

BRIGHAM YOUNG UNIVERSITY – IDAHO

REPORTS ON AUDITS OF THE FINANCIAL STATEMENTS For
the years ended December 31, 2023 and 2022
AND FEDERAL GRANT COMPLIANCE
For the year ended December 31, 2023
(As required by the Single Audit Act and OMB Uniform Guidance)

EIN: 82-0207699

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Report of Independent Auditors

To the Board of Trustees of Brigham Young University - Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Brigham Young University - Idaho (the "University"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the 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 one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 US 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended December 31, 2023 and schedule of financial responsibility ratios as of and for the year ended December 31, 2023 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Department of Education, respectively, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of financial responsibility ratios are fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended December 31, 2023. 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 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.

PricewaterhouseCoopers LLP

May 1, 2024

BRIGHAM YOUNG UNIVERSITY – IDAHO

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

(in thousands of dollars)

	2023	2022
Assets		
Cash and cash equivalents	\$ 98,615	\$ 28,173
Accounts receivable, net of allowances of \$612 and \$640	7,809	9,516
Inventories, prepaid expenses and other assets	5,465	6,471
Investments	295,591	273,247
Beneficial interest in trusts and pledged contributions	11,676	6,806
Retirement benefits asset	25,966	62,220
Land, buildings, and equipment, net	544,165	544,466
Total Assets	\$ 989,287	\$ 930,899
Liabilities and Net Assets		
Liabilities		
Accounts payable, accrued liabilities, deposits, and deferred revenue	\$ 25,374	\$ 29,885
Postretirement benefits obligation	45,942	-
Total Liabilities	71,316	29,885
Net Assets		
Without donor restrictions		
Operations	204,229	211,884
Board-designated endowments	41,709	37,347
Invested in land, buildings and equipment	543,911	543,153
Total without donor restrictions	789,849	792,384
With donor restrictions		
Operations	6,029	5,519
Beneficial interest in trusts and pledged contributions	11,676	6,806
Endowments	110,417	96,305
Total with donor restrictions	128,122	108,630
Total Net Assets	917,971	901,014
Total Liabilities and Net Assets	\$ 989,287	\$ 930,899

See notes to financial statements

BRIGHAM YOUNG UNIVERSITY – IDAHO

STATEMENT OF ACTIVITIES
for the year ended December 31, 2023

(in thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Tuition and fees, net of scholarships and grants of \$22,194	\$ 113,661	\$ -	\$ 113,661
Appropriations from a Church affiliate	138,962	-	138,962
Contributions and grants	2,117	9,373	11,490
Investment income, net	28,426	13,898	42,324
Auxiliary sales	24,467	-	24,467
Other	52,848	-	52,848
Net assets released from restrictions	3,779	(3,779)	-
Total Revenues and Other Support	364,260	19,492	383,752
Expenses			
Education	268,296	-	268,296
Administration	52,221	-	52,221
Auxiliary	23,341	-	23,341
Total Expenses	343,858	-	343,858
Increase in Net Assets before Retirement and Postretirement Plans Adjustment	20,402	19,492	39,894
Retirement and Postretirement Plans Adjustment	(22,937)	-	(22,937)
(Decrease) Increase in Net Assets	(2,535)	19,492	16,957
Net Assets Beginning of Year	792,384	108,630	901,014
Net Assets End of Year	\$ 789,849	\$ 128,122	\$ 917,971

See notes to financial statements

BRIGHAM YOUNG UNIVERSITY – IDAHO

STATEMENT OF ACTIVITIES
for the year ended December 31, 2022

(in thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Tuition and fees, net of scholarships and grants of \$22,165	\$ 117,489	\$ -	\$ 117,489
Appropriations from a Church affiliate	120,368	-	120,368
Contributions and grants	2,018	(558)	1,460
Investment loss, net	(31,603)	(21,134)	(52,737)
Auxiliary sales	23,746	-	23,746
Other	47,579	-	47,579
Net assets released from restrictions	3,686	(3,686)	-
Total Revenues and Other Support	<u>283,283</u>	<u>(25,378)</u>	<u>257,905</u>
Expenses			
Education	277,363	-	277,363
Administration	44,778	-	44,778
Auxiliary	22,930	-	22,930
Total Expenses	<u>345,071</u>	<u>-</u>	<u>345,071</u>
Decrease in Net Assets before Retirement and Postretirement Plans Adjustment	(61,788)	(25,378)	(87,166)
Retirement and Postretirement Plans Adjustment	<u>101,458</u>	<u>-</u>	<u>101,458</u>
Increase (Decrease) in Net Assets	39,670	(25,378)	14,292
Net Assets Beginning of Year	752,714	134,008	886,722
Net Assets End of Year	<u>\$ 792,384</u>	<u>\$ 108,630</u>	<u>\$ 901,014</u>

See notes to financial statements

BRIGHAM YOUNG UNIVERSITY – IDAHO

STATEMENTS OF CASH FLOWS
for the years ended December 31, 2023 and 2022

(in thousands of dollars)

Cash Flows from Operating Activities	2023	2022
Increase in net assets	\$ 16,957	\$ 14,292
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	26,175	25,417
(Gain) loss on disposal of land, buildings and equipment	(130)	2,505
(Gain) loss on investments, net	(35,206)	59,349
Contributions restricted for investment in donor-restricted net assets	(3,995)	(1,539)
Investment (gain) loss restricted for reinvestment	(190)	254
Noncash contributions	21	-
Changes in operating assets and liabilities		
Accounts receivable	1,707	588
Inventories, prepaid expenses and other assets	1,006	(588)
Beneficial interest in trusts and pledged contributions	(4,870)	4,546
Retirement and postretirement benefits asset	36,254	(62,220)
Accounts payable, accrued liabilities and deposits	(4,144)	(1,353)
Deferred revenue	(13)	(1)
Retirement and postretirement benefits obligation	45,942	(28,746)
Net cash provided by operating activities	79,514	12,504
Cash Flows from Investing Activities		
Proceeds from sale of investments	26,877	21,400
Purchase of investments	(14,015)	(13,863)
Proceeds from disposal of land, buildings and equipment	809	1,062
Purchase of land, buildings and equipment	(26,928)	(26,656)
Net cash used in investing activities	(13,257)	(18,057)
Cash Flows from Financing Activities		
Contributions restricted for investment in donor-restricted endowments	3,995	1,539
Investment gain (loss) restricted for reinvestment	190	(254)
Payments on loans and notes payable	-	(9,700)
Net cash provided by (used in) financing activities	4,185	(8,415)
Net increase (decrease) in cash	70,442	(13,968)
Cash and cash equivalents, beginning of year	28,173	42,141
Cash and cash equivalents, end of year	\$ 98,615	\$ 28,173
Supplemental Data		
Interest paid	\$ -	\$ 153
Purchases of land, buildings and equipment in accounts payable	642	996

See notes to financial statements

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Brigham Young University - Idaho (the University), located in Rexburg, Idaho, is a non-profit corporation affiliated with The Church of Jesus Christ of Latter-day Saints (the Church).

