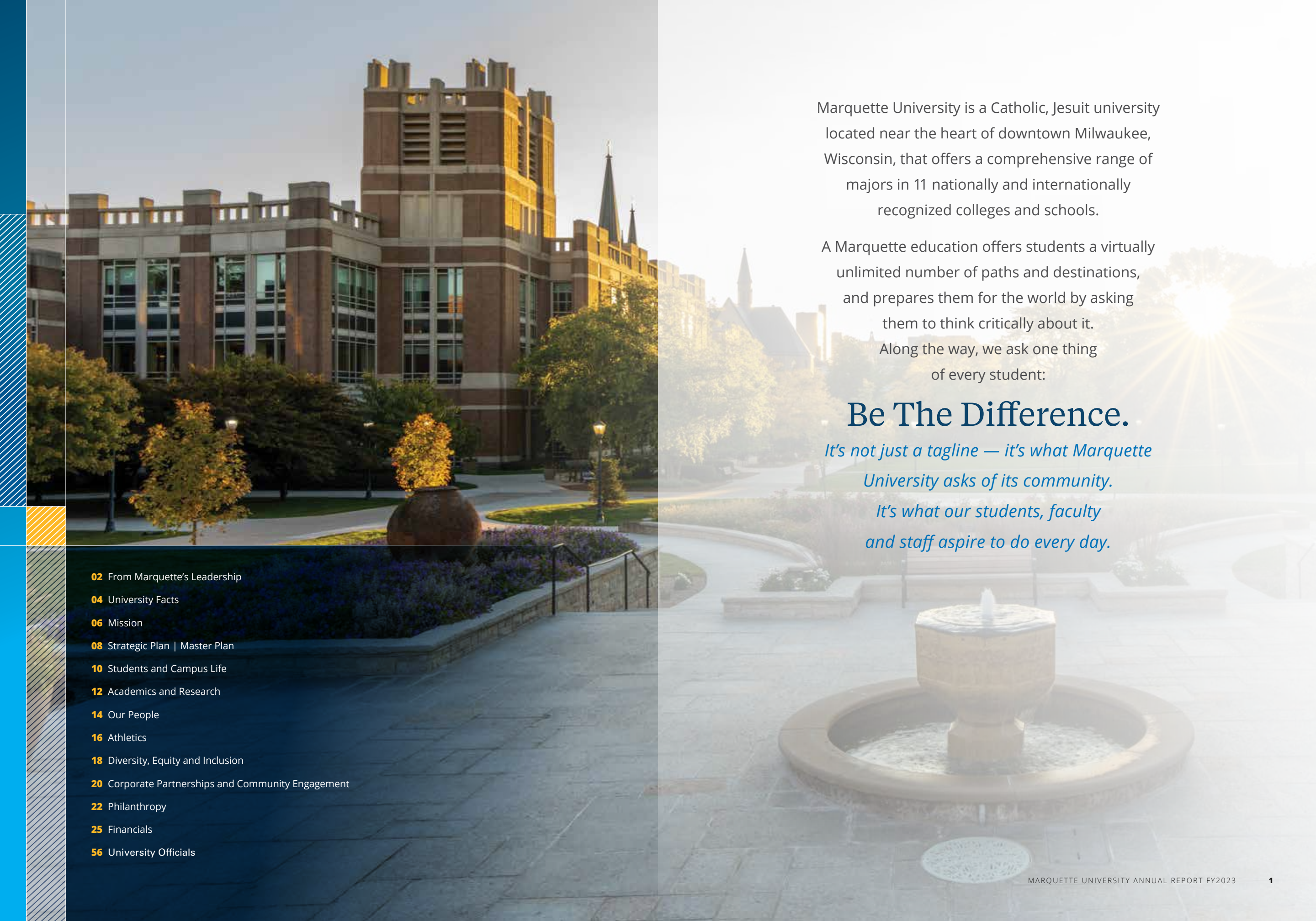




ANNUAL REPORT FY2023



Marquette University is a Catholic, Jesuit university located near the heart of downtown Milwaukee, Wisconsin, that offers a comprehensive range of majors in 11 nationally and internationally recognized colleges and schools.

A Marquette education offers students a virtually unlimited number of paths and destinations, and prepares them for the world by asking them to think critically about it. Along the way, we ask one thing of every student:

## Be The Difference.

*It's not just a tagline — it's what Marquette University asks of its community.*

*It's what our students, faculty and staff aspire to do every day.*

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**Dr. Michael R. Lovell**  
President  
Marquette University

**A MESSAGE FROM**

Dr. Michael R. Lovell,  
President

University campuses are places of great energy, active in their missions and alive with students who are developing academically and personally. That energy is never more electric than during times of celebration.

We have had — and continue to have — a lot to celebrate at Marquette University, as you will read about in the coming pages. We are excited to share with you a little about major milestones, such as the centennial anniversary of our Graduate School and a decade of the nationally renowned Marquette Law School Poll.

You'll also get a peek at three of our campus' latest major construction projects, all of which I am proud to say are dedicated to serving students. All three are due to be completed in the upcoming year, and they will mark the biggest single-year physical transformation in our campus' storied history.

Of course, we also highlight the huge successes of several of our athletic programs, including a historic regular season run and subsequent Big East title for our men's basketball team, as well as a Sweet 16 appearance by our women's volleyball team.

Last, and most important, we celebrate these moments and more while staying true to our Catholic, Jesuit mission, vision and values.

I hope you enjoy learning more about the great momentum we are experiencing at Marquette.

*"All three construction projects are due to be completed in the upcoming year, and they will mark the biggest single-year physical transformation in our campus' storied history."*



**Joel Pogodzinski**  
Executive Vice President and  
Chief Operating Officer

**A MESSAGE FROM**

Joel Pogodzinski,  
Executive Vice President and  
Chief Operating Officer

Annual reports are, by design, meant to provide a look back on the preceding year. They are useful financial reporting tools, and they offer an opportunity to get acquainted — or reacquainted — with recent successes.

With the great momentum we are experiencing at Marquette, the university's FY2023 Annual Report also gives us a glimpse at what's to come.

At Marquette, we are boldly reimagining our future. Next year alone, we will open three new student-centric buildings, profoundly advancing the ways in which we deliver a world-class nursing education, ensure our students' academic success, and foster a deeper culture of wellness across campus.

Our highly successful *Time To Rise* comprehensive campaign is in its final year, with record numbers of new donors joining longtime benefactors to invest in our vision and drive us toward our ambitious \$750 million goal. The generosity of our alumni, friends and corporate partners propels forward many important new university initiatives, and — most importantly — it helps secure a financially attainable Marquette education for future generations.

It is said that our faculty and staff are Marquette's greatest asset, and I see every day how their hard work and commitment to excellence makes that true. *Forbes* last year recognized the university as the sixth-best employer in Wisconsin. Put simply, Marquette is successful because of its people.

Looking back on all that we accomplished together, I cannot help but be optimistic about the years ahead. I hope that you, too, will feel that same sense of enthusiasm.

