Vendor Expo:
We all come together - Northwestern's FY2025 Financial Statements

Evanston

August 4, 2026

Norris University Center

Northwestern

WELCOME

Introduction

Audrey Lynch

Accounting Services

Financial Statement Preparation Process

Key Dates FY2026

FY26		
SEPT 15	•	FY26 Actuals Journals Due by 5pm (final deadline for school and unit journals)
SEPT 18	•	Final date for processing FY26 journals
SEPT 25	•	FY26 accounting records close - Central review complete
Early OCT	•	Audit begins
Mid OCT	•	Fund workpapers complete
Late OCT	•	Consolidation of Funds complete
Early NOV	•	Footnotes complete
Late NOV	•	Final Publishable Financial Statement
Early DEC	•	Presented to the Audit Committee
Early DEC	•	Audit Ends, Statements Published, Accountants Rejoice

Transactions: Inception to Reporting

Transactions

Tuition · Room & Board · Gifts · Ticket sales · Endowment payout · Payroll · Expense reimbursements · Supply purchases · Utility payments · Interest payments

↓

Funds

Operating · Gifts · Endowment · Student Loans · Research · Agency · Capital · Rubicon Insurance

↓

Consolidation

Consolidated financial statements and disclosures

↓

Annual Financial Report

Financial Statements as a Tool

School and Unit budgets/forecasts

(Funds view)

→

Crosswalk adjustments

→

Operating Statement

(GAAP view)

Northwestern's Financial Capacity

- The **Consolidated Financial Statements** show institutional health,
  - Illustrate the impact of decisions
  - Serve as the basis for planning

- What they show:

  1. Statements of Activities =
     Annual performance

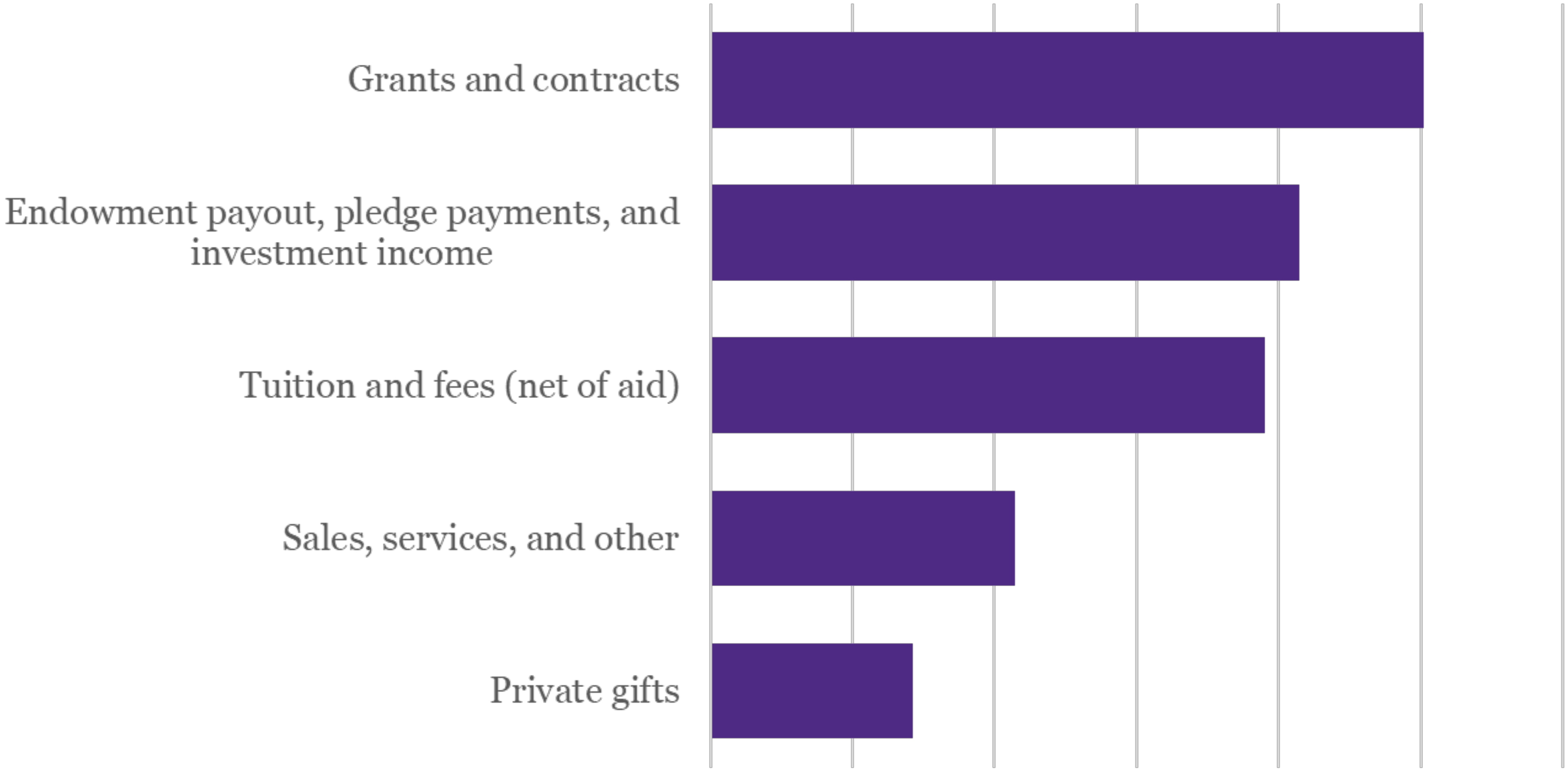
  2. Statements of Financial Position =
     Overall Financial Position