Basis of Accounting

The financial statements of the University have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (US GAAP).

University net assets are classified into two categories: Without Donor Restrictions and With Donor Restrictions, based on the absence or existence of donor-imposed time or purpose restrictions upon resources provided to the University. When donor restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions, and are reported in the Statement of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the University reports the contribution as without donor restrictions.

Cash and Cash Equivalents

Cash includes cash on hand, cash in depository institutions and cash in an interest bearing cash management account maintained with a Church affiliate (Note 6) that is available on demand and is not covered by federal depository insurance. Cash equivalents consist of money market funds.

Inventories

Inventories include retail store inventory stated at the lower of cost (retail inventory method) or market and materials and supplies stated at the lower of cost (first-in, first-out method) or net realizable value.

Investments

Investments with readily determinable fair values are carried at fair value with the change in fair value on the Investment Income line of the Statement of Activities. Investments that have no readily determinable fair value are carried at either original cost or estimated fair value at the date of donation.

Beneficial Interest in Trusts and Pledged Contributions

The University is named as a beneficiary of certain irrevocable trusts. Donors have also made pledges to contribute to the University. Revenues and assets included in the financial statements are based on the net present value of expected proceeds from those trusts and pledged contributions.

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Land, Buildings and Equipment

Land, buildings and equipment are stated at acquisition cost or at estimated fair value at time of donation. Gifts of long-lived assets are treated as support without donor restrictions unless explicit donor restrictions specify otherwise. Depreciation is computed using the straight-line method and the following useful lives:

Buildings	30-60 years
Improvements	5-20 years
Furniture, fixtures and equipment	3-15 years
Library books	7 years

Collections

The University maintains several collections, which are not reported for financial statement purposes. These collections include works of art, natural history (living and artifacts), and other similar objects. Collections are held for public exhibition, education and research in furtherance of the University's goal to provide public service. Proceeds from the sale of collection items are held and used to acquire other collection items that are expensed at the time of purchase or for the direct care of existing collections. Various University departments have the responsibility to control, preserve and protect these collections.

Revenue Recognition and Other Support

Tuition and fees revenue is received from students enrolled in degree or continuing education programs. Revenue is recognized within the year in which educational services are provided and is recorded net of scholarships and grants. Payments received in advance of providing services are recorded as deferred revenue.

Appropriations revenue is provided from a Church affiliate (Note 6) to support education, auxiliary and administrative activities. Appropriations revenue is recorded when received, or as costs are incurred for Church affiliate-funded projects.

Contributions and grants revenue includes monetary gifts or gifts-in-kind to support university operations, student aid, and capital projects. Unconditional promises to give to the University are recognized when the promise is formally acknowledged. Conditional promises to give to the University are recognized when the conditions on which they depend are substantially met. Contributions are recorded at fair value at the time gifts are received. Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions of nonfinancial assets were \$21,000 and \$0 in 2023 and 2022, respectively. These contributions were composed primarily of vehicles. Grants and contracts awarded by governmental and private entities are generally considered nonreciprocal transactions. Resources provided benefit the University, the funding entity's

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

mission, or the public at large. Revenue is recognized according to the conditions of the agreement, usually as qualifying expenditures are incurred and conditions are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Auxiliary sales revenue results from furnishing goods or services to students, faculty, staff, or to the general public. Auxiliary enterprises are managed to operate as self-supporting activities. Auxiliary sales revenue includes dining, housing, student medical services, store sales, event ticket sales, sponsorships, Church affiliate education services and other services. Revenues are recognized at the time of sale or over the life of the contract as performance obligations are met. Amounts received in advance are recorded as deferred revenue. Auxiliary enterprises may also be supported by appropriations, contributions, and investment income.

Fair Value Measurements

Certain financial instruments, presented in Investments, and retirement and postretirement plan assets are carried at fair value, as discussed in Notes 8 and 9, respectively.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on assumptions that market participants would use, including consideration of non-performance risk.

In determining fair value, the University uses various valuation techniques and prioritizes the use of observable inputs. The availability of observable inputs varies from instrument to instrument and depends on a variety of factors, including the type of instrument, whether the instrument is traded in active markets, and other characteristics particular to the investment. Money market funds are recorded at fair value based on market price. Equity and fixed income portfolio investments are recorded at fair value, based upon the underlying investments, using the net asset values provided by a Church affiliate (Note 6). Equity securities are recorded at the closing price reported on the active market on which the securities are traded. Fixed income securities are generally recorded using pricing models maximizing the use of observable inputs. Real estate is recorded at fair value as of the date of the gift, based on appraisals.

The University assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical assets or liabilities in an active market. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates,

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

Transfers between levels occur when there is a change in the observability of significant inputs. This may occur between Level 1 and Level 2 when the availability of quoted prices changes, or when market activity significantly changes to active or inactive. A transfer between Level 2 and Level 3 generally occurs when the underlying inputs become, or can no longer be, corroborated with observable market data. The University recognizes all transfers at the end of each reporting period.

Accounting for Retirement and Postretirement Plans

The University recognizes the over/under funded status of retirement and postretirement plans in the statements of financial position. For retirement plans, funding status is measured as the difference between the fair value of plan assets and the projected benefit obligation. For postretirement plans, funding status is measured as the difference between the fair value of plan assets and the accumulated postretirement benefit obligation. During 2023, the grantor trust which held postretirement assets was terminated and the plan assets were distributed to the University (see Note 9). The University also recognizes all previously unrecognized actuarial gains and losses, prior service cost, and transition liability in Net Assets Without Donor Restrictions and provides all required additional disclosure.