*"At Marquette, we are boldly reimagining our future."*

COLLEGES AND SCHOOLS

Helen Way Klingler College of Arts and Sciences

College of Business Administration

J. William and Mary Diederich College of Communication

College of Education

Opus College of Engineering

College of Health Sciences

College of Nursing

School of Dentistry

Graduate School

Graduate School of Management

Law School

ACADEMICS

Undergraduate programs:

85 majors and 89 minors and pre-professional programs in dentistry, law and medicine

Postgraduate programs:

more than 75 doctoral and master's degree programs,

more than 25 graduate certificate programs, and professional degrees in dentistry and law



#6 in the country

for job placement 10 years after graduation  
ZIPPIA, U.S. DEPARTMENT OF EDUCATION DATA

RANKED IN THE TOP 20% of national universities

U.S. NEWS & WORLD REPORT, 2024

TOP 20 Best Undergraduate Teaching

U.S. NEWS & WORLD REPORT, 2024

TOP 35 Most Innovative University

U.S. NEWS & WORLD REPORT, 2024

TOP 50 Best Value

U.S. NEWS & WORLD REPORT, 2024

#16 in Community Service Engagement

THE PRINCETON REVIEW

#16 in Best Internships for Private Schools

THE PRINCETON REVIEW

#56 Best College in the U.S.

THE WALL STREET JOURNAL

Perfect Score for Graduate Earnings

U.S. NEWS & WORLD REPORT, 2024

Best Midwestern

THE PRINCETON REVIEW

Green College

THE PRINCETON REVIEW

87% increase

in R&D expenditures over the last 10 years



1 in 4

undergraduates participate in faculty research

52 Men's Basketball Postseason Appearances

Top 10 among all Division I programs

Our men's basketball team shares home arena with NBA Champion Milwaukee Bucks



16 NCAA Division I Teams

that compete in the Big East Conference

30 "FASTER MASTER'S" PROGRAMS

to earn an undergraduate and graduate degree in 5 years

7,600

undergraduate students

3,700

graduate and professional students

1,222

faculty\*  
\*Fall 2022



THE ONLY PRIVATE Law School | Dental School IN WISCONSIN

65,000+ donors to date

during the *Time to Rise* campaign, including 50% first-time donors

100% graduation rate

for *On Your Marq*, a national model for helping neurodivergent students successfully navigate college

28%

of all students are people of color

1 in 5

full-time faculty are people of color\*

\*Fall 2022

22%

of undergraduate students are first-generation college students

13:1

student-to-faculty ratio\*

\*Fall 2022

100+

study abroad destinations

17 worship spaces

including the 15<sup>th</sup> century St. Joan of Arc Chapel

30+ Catholic Masses

celebrated each month

## Following the pope’s call for environmental justice

As climate change accelerates, Pope Francis has called on the world to *care for our common home*.

In his encyclical *Laudato Si'*, the pope emphasized that environmental challenges rooted in human behavior are a concern to us all. At Marquette, sustainability and environmental justice have been priorities throughout the university’s history; our Jesuit mission compels us to care for others and the environment through sustainability.

In 2023, President Michael R. Lovell advanced Marquette’s commitment to sustainability by announcing the *Laudato Si'* Task Force. He charged the group with engaging the Marquette community to advance sustainability and deepen our collective ecological knowledge.

Over the past year, the task force has shaped a cohesive, community-driven roadmap using the *Laudato Si'* goals as a framework.

To start, the task force identified five priorities:

- 1 | Integrate integral ecology across curriculum and research
- 2 | Reduce Marquette’s ecological footprint
- 3 | Practice socially responsible purchasing and investment
- 4 | Respond to the ecological crisis through community engagement and public advocacy
- 5 | Foster a deep sense of responsibility to care for our common home through action and spirituality

The *Laudato Si'* Task Force also formally enrolled Marquette in the *Laudato Si'* Action Plan through the Dicastery for Promoting Integral Human Development.

Inspired by Pope Francis’ Seven-year Journey toward Integral Ecology, Marquette continues taking intentional action toward sustainability — including several building projects already underway on campus (see story on p. 8). The focused efforts of the task force will help propel Marquette’s mission forward as we care for our common home for generations to come.



### Mission in Action

#### IGNATIUS SUMMER SERIES

The Office of Mission and Ministry engaged faculty, staff and students over summer through a new offering called the Ignatian Arts Summer Series. The series featured sessions to stimulate participants’ creative minds through painting, poetry, photography and more.

#### SISTER ANNE ARABOME SPOTLIGHTS WOMEN OF ST. IGNATIUS’ LIFE

In a new book titled *Why Do You Trouble This Woman?*, Sister Anne Arabome, SSS, Ph.D., associate director of the Faber Center for Ignatian Spirituality, talks about the significant role women played in St. Ignatius’ faith formation. In her writing, she asserts the *Spiritual Exercises* are a gift for women inspired by women.

#### ACTING WITH KINDNESS: MISSION WEEK KICKS OFF NEW THEME

After the conclusion of Mission Week’s “Open to” series, Mission and Ministry debuted the “Act with” series. “Act with Kindness” featured speakers and presentations that engaged the campus community on topics such as responsible land use, entrepreneurship and the importance of intentional kindness.

#### JESUITS SHARE LENTEN EXPERIENCES

Rev. Ryan Duns, S.J., and Rev. Ron Bieganowski, S.J., shared with the campus community reflections on what the Lenten season is like for a Jesuit. The pieces were part of Mission and Ministry’s effort to highlight diverse voices across campus that spotlight shared experiences.

#### FATHER THIEDE NAMED ACTING VICE PRESIDENT FOR MISSION AND MINISTRY

Rev. John Thiede, S.J., was named acting vice president for mission and ministry in May 2023. Formerly an associate vice provost at Marquette, Father Thiede traveled with President Michael R. Lovell on fundraising visits and assisted Provost Kimo Ah Yun in Jesuit high school enrollment strategies, leading to Marquette becoming one of the top destinations for Jesuit high school students.

#### A BLESSED GOODBYE

Members of the Class of 2023 gathered in the Al McGuire Center to cap off their undergraduate academic careers. Student speakers reflected on their journeys, including difficulties navigating the pandemic and the triumphs achieved in returning to campus. Mass ended with a ceremonial blessing of the students to wish them the best in their futures.

#### PRIESTLY CALLINGS

Two 2023 graduates found their spiritual purpose at Marquette during their undergraduate careers. Anselm Smith, Arts ’23, and Noah Smith, Arts ’23, — no relation — are beginning their journeys in their respective orders, the Dehonians for Anselm and the Jesuits for Noah.

## New home for Marquette Business funded entirely by donors

The opening of Dr. E. J. and Margaret O'Brien Hall marked a major milestone as the largest fully donor-funded construction project in campus history.

The 109,000-square-foot facility at 16th Street and Wisconsin Avenue opened its doors in January 2023. It houses the College of Business Administration, Graduate School of Management and innovation leadership programs. The \$60 million project broke ground in March 2021, and the opening was a proud moment in Marquette's history, said President Michael R. Lovell.

"I want to thank our passionate Marquette alumni and friends and recognize their remarkable generosity — they truly were the difference in getting us to this important milestone," President Lovell said, recognizing the philanthropic support that made the new building possible.

The building is designed to foster collaboration and innovation the moment students walk into the open atrium. In the Deloitte Foundation Innovation Lab and Pitch Pit, students can present ideas to faculty or pitch partner companies and organizations. The building also houses the Swift Student Center, which offers student advising, and the college's Business Career Center. Several spaces are designed specifically for specialty programs, including the nationally ranked real estate and supply chain management programs.

Designed by BNIM, Workshop Architects and GRAEF recently won a top design award from the American Institute of Architects Wisconsin. The space features a full-service café and patio on the first floor, plus event space for the local business community. Students have access to a boardroom and a soundproof recording studio with professional equipment where they can make and record presentations.

"Since good business — business with purpose — isn't done in a silo, O'Brien Hall emphasizes innovative, collaborative spaces where our students are immersed in experiential learning and creative solutions every day," said Tim Hanley, acting Keyes Dean of Business Administration. "This truly is a game-changing facility for Marquette Business and the university."



