook Theatre as a local producing house and as a member of the League of Resident Theatres. Fixed rent will increase an additional 2% at July 1 each Agreement Year thereafter. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.57%. In fiscal year 2026, the University recognized \$93,259 in lease revenue and \$1,875 of interest revenue under the lease. As of June 30, 2026 and 2025, the University had \$0 and \$96,586 in leases receivable, respectively for the Meadow Brook Theatre.

In June 2023, the University entered into a lease for space to operate the Oakland University Gear Shop. Under the lease, the lessee pays the University a capital investment expense of \$35,000, a signing bonus of \$3,000 annually, scholarship contribution of \$2,000 annually, and guaranteed commissions of \$70,000 annually in exchange for operating its business within a 10,000 square foot space in the Oakland Center. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.57%. In fiscal year 2026, the University recognized \$74,470 in lease revenue and \$6,599 of interest revenue under the lease. As of June 30, 2026 and 2025, the University had \$144,328 and \$212,729 in leases receivable, respectively for the Oakland University Gear Shop.

In January 2025, the University entered into a lease for space at the Oakland West Center. Under the lease, the lessee pays the University \$27,600 annually in exchange for the exclusive use of one suite and the nonexclusive use of a conference room and building common spaces. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.57%. In fiscal year 2026, the University recognized \$26,137 in lease revenue and \$1,935 of interest revenue under the lease. As of June 30, 2026 and 2025, the University had \$40,253 and \$65,918 in leases receivable, respectively for the Oakland West Center.

In April 2025, the University entered into a lease for space at the Oakland West Center. Under the lease, the lessee pays the University \$176,508 annually in exchange for the exclusive use of 8,610 square feet of office space and the nonexclusive use of building common spaces. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.57%. In fiscal year 2026, the University recognized \$161,438 in lease revenue and \$25,018 of interest revenue under the lease. As of June 30, 2026 and 2025, the University had \$618,665 and \$770,152 in leases receivable, respectively for the Oakland West Center.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

4. Leases Receivable (continued)

Variable payments received related to the University's lease agreements during 2026 and 2025 were not significant. The University does not have any significant agreements to lease assets from other entities. Future principal and interest payment requirements related to the University's leases receivable at June 30, 2026 are as follows:

	Principal	Interest	Total
2027	\$ 712,211	\$ 08,122	\$ 20,333
2028	724,483	82,050	806,533
2029	660,852	56,881	717,733
2030	466,415	34,078	500,493
2031	160,428	24,572	185,000
2032 and beyond	517,049	37,951	555,000
Total	<u>\$ 3,241,438</u>	<u>\$ 343,654</u>	<u>\$ 3,585,092</u>

5. Appropriations Receivable

In fiscal year 2026, the annual State operating appropriation paid to the University was made in 11 monthly installments from October through August, as approved in the State of Michigan 2025-2026 Higher Education Appropriation Act totaling \$75,574,300. Consistent with State of Michigan legislation, the University accrued, as of the end of its fiscal year, the payments to be received in July and August. As of June 30, 2026, the accrual of the July and August State operating appropriation payments created an appropriation receivable of \$13,740,770.

Capital appropriation is paid to the University on a cost reimbursement basis for the renovation of South Foundation Hall from the State Building Authority. The University incurred \$159,235 of reimbursable cost for the year ended June 30, 2026.

In fiscal year 2025, the annual State operating appropriation paid to the University was made in 11 monthly installments from October through August, as approved in the State of Michigan 2024-2025 Higher Education Appropriation Act totaling \$74,047,200. Consistent with State of Michigan legislation, the University accrued, as of the end of its fiscal year, the payments to be received in July and August. As of June 30, 2025, the accrual of the July and August State operating appropriation payments created an appropriation receivable of \$13,463,122.

Capital appropriation is paid to the University on a cost reimbursement basis for the renovation of South Foundation Hall from the State Building Authority. The University incurred \$3,588,680 of reimbursable cost for the year ended June 30, 2025.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

6. Pledges Receivable

Pledges receivable consist of the following as of June 30, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Pledges outstanding		
Unrestricted	\$ -	\$ 2,895
Restricted expendable	<u>4,371,224</u>	<u>3,329,416</u>
Total pledges outstanding	<u>4,371,224</u>	<u>3,332,311</u>
Less:		
Allowance for doubtful pledges	(437,122)	(333,231)
Present value discount	<u>(472,571)</u>	<u>(360,654)</u>
Total pledges outstanding, net	<u>3,461,531</u>	<u>2,638,426</u>
Less: Current portion, net	<u>(1,195,714)</u>	<u>(1,137,806)</u>
Noncurrent portion, net	<u>\$ 2,265,817</u>	<u>\$ 1,500,620</u>

Pledges receivable from donors are recorded at net present value less allowances for doubtful accounts. As of June 30, 2026 and 2025, the interest rate used to discount pledges to present value was 5%. The aggregate allowance for doubtful accounts was 10% net of discount at June 30, 2026 and 2025. Payments on pledges receivable as of June 30, 2026 are expected to be received in the following years:

Past due	\$ 113,656
Due in one year	1,214,820
Due in two-five years	2,635,706
Thereafter	<u>407,042</u>
Total	<u>\$ 4,371,224</u>

Bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met because of uncertainties with regard to their reliability and valuation. As of June 30, 2026, and 2025, the University had \$48,098,316 and \$38,398,926, respectively, in conditional pledge commitments receivable not included in the accompanying financial statements.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