Income Tax Status

The University is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The University is exempt from state income tax under Title 63 of the Idaho Code. Accordingly, no provision for income taxes is made in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 provides financial statement users with more decision-useful information about the expected credit losses on financial instruments, and other commitments to extend credit, held at each reporting date. The ASU adds to US GAAP an impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. The University adopted this ASU in the current fiscal year. Adoption did not materially affect the University's financial statements or related disclosures.

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The University's liquidity needs are met from the following sources: tuition and fees received, monthly Church affiliate appropriations for operations, funding for Church affiliate-supported capital projects as costs are incurred, and contributions received by the University through Philanthropies, also a Church affiliate (Note 6), and grants from federal and state agencies and others. In order to meet additional liquidity needs, the University may redeem investments from its investment portfolios on a monthly basis with a minimum notice period of 5 business days. Excess cash from daily operational needs is managed in cash accounts held by Church affiliates. Excess cash that is not projected to be needed for 90 days or greater is invested in the University's investment portfolios. The investment portfolios are diversified as designated by the University's Investment Committee (the Committee).

The table below presents the University's financial assets, reduced by amounts unavailable for general use within one year because of contractual or donor-imposed restrictions, or internal designations. Amounts unavailable include amounts set aside for long-term investing in the operating and capital reserves that could be drawn upon if management approves that action. The following table presents the availability of financial assets as of December 31, 2023 and 2022 (in thousands of dollars):

	2023	2022
Cash	\$ 98,615	\$ 28,173
Accounts receivable, net, exchange transactions	4,998	6,180
Accounts receivable, net, non-exchange transactions	2,811	3,336
Investments	295,591	273,247
Beneficial interest in trusts and pledged contributions	11,676	6,806
Total financial assets	<u>413,691</u>	<u>317,742</u>
Less those unavailable for general expenditure within one year:		
Other investments and other assets	89	322
Beneficial interest in trusts and pledged contributions	11,434	6,350
Board designated endowments, net of projected payout	39,936	35,760
Endowments, net of projected payout	<u>105,724</u>	<u>92,212</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 256,508</u>	<u>\$ 183,098</u>

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS

Investments primarily consist of unitized interests in investment pools managed by a Church affiliate (Note 6). Investments as of December 31, 2023 and 2022 are as follows (in thousands of dollars):

	<u>2023</u>	<u>2022</u>
Investments at fair value:		
Equity portfolios, domestic	\$ 154,026	\$ 136,060
Equity portfolios, international	37,784	36,356
Fixed income portfolios, domestic	<u>103,692</u>	<u>100,509</u>
Total investments at fair value	<u>295,502</u>	<u>272,925</u>
Other investments carried at cost or estimated fair value at the date of donation:		
Real estate	89	101
Other assets	<u>-</u>	<u>221</u>
Total other investments	<u>89</u>	<u>322</u>
Total investments	<u><u>\$ 295,591</u></u>	<u><u>\$ 273,247</u></u>

4. BENEFICIAL INTEREST IN TRUSTS AND PLEDGED CONTRIBUTIONS

The University is named as a beneficiary or remainderman for a number of irrevocable charitable trusts. Most of these trusts are administered by a Church affiliate (Note 6). Expected receipts from these trusts and unconditional promises to give as of December 31, 2023 and 2022, respectively, (determined using discount rates ranging from approximately 3.8 to 5.2 percent), are as follows (in thousands of dollars):

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 242	\$ 456
One to five years	1,943	1,176
More than five years	<u>9,491</u>	<u>5,174</u>
Total beneficial interest in trusts and pledged contributions	<u><u>\$ 11,676</u></u>	<u><u>\$ 6,806</u></u>

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NOTES TO FINANCIAL STATEMENTS

5. LAND, BUILDINGS AND EQUIPMENT

As of December 31, 2023 and 2022, land, buildings, and equipment included (in thousands of dollars):

	<u>2023</u>	<u>2022</u>
Land, buildings and improvements	\$ 747,764	\$ 716,520
Furniture, fixtures and equipment	106,651	106,007
Library books	1,440	1,521
Construction in progress	<u>9,354</u>	<u>36,843</u>
	865,209	860,891
Less accumulated depreciation	<u>321,044</u>	<u>316,425</u>
Total land, buildings, and equipment, net	<u>\$ 544,165</u>	<u>\$ 544,466</u>

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

6. RELATED PARTIES

The University operates under the direction of a Board of Trustees (the Board) composed of General Authorities and other officers of the Church. The University is provided certain accounting and other management services and is also included in the property and liability insurance programs of Church affiliates, all at no cost to the University.

The following table presents balances due to and from or administered through Church affiliates, and activities with or processed by Church affiliates, included in the financial statements as of and for the years ended December 31, 2023 and 2022 (in thousands of dollars):

	<u>2023</u>	<u>2022</u>
Cash	\$ 88,450	\$ 12,227
Accounts receivable	3,141	3,115
Investments	295,591	273,247
Beneficial interest in trusts and pledged contributions	8,078	3,901
Accounts payable, accrued liabilities and deposits	2,927	2,535
Retirement and postretirement benefits asset	19,976	62,220
Appropriations:		
Operations	109,283	99,775
Capital expenditures	29,679	20,593
Contributions processed from donors	11,490	1,460
Investment income (loss), net	42,324	(52,737)
Other revenue:		
Interest	1,051	141
Insurance proceeds	32	1,239
Services	29,290	21,382
Expenses and (credits):		
Benefit plans	64,406	(53,172)
Products and services	1,206	3,966
Interest	-	153
Transfer of postretirement plan assets	53,521	-

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

7. ENDOWMENTS

The University's endowment fund consists of individual donor-restricted endowment funds and funds designated by the Board to function as endowments (board-designated endowments). The net assets associated with endowment funds, including board-designated endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Board has interpreted the adopted Idaho "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as net assets with donor restriction, (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) the remaining portion of the donor-restricted endowment fund, until those amounts are allocated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to allocate or accumulate endowment funds:

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

When the Board designates funds without donor restrictions to function as endowments, they remain classified as net assets without donor restrictions. When the Board designates donor-restricted non-endowment funds to function as endowments, they are classified as net assets with donor restrictions. Board-designated endowments are used to fund management priorities as approved by the board. Also, from time to time, the fair value of assets associated with individual donor endowment funds may fall below the value of the initial and subsequent donor gift amounts creating a deficit (underwater endowment funds).