  3. Statements of Cash flow =
     Cash usage

- **School and Unit Management statements** are used to develop and implement individual budgets and measure performance across the University

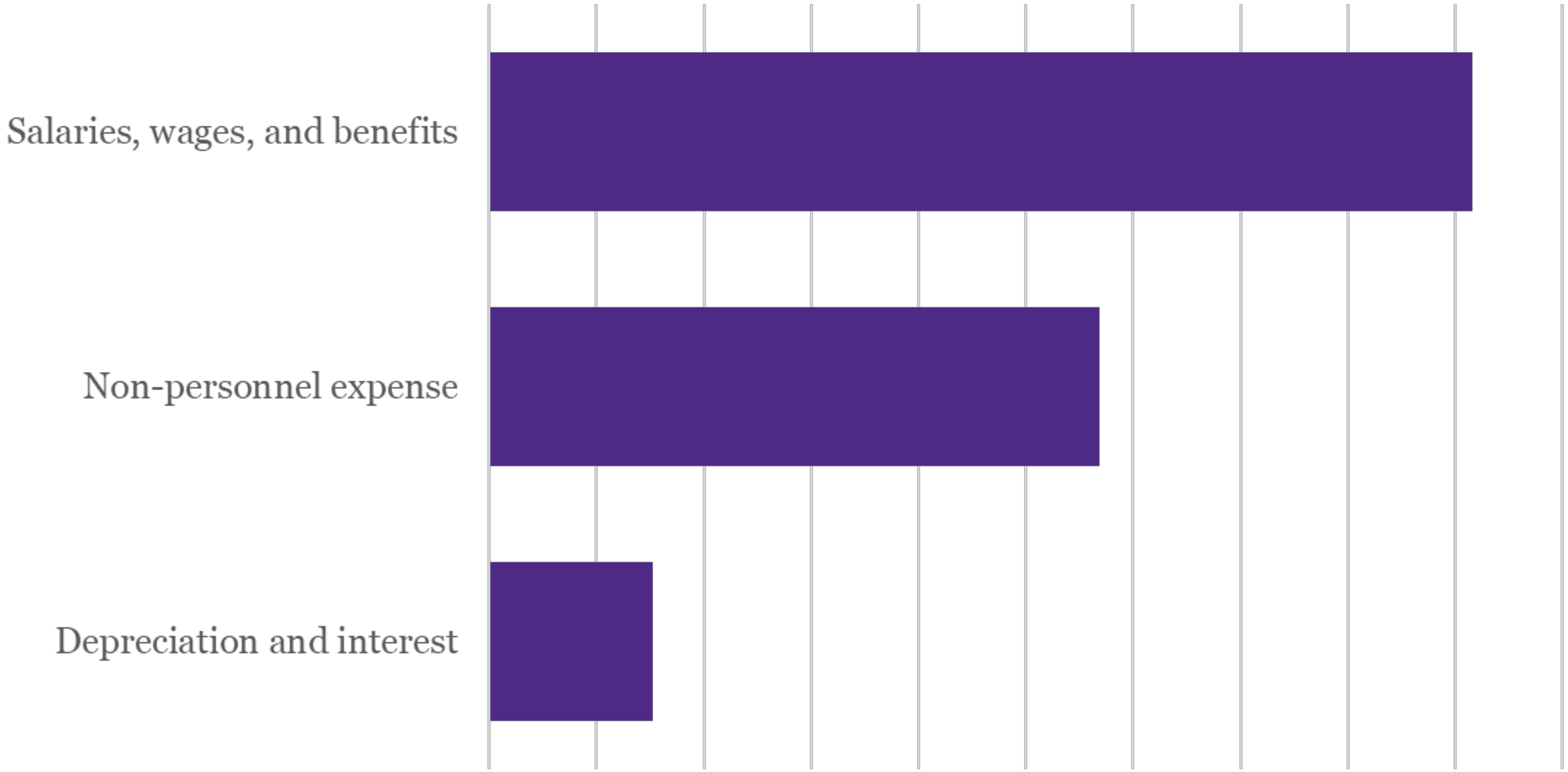
Issued Financial Statements

Northwestern's Operating Revenues



Note: Sales, services, and other revenue includes housing, dining, athletics, and other sales and fees

Northwestern's Operating Expenses



Notes
- Non-personnel expense includes services, supplies, travel, events, maintenance, utilities, and costs of operations
- Depreciation and Interest reflect amortization and financing of the University's land, buildings, and equipment

Consolidated Statements of Activities

For the fiscal years ended August 31, 2025 and 2024

(in thousands of dollars)	*2025*
Net assets without donor restrictions	
Operating revenues	
Tuition and fees *(net of aid, $638,267 in 2025 and $618,349 in 2024)*	$816,175
Auxiliary services	134,185
Grants and contracts	1,024,807
Private gifts	303,910
Investment return designated for operations	556,085
Sales and services	265,244
Professional fees	70,047
Net assets released from restrictions	288,874
Total operating revenues	**3,459,327**
Operating expenses	
Salaries, wages, and benefits	1,997,951
Services, supplies, maintenance, and other	1,293,113
Depreciation	216,713
Interest on indebtedness	99,478
Total operating expenses	**3,607,255**
Excess (deficit) of operating revenues over expenses	**($147,928)**

Consolidated Statements of Activities (continued)

For the fiscal years ended August 31, 2025 and 2024