**CHARTING MARQUETTE'S COURSE INTO 2031** The university kicked off a new strategic planning process that will culminate in an approved plan to be delivered in early 2024.

A Strategic Planning 2031 Core Team is spearheading the effort, chaired by Dr. Jeanne Hossenlopp, vice president for research and innovation. The team's charge is to develop a plan that takes the university from 2024 into 2031, picking up on the successes of the current strategic plan, *Beyond Boundaries*.

"The landscape of higher education has changed drastically since our current strategic plan was first developed, and it continues to evolve today," President Michael R. Lovell said. "Developing a new strategic plan will help ensure that Marquette delivers a transformative education to our students that is grounded in our Catholic, Jesuit values for decades to come."

**BOLDLY REIMAGINED BUILDINGS ON CAMPUS** The next two years will bring one of the largest physical transformations in Marquette's history.



In 2024, the **College of Nursing** will move from Clark Hall into David A. Straz, Jr., Hall, which was left vacant when Marquette Business moved to O'Brien Hall. Straz Hall will be fully renovated for the nursing school, which is poised to prepare as many as 5,000 new Marquette Nurses over the next decade as part of the college's strategic expansion.

In 2025, the Helfaer Tennis Stadium and Recreation Center will reopen as a comprehensive **Wellness + Helfaer Recreation facility**. The building will undergo a major renovation, including the addition of a three-story tower at the facility's core. The 180,000-square-foot space will combine recreation, fitness, clinical and mental health services under one roof.



Renovation is underway at Memorial Library, which will be renamed the **Lemonis Center for Student Success** when it reopens in 2024 in recognition of a \$15 million gift from alumnus Marcus Lemonis, Arts '95, and his wife, Bobbi. The space will provide a central hub for academic success resources including a Career Services Center, tutoring, academic coaching, and mindfulness and peer mentoring programs.



### Making "WAVEs"

Marquette signed on to two new sustainability efforts with the potential to prevent up to 500,000 gallons of stormwater runoff during a single rain event.

As part of the university's commitment to sustaining valuable resources, Marquette partnered with the Milwaukee Metropolitan Sewerage District to construct two new stormwater runoff mitigation projects using green infrastructure.

The university also became the first college or university to commit to The Water Council's WAVE program for improving, reporting and recognizing good water stewardship by institutions.

The program entails a six-step methodology for institutions to improve their water stewardship.

## Boosting campus safety with free rides, mental health services and more

Marquette is setting the standard in campus safety with a series of efforts led by a safety task force of students, parents and campus stakeholders.

“As a parent of college-aged children, I know firsthand that a safe campus community is paramount for our entire Marquette community,” President Michael R. Lovell said in his 2022 campus address.

Members of the President’s Task Force on Community Safety — which includes students, parents and community partners working alongside Marquette faculty and staff — implemented recommendations to enhance campus safety security. Their work has led to several tangible improvements, including a new unit of the Marquette University Police

Department focused on addressing mental health crises.

The Behavioral Health Unit launched in 2023 in partnership with the Marquette Counseling Center. The unit brings together law enforcement and civilian crisis workers, providing an opportunity for police to tap resources outside the criminal justice system when mental health concerns arise.

“With an in-house Behavioral Health Unit, we can work directly with those affected to get them the long-term help and the resources they need — not simply in the moment,” MUPD Lt. James Hensley said.

Marquette also launched the EagleExpress rideshare service on campus in early 2023. Students, faculty and staff can download an app powered by Via to request free shared rides as an alternative to walking alone. The fleet has eight vans — including one wheelchair-accessible vehicle — and runs daily between 5 p.m. and 3 a.m. to locations on campus.

The task force also spearheaded safety measures including new lighting at the School of Dentistry parking lot to reduce crime; direct patrol missions to reduce the likelihood of crime in certain areas; improved safety messaging at new student orientation; and more safety signage throughout campus.



## INTERGENERATIONAL LIVING PROGRAM PLACES STUDENTS AMONG OLDER ADULTS

Searching for an opportunity that would make his final year at Marquette unique, international affairs student Justin Cobe applied for a new experience that placed him among individuals several decades older than him: He moved into a retirement community. Marquette’s Students in Residence Program offers an intergenerational living opportunity with the nearby St. Camillus Life Plan Community, which provides off-campus housing to select students in exchange for weekly volunteer work. Home to nearly 600 older adults, including 55 retired Jesuit priests, St. Camillus is the largest life plan community in the state.

“It was the chance to get out of my comfort zone and experience something not many other individuals could say they have done,” Cobe says.



While connecting with a different generation, Cobe makes the most of his time by coordinating watch parties for sporting events, as well as discussions of historical videos and TED Talks. He also looks forward to enjoying lunch and dinner with the residents.

“I have really developed some special relationships with a lot of the residents that I will cherish for the rest of my life,” Cobe says. “I don’t know if words can encapsulate my learning experience here. I have gained valuable insights and perspective on life that I don’t know I could have learned elsewhere.”

“The program has been more successful than I hoped,” says program director Dr. Stacy Barnes, director of the Wisconsin Geriatric Education Center and an associate professor of practice in Marquette’s College of Nursing. “Students and older residents have developed close relationships with measurable benefits for both generations. One example of an unanticipated benefit is with the older men at St. Camillus, who are often reluctant to participate in social activities. They have been more engaged due to the young male students planning and facilitating some of the events.”

## STUDENTS HELPING STUDENTS

Marquette students are stepping up for one another through a number of initiatives across campus. Mayra Alaniz, a Graduate School of Management student, created the Marquette Career Closet, a nonprofit that collects gently used professional attire to help students dress for the jobs they want.

“Having professional clothes helps students feel empowered,” Alaniz said. “When they can have just a little more confidence, that makes all the difference.”

Another program provides meals to Marquette students facing food insecurity. Through a partnership with Swipe Out Hunger, students can donate swipes from their meal

plans into a “swipe bank.” Those swipes are then allocated into the accounts of students eligible to receive free meals.

Students also came together to divert trash from landfills and donate items they no longer needed during MarKept Move Out at the end of the academic year. Donation bins outside residence halls made it easy to donate gently used items such as electronics and furniture. When students returned to campus in the fall, they could purchase donated items at drastically reduced prices.



## Innovation Hub Celebrates Fifth Anniversary

The 707 Hub launched in 2017 as the brainchild of two students with a vision for a space to foster innovation on campus. This past year, the 707 Hub celebrated five years of supporting students’ entrepreneurial pursuits.

The center’s programming includes boot camps to help students pursue business ideas, a student-run venture capital firm and mentoring from local business professionals. The 707 Hub has awarded more than \$200,000 to student entrepreneurs since its launch, and in 2022 the center was honored for Outstanding Student Engagement and Leadership by the Global Consortium of Entrepreneurship Centers.



## Celebrating 100 years of Marquette Graduate School

The Marquette University Graduate School celebrated its centennial last year: The school first opened its doors in 1922, becoming one of the first graduate schools at a Jesuit university. It has since awarded more than 29,000 advanced degrees.

In commemoration of its 100th anniversary, the Graduate School hosted a series of events throughout the academic year to honor the accomplishments of graduate student alumni, deepen the understanding of graduate education's mission and purpose in the 21st century, and celebrate the contributions provided by faculty, students and staff on behalf of the Graduate School.

"I'm particularly proud of how our Graduate School continues to contribute to Marquette's mission by educating graduate students who become experts in their chosen fields of study and who go on to serve the greater good," said Dr. Douglas Woods, vice provost for graduate and professional studies and dean of the Graduate School.