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

7. ENDOWMENTS, Continued

The following tables present the University's endowment net asset composition, changes, and classifications as of and for the indicated years (in thousands of dollars):

Changes in Endowment Net Assets for the year ended December 31, 2023

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 37,347	\$ 96,305	\$ 133,652
Investment income, net	5,949	15,443	21,392
Contributions and other revenue	-	2,736	2,736
Appropriation for expenditure	(1,587)	(4,067)	(5,654)
Endowment net assets, end of year	<u>\$ 41,709</u>	<u>\$ 110,417</u>	<u>\$ 152,126</u>

Changes in Endowment Net Assets for the year ended December 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 46,886	\$ 116,738	\$ 163,624
Investment loss, net	(7,546)	(18,835)	(26,381)
Contributions and other revenue	-	3,223	3,223
Appropriation for expenditure	(1,993)	(4,821)	(6,814)
Endowment net assets, end of year	<u>\$ 37,347</u>	<u>\$ 96,305</u>	<u>\$ 133,652</u>

Description of Endowment Net Assets With Donor Restrictions

	2023	2022
The portion of perpetual endowment funds required to be retained permanently either by explicit donor stipulation or UPMIFA	\$ 70,801	\$ 67,884
The portion of perpetual endowments subject to a time restriction under UPMIFA, net of underwater amount:		
Without purpose restrictions	-	-
With purpose restrictions	142	127
Term endowment funds	39,474	28,294
Total endowment funds classified as net assets with donor restrictions	<u>\$ 110,417</u>	<u>\$ 96,305</u>

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

7. ENDOWMENTS, Continued

Endowment Funds with Deficits (Underwater Endowments)

The following table presents total endowments with deficits, as reported in net assets with donor restrictions, as of December 31, 2023 and 2022, respectively (in thousands of dollars):

	<u>2023</u>	<u>2022</u>
Total original gift amount	\$ 275	\$ 4,007
Less total fair value	<u>273</u>	<u>3,739</u>
Total underwater amount	<u>\$ (2)</u>	<u>\$ (268)</u>

Return Objectives and Risk Parameters

The University has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy endowment assets are invested in a manner that is intended to yield a long-term rate of return of approximately 5.0 to 7.0 percent annually, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Investment Objectives

To achieve its long-term rate of return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The University targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Relationship of Spending Policy to Investment Objectives

The Committee determines the method to allocate endowment funds for expenditure. The annual spendable amount is determined as of the end of the year, the year prior to when it becomes available for expenditure, and is based on the preceding year's ending fair value multiplied by a spendable income (payout) percentage. The approved payout percentage was 4.25 percent.

In establishing this method, the Committee considered the range of the expected long-term rate of return on the investment of the University's endowment funds and prior investment performance. Accordingly, over the long-term, the University expects the current spending policy to allow its endowment to grow consistent with its intention to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts.

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

7. ENDOWMENTS, Continued

When the spendable amount is less than actual investment returns, the excess remains available for future expenditures or is partially reinvested. When the spendable amount exceeds the current year investment returns, plus spendable amount carryover from prior years, if any, the balance is provided from prior investment returns. Allocations for expenditures may also be temporarily suspended to preserve the endowment.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE

Certain financial instruments of the University, which are presented in investments, are reported at fair value and are either categorized into a three-level hierarchy based on the nature of the inputs to the valuation technique, or presented as investments measured at net asset value per share as discussed in Note 1. The following tables present these financial instruments as of December 31, 2023 and 2022 (in thousands of dollars):

	Fair Value Measurements as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	\$ 8,558	\$ -	\$ -	\$ 8,558
Investments measured at net asset value per share	N/A	N/A	N/A	295,502
Beneficial interest in trusts	-	-	11,263	11,263
Total assets carried at fair value	<u>\$ 8,558</u>	<u>\$ -</u>	<u>\$ 11,263</u>	<u>\$ 315,323</u>

	Fair Value Measurements as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	\$ 7,377	\$ -	\$ -	\$ 7,377
Investments measured at net asset value per share	N/A	N/A	N/A	272,925
Beneficial interest in trusts	-	-	6,356	6,356
Total assets carried at fair value	<u>\$ 7,377</u>	<u>\$ -</u>	<u>\$ 6,356</u>	<u>\$ 286,658</u>

The fair value of the beneficial interests in trusts is based upon the income approach. Significant inputs include the fair value of the trust assets, the discount rate, the annual amounts paid to the donor, and the estimated date of payout (Note 4).

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

8. FINANCIAL INSTRUMENTS AT FAIR VALUE, Continued

Investments measured at net asset value per share consist of unitized interests in investment pools managed by a Church affiliate (Note 6). The University has no unfunded commitments, and may redeem these investments on a once monthly basis, at the month-end net asset value, with a minimum notice period of 5 business days. The following table presents the fair value of these investments, as of December 31, 2023 and 2022 (in thousands of dollars):

	Fair Value Measurements of Investments Measured at Net Asset Value Per Share	
	2023	2022
Equity portfolios, domestic	\$ 154,026	\$ 136,060
Equity portfolios, international	37,784	36,356
Fixed income portfolios, domestic	103,692	100,509
Total investments measured at net asset value per share	<u>\$ 295,502</u>	<u>\$ 272,925</u>

Domestic and international equity portfolios consist of funds that invest in the common stock of either large, mid, or small-cap companies and are generally designed to either replicate the performance of an index or outperform an index through active security selection. Fixed income portfolios consist of funds that invest in either U.S. government or corporate debt securities, each with a targeted duration.

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS

As a participating employer, the University's pension plan is provided through the Master Retirement Plan administered by a Church affiliate (Note 6). The pension plan is a noncontributory defined benefit plan that is available to substantially all full-time employees of the University hired before January 1, 2021.

The University is also a participating employer within the Retiree Medical and Life Plan, administered by a Church affiliate (Note 6). Through this plan, the University provides a postretirement benefit plan that provides a fixed monthly dollar benefit toward the purchase of medical and life insurance for certain retired employees. Participating retirees pay the difference between the fixed amounts and the total insurance premiums. The University recognizes the estimated cost of these postretirement benefits during the years employees provide service. At the time the University adopted this method, the election was made to recognize the cumulative effect of the postretirement benefit obligation over a period of twenty years.