(in thousands of dollars)	*2025*
Nonoperating revenues and expenses	
Investment returns, reduced by operating distribution	$246,514
Net assets reclassified	160
Other revenues, net	10,583
Excess of nonoperating revenues over expenses	**257,257**
Change in net assets without donor restrictions	**109,329**
Net assets with donor restrictions	
Private gifts and grants for buildings and equipment	3,960
Restricted private gifts	140,409
Net gain on annuity obligation	3,442
Investment return	651,589
Net assets reclassified	(160)
Net assets released from restrictions	(288,874)
Change in net assets with donor restrictions	**510,366**
Change in total net assets	**619,695**
Beginning net assets	**15,618,587**
Ending net assets	**$16,238,282**

Consolidated Statements of Financial Position

As of August 31, 2025

(in thousands of dollars)	*2025*
Assets	
Cash and cash equivalents	$542,875
Accounts receivable, *net*	504,499
Contributions receivable, *net*	200,457
Notes receivable, *net*	164,830
Investments	15,527,986
Right-of-use assets–operating, *net*	130,401
Land, buildings, and equipment, *net*	3,752,068
Total assets	**20,823,116**
Liabilities	
Accounts payable and accrued liabilities	647,275
Deferred revenue	424,550
Deposits payable and actuarial liability of annuities payable	306,054
Lease liabilities–operating	135,832
Bonds, notes, and other debt payable, *net*	3,071,123
Total liabilities	**4,584,834**
Net assets	
Without donor restrictions	9,589,204
With donor restrictions	6,649,078
Total net assets	**16,238,282**
Total liabilities and net assets	**$20,823,116**