7. Student Loans Receivable

Student loans receivable consist of the following as of June 30, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Student loans		
Federal loan programs	\$ 983,346	\$ 845,948
University loan funds	407,900	284,143
	<u>1,391,246</u>	<u>1,130,091</u>
Less: Allowance for doubtful loans	(1,000)	(1,000)
Total student loans, net	<u>1,390,246</u>	<u>1,129,091</u>
Less: Current portion, net	(191,258)	(287,371)
Noncurrent portion, net	<u>\$ 1,198,988</u>	<u>\$ 841,720</u>

In addition, the University distributed \$83,525,354 and \$83,922,821 for the years ended June 30, 2026 and 2025, respectively, for student loans through the U.S. Department of Education Federal Direct Loan program. These distributions and related funding sources are not included as expenses and revenues in the accompanying financial statements, but are reflected in the University's Statements of Cash Flows.

8. Hedging Derivative Instruments

The University follows the provisions of GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The derivatives are valued using an independent pricing service. The following provides a description of each swap agreement.

2008 Interest Rate Swap Agreement

In connection with the 2008 Bonds, the University entered into an interest rate hedging swap agreement (2008 Swap) with Dexia Credit Local, New York Branch in an initial notional amount of \$53,280,000 effective June 13, 2008, the purpose of which is to synthetically fix interest rates on the 2008 Bonds. The agreement swaps the University's variable rate for a fixed rate of 3.37% and was based on 67% of U.S. Dollar LIBOR. Effective July 1, 2023, the LIBOR rate was replaced with the Secured Overnight Financing Rate (SOFR). The notional amount declines over time and terminates March 1, 2031. The notional amount as of June 30, 2026 was \$27,450,000. Under the 2008 Swap agreement, the University pays a synthetic fixed rate of 3.37%. No amounts were paid or received when the 2008 Swap was initiated.

The University is currently making payments under the 2008 Swap agreement. The estimated fair value of the 2008 Swap as of June 30, 2026 and 2025 was (\$498,691) and (\$962,804), respectively. These fair values are reflected as Derivative Instruments – swap liability on the Statements of Net Position. The fair value of the hedging derivative instrument classified as Level 2 (significant other observable inputs) at June 2026 and 2025 were valued based on 67% of U.S. Dollar SOFR and LIBOR respectively, and represents the estimated amount that the University would pay to terminate

Oakland University
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8. Hedging Derivative Instruments (continued)

the 2008 Swap (termination risk), considering current interest rates and creditworthiness of the underlying counterparty. In accordance with GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the 2008 Swap is treated as an Effective Hedging Derivative Instrument. The accumulated change in fair value is recorded as a deferred outflow of resources.

The University is exposed to credit risk, which is the risk that the counterparty will not fulfill its obligations. The 2008 Swap includes collateral requirements intended to mitigate credit risk. The University is required to post collateral under the agreement when the fair value is less than a negative \$5,000,000 at the University's current credit rating. As of June 30, 2026, and June 30, 2025, there was no collateral posted by the University. The counterparty's credit rating from Moody's Investors Service was Baa3.

Additionally, the 2008 Swap exposes the University to basis risk, which is the risk that arises when variable interest rates on a derivative and an associated bond or other interest-paying financial instruments are based on different indexes. The University is also exposed to interest rate risk which is the risk that as the swap index decreases, the University's net payment on the 2008 Swap increases.

The 2008 Swap is based on an International Swaps and Derivatives Association, Inc. Master Agreement, which includes standard termination events such as failure to pay and bankruptcy, or termination risk. In addition, the Master Agreement includes additional termination events. If the 2008 Swap is terminated, the 2008 Bonds will no longer carry a synthetic interest rate, and the University may be required to pay an amount equal to the fair value if it is negative.

9. Capital Assets

The following tables present the changes in the various capital asset categories for the University for fiscal years 2026 and 2025:

Asset Classification	Balance June 30, 2025	Additions	Reductions/ Transfers	Balance June 30, 2026
Land	\$ 8,658,299	\$ -	\$ 300,000	\$ 8,358,299
Land improvements and infrastructure	102,654,890	239,267	-	102,894,157
Buildings	892,079,192	22,004,185	3,478,387	910,604,990
Equipment	83,538,358	5,338,091	1,177,697	87,698,752
Library acquisitions	24,064,817	106,677	1,062,825	23,108,669
Right to use subscriptions	10,052,125	6,348,503	3,566,060	12,834,568
Construction in progress	43,623,221	25,289,046	22,395,663	46,516,604
Total	<u>1,164,670,902</u>	<u>59,325,769</u>	<u>31,980,632</u>	<u>1,192,016,039</u>
Accumulated depreciation				
Land improvements and infrastructure	(69,234,120)	(3,717,159)	-	(72,951,279)
Buildings	(314,945,432)	(21,264,526)	(1,136,103)	(335,073,855)
Equipment	(69,299,830)	(5,047,833)	(1,064,642)	(73,283,021)
Library acquisitions	(23,241,252)	(206,020)	(1,062,825)	(22,384,447)
Right to use subscriptions	(5,088,653)	(3,942,503)	(3,566,060)	(5,465,096)
Total	<u>(481,809,287)</u>	<u>(34,178,041)</u>	<u>(6,829,630)</u>	<u>(509,157,698)</u>
Total capital assets, net	<u>\$ 682,861,615</u>	<u>\$ 25,147,728</u>	<u>\$ 25,151,002</u>	<u>\$ 682,858,341</u>