Pension and postretirement plan information presented below represents the University's proportionate share of the Master Retirement Plan and the Retiree Medical and Life Plan (the Plans), respectively.

Before 2023, the Retiree Medical and Life Plan assets were held in a revocable grantor trust. At the end of 2023, the grantor trust was terminated, and the plan assets totaling \$53.5 million were distributed to the University. The assets are separately accounted for by the University and are included in cash and cash equivalents as of December 31, 2023. Subsequent to year end the cash will be transferred and comingled with other professionally managed investments. As a result, those assets no longer meet the definition of plan assets.

The following table presents the funded status and the related amounts recognized in the Statements of Financial Position as of December 31, 2023 and 2022 (in thousands of dollars):

	Pension Plan		Postretirement Plan	
	2023	2022	2023	2022
Fair value of plan assets	\$ 446,866	\$ 450,265	\$ -	\$ 52,136
Benefit obligation	(420,900)	(397,131)	(45,942)	(43,050)
Amount over (under) funded	\$ 25,966	\$ 53,134	\$ (45,942)	\$ 9,086

The accumulated benefit obligation for the pension plan was \$373,132,000 and \$351,431,000 as of December 31, 2023 and 2022, respectively.

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

The following table presents information relating to the pension and postretirement plans as of and for the years ended December 31, 2023 and 2022 (in thousands of dollars):

	Pension Plan		Postretirement Plan	
	2023	2022	2023	2022
Selected changes in plan assets:				
Employer contributions	\$ -	\$ 4,600	\$ 746	\$ 2,254
Plan participants' contributions	N/A	N/A	N/A	N/A
Benefits paid	17,174	16,287	2,585	2,252

Amounts reflected in the Statements of Financial Position:

Noncurrent assets	\$ 25,966	\$ 53,134	\$ -	\$ -
Current liabilities	N/A	N/A	(2,221)	-
Noncurrent liabilities	N/A	N/A	(43,721)	9,086
Total	<u>\$ 25,966</u>	<u>\$ 53,134</u>	<u>\$ (45,942)</u>	<u>\$ 9,086</u>

Accumulated amounts reflected in net assets without donor restrictions in the Statements of Financial Position:

Net (gain)	\$ (34,181)	\$ (54,563)	\$ (19,293)	\$ (22,103)
Prior service credit	406	487	346	519
Total	<u>\$ (33,775)</u>	<u>\$ (54,076)</u>	<u>\$ (18,947)</u>	<u>\$ (21,584)</u>

Periodic benefit cost (benefit) recognized in the Statements of Activity:

Service cost	11,734	19,340	1,226	2,226
Components other than service cost	(4,866)	(3,719)	(1,609)	(500)
Total	<u>\$ 6,868</u>	<u>\$ 15,621</u>	<u>\$ (383)</u>	<u>\$ 1,726</u>

Benefit adjustments in net assets without donor restrictions:

Net (gain)	20,381	(83,192)	2,810	(18,012)
Prior service credit	(81)	(81)	(173)	(173)
Total	<u>\$ 20,300</u>	<u>\$ (83,273)</u>	<u>\$ 2,637</u>	<u>\$ (18,185)</u>

Total periodic benefit (gain) cost
recognized in net assets without
donor restrictions in the Statement
of Activities

	<u>\$ 27,168</u>	<u>\$ (67,652)</u>	<u>\$ 2,254</u>	<u>\$ (16,459)</u>
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BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

The significant assumption changes with the effect on plan (gains) and losses for the year ended December 31, 2023 are as follows:

	Pension Plan Sources of Gain and (Loss)	Postretirement Plan Sources of Gain and (Loss)
Updated census	\$ 619	\$ (695)
Asset return different from expected	(8,565)	710
Discount rate	(11,582)	(1,051)
Payment form update	2,018	N/A
Other assumptions	(575)	(465)
Total assumption change	<u>\$ (18,085)</u>	<u>\$ (1,501)</u>

For the years ended December 31, 2023 and 2022, the following weighted-average assumptions were used in accounting for the Plans:

	Pension Plan		Postretirement Plan	
	2023	2022	2023	2022
Benefit Obligation:				
Discount rate	4.80%	5.00%	4.80%	5.00%
Rate of compensation increase	4.14%	4.18%	N/A	N/A
Net Periodic Benefit Cost:				
Discount rate	5.00%	2.70%	5.00%	2.70%
Expected long-term rate of return on plan assets	5.00%	5.00%	5.00%	5.00%
Rate of compensation increase	4.08%	4.18%	N/A	N/A
	Postretirement Plan			
	2023		2022	
	Pre-Medicare Supplement Claims	Medicare Supplement Claims	Pre-Medicare Supplement Claims	Medicare Supplement Claims
Annual rate of increase assumed in the per capita cost of covered health benefits				
Upcoming year	7.0%	6.0%	8.0%	5.0%
Ten years out	5.5%	5.8%	5.5%	5.8%
Ultimate (2075)	4.1%	4.0%	3.9%	3.9%

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

The pension plan's expected long-term rate of return on plan assets assumption (LTROR) is based on the investment policy that establishes long-term strategic asset allocation targets and ranges. These strategic asset allocation targets, along with other inputs from risk systems, published research reports, meetings with asset management firms, and consultants, guide the determination of the LTROR, with no single input considered more predictive than another.

The LTROR assumption was based primarily on forecasted returns and volatility for the next ten years by asset category, weighted by benchmark ranges that expect to be adjusted over time based on the plan funded status. The LTROR assumption was 5.0% for 2023 and is 5.5% for 2024.

The pension plan asset allocations decisions also consider the risks inherent in the plan liabilities. Management anticipates increasing the allocation to fixed income assets over time. The allocation change may use derivatives combined with other asset classes to reach the desired allocation and risk profile. This approach is expected to reduce the funded status volatility. The target asset allocation and benchmark weights will use the expected benefit obligation funded ratio. Actual asset allocations may vary from the target due to short-term market conditions.