Consolidated Statements of Cash Flows

Starting point: Change in net assets (or "net income")

- Back out noncash activities

- Report cash inflows and outflows in categories:
  - Operating
  - Investing
  - Financing

Ending point: Net Increase/Decrease in Cash

Final check: FY 2024 Cash + Net Increase/Decrease in cash = FY 2025 Cash

Statement showing net cash ins/outs for the year

Consolidated Statements of Cash Flow

As of August 31, 2025

(in thousands of dollars)	*2025*
Cash flows from operating activities	
Change in net assets	$619,695
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	216,713
Losses on disposals, retirements, and sales of buildings and equipment, net	3,075
Accretion of debt issuance costs, premiums, and discounts, net	(587)
Realized and unrealized gains on investments, net	(1,417,918)
Gifts of contributed securities	(27,567)
Proceeds from sale of unrestricted contributed securities	15,177
Restricted contributions received for long-term investment and capital projects	(111,164)
Changes in assets and liabilities	
Accounts receivable	(165,805)
Contributions receivable	(13,035)
Notes receivable	38,724
Decrease (increase) in the carrying amount of the right-of-use assets–operating	28,124
Accounts payable and accrued liabilities	323,567
Deferred revenue	(30,875)
Deposits payable and actuarial liability of annuities payable	18,225
Lease liabilities–operating	(23,352)
Net cash used in operating activities	**(526,993)**
Cash flows from investing activities	
Purchases of investments	(2,535,085)
Proceeds from sales of investments	3,104,954
Acquisitions of land, buildings, and equipment	(666,402)
Proceeds from sale of land, buildings, or equipment	122
Student loans disbursed	(39,196)
Principal collected on student loans	40,114
Other	1,307
Net cash (used in) provided by investing activities	**(94,186)**
Cash flows from financing activities	
Principal payments on notes, bonds, and other debt payable	(10,240)
Proceeds from issuance of notes, bonds and other debt payable	667,000
Payments for debt issuance costs	(2,264)
Proceeds from sale of restricted contributed securities	12,380
Restricted contributions received for long-term investment and capital projects	111,164
Net cash provided by financing activities	**778,040**
Increase (decrease) in cash and cash equivalents	**156,861**
Cash and cash equivalents and restricted cash at beginning of year	**386,015**
Cash and cash equivalents and restricted cash at end of year	**$542,876**
Supplemental disclosure of cash flow information	
Change in accrued liabilities for construction in progress	$2,665
Capitalized interest	7,712
Cash paid for interest	96,140

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies
2. Accounts Receivable and Notes Receivable
3. Contributions Receivable
4. Investments
5. Land, Buildings, and Equipment
6. Leases
7. Deferred Revenue
8. Deposits Payable and Actuarial Liability of Annuities Payable
9. Bonds, Notes, and Other Debt Payable
10. Endowments
11. Postretirement and Postemployment Benefit Plans
12. Related Parties
13. Self-Insurance Reserves and Other Contingencies
14. Grants and Contracts
15. Liquidity and Availability
16. Functional Classification of Expenses
17. Subsequent Events

Note 1 – Net Assets

(in thousands of dollars) *2025*

Nature of specific net assets	Without donor restrictions	With donor restrictions	Total net assets
Teaching, research, and program support	$3,386,803	$4,154,769	$7,541,572
Student financial aid	878,101	1,259,799	2,137,900
Capital and operations	1,257,215	749,548	2,006,763
Endowment net assets subtotal	**5,522,119**	**6,164,116**	**11,686,235**
Pledges	–	200,457	200,457
Unexpended gifts	–	186,655	186,655
Annuity and other split-interest agreements	–	60,183	60,183
Student loan funds	56,891	37,667	94,558
Operating and plant	4,010,194	–	4,010,194
Total	**$9,589,204**	**$6,649,078**	**$16,238,282**