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

9. Capital Assets (continued)

<u>Asset Classification</u>	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Reductions/ Transfers</u>	<u>Balance June 30, 2025</u>
Land	\$ 8,658,299	\$ -	\$ -	\$ 8,658,299
Land improvements and infrastructure	99,343,189	3,311,701	-	102,654,890
Buildings	797,856,361	94,222,831	-	892,079,192
Equipment	80,302,652	4,836,706	1,601,000	83,538,358
Library acquisitions	24,947,136	120,323	1,002,642	24,064,817
Right to use subscriptions	9,174,932	3,383,308	2,506,115	10,052,125
Construction in progress	121,700,292	23,262,103	101,339,174	43,623,221
Total	<u>1,141,982,861</u>	<u>129,136,972</u>	<u>106,448,931</u>	<u>1,164,670,902</u>
Accumulated depreciation				
Land improvements and infrastructure	(65,569,915)	(3,664,205)	-	(69,234,120)
Buildings	(295,076,860)	(19,868,572)	-	(314,945,432)
Equipment	(66,117,887)	(4,368,322)	(1,186,379)	(69,299,830)
Library acquisitions	(24,005,061)	(238,833)	(1,002,642)	(23,241,252)
Right to use subscriptions	(4,735,235)	(2,859,533)	(2,506,115)	(5,088,653)
Total	<u>(455,504,958)</u>	<u>(30,999,465)</u>	<u>(4,695,136)</u>	<u>(481,809,287)</u>
Total capital assets, net	<u>\$ 686,477,903</u>	<u>\$ 98,137,507</u>	<u>\$ 101,753,795</u>	<u>\$ 682,861,615</u>

10. State Building Authority

Certain University facilities, including South Foundation Hall, the School of Education and Human Services Building (Pawley Hall), the Business and Technology Building (Elliott Hall), the Human Health Building, and the Engineering Center have been financed in part by State Building Authority (SBA) bond issuances, which are secured by a pledge of rentals to be received by the State of Michigan pursuant to an arrangement between the SBA, the State of Michigan, and the Institution. While the SBA bonds are outstanding, the SBA will hold title to the respective buildings, the State of Michigan will make annual payments to the SBA for SBA's bond payments, and the University records the building and pays all operating and maintenance costs. Once the SBA bonds are fully paid, the SBA transfers title of the building to the institution.

11. Cash Surrender Value of Life Insurance Policies

Included in other assets are the cash surrender value of life insurance policies in the amount of \$610,318 and \$638,829 for 2026 and 2025, respectively. The face value of these life insurance policies totaled \$7,933,072 in 2026 and 2025.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

12. Deferred Outflows of Resources

As of June 30, 2026, the University recorded deferred outflows of \$3,908,125, which includes \$498,691 for the accumulated change in fair value of the 2008 Swap, and \$3,409,433 for differences between expected and actual experiences in the OPEB valuation in addition to contributions remitted to the University's retiree health care plan after the measurement date of the plan as discussed in Note 14. As of June 30, 2025, the University recorded deferred outflows of \$6,201,581, which includes \$962,804 for the accumulated change in fair value of the 2008 Swap, and \$5,238,776 for differences between expected and actual experiences in the OPEB valuation in addition to contributions remitted to the University's retiree health care plan after the measurement date of the plan as discussed in Note 14.

13. Long-Term Liabilities

Long-term liabilities consist of the following as of June 30, 2026 and 2025:

	Balance June 30, 2025	Additions/ Transfers	Reductions	Balance June 30, 2026	Current Portion
Note and installment purchase agreements payable	\$ 3,102,719	\$ -	\$ 1,206,029	\$ 1,896,690	\$ 1,252,477
General revenue bonds:					
Series 2026A bonds	-	86,830,000	-	86,830,000	1,230,000
Unamortized premium	-	9,796,243	234,912	9,561,331	819,508
Series 2024A bonds	17,780,000	-	905,000	16,875,000	955,000
Unamortized premium	1,736,990	-	215,584	1,521,406	208,204
Series 2022B bonds	42,485,000	-	1,255,000	41,230,000	905,000
Unamortized premium	3,756,962	-	360,801	3,396,161	348,654
Series 2022A bonds	30,495,000	-	480,000	30,015,000	510,000
Unamortized premium	4,013,386	-	389,769	3,623,617	388,080
Series 2019 bonds	73,725,000	-	1,500,000	72,225,000	1,570,000
Unamortized premium	13,091,091	-	929,480	12,161,611	897,948
Series 2016 bonds	98,355,000	-	98,355,000	-	-
Unamortized premium	11,085,911	-	11,085,911	-	-
Series 2013B bonds	2,220,000	-	2,220,000	-	-
Series 2008 bonds	29,705,000	-	2,255,000	27,450,000	5,055,000
2014 Certificates of participation	9,030,000	-	1,060,000	7,970,000	1,220,000
Unamortized premium	417,092	-	108,026	309,066	95,346
Total note, installment agreement, and bonds payable	340,999,151	96,626,243	122,560,512	315,064,882	15,455,217
Other liabilities:					
Subscription liability	4,044,558	6,348,503	3,963,011	6,430,050	3,152,911
Compensated absences	8,232,147	1,649,256	1,011,374	8,870,029	760,030
Annuities payable and other	583,879	1,161,620	162,479	1,583,020	219,834
Total other liabilities	12,860,584	9,159,379	5,136,864	16,883,099	4,132,775
Total long-term liabilities	\$ 353,859,735	\$ 105,785,622	\$ 127,697,376	\$ 331,947,981	\$ 19,587,992
Less current portion	19,368,601			19,587,992	
Noncurrent portion	\$ 334,491,134			\$ 312,359,989	