The pension target asset allocation and the allocation range based on the plan funded status follows:

Asset Class	Asset Allocation	
	Target Range	December 2023 Target Allocation
Domestic Equities	6.5-28.5%	6.6%
International Equities	3.0-18.0%	3.1%
Fixed Income	20.5-86.5%	48.6%
Real Estate	3.5-18.5%	12.6%
Private Equity	4.5-19.5%	20.1%
Non-Investment Grade Debt	3.0-14.0%	6.0%
Multi-Assets	2.0-9.5%	2.0%
Real Assets	1.0-9.5%	1.0%

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

The tables below present the fair value of the total Master Retirement Plan assets as of December 31, 2023 and 2022 (in thousands of dollars), of which the University's share was 5.94% and 5.91% as of the respective dates.

Fair Value Measurements as of December 31, 2023				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 288,853	\$ 10,392	\$ -	\$ 299,245
Investments:				
U.S. government securities	-	1,131,353	-	1,131,353
Foreign government securities	-	60,600	-	60,600
Corporate debt securities	-	937,543	92,466	1,030,009
Mutual funds	571,324	-	-	571,324
Common stocks	369,592	-	-	369,592
Preferred stocks	2,277	-	1,805	4,082
Government agency mortgage-backed securities	-	162,578	124	162,702
Private mortgage-backed securities	-	98,066	61,355	159,421
Derivatives	111	39,444	-	39,555
Investments measured at net asset value per share	N/A	N/A	N/A	3,858,434
Other assets (liabilities)				(158,046)
Net Master Retirement Plan assets	<u>\$ 1,232,157</u>	<u>\$ 2,439,976</u>	<u>\$ 155,750</u>	<u>\$ 7,528,271</u>

Fair Value Measurements as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 295,128	\$ -	\$ -	\$ 295,128
Investments:				
U.S. government securities	-	924,731	-	924,731
Foreign government securities	-	45,646	-	45,646
Corporate debt securities	-	993,846	19,869	1,013,715
Mutual funds	842,716	-	-	842,716
Common stocks	388,251	-	616	388,867
Preferred stocks	7,004	-	1,496	8,500
Government agency mortgage-backed securities	-	142,400	140	142,540
Private mortgage-backed securities	-	91,149	2,582	93,731
Derivatives	-	12,773	-	12,773
Investments measured at net asset value per share	N/A	N/A	N/A	3,957,943
Other assets (liabilities)				(107,853)
Net Master Retirement Plan assets	<u>\$ 1,533,099</u>	<u>\$ 2,210,545</u>	<u>\$ 24,703</u>	<u>\$ 7,618,437</u>

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

The table below presents the fair value of the Retiree Medical and Life Plan assets as of December 31, 2022 (in thousands of dollars), of which the University's postretirement plan's share was 7.28%:

	Fair Value Measurements as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 9,908	\$ -	\$ -	\$ 9,908
Investments:				
U.S. government securities	-	717	-	717
Corporate debt securities	-	28,665	1,693	30,358
Mutual funds	258,531	-	-	258,531
Common stocks	67,572	-	-	67,572
Preferred stocks	1,306	-	-	1,306
Government agency mortgage-backed securities	-	129	-	129
Derivatives	-	99	-	99
Investments measured at net asset value per share	N/A	N/A	N/A	349,374
Other assets (liabilities)				(1,738)
Net Retiree Medical and Life Plan assets	<u>\$ 337,317</u>	<u>\$ 29,610</u>	<u>\$ 1,693</u>	<u>\$ 716,256</u>

The tables below present additional information about Level 3 financial assets in the Master Retirement Plan for the years ended December 31, 2023 and 2022 (in thousands of dollars). Both observable and unobservable inputs may be used to determine the fair value of positions that the Plan has classified within Level 3.

Assets at fair value	Changes in Level 3 Financial Assets Year Ended December 31, 2023		
	Purchases	Transfers In	Transfers Out
Corporate debt securities	\$ 60,979	\$ 15,629	\$ -
Private mortgage-backed securities	52,993	6,449	-
Total assets at fair value	<u>\$ 113,972</u>	<u>\$ 22,078</u>	<u>\$ -</u>

Assets at fair value	Changes in Level 3 Financial Assets Year Ended December 31, 2022		
	Purchases	Transfers In	Transfers Out
Corporate debt securities	\$ 7,276	\$ -	\$ -
Government agency mortgage-backed securities	1	-	-
Private mortgage-backed securities	153	-	-
Common stocks	590	-	(836)
Preferred stocks	208	-	-
Total assets at fair value	<u>\$ 8,228</u>	<u>\$ -</u>	<u>\$ (836)</u>

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

The table below presents additional information about Level 3 financial assets in the Retiree Medical and Life Plan for the year ended December 31, 2022 (in thousands of dollars). Both observable and unobservable inputs may be used to determine the fair value of positions that the Plan has classified within Level 3.

Assets at fair value	Changes in Level 3 Financial Assets Year Ended December 31, 2022		
	Purchases	Transfers In	Transfers Out
Corporate debt securities	\$ 220	\$ -	\$ -
Total assets at fair value	\$ 220	\$ -	\$ -

The University does not plan to contribute to the pension as it is fully funded.

Asset Valuation Techniques — Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

U.S. government securities — These investments are valued through reputable third-party pricing vendors using pricing models maximizing the use of observable inputs for similar securities and are included in Level 2.

Corporate debt securities — These investments are valued through reputable third-party pricing vendors using pricing models maximizing the use of observable inputs for similar securities and are primarily included in Level 2. Level 3 investments are priced through various modeling techniques internally or through non-binding broker quotes.

Mutual funds — These investments are valued at the daily closing price as reported by the mutual fund. Certain mutual funds held by the Trust are open-ended mutual funds that are registered with the Securities and Exchange Commission. All mutual funds held by the Trust with observable trading volume are deemed to be actively traded and are included in Level 1. Closed-ended mutual funds are valued at net asset value (NAV).

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

Common and preferred stocks — These investments are valued through reputable third-party pricing vendors at the closing price reported on the active market on which the individual securities are traded and are included in Level 1. Preferred stocks classified as level 2 are valued using bid/ask quotes from an active dealer. Common and preferred stocks with limited trading activity and lack of observable inputs to pricing are deemed to be level 3. Level 3 investments are priced through non-binding broker quotes.

Government agency mortgage-backed securities — These investments are valued through reputable third-party pricing vendors using pricing models maximizing the use of observable inputs and are included in Level 2. Level 3 investments are priced through various modeling techniques internally or through non-binding broker quotes.

Derivatives — These investments are valued through reputable third-party pricing vendors using pricing models maximizing the use of observable inputs and are generally included in Level 2.