Note 4 Investments

(in thousands of dollars)					*2025*
	Quoted prices in active markets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**NAV as Practical Expedient (NAV)**	**Total fair value**
Cash and cash equivalents[a]	$333,925	—	—	—	$333,925
Public equity	155,393	—	$259	$4,739,723	4,895,375
Private equity	—	585	7,915	2,114,168	2,122,668
Fixed income	155,253	533,444	—	—	688,697
Absolute return	—	—	—	2,326,965	2,326,965
Venture capital	—	—	5,260	3,310,452	3,315,712
Real assets	18,235	—	26,507	1,695,357	1,740,099
Other investments	66,999	191	29,811	—	97,001
Subtotal investment assets at fair value	**$729,805**	**$534,220**	**$69,752**	**$14,186,665**	**$15,520,442**[b]

- Matrix: **Asset class** (type) x **Valuation level** (pricing confidence)
- Rollforward of changes in investments with less certain valuations
- Liquidation (ability to sell) terms and future funding commitments
- Description of asset classes

Note 10 Endowment

- Institution designated endowment funds versus with donor restrictions

(in thousands of dollars)		With donor restrictions			*2025*
	Without donor restrictions	**Funds held in perpetuity**	**Accumulated gains (losses)**	**Total**	**Total funds**
Institution-designated endowment funds	$5,522,119	—	—	—	$5,522,119
With donor restrictions					
Underwater funds		$63,911	($1,625)	$62,286	62,286
All other funds		2,386,885	3,714,945	6,101,830	6,101,830
Endowment net assets, end of year	**$5,522,119**	**$2,450,796**	**$3,713,320**	**$6,164,116**	**$11,686,235**

Note 5 PPE

(in thousands of dollars)	*2025*	*2024*
Land	$29,986	$29,986
Construction-in-progress	750,478	275,204
Buildings and leasehold improvements	5,008,674	4,935,890
Equipment	902,681	841,389
Accumulated depreciation	(2,939,751)	(2,779,634)
Total land, buildings, and equipment, net	**$3,752,068**	**$3,302,835**

Note 9 Debt

(in thousands of dollars)	Interest rate mode	Fiscal year maturity	Interest rate[a]	*2025*	*2024*
Illinois Finance Authority (IFA)–Series 2004	Variable	2035	2.64%	$135,800	$135,800
IFA–Series 2008	Variable	2047	2.73%	125,000	125,000
Taxable–Series 2012	Fixed	2040–2048	4.20%	200,000	200,000
Taxable–Series 2013	Fixed	2034–2045	4.64%	547,915	547,915
Taxable–Series 2015	Fixed	2035–2049	3.80%	500,000	500,000
IFA–Series 2015	Fixed	2026–2029	3.07%	103,935	114,175
Taxable–Series 2017	Fixed	2048–2058	3.71%	500,000	500,000
Taxable–Series 2020	Fixed	2050–2051	2.64%	300,000	300,000
Taxable–Series 2025	Fixed	2036	4.94%	500,000	–
IFA-Commercial paper [b]	Variable	2026	3.03%	87,000	–
Commercial paper [b]	Variable	2026	4.29%	80,000	–
Bonds, notes, and other debt payable subtotal				**3,079,650**	**2,422,890**
Unamortized issuance costs, premiums, and discounts, net				(8,527)	(5,676)
Total bonds, notes, and other debt payable, net				**$3,071,123**	**$2,417,214**

Note 16 Functional Expense Classification

(in thousands of dollars)				*2025*
	Academic	**Research**	**Support**	**Total**
Salaries, wages, and benefits	$1,228,247	$406,286	$363,418	$1,997,951
Services, supplies, maintenance, and other	774,369	268,488	250,256	1,293,113
Depreciation	153,118	51,030	12,565	216,713
Interest on indebtedness	70,286	23,424	5,768	99,478
Total	**$2,226,020**	**$749,228**	**$632,007**	**$3,607,255**

Expenses by functional categories reflect salaries, wages, benefits, goods, and services used for those specific purposes. The University has allocated functional expenses for depreciation and interest on indebtedness to other functional categories based on the functional use of space on the University's campuses.

Q & A