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Notes to Financial Statements
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13. Long-Term Liabilities (continued)

	Balance June 30, 2024	Additions/ Transfers	Reductions	Balance June 30, 2025	Current Portion
Note and installment purchase agreements payable	\$ 4,264,022	\$ -	\$ 1,161,303	\$ 3,102,719	\$ 1,206,029
General revenue bonds:					
Series 2024A bonds	18,810,000	-	1,030,000	17,780,000	905,000
Unamortized premium	1,959,116	-	222,126	1,736,990	215,584
Series 2022B bonds	43,670,000	-	1,185,000	42,485,000	1,255,000
Unamortized premium	4,132,434	-	375,472	3,756,962	360,801
Series 2022A bonds	30,950,000	-	455,000	30,495,000	480,000
Unamortized premium	4,404,727	-	391,341	4,013,386	389,769
Series 2019 bonds	75,175,000	-	1,450,000	73,725,000	1,500,000
Unamortized premium	14,050,847	-	959,756	13,091,091	929,480
Series 2016 bonds	100,790,000	-	2,435,000	98,355,000	2,555,000
Unamortized premium	12,009,790	-	923,879	11,085,911	880,735
Series 2013B bonds	4,360,000	-	2,140,000	2,220,000	2,220,000
Series 2008 bonds	31,870,000	-	2,165,000	29,705,000	2,255,000
2014 Certificates of participation	9,935,000	-	905,000	9,030,000	1,060,000
Unamortized premium	535,945	-	118,853	417,092	108,027
Total note, installment agreement, and bonds payable	356,916,881	-	15,917,730	340,999,151	16,320,425
Other liabilities:					
Subscription liability	3,398,992	3,383,308	2,737,742	4,044,558	2,114,592
Compensated absences	7,772,740	1,425,400	965,993	8,232,147	812,552
Annuities payable and other	2,161,212	152,312	1,729,645	583,879	121,032
Total other liabilities	13,332,944	4,961,020	5,433,380	12,860,584	3,048,176
Total long-term liabilities	\$ 370,249,825	\$ 4,961,020	\$ 21,351,110	\$ 353,859,735	\$ 19,368,601
Total long-term liabilities	\$ 370,249,825			\$ 353,859,735	
Less current portion	19,211,291			19,368,601	
Noncurrent portion	\$ 351,038,534			\$ 334,491,134	

Note and Installment Purchase Agreements Payable

In December 2005, the University entered into a general revenue note payable over 264 months in the amount of \$18,253,776 at a fixed interest rate of 3.785% to finance Phase II of its Energy Service Agreement projects.

Required annual payments for the notes payable for the fiscal years ending June 30 are as follows:

	Principal	Interest	Total
2027	\$ 1,252,477	\$ 50,210	\$ 1,302,687
2028	644,213	7,131	651,344
Total	\$ 1,896,690	\$ 57,341	\$ 1,954,031

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Notes to Financial Statements
June 30, 2026 and 2025

13. Long-Term Liabilities (continued)

General Revenue Bonds Payable

In March, 2026, the University issued \$86,830,000 of general revenue refunding bonds (2026A Bonds), with an average coupon rate of 5.0% and a net original issue premium of \$9,796,243. The 2026A Bonds were issued with a final maturity date of March 1, 2047. The proceeds were utilized to refund the Series 2016 general revenue bonds (2016 Bonds) which were utilized to fund the construction of a new 750 bed student residence complex (Hillcrest Hall), expansion of the Oakland Center, and other capital projects. As a result of the refunding, the University will reduce its aggregate debt service payments over the remaining 21-year period by approximately \$10,627,000. The refunding will result in an economic gain of \$9,585,000. The aggregate outstanding principal on the 2016 Bonds totaled \$95,800,000. The pricing resulted in a 3.92% true interest cost.

In May 2024, the University issued \$18,810,000 of general revenue refunding bonds (2024A Bonds), with an average coupon rate of 5.0% and a net original issue premium of \$1,991,716. The 2024A Bonds were issued with a final maturity date of March 1, 2039. The proceeds were utilized to refund the Series 2014 general revenue bonds (2014 Bonds) which were utilized to refund the Series 2009 Taxable-Build America Bonds (2009 Bonds) which funded a portion of the Human Health Building and several infrastructure projects. As a result of the refunding, the University will reduce its aggregate debt service payments over the remaining 15-year period by approximately \$2,583,000. The refunding will result in an economic gain of \$2,023,000. The aggregate outstanding principal on the 2014 Bonds totaled \$20,430,000. The pricing resulted in a 3.57% true interest cost.

In March 2022, the University entered into a Forward Delivery Bond Purchase Agreement whereby the University agreed to issue \$44,795,000 of general revenue refunding bonds (2022B Bonds). The 2022B Bonds were priced on April 19, 2022 with a Forward Delivery on December 8, 2022. The 2022B Bonds have an average coupon of 5% and a net original premium of \$4,743,299, with a final maturity date of March 1, 2043. The pricing resulted in a 3.93% true interest cost. The proceeds of the 2022B Bonds were utilized to refund the Series 2013A Bonds which funded the construction of Oak View Hall; a facilities management building; a 1,240 space parking structure; road improvements; and an athletic and recreation complex. The refunding will reduce the aggregate debt service payments over the remaining 20-year period by approximately \$4,855,000 and resulted in an economic gain of \$4,234,000. The aggregate outstanding principal on the 2013A Bonds totaled \$48,160,000, and was redeemed on March 1, 2023 leaving a zero balance as of June 30, 2023.