Marquette's graduate programs have adapted and innovated

over the years through initiatives including Marquette's Program Incubator, which encourages and supports the rapid revitalization and creation of academic programs that meet student and market needs.

In 2022, the Graduate School also received the Midwestern Association of Graduate Schools' Excellence and Innovation in Graduate Education Award for its Graduate Futures Initiative, which provides graduate students access to career-readiness resources.

### Marquette Graduate School: by the numbers

**29,000** advanced degrees have been awarded — including **25,690 master's degrees** and **3,084 doctoral degrees** — since 1922

**10 students** composed the first class to earn master's degrees in 1923

More than **75 master's and doctoral programs** and **26 graduate certificate programs** are offered today

More than **3,700 graduate and professional students** are currently enrolled

**Students of color represent 25 percent** of the graduate population; **women represent 62 percent**

**THE MARQUETTE LAW SCHOOL POLL: "GOLD STANDARD" FOR A DECADE** In January 2012, the Marquette Law School Poll released its first survey of Wisconsin voters. In the decade since, it has become known as "the gold standard in Wisconsin politics," garnering a following from politicians and voters across the political spectrum.



The poll was established to be the most extensive polling project in state history, with a commitment to maintaining its independence and reliably sharing information about public opinion in Wisconsin. In recent years, the poll has also surveyed beyond Wisconsin, releasing its first national polling initiative in October 2019 to measure the public understanding and opinion of the U.S. Supreme Court.

In its first 10 years, the Marquette Law School Poll has collected responses from more than 60,000 Wisconsin voters on over 1,200 unique questions. The poll has measured the favorability of 112 political figures, including Wisconsin Sens. Tammy Baldwin and Ron Johnson and former Gov. Scott Walker.

**MARQUETTE RESEARCH REACHES NEW HEIGHTS** 2022 was a banner year for research activity at Marquette. Faculty members published more than 500 journal articles and book chapters, along with 25 books.

Faculty members were also awarded elite federal research grants from the National Institutes of Health, the National Science Foundation and Department of Defense. Some of the research highlights and accolades from 2022 included:

- **Health care research grants.** Professors across departments including biomedical engineering and chemistry received millions of dollars in NIH research grants to fund numerous projects, including the development of imaging tools to more accurately detect positive tumor margins during breast conserving surgeries.
- **Fulbright Scholar awards.** Three Marquette faculty members received Fulbright Scholar awards to conduct research and pursue teaching opportunities overseas.
- **Data science grants.** Through its membership in the Northwestern Mutual Data Science Institute, Marquette has awarded seven \$50,000 grants to Marquette faculty to fund a variety of data science research projects touching on areas of health care — mental, general and dental, food scarcity, and artificial intelligence learning.



### Tolkien Exhibition Featured Rare Manuscripts

The Haggerty Museum of Art in fall 2022 hosted *J.R.R. Tolkien: The Art of the Manuscript*, an exhibition of 147 items — many which had not been previously exhibited or published.

The collection included original manuscripts and working drafts for three of Tolkien's most celebrated books: *The Hobbit*, *The Lord of the Rings* and *Farmer Giles of Ham*.

Exhibition co-curators were Dr. William Fliss, curator of the J.R.R. Tolkien Collection in Marquette's Department of Special Collections and University Archives, and Dr. Sarah Schaefer, assistant professor of art history at the University of Wisconsin–Milwaukee.





## The Marquette difference: Employee benefits focus on “care for the whole person”

At Marquette, employee benefits go beyond basics. The university offers a robust benefits package to support employees’ physical, emotional, financial and spiritual health.

Offerings are categorized within the pillars of Marquette’s Total Rewards Program: health and well-being, family and work-life flexibility, development and growth, compensation and financial security, and campus experience.

“Everyone has something they’re getting from the total rewards picture,” said Lynn Mellantine, assistant vice president of human resources. “It’s care for the whole person, which ties in perfectly with the university’s mission.”

With an array of unique offerings, employees will find the benefits that matter most to them at every life stage. Highlights include:

### Generous retirement matching

Eligible employees who contribute 5 percent to their 403(b) plans receive an 8 percent match from Marquette. Nationally, the average employer match is only about 4.5 percent.<sup>(1)</sup>

“We offer a lot of education around retirement plans for all generations, not just people getting ready for retirement,” Mellantine said. The benefits team also helps employees take advantage of student loan forgiveness programs and financial counseling.

### Tuition remission

Marquette’s tuition remission benefit extends to employees, their

spouses and their children. This can provide an invaluable opportunity for employees to earn credits and pursue professional development, or it can provide free tuition for college-age dependents admitted to Marquette.

### On-site clinics

Employees have access to several campus clinics, including dentistry and physical therapy. Many services are covered at 100 percent, and the proximity to campus offers ease for employees.

### The Gift of Time

Twice a year, Marquette employees receive the Gift of Time to rest and enjoy time with family and friends. The university shuts down from Christmas Eve through New Year’s Day and the entire week of July 4.

“In this era of everything’s moving fast and everyone’s working 24/7, the Gift of Time is really a gift, because few people are working,” Mellantine said. “That means no emails from colleagues piling up during vacation; your entire team receives the same Gift of Time. We are also especially grateful to our essential employees who keep the university safe and clean during the Gift of Time.”

To learn more about benefits and eligibility, visit [marquette.edu/human-resources/total-rewards.php](http://marquette.edu/human-resources/total-rewards.php).

(1) Vanguard, “How America Saves,” 20th edition

**NEW NURSING DEAN APPOINTED, LONGTIME DENTISTRY DEAN RETIRES** After nearly 30 years at Marquette, Dr. William K. Lobb retired as dean of the School of Dentistry. He was the longest-serving dental school dean in the country.

Lobb arrived at Marquette in 1994 and made numerous contributions during his tenure. In 2021, he was awarded the Lifetime Achievement Award from the Wisconsin Dental Association.

*“I am particularly proud of the work we’ve done to provide world-class clinical training to generations of students, increase access to oral health services in urban and rural communities, and advance dental research and scholarship,” Lobb said.*



In the College of Nursing, Dr. Jill Guttormson was named dean following the retirement of Dr. Janet Wessel Krejci. The College of Nursing was ranked 29th in the nation, according to *U.S. News & World Report*, among the top 4 percent of Bachelor of Science in Nursing programs.



*“I’m thrilled to lead Marquette’s College of Nursing at a time when we are focused on major growth to meet a serious societal need for nurses and nurse educators,” Guttormson said. “We have bold plans to double the number of Marquette Nurses around the world to make an even bigger difference.”*

**MARQUETTE NAMED A TOP WISCONSIN EMPLOYER** *Forbes* named Marquette the sixth-best employer in Wisconsin in 2022. The rankings were based on a national survey of 70,000 Americans working for businesses with at least 500 employees. Respondents rated employers on factors including work environment safety, advancement opportunities and compensation.

Marquette was the highest-ranked employer headquartered in Milwaukee and was second among three universities ranked in the top 10.

“The Catholic, Jesuit values in which Marquette is rooted provide the framework for all we do,” said Claudia Paetsch, vice president for human resources. “Our employee engagement survey results reflect that this differentiates us as an employer.”



### Employee Resource Groups Build Community

As part of Marquette’s culture of inclusion, employee resource groups provide an opportunity for employees to connect with their communities and build their personal and professional networks. ERGs also enhance employee support and retention and assist in hiring and recruitment.