As of December 31, 2023 the following benefit payments, which reflect expected future service, are expected to be paid (in thousands of dollars):

Year ending December 31,	Pension Plan	Postretirement Plan
2024	\$ 17,981	\$ 2,221
2025	18,929	2,490
2026	19,882	2,564
2027	20,892	2,740
2028	21,838	2,838
2029-2033	123,128	15,822

The University also participates in supplementary defined contribution retirement plans. These retirement plans are qualified retirement savings money purchase 401(a), 401(k), or Tax Sheltered Annuity 403(b) plans and cover substantially all full-time employees. These retirement plans are provided through a Church affiliate and Teachers Insurance and Annuity Association. Employees can contribute a portion of their salaries, not to exceed Internal Revenue Service limits, in qualified plans offered through these organizations. For included classes of employees, the University contributes a percentage of employee salary to the Church affiliate, which during the years ended December 31, 2023 and 2022, totaled \$7,960,000 and \$7,034,000, respectively.

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

10. NATURAL CLASSIFICATION OF EXPENSES

The University presents expenses on its Statements of Activities by functional classification. Its primary function is to provide Education services, including instruction and academic support, research and creative work, and student support. Other functions include Auxiliary and Administration, which support the University's primary mission. Each functional classification includes expenses presented below by natural classification. Operation and maintenance costs are allocated to functional categories primarily on the basis of occupied square footage. The following tables present these expenses for the years ended December 31, 2023 and 2022 (in thousands of dollars):

Natural Classification of Expenses for the year ended December 31, 2023

	Education	Administration	Auxiliary	Total
Salaries	\$ 154,032	\$ 20,812	\$ 4,632	\$ 179,476
Benefits	42,621	16,390	1,219	60,230
Total compensation	196,653	37,202	5,851	239,706
General & administrative	23,848	9,892	246	33,986
Physical facilities	7,510	1,407	1,509	10,426
Equipment	2,389	382	384	3,155
Travel	3,333	357	65	3,755
Materials & supplies	12,017	1,190	325	13,532
Depreciation	22,409	1,791	1,975	26,175
Cost of sales	137	-	12,986	13,123
Total expenses	<u>\$ 268,296</u>	<u>\$ 52,221</u>	<u>\$ 23,341</u>	<u>\$ 343,858</u>

Natural Classification of Expenses for the year ended December 31, 2022

	Education	Administration	Auxiliary	Total
Salaries	\$ 146,861	\$ 18,601	\$ 4,313	\$ 169,775
Benefits	55,823	8,560	1,339	65,722
Total compensation	202,684	27,161	5,652	235,497
General & administrative	26,558	13,084	53	39,695
Physical facilities	6,000	1,213	1,561	8,774
Equipment	2,185	440	393	3,018
Travel	2,247	95	61	2,403
Materials & supplies	15,760	1,208	332	17,300
Depreciation	21,850	1,577	1,990	25,417
Cost of sales	79	-	12,735	12,814
Interest	-	-	153	153
Total expenses	<u>\$ 277,363</u>	<u>\$ 44,778</u>	<u>\$ 22,930</u>	<u>\$ 345,071</u>

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO FINANCIAL STATEMENTS

11. COMMITMENTS AND CONTINGENCIES

The University has commitments for construction projects totaling \$1,491,000 as of December 31, 2023. Essentially all of this amount has been approved to be reimbursed by a Church affiliate (Note 6) and is expected to be received as costs are incurred.

The University has been named as a defendant in certain lawsuits. Other potential claims are pending. While the University cannot predict the results of these actions, management believes, based in part on the advice of in-house legal counsel, that any contingent liability resulting from such litigation and claims will not have a material effect on the University's operations or financial position. Financial responsibility for liability losses is assumed by a Church affiliate.

12. FINANCIAL RESPONSIBILITY RATIO INFORMATION

The U.S. Department of Education issued regulations regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Federal Title IV regulations (the Regulations). This information is intended for use by the U.S. Department of Education to ensure compliance with the Regulations.

Financial responsibility ratio information as of and for the year ended December 31, 2023, is as follows (in thousands of dollars):

Land, buildings and equipment (LB&E) detail

	2023	Source
Land, buildings, and equipment, net - pre-implementation	\$ 440,467	December 31, 2019 SFP less 2020 through 2023 depreciation and
Land, buildings, and equipment, net - post-implementation (w/outstanding debt for original purchase)	-	Component of Note 5
Land, buildings, and equipment, net - post-implementation	94,344	Component of Note 5
Construction in progress	-	Component of Note 5
Construction in progress - post-implementation	9,354	Component of Note 5
Total land, buildings, and equipment, net	<u>\$ 544,165</u>	SFP

13. SUBSEQUENT EVENTS

The University has evaluated subsequent events for the period after December 31, 2023 through May 1, 2024, the date the financial statements were available to be issued. No events have been identified that would have a material effect on the financial statements.

SUPPLEMENTAL SCHEDULE OF FINANCIAL RESPONSIBILITY RATIOS

BRIGHAM YOUNG UNIVERSITY – IDAHO

SUPPLEMENTAL SCHEDULE OF FINANCIAL RESPONSIBILITY RATIOS
as of and for the year ended December 31, 2023

(in thousands of dollars)

Primary Reserve Ratio:	Reference	Totals
Expendable Net Assets:		
Net assets without donor restrictions	SOFP ¹	\$ 789,849
Net assets with donor restrictions	SOFP	128,122
Less: Term endowments with donor restrictions ²	SOFP	-
Life income funds with donor restrictions ³	SOFP	(11,676)
Net assets with donor restrictions: restricted in perpetuity	Note 7	(110,417)
Unsecured related party receivable	Note 6	(3,141)
Land, buildings and equipment pre-implementation	Note 12	(440,467)
Land, buildings and equipment post-implementation with outstanding debt for original purchase	Note 12	-
Land, buildings and equipment post-implementation without outstanding debt for original purchase	Note 12	(94,344)
Construction in progress	Note 12	(9,354)
Post-employment and pension asset ⁴	SOFP	(25,966)
Add: Long-term debt -		
for long-term purposes pre-implementation	Note 12	-
Long-term debt -		
for long-term purposes post-implementation	Note 12	-
Postretirement benefits obligation	SOFP	45,942
Total Expendable Net Assets		\$ 268,548
Expenses and Losses:		
Total expenses without donor restrictions	SOA ⁵	\$ 343,858
Other components of net periodic pension costs ⁶	SOA	(22,937)
Total Expenses and Losses		\$ 320,921
Equity Ratio:	Reference	Totals
Modified Net Assets:		
Net assets without donor restrictions	SOFP	\$ 789,849
Net assets with donor restrictions	SOFP	128,122
Less: Unsecured related party receivables	Note 6	(3,141)
Total Modified Net Assets		\$ 914,830
Modified Assets:		
Total assets	SOFP	\$ 989,287
Less: Unsecured related party receivables	Note 6	(3,141)
Total Modified Assets		\$ 986,146
Net Income Ratio:	Reference	Totals
Change in Net Assets Without Donor Restrictions	SOA	\$ (2,535)
Total revenues without donor restrictions	SOA	364,260