In March 2022, the University issued \$32,155,000 of general revenue refunding bonds (2022A Bonds), with an average coupon rate of 5.0% and a net original issue premium of \$5,282,125. The 2022A Bonds were issued with a final maturity date of March 1, 2042. The proceeds were utilized to refund the Series 2012 general revenue bonds (2012 Bonds) which funded a portion of the Engineering Center. As a result of the refunding, the University will reduce its aggregate debt service payments over the remaining 20-year period by approximately \$5,791,000. The refunding will result in an economic gain of \$5,222,000. The aggregate outstanding principal on the 2012 Bonds totaled 36,770,000, and was redeemed April 19, 2022 leaving a zero balance as of June 30, 2022. The pricing resulted in a 3.42% true interest cost.

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13. Long-Term Liabilities (continued)

In September 2019, the University issued \$79,205,000 of general revenue bonds (2019 Bonds), with an average coupon rate of 5.00% and a net original issue premium of \$18,986,496. The proceeds of the bond were used to fund renovations for the following: South Foundation Hall in the amount of \$10.0 million, Varner Hall for \$45.0 million, Wilson Hall totaling \$14.8 million, an off campus research facility for \$8.5 million, Central Heating Infrastructure in the amount of \$5.0 million, renovations at Dodge Hall for \$3.0 million, and other capital projects. The 2019 Bonds were issued with a final maturity of March 1, 2050. The pricing resulted in a 3.29% true interest cost.

In June 2016, the University issued \$113,130,000 of general revenue bonds (2016 Bonds), with an average coupon rate of 5.00% and a net original issue premium of \$20,773,191. The proceeds were utilized to fund the construction of a new 750 bed student residence complex (Hillcrest Hall), expansion of the Oakland Center, and other capital projects. The 2016 Bonds were issued with a final maturity of March 1, 2047. The pricing resulted in a 3.66% true interest cost. The 2016 Bonds were refunded with the issuances of the 2026A Bonds.

In December 2014, the University partnered with UMB Bank to issue Certificates of Participation (2014 Certificates) for \$14,225,000 at a net original issue premium of \$1,729,013. The proceeds were used to finance the construction and installation of a combined heat and power cogeneration system at the central heating plant on the University's campus. The 2014 Certificates consist of four term certificates with maturity dates ranging from July 1, 2022 to July 1, 2031, yield rates ranging from 2.45% to 3.45%. The pricing resulted in a 3.88% true interest cost. The debt service on the 2014 Certificates will be funded by monthly payments the University will make through July 2031.

In June 2013, the University issued \$23,290,000 of federally taxable general revenue refunding bonds (2013B Bonds), with an average coupon rate of 2.99%. The proceeds were utilized to refund the Series 2004 general revenue refunding bonds (2004 Bonds) with an average coupon rate of 5.12%. The advance refunding of the 2004 Bonds resulted in a deferral on early extinguishment of \$1,134,224 that will be amortized over the term of the 2013B Bonds and is recorded as a deferred outflow. The 2013 Bonds were issued with a final maturity date of May 15, 2026. The pricing resulted in a 2.99% true interest cost.

In June 2008, the University issued \$53,280,000 of general revenue refunding bonds (2008 Bonds) to refund the 2001 general revenue bonds (2001 Bonds). The 2008 Bonds are variable-rate demand obligations with a maturity date of March 1, 2031. In conjunction with this issue, the University terminated the related 2001 Swap at a termination value of \$4,860,000 paid to the counterparty and reissued a new 2008 Swap synthetically fixing the rate on the full amount of the issue to 3.37%. The 2001 Swap termination cost has been deferred and will be amortized over the term of the refunding bonds and is recorded as a deferred outflow. The 2008 Bonds were issued with a final maturity date of March 1, 2031.

Oakland University
Notes to Financial Statements
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13. Long-Term Liabilities (continued)

The following table summarizes debt service requirements for the outstanding bonds and certificates payable as of June 30, 2026:

	Principal	Interest	Hedging Derivative, Net	Total
2027	\$ 11,445,000	\$ 13,179,046	\$ 242,243	\$ 4,866,289
2028	12,520,000	12,939,920	194,073	25,653,993
2029	13,860,000	12,447,171	143,929	26,451,100
2030	14,595,000	11,892,989	91,685	26,579,674
2031	15,380,000	11,307,920	37,263	26,725,183
2032-2036	58,570,000	48,127,250	-	106,697,250
2037-2041	71,060,000	32,035,750	-	103,095,750
2042-2046	59,480,000	14,766,500	-	74,246,500
2047-2051	25,685,000	2,734,000	-	28,419,000
	<u>282,595,000</u>	<u>\$ 159,430,546</u>	<u>\$ 709,193</u>	<u>\$ 442,734,739</u>
Unamortized premium	30,573,191			
	<u>\$ 313,168,191</u>			

Other Liabilities

Accrued compensated absences include accrued vacation and sick pay for University employees. University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation. Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination. Unused hours exceeding these limitations are forfeited.

Charitable gift annuities are arrangements in which donors contribute assets to the University in exchange for a promise by the University to pay a fixed amount for a specified period of time (typically for the life of the donor or other beneficiary). Annuities payable are established based on the present value of the estimated annuity payouts over the life expectancy of the donor or other beneficiary.