### The Office of Institutional Diversity and Inclusion supports numerous ERGs:

- Hispanic/Latinx Faculty and Staff Association
- LGBTQ+ Employee Resource Group
- Marquette Black Faculty and Staff Network
- Marquette Moms
- Marquette Social Professionals
- Sustainable Marquette ERG
- Women of Color Resource Group
- Women of Marquette Resource Group

## Men's and women's basketball teams net victories, honors



The Marquette men's basketball team exceeded expectations last season, racking up the most wins in program history, the team's first outright Big East regular season championship and its first Big East Tournament championship.

The team earned a No. 2 seed in the NCAA Tournament and claimed an opening-round win over Vermont in Columbus, Ohio.

Junior point guard Tyler Kolek was selected as Big East Player of the Year, and head coach Shaka Smart was named both Big East and AP College Basketball Coach of the Year.

Smart — known for building swarming defenses — helped the Golden Eagles craft one of the nation's most efficient offenses. Smart's original contract at Marquette was extended through the conclusion of the 2029-30 year.

The Marquette women's basketball team also saw a record-breaking season, finishing 21-11 overall and making it to the opening round of the NCAA Tournament. The

women's team fought to the end, falling to South Florida 67-65 in an overtime thriller. This was the 14th NCAA Tournament appearance for the Golden Eagles, and senior Chloe Marotta closed out her final game at Marquette by scoring a game-high 25 points along with seven rebounds before fouling out.



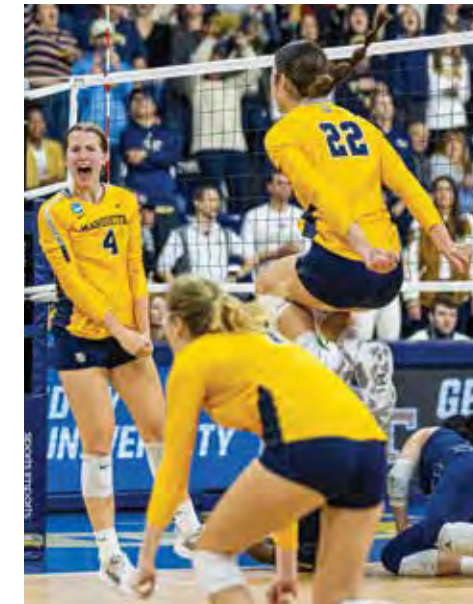
Other individual highlights from the season included junior forward Liza Karlen being named to the Big East Weekly Honor Roll after averaging 17 points and 9.0 rebounds per game on the week. Four Marquette players were also included in the Big East Conference 2022-23 women's basketball all-conference honors, including seniors Jordan King and Marotta, who earned All-Big East First Team Honors, while Emily La Chapell and Mackenzie Hare were each named to the Big East All-Freshman Team.

### SWEET SEASON FOR WOMEN'S VOLLEYBALL

Marquette women's volleyball advanced to the NCAA Sweet 16 for the second time in the program's history after clinching its second Big East regular season championship in the last two years.

In the first round of the NCAA Tournament, the Golden Eagles swept Ball State. After sweeping Georgia Tech in the second round, they advanced to the Sweet 16, but ultimately fell to No. 1-ranked Texas in the third round. Texas would go on to win the 2022 national championship.

Last year marked Marquette's 11th NCAA trip in the last 12 seasons. Individual highlights included freshman middle blocker Hattie Bray being named to the NCAA All-Region Team (Austin), and setter Yadhira Anchante being named an American Volleyball Coaches Association Honorable Mention All-American, becoming the fifth Marquette setter to earn the recognition.



### WOMEN'S LACROSSE EARNS FIRST NCAA TOURNAMENT BID

The women's lacrosse team had a historic season, making its first-ever appearance at the NCAA Division I Women's Lacrosse Championship. The tournament bid came on the heels of an already historic season for Marquette: The Golden Eagles won a program-record 15 games, earning a 5-1 record in Big East play and a second-place finish — the highest in program history.

Marquette fell to the Richmond Spiders in the first round of the NCAA Championship, concluding their banner year 15-4 overall. A record four Marquette players earned all-region honors: Attacker Mary Schumar and midfielder Lydia Foust each earned a spot on the West/Midwest Region First Team, while draw control specialist Mary Blee and defender Ellie Henry were both named to the West-Midwest Region Second Team.



After the season wrapped, the team traveled to Spain to promote the sport abroad. The women hosted a clinic for local youth players in Madrid, followed by a friendly match against the Spanish National Team.



### Exploring the Intersection of Athletics and Faith

In November 2023, Marquette hosted the Sport at the Service of Humanity Conference. The Vatican-inspired conference launched in 2016 to bring together global thought leaders to discuss how faith and sport can work together for the betterment of humanity.

The invitation-only conference brought leaders in athletics, education, faith communities and youth sports to campus. Sport at the Service of Humanity is the only global sport and multi-faith movement with a vision for a world where people combine their passion for sport with the values of faith to serve humanity.



## Grants support program for students impacted by incarceration

For formerly incarcerated people, the barriers to educational opportunities can be high, especially while navigating the challenges of reentry into society.

The Marquette Education Preparedness Program — part of the Center of Urban Research, Teaching and Outreach — supports current and formerly incarcerated students, as well as those impacted by the criminal legal system, by creating a prison-to-school pipeline. EPP classes bring criminal legal system-impacted students together with full-time, degree-seeking students.

CURTO received two major grants to support the EPP, including \$750,000 from the U.S. Department of Education and an undisclosed amount from the Wheaton Franciscan Sisters Ministry Fund; the latter gift allowed three students to transition into a degree program at Marquette.

“We are grateful for the resources offered in these awards from the U.S. Department of Education and Wheaton Franciscan Sisters,” said Dr. Heidi Bostic, dean of the Klingler College of Arts and Sciences and the College of Education. “The Educational Preparedness Program is a great example of Marquette’s Catholic, Jesuit values in action.”

Funds from the U.S. Department of Education will help the program bring on additional staff to sustain existing programming and expand the EPP, nearly doubling it to 12 courses. The EPP started in 2018 with one philosophy course and grew to seven courses in spring 2022. Courses are offered at correctional institutions and on campus.

The Department of Education grant will also support ongoing program evaluation efforts to assess the effect of prison education programs on the reentry process.

“Every person emerging from incarceration deserves the opportunity to succeed,” said U.S. Sen. Tammy Baldwin of Wisconsin, who requested the grant in collaboration with U.S. Rep. Gwen Moore, Arts '78. “An education helps individuals provide for their family, explore new employment opportunities and reduces the rate of recidivism.”



**CLASS OF 2026 BRINGS INCREASED DIVERSITY** In fall 2022, Marquette welcomed an incoming class of 1,977 students — up almost 20 percent from the previous year, and the largest class since fall 2018.

The incoming class was also the most diverse in campus history: 30 percent of incoming students and 28 percent of the student population overall identify as students of color. The incoming cohort also had the largest group of honors students in Marquette history.



Graduate program enrollment remained steady in 2022 compared with 2021, with 3,639 graduate and professional students enrolled at the university. The graduate student population was also the most diverse in Marquette’s history, with students of color representing 23 percent and women representing 61 percent of enrolled graduate and professional studies students.

**CAMPUS MARKER HONORS HISTORY OF NATIVE PEOPLES** Marquette unveiled a new marker on Eckstein Common in the center of campus to represent the university’s land and water acknowledgment.



The marker’s three panels display Marquette’s land and water acknowledgment in its entirety, beginning with an acknowledgment that our campus and Milwaukee are the homelands and waters of the Menominee, Potawatomi, Ho-Chunk, Fox, Mascouten, Sauk and Ojibwe nations. The panels will form a circle around a native birch tree.