¹ Statement of Financial Position

² Appears on SOFP as Board-designated endowments with donor restrictions

³ Appears on SOFP as Beneficial interest in trusts and pledged contributions with donor restrictions

⁴ Appears on SOFP as Retirement and postretirement benefits asset

⁵ Statement of Activities

⁶ Appears on SOA as Retirement and Postretirement Plans Adjustment

See note to the supplemental schedule of financial responsibility ratios

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTE TO THE SUPPLEMENTAL SCHEDULE OF FINANCIAL RESPONSIBILITY RATIOS

1. BASIS OF PRESENTATION

The accompanying Supplemental Schedule of Financial Responsibility Ratios (the Schedule) of Brigham Young University – Idaho provides financial information required by the U.S. Department of Education to calculate the primary reserve ratio, equity ratio and net income ratio and the composite score as defined by in Subpart L of 34 CFR 668 for the year ended December 31, 2023. The financial information in the Schedule has been prepared in accordance with accounting principles generally accepted in the United States of America consistent with the financial statements. The Schedule is presented for purposes of additional analysis as required by the U.S. Department of Education and is not a required part of the basic financial statements.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BRIGHAM YOUNG UNIVERSITY – IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Student Financial Assistance Cluster:			
U.S. Department of Education			
Federal Pell Grant Program	84.063		\$ 65,771,105
Federal Direct Student Loans	84.268		35,593,757
Total Student Financial Assistance Cluster			101,364,862
Research and Development Cluster:			
Pass-Through Funds:			
Department of Health and Human Services:			
Biomedical Research and Research			
Training from University of Idaho	93.859	5P20GM103408-23	170,576
Total Pass-Through Funds			170,576
Total Research and Development Cluster			170,576
Total Federal Financial Assistance			\$ 101,535,438

See notes to the schedule of expenditures of federal awards

BRIGHAM YOUNG UNIVERSITY – IDAHO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) for the year ended December 31, 2023 includes the federal financial assistance transactions of Brigham Young University - Idaho (the University) recorded on the accrual basis of accounting. Funds derived from federal grants may be used only to meet current expenditures for the purposes specifically identified by the sponsoring agencies. The information in the Schedule is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The University applies its predetermined approved facilities and administrative rate when charging indirect costs to federal awards rather than the 10% de minimis cost rate as described in Section 200.414 of the Uniform Guidance.

2. LOAN PROGRAMS:

During the year ended December 31, 2023, the University issued loans under the Federal Direct Student Loans program, which includes Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans, which are included in the Schedule.

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loans program and accordingly, these loans are not included in the University's financial statements. It is not practical to determine the balance of loans outstanding under these programs as of December 31, 2023.



Report of Independent Auditors 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*

To the Board of Trustees of Brigham Young University - Idaho

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 Brigham Young University - Idaho (the "University"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and of cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements"), and have issued our report thereon dated May 1, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's 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.

PricewaterhouseCoopers LLP

May 1, 2024



Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance

To the Board of Trustees of Brigham Young University – Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brigham Young University – Idaho’s (the “University”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University’s major federal programs for the year ended December 31, 2023. The University’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors’ Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University’s compliance based on our audit. Reasonable assurance is a high level of



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

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

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

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

Other Matter

As indicated in Part I to the accompanying Schedule of Findings and Questioned Costs, we have audited the Student Financial Assistance cluster as a major program. Also, as indicated in the first paragraph of this report, we performed our audit of compliance using the compliance requirements contained in the OMB *Compliance Supplement*, including those contained in Part V 5.3, Compliance Requirement N, Special Tests and Provisions, Section 12 "Gramm-Leach-Bliley Act-Student Information Security." This section includes two suggested audit procedures with respect to verification that the institution (1) designated a Qualified Individual responsible for implementing and monitoring the institution's information security program, and (2) has a written information security program that addresses the remaining six required minimum elements that are detailed in the OMB *Compliance Supplement*, Part Five, Student Financial Assistance Cluster, Special Tests and Provisions, item 12, Gramm-Leach-Bliley Act – Student Information Security. Our procedures in relation to these two items were limited to inquiry of and obtaining written representation from management and obtaining and reading management's documentation related to these two items. Our procedures did not include an analysis of the adequacy or completeness of the minimum required elements of the institution's information security program.



Report on Internal Control Over Compliance

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

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

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

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

PricewaterhouseCoopers LLP

May 1, 2024

BRIGHAM YOUNG UNIVERSITY – IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended December 31, 2023

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	___yes	<u> X </u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___yes	<u> X </u> no
Noncompliance material to financial statements noted?	___yes	<u> X </u> no

Federal Awards:

Internal control over major programs:

Material weakness identified?	___yes	<u> X </u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___yes	<u> X </u> none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	___yes	<u> X </u> no
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Identification of major programs:

Assistance Listing Number: 84.063, 84.268	Name of Federal Program or Cluster: <u>Student Financial Assistance Cluster</u>	
Dollar threshold used to distinguish between type A and type B programs:	<u>\$3,000,000</u>	
Auditee qualified as low-risk auditee?	<u> X </u> yes	___no

Section II – Financial Statement Findings

No findings related to the financial statements were noted which are required to be reported in accordance with *Governmental Auditing Standards* for the year ended December 31, 2023.

Section III – Federal Award Findings and Questioned Costs

No findings to be reported for the year ended December 31, 2023.

BRIGHAM YOUNG UNIVERSITY – IDAHO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
for the year ended December 31, 2023

There are no findings from prior years that require an update in this report.