In September 2013, the University received a charitable gift annuity (CGA) totaling \$7.0 million as a result of realizing a donor's bequest. Based on the life expectancy of the annuitant at the time the CGA was received, the University's obligation, or present value liability, of the annuity payments approximated \$3.7 million. The CGA terminated in fiscal year 2025.

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Notes to Financial Statements
June 30, 2026 and 2025

13. Long-Term Liabilities (continued)

Subscriptions

The University obtains the right to use vendors' information technology software through various long-term contracts. Payments are fixed annually. Subscription asset activity of the University is included in Note 9. As of June 30, 2026, and 2025 the University had \$6,430,050 and \$4,044,558 in subscription liability, respectively.

Future principal and interest payment requirements related to the University's subscription liability at June 30, 2026 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 3,152,911	\$ 154,998	\$ 3,307,909
2028	2,112,603	63,506	2,176,109
2029	824,332	15,379	839,711
2030	340,204	1,012	341,216
Total	<u>\$ 6,430,050</u>	<u>\$ 234,895</u>	<u>\$ 6,664,945</u>

14. Postemployment Benefits Other than Pensions

Plan Description

In addition to the employee benefits discussed in Note 15, the University provides postemployment healthcare benefits to eligible University retirees and their spouses as part of a single-employer defined benefit plan. The plan is administered by the University. Substantially all University employees may become eligible for coverage if they meet retirement eligibility requirements. In general, retirees at least 62 years of age with 15 years of service who were hired before July 1, 2005, depending on the employee group, are eligible for medical benefits in accordance with various labor agreements or within the provisions of University policy. Employees with 25 years of service are eligible for retirement at any age. Except for certain prior retirees, the University shares the cost of coverage with retirees, charging the retirees a contribution equal to the excess of the prevailing premium cost of coverage over a stipulated University subsidy amount. At June 30, 2026, the University had 1,788 active employees in the plan and 129 retirees currently receiving postemployment healthcare benefits. Certain employees hired after July 1, 2005, depending on the employee group, may be eligible for participation in the University's postemployment healthcare benefits as "access only" for retirees and spouses, at retiree rates, paid in full by the retiree.

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Notes to Financial Statements
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14. Postemployment Benefits Other than Pensions (continued)

Contributions

The contribution requirements of plan members and the University are established in accordance with various labor agreements or within the provisions of University policy. For the year ended June 30, 2026, the University and plan members receiving benefits contributed \$1.5 million and \$1.2 million, respectively, to the plan. Approximately 55% of total premiums were paid by the University with the remaining 45% paid by plan members. Required contributions for plan members ranged from \$73 to \$2,047 per month for retiree-only coverage, and from \$183 to \$4,854 per month for retiree and spouse coverage.

For the year ended June 30, 2025, the University and plan members receiving benefits contributed \$1.4 million and \$1.1 million, respectively, to the plan. Approximately 56% of total premiums were paid by the University with the remaining 44% paid by plan members. Required contributions for plan members ranged from \$67 to \$1,418 per month for retiree-only coverage, and from \$167 to \$3,356 per month for retiree and spouse coverage.

Funded Status and Funding Progress

GASB Statement No. 75 requires the measurement of OPEB expense as it is incurred, rather than as it is funded. The University has decided that future benefits will not be prefunded; however, the University has designated assets to meet future obligations through the creation of a Board-approved, quasi-endowment valued at approximately \$40.3 million, which will be used to offset annual OPEB contributions. Other postemployment healthcare benefits are financed on a pay-as-you-go basis.

OPEB Liability and Actuarial Assumptions

As of June 30, 2026, the University reported a liability for OPEB totaling \$16.3 million. The liability was measured as of June 30, 2026.

As of June 30, 2025, the University reported a liability for OPEB totaling \$26.5 million. The liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023, which used updated procedures to roll forward the liability to June 30, 2025.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

14. Postemployment Benefits Other than Pensions (continued)

The liability was calculated based on the following actuarial assumptions:

	2026	2025
Discount Rate/investment rate of return*	5.2%	3.93%
Salary increases including inflation	3.00%	3.00%
Mortality basis	Pri-2012 White Collar Mortality Table with generational projection using Projection Scale MP-2021	Pri-2012 White Collar Mortality Table with generational projection using Projection Scale MP-2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Health Care Trend Rate	3.7% - 7.1% over 50 years	3.7% - 6.7% over 50 years

* 20 Year Tax-Exempt Municipal Bond Yield based on the 20-year Bond Buyer GO Index.

The plan has not had a formal actuarial experience study performed.

Schedule of Changes in Total OPEB Liability and Related Ratios

	2026	2025
Total OPEB Liability	<i>In thousands</i>	
Service Cost	\$ 853	\$ 873
Interest on total OPEB liability	1,046	986
Changes of benefit terms	-	-
Effect of economic/demographic gains or (losses)	(8,658)	-
Effect of assumption changes or inputs	(1,894)	(754)
Benefit payments	(1,515)	(1,445)
Net Change in total OPEB liability	(10,168)	(340)
Total OPEB Liability, beginning	26,514	26,854
Total OPEB Liability, ending	\$ 16,346	\$ 26,514
Covered Payroll	\$ 149,825	\$ 145,858
Total OPEB liability as a % of covered payroll	10.91%	18.18%

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

14. Postemployment Benefits Other than Pensions (continued)

OPEB Expense, Deferred Outflows and Inflows of Resources Related to OPEB

The University recognized OPEB expense of \$(0.2) million and \$0.6 million at June 30, 2026 and June 30, 2025, respectively.