The monument was dedicated in a ceremony last spring attended by the members of the Indigenous community, university leaders, faculty, staff and students.

The university unveiled its land and water acknowledgment in 2021, along with a new university seal. Both the written and oral versions of the acknowledgment were the culmination of a yearslong conversation with key stakeholders, and the statements recognize the long history of Native peoples and nations that lived on and stewarded the land and water where the Marquette campus now resides.



### New Program Connects Urban Scholars to NBA Internships

Marquette and the Milwaukee Bucks have partnered to create the Marquette and Bucks Fellowship Program. The internship program provides students from diverse backgrounds with unique learning experiences and exposure to careers in sports and entertainment with the Bucks.

The program is open to juniors and seniors in Marquette’s Urban Scholars Program. The Marquette and Bucks Fellows work 10 to 20 hours a week on projects and tasks within the Bucks’ business side. They also have access to career guidance, guest speakers, mock interviews, and resume and LinkedIn profile assistance.

## New automation lab strengthens connection between engineering and business

The Omron Advanced Automation Lab opened last spring in Marquette's Opus College of Engineering. Omron Automation gifted the university more than \$1 million to establish the lab, support the mechanical engineering graduate program and endow a scholarship.



The new lab educates engineering and business students through stations that teach the foundational building blocks of industrial automation. Students also learn lessons about implementing Industry 4.0 principles into the design, manufacturing and delivery of products.

The support from Omron further strengthens the connection between engineering and business by combining innovative industrial automation and robotics technology with supply chain platforms.

Marquette's undergraduate and graduate supply chain programs are ranked among the top in the nation, and the Opus College of Engineering is also home to nationally ranked programs, according to the latest *U.S. News & World Report* rankings.



### INNOVATION ALLEY BUILDS LEADERS ON CAMPUS, IN THE COMMUNITY

Marquette students and members of the local business community are sharpening their leadership skills through Innovation Alley, an initiative focused on interdisciplinary programming that crosses academic boundaries.

The program recently offered Igniting Insights: Innovation Leadership, a seven-week virtual professional program that helps rising talent develop the skills to add value to their organizations. Participants have represented companies such as IBM, Baird, Northwestern Mutual and ManpowerGroup, among others.

Innovation Alley also debuted a pilot program for students called The Interchange. Student teams sponsored by outside partners come together to help solve real-world problems — and earn a paycheck.

Projects are not tied to an academic term or syllabus. Students are supported by an alumni expert or faculty coach alongside professional mentors from partner organizations.

Students in The Interchange completed three projects — two with the Kohler Co. to develop a mobile application to promote water conservation, and one with the Potawatomi Business Development Corp. to conduct market research on the evolving electric vehicle market.

**RENEWED COMMITMENT TO COLLABORATIVE DATA SCIENCE INSTITUTE** Marquette University, Northwestern Mutual and the University of Wisconsin-Milwaukee this year deepened their commitment to the Northwestern Mutual Data Science Institute (NMDSI), extending their partnership for the groundbreaking organization through 2028. The institutions committed a total of \$35 million to NMDSI over the next five years, building on the nearly \$40 million invested to date.

Through the collaboration, the NMDSI's priorities over the next five years will focus on new programs, research and public/private projects that advance academic data science and technology learning.



A focus on engaging, preparing and cultivating a leading tech talent pipeline has been central to the NMDSI's efforts since its inception. With the renewed investment for the next five years, the NMDSI plans to create additional scholarships to increase diversity in STEM studies, and to provide more students with competitive research internship opportunities.



### Students Pitch Business Ideas Shark-Tank Style

The Brewed Ideas Challenge, hosted annually by Marquette's Kohler Center for Entrepreneurship and Social Innovation Initiative in partnership with Milwaukee's Brady Corp., brought students out for a 10th year of pitching creative business and social impact ideas.

This year's in-person live pitch event awarded a record \$25,000 in seed money to first- and second-place winners competing in two tracks: social venture and traditional business. First-place winners included a professional development fellowship for undocumented students without access to DACA or work authorization, and a wearable breathalyzer wristband with a connected app.



## Philanthropy propels major construction projects, campus improvements

New learning and cocurricular environments are unfolding across campus thanks to the generosity of Marquette donors.

The opening of Dr. E. J. and Margaret O'Brien Hall, Marquette's largest fully donor-funded project, means students have the dynamic space and technology to thrive in business, leadership and other disciplines.

Nursing students are similarly excited about hands-on simulation spaces underway in the college's new home within Straz Hall. Construction is advancing thanks to donors like the Helene Fuld Health Trust, which gave \$2.5 million toward renovations.

"This tremendous gift is an investment in nurses at a critical time," President Michael R. Lovell said.

Transformations are also in process for the Lemonis Center for Student Success, a hub for holistic resources that bolster students' success across all majors and backgrounds. It is taking shape in the footprint of the former Memorial Library.

A reimagined 180,000-square-foot Wellness + Helfaer Recreation

facility is coming to life as well, thanks to recent gifts including \$2 million from the Evan and Marion Helfaer Foundation — the same foundation that helped found the existing Helfaer Tennis Stadium and Recreation Center.

"We witnessed the impact of our gift so many years ago and are proud to help set a new standard of excellence in the same location," foundation trustees said.

Within Wellness + Helfaer Recreation, the Lovell Center for Student Well-Being, which recognizes President and First Lady Amy Lovell's work in mental health, has received more than \$7 million in support since its announcement in late 2022. It underscores the Jesuit tenet of *cura personalis* — care for the whole person.

A \$1.5 million gift from Marquette alumnus John Pfefferle, Arts '66, and his wife, Lynn, donated in memory of their son, Michael — also an alumnus — will honor him through the naming of an intramural basketball court and tournament in the Wellness + Helfaer Recreation facility.



**MARQUETTE MENTORS CELEBRATES 10 YEARS** Marquette Mentors, the award-winning mentoring initiative of the Marquette University Alumni Association, celebrated its 10th anniversary during the 2022-23 academic year.

The program is recognized as the gold standard in higher education, matching undergraduate and graduate students with alumni mentors based on college, major and career interests. It launched in 2013 in response to interest from students.

The outcomes have been extraordinary: 100% of participants have recommended the program, mentees have secured full-time jobs and internships from their mentors, mentee alumni now serve as mentors, and the program has fostered lifelong relationships.

Marquette Mentors has also proved just as valuable for mentors as it is for mentees. The annual retention rate for mentors is 93 percent, with 1,014 student mentees served since 2013.

According to one mentor, "Marquette Mentors is the best of all of the mentoring programs that I have been a part of my entire career."



**SCHOLARSHIP AID REACHES STUDENTS ACROSS THE MARQUETTE JOURNEY** Marquette's scholarship programs are supporting students across campus, whether they're just beginning their studies or need a boost to complete their education.

A \$1 million We Energies Foundation gift recently funded scholarship resources for first-generation college students from Milwaukee-area high schools and supported the revitalization of the Marquette School of Dentistry clinics. Over the years, We Energies has established three separate scholarship funds at Marquette.

The university's Bridge to the Future Fund continues to extend emergency financial aid to students in difficult economic circumstances, offering resources to students whose ability to continue studying at Marquette is jeopardized because of economic uncertainty.



### Fundraising by the Numbers

Now in the final year of the *Time to Rise* philanthropic campaign, Marquette and its donors have kept up the momentum toward the campaign goal of \$750 million. It truly is a campaign for all. In 2023, the sixth annual Give Marquette Day reached new heights with a record number of dollars raised, and donors from all 50 states.

**\$686 million**  
Raised for *Time to Rise* through the close of fiscal year 2023

**158 gifts**  
over \$100,000

**32,000**  
First-time donors

**\$4.5 million**  
from more than 5,100 donors on the sixth annual Give Marquette Day

TIME TO RISE

THE MARQUETTE PROMISE TO BE THE DIFFERENCE





## Management's Discussion and Analysis

The objective of management's discussion and analysis ("MD&A") is to give readers an overview of the financial position and operating activities of Marquette University for the year ended June 30, 2023, with selected comparative information for the year ended June 30, 2022. This discussion should be read in conjunction with the audited financial statements and the notes to the financial statements.

The statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The three primary statements included in this report are the statements of financial position, the statements of activities and the statements of cash flows. Financial statement footnotes provide additional explanations for various portions the financial statements.

## Marquette University

Marquette University is an independent, coeducational, not-for-profit institution of higher learning and research located in Milwaukee, Wisconsin, formally opened in 1881 and conducted under the auspices of the Society of Jesus. Through its 11 nationally and internationally recognized separate colleges and schools, the university offers a comprehensive range of bachelor's degree programs, master's degree programs, doctoral degree programs, and post-baccalaureate first professional degree programs. A Marquette education offers students a virtually unlimited number of paths and destinations and prepares them for the world by asking them to think critically about it.

## Statement of Financial Position

The statement of financial position provides information about an organization's assets, liabilities and net assets at a specific moment in time. The statement reports total assets, liabilities and net assets. Net assets are separated into two classifications: without donor restrictions and with donor restrictions. Additional information about net assets can be found in Note 1(b) of the consolidated financial statements.

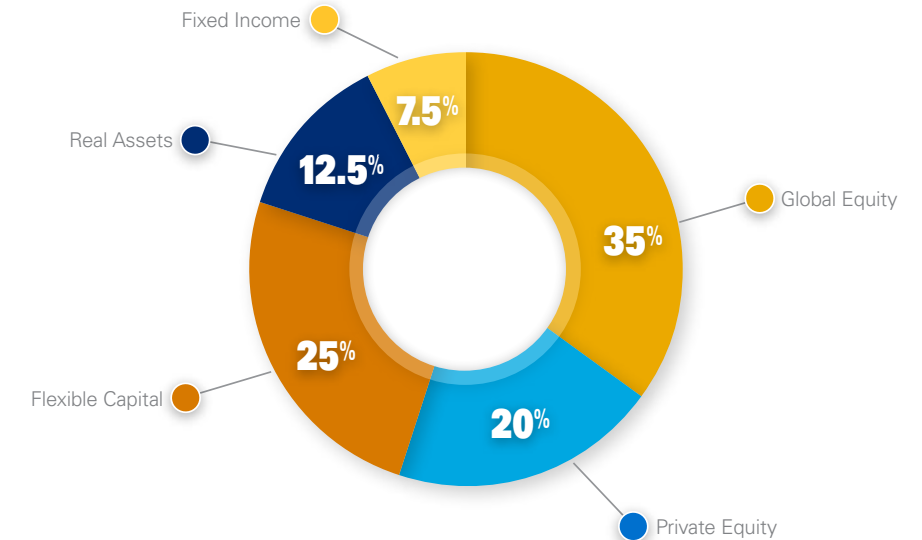
The statement of financial position, along with related footnote disclosures, has a twofold purpose. First, the statement is meant to help assess the university's ability to continue to provide services. Second, the statement is meant to provide information about liquidity, financial flexibility, ability to meet obligations, and potential needs for external financing.

Changes in cash and cash equivalents are detailed in the [statement of cash flows](#).

Pledges receivable consists of unconditional promises to give and is recorded as contribution revenue, at fair value, in the period the promise is made by a donor. The fair value of the pledge is estimated based on anticipated future cash payments discounted using a risk-adjusted rate commensurate with the duration of the planned payments.

Investments represent the largest university asset. Investments consist of long-term cash equivalents, endowment, trusts and other investments. The endowment investment objective is to preserve purchasing power, while providing a continuing and stable funding source to support the overall mission of Marquette University. To accomplish this objective, the fund seeks to generate a total return that will exceed its annual spendable amount, all expenses associated with managing the fund and eroding effects of inflation. The fund is managed on a total return basis.

To achieve this investment objective, the fund is allocated among several asset classes with a bias toward equity and equity-like investments. The fund is diversified both by and within asset classes. Diversification provides reasonable assurance that no single security or class of securities will have a disproportionate impact on the performance of the total fund. As a result, the risk level associated with the portfolio investment is reduced. The following chart displays the endowment targeted asset allocation:



The five-year Marquette endowment performance is summarized in the table below:

ENDOWMENT PERFORMANCE SUMMARY						
	5-YEAR ANNUALIZED	FISCAL YEAR ENDING				
		2023	2022	2021	2020	2019
Market Value (in millions)		\$916.8	\$865.3	\$929.1	\$693.7	\$698.0
Endowment	6.9%	5.5%	-6.9%	33.6%	0.9%	5.3%
Policy Index	6.5%	9.5%	-8.0%	28.3%	1.6%	4.2%
70% MSCI ACWI/30% Barclays Global Aggregate	5.5%	11.1%	-15.5%	27.4%	3.1%	6.1%

Additional information on endowments and endowment income can be found in Note 4 of the consolidated financial statements.

Net property, buildings and equipment increased primarily due to completion of O'Brien Hall building construction and commencing construction of Wellness + Helfaer Recreation and future home of Marquette College of Nursing at Straz Hall. Additional information about property, buildings and equipment can be found in Note 1(h) of the consolidated financial statements.

Accounts payable and accrued liabilities represent payments that the university is obligated to pay in the future for which goods and services have already been delivered. The year-over-year decrease is primarily attributable to payments for deferred Social Security tax payments allowable under COVID-19 relief legislation and other university obligations.

The refundable federal loan grant represents federal loans payable for the Perkins, Dental, Nursing, and other loans. This balance continues to decline as the Perkins Loan Program winds down.

The university has a right of use asset of \$14.5 million and an operating lease liability of \$16.3 million. The operating leases are primarily for athletic arena use, clinic space, office space and vehicles that expire over the next 10 years. Additional information on leases can be found in Note 7 of the consolidated financial statements.

Notes and bonds payable decreased as result of regularly scheduled payments and bond refunding. On July 12, 2022, the university issued \$56.6 million of tax-exempt bonds. The Revenue Bonds Series 2022 debt was used to refund and redeem a portion of the Revenue Bonds Series 2012 debt. By refinancing capital expenses at

lower interest rates, this tax-exempt financing enables the university to advance its educational mission and commitment to access and affordability through more efficient financial operations. Additional information about notes and bonds payable can be found in Note 8 of the consolidated financial statements.

### Statement of Activities

The statement of activities is the university's operating statement. It reflects financial transactions from the beginning to the end of the fiscal year that result in increases or decreases in net assets. The statement of activities reflects changes for both types of net assets, without donor restrictions and with donor restrictions.

The statement of activities, along with the related footnote disclosures, are intended to provide the reader with information that will evaluate the not-for-profit organization's performance during the fiscal year; assess the university's service efforts and its ability to continue to provide services; and assess how university's management has discharged their stewardship responsibilities and other aspects of their performance.

For fiscal year 2023, Marquette University's operating income was \$57.3 million. Operating results in the consolidated statement of activities reflect all transactions that change net assets, except for activities associated with endowment investments and certain other nonrecurring transactions.

Net tuition and fees of \$249.1 million showed a slight decline over the prior year. The change reflects growing tuition revenue offset by an increase to university provided student aid.