The University reported deferred outflows and inflows of resources related to OPEB from the following sources:

	2026		2025	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 1,314,430	\$ 8,150,994	\$ 2,027,331	\$ 921,457
Change of assumptions	\$ 998,050	\$ 8,944,590	\$ 1,695,988	\$ 9,536,072
Contributions made after measurement date	\$ 1,096,953	\$ -	\$ 1,515,457	\$ -

Changes of assumptions: For 2026 and 2025, the discount rate increased to 5.20% and 3.93% respectively. The discount rate was 3.65% and 3.54% in 2024 and 2023, respectively. The decrease in liability is primarily due to a decrease in the healthcare trend rate and plan participation.

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a reduction of the University's OPEB expense as follows:

Year ending June 30	
2027	\$ (2,558,216)
2028	(2,997,874)
2029	(2,691,189)
2030	(1,940,766)
2031	(1,710,162)
2032	(1,710,162)
Thereafter	(1,174,735)
Total	\$ (14,783,104)

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

14. Postemployment Benefits Other than Pensions (continued)

Sensitivity of the OPEB Liability to Changes in the Discount and Healthcare Cost Trend Rates

The following presents the OPEB liability of the University, calculated using the current discount and healthcare rates. The following also reflects what the University's OPEB liability would be if it were calculated using rates that are one percentage point lower or one percentage point higher than the current rate:

	Year ending June 30, 2026		
	1% Decrease	Current Rate	1% Increase
Discount Rate:			
Total OPEB Liability	\$ 17,824,487	\$ 16,345,888	\$ 15,042,639
Health Care Trend Rate:			
Total OPEB Liability	\$ 16,037,918	\$ 16,345,888	\$ 16,691,726

	Year ending June 30, 2025		
	1% Decrease	Current Rate	1% Increase
Discount Rate:			
Total OPEB Liability	\$ 29,361,896	\$ 26,514,290	\$ 23,689,922
Health Care Trend Rate:			
Total OPEB Liability	\$ 25,329,133	\$ 26,514,290	\$ 27,953,032

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

15. Employee Benefits

The University has contributory, defined-contribution retirement plans for all qualified employees. The plans consist of employee-owned retirement contracts funded on a current basis by employer contributions. Participants may elect to contribute additional amounts to the plan within specified limits. The plans are administered by Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Fidelity Investments. Contributions by the University for the years ended June 30, 2026 and 2025 were \$19,749,014 and \$19,062,188, respectively.

The University also maintains a noncontributory, defined-benefit retirement plan, which is not open to new participants. The plan is administered by TIAA-CREF. At January 1, 2025, the date of the most recent actuarial valuation, the plan had a total liability of approximately \$70,343 and was over funded by approximately \$56,480.

The University provides benefits to eligible employees for unused sick days upon retirement and unused vacation days upon termination. This liability is accounted for as part of accrued compensated absences.

The University is self-insured for workers' compensation and unemployment compensation. Liabilities for claims incurred but not reported under these self-insurance programs have been established. Changes in the self-insured employee benefit liabilities during 2026, 2025, and 2024 were considered current and are as follows:

	2026	2025	2024
Balance, beginning of year	\$ 348,363	\$ 226,742	\$ 160,145
Claims incurred and changes in estimates	333,365	417,540	400,371
Claim payments	(319,385)	(295,919)	(333,774)
Balance, end of year	<u>\$ 362,343</u>	<u>\$ 348,363</u>	<u>\$ 226,742</u>

16. Deferred Inflows of Resources

The University accounts for deferred inflows of resources in accordance with authoritative guidance. The University recorded deferred inflows of \$33,899,079 as of June 30, 2026. This amount is comprised of \$17,095,584 from changes in OPEB assumptions, \$12,872,126 from an early extinguishment of general revenue bonds, \$3,366,523 from lease agreements, and an irrevocable split-interest agreements where the University acts as the trustee in the amount of \$564,846.

As of June 30, 2025, the University recorded deferred inflows of \$17,719,743, which includes \$10,457,529 from changes in OPEB assumptions, \$2,829,886 from early extinguishment of general revenue bonds, \$4,209,329 from lease agreements, an irrevocable split-interest agreement where the University acts as the trustee in the amount of \$222,999.

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

17. Liability and Property Insurance

The University is one of 11 Michigan universities participating in the Michigan Universities Self-Insurance Corporation (M.U.S.I.C.) which provides insurance coverage for errors and omissions liability, commercial general liability, property loss, automobile liability, and automobile physical damage coverage. M.U.S.I.C. provides coverage for claims in excess of agreed-upon deductibles.

Loss coverages, except for the automobile physical damage program, are structured on a three-layer basis with each member retaining a portion of its losses, M.U.S.I.C. covering the second layer, and commercial carriers covering the third. Automobile physical damage coverage is structured on a two-layer basis with no excess coverage from a commercial carrier. Commercial general liability and property coverage are provided on an occurrence basis. Errors and omissions coverage is provided on a claims-made basis. The payments made to M.U.S.I.C. and premiums to excess carriers reflect the claims experience of each university. Property insurance coverage is provided outside of the M.U.S.I.C. program.

18. Contingencies and Commitments

In the normal course of its activities, the University is a party in various legal actions. Although some actions have been brought for large amounts, the University has not experienced any significant losses or costs. The University and its legal counsel are of the opinion that the outcome of asserted and unasserted claims outstanding will not have a material effect on the financial statements.

The University is the guarantor on certain faculty and staff residence mortgages. As of June 30, 2026, the amount subject to guarantee by the University was \$2,744,644.

The estimated costs to complete construction projects in progress is \$27.2 million as of June 30, 2026, due in large part to the construction costs associated with the high temperature hot water redundancy project of \$10.3 million, improvements to O'Dowd Hall in the amount of \$2.5 million, the Science Complex renovation of \$2.3 million, \$2.1 million in improvements to Hamlin Hall, renovation of the Oakland West Center of \$1.5 million, an addition to the Research and Innovation Center of \$1.2 million, and various campus enhancement projects totaling \$7.3 million. The Science Complex renovation project is anticipated to be funded from the State Capital Outlay for \$30.0 million and \$14.3 million from University resources. The various other campus enhancements are funded from University resources.

19. Expenditures by Natural Classification

Operating expenses by natural classification for the years ended June 30, 2026 and 2025 are summarized as follows:

	<u>2026</u>	<u>2025</u>
Employee compensation and benefits	\$ 271,717,109	\$ 257,443,069
Supplies and other services	75,706,352	85,666,535
Student aid	2,241,433	387,375
Depreciation	34,177,741	30,999,465
Total	<u>\$ 383,842,635</u>	<u>\$ 374,496,444</u>

Oakland University
Notes to Financial Statements
June 30, 2026 and 2025

20. Cash Flow Statement

The table below details the reconciliation of the net operating loss to net cash used by operating activities:

	<u>2026</u>	<u>2025</u>
Operating loss	\$ (62,976,016)	\$ (69,510,073)
Adjustments to reconcile net operating loss to net cash used by operating activities		
Depreciation expense	34,177,741	30,999,464
Changes in assets and liabilities:		
Accounts receivable, net	694,420	1,581,326
Inventories	(32,291)	1,039,117
Deposits and prepaid expense	(2,931,128)	946,651
Student loans receivable	(261,155)	(267,572)
Accounts payable and accrued expenses	2,215,150	(8,032,315)
Accrued payroll	1,200,848	1,267,147
Compensated absences	637,882	459,407
Unearned revenue	(1,637,132)	(431,731)
Deposits	145,986	(529,333)
OPEB liability	(10,168,402)	(339,965)
Deferred outflow of resources	1,829,343	1,340,894
Deferred inflow of resources	6,638,055	(1,833,937)
Net cash used by operating activities	<u>\$ (30,466,699)</u>	<u>\$ (43,310,920)</u>

* In accordance with the reporting improvements of GASB Statement No. 103, Pell Grants have been restated to cash receipts from operating activities instead of noncapital financing activities on the Cash Flow Statement. Pell Grants totaled \$31.5 million in 2025.

21. Related-Party Transactions

The Oakland University Foundation (Foundation) is a related party of the University. The Foundation had net assets of \$322,382 and \$292,516 as of June 30, 2026 and 2025 respectively, consisting of three endowment funds. The University's financial statements do not include the Foundation's assets or activity.

Oakland University
Required Supplementary Information
June 30, 2026

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

	2026	2025	2024	2023	2022	2021	2020	2019	2018
	<i>In thousands</i>								
Total OPEB Liability									
Service Cost	\$ 853	\$ 873	\$ 860	\$ 1,108	\$ 1,261	\$ 933	\$ 791	\$ 814	\$ 940
Interest on total OPEB liability	1,046	986	1,027	718	893	1,208	1,289	1,218	1,050
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	(8,658)	-	1,502	-	(2,006)	-	4,226	-	-
Effect of assumption changes or inputs	(1,894)	(754)	(3,870)	(4,266)	(5,478)	5,186	(3,503)	(1,079)	(2,973)
Benefit payments	(1,515)	(1,445)	(1,618)	(1,483)	(1,829)	(1,760)	(1,693)	(1,592)	(1,831)
Net Change in total OPEB liability	(10,168)	(340)	(2,099)	(3,923)	(7,159)	5,567	1,110	(639)	(2,814)
Total OPEB Liability, beginning	26,514	26,854	28,953	32,876	40,035	34,468	33,358	33,997	36,811
Total OPEB Liability, ending	\$ 16,346	\$ 26,514	\$ 26,854	\$ 28,953	\$ 32,876	\$ 40,035	\$ 34,468	\$ 33,358	\$ 33,997
Covered Payroll	\$ 148,825	\$ 145,858	\$ 137,215	\$ 130,098	\$ 133,657	\$ 133,224	\$ 134,662	\$ 129,568	\$ 125,045
Total OPEB liability as a % of covered payroll	10.91%	18.18%	19.57%	22.25%	24.60%	30.05%	25.59%	25.75%	27.19%

Changes of benefit terms: There were no changes in the benefit terms in 2026, 2025, 2024, 2023, 2022, 2021, 2020, 2019, or 2018.

Changes of assumptions: For 2026 and 2025, the discount rate increased to 5.20% and 3.93% respectively. The discount rate was 3.65% and 3.54% in 2024 and 2023, respectively. The decrease in liability is primarily due to a decrease in the healthcare trend rate and plan participation.

GASB Statement No. 75 requires the measurement of OPEB expense as it is incurred, rather than as it is funded. The University has decided that future benefits will not be prefunded; however, the University has designated assets to meet future obligations through the creation of a Board-approved, quasi-endowment valued at approximately \$40.3 million, which will be used to offset annual postemployment benefit contributions.

Note: GASB 75 was implemented in fiscal year 2018. These schedules are being built prospectively. Ultimately 10 years of data will be presented.

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