Government and private grant revenue decreased primarily due to the reduction in the Higher Education Emergency Relief Fund (HEERF) III grant revenue recognized, from \$7.5 million in fiscal year 2002 to \$1.2 million in fiscal year 2023.

Significant current-year contributions support enriching and expanding student opportunities, supporting teacher-scholars, fostering university-wide innovation and continuing to transform Marquette's campus environment. The "Philanthropy" section details some of the large contributions received during the fiscal year.

Contribution revenue of \$66.5 million reported within the statements of activities is calculated based on GAAP. As is widespread practice, University Advancement reports fundraising according to the guidelines established by the Council for Advancement and Support of Education (CASE). CASE guidelines represent the philanthropy reporting standard for colleges and universities. Under CASE guidelines, philanthropic giving totaled \$100.5 million in fiscal year 2023.

A normal bridging from GAAP to CASE totals displaying customary adjustments is provided below:

<i>(dollars in thousands)</i>	
<b>Per GAAP</b>	<b>\$66.5</b>
<b>Accrual basis adjustment</b>	<b>1.3</b>
<b>Priority point gifts</b>	<b>2.9</b>
<b>Grants</b>	<b>8.0</b>
<b>Revocable planned gifts</b>	<b>22.0</b>
<b>Previous recognized conditional gifts</b>	<b>(0.2)</b>
<b>Per CASE</b>	<b>\$100.5</b>

University philanthropic efforts will continue to pursue support for our students, programs, research and capital priorities.

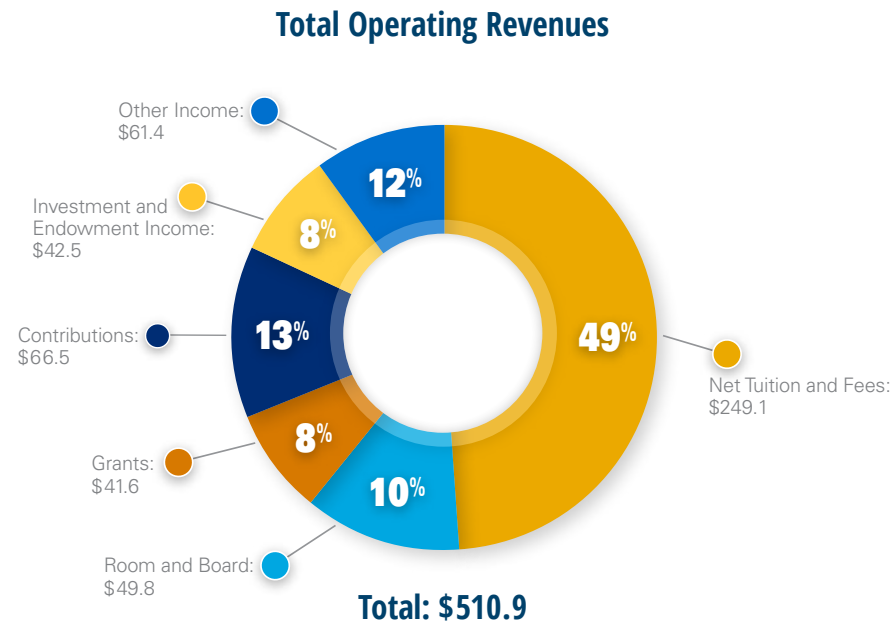
Additional information on GAAP reporting of contributions revenue and pledges receivable is provided in Notes 1(e) and 6 of the consolidated financial statements.

Auxiliary enterprise revenue of \$57.8 million represents a \$6.0 million increase from the prior year. The increase in auxiliary revenue is primarily a result of higher residence hall occupancy due to a larger incoming class replacing a rising junior class that is no longer required to stay in campus housing.

Investment income of \$7.4 million represents a \$5.4 million increase from the prior year. The increase is the result of rising interest rates. Endowment income used in operations increased \$4.0 million over the prior year. Marquette employs a fixed rate spending policy that can increase by 5% for new gifts and/or an inflation component ranging between 0% and 3%. The 2023 endowment spending rate was calculated as a flat amount equal to the fiscal 2022 allocation plus a 6% inflation as approved by the Board of Trustees. Other income consists primarily of athletic revenue, academic program revenue, restricted depreciation release and other activities.



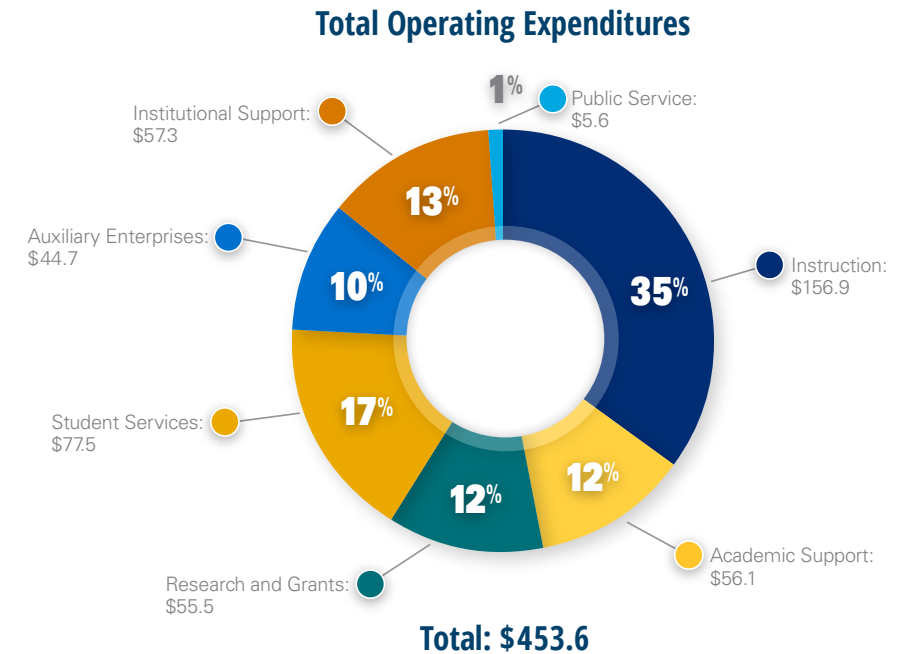
The following chart shows total operating revenues by source (dollars in thousands):



Expenditures increased by \$11.9 million, or 2.7%, primarily as a result of inflationary cost increases and a growth in research activity. Expenditures by function are displayed in the following table.

	FY23	FY22	INCREASE/ (DECREASE)
Instruction	156.9	155.6	1.3
Academic support and libraries	56.1	52.9	3.2
Research and grants	55.5	48.8	6.7
Student services	77.5	75.3	2.2
Auxiliary enterprises	44.7	45.6	(0.9)
Institutional support	57.3	58.2	(0.9)
Public service	5.6	5.3	0.3
<b>Total</b>	<b>453.6</b>	<b>441.7</b>	<b>11.9</b>

The following chart shows total operating expense by function (dollars in thousands):



Additional information on expenses is provided in Note 14 of the consolidated financial statements.

#### Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments of the university during the fiscal year. This statement also provides insight into university investing and financing activities.

The statement of cash flows shows how changes in balance sheet accounts and income affect cash and cash equivalents. It breaks down the analysis into operating, investing and financing activities. The cash flow statement explains the flow of cash in and out of the university. The statement is intended to provide information about the university's liquidity and solvency. The statement also provides information for evaluating changes in assets, liabilities and equity, while indicating the amount, timing and probability of future cash flows.

Cash and cash equivalents at fiscal year-end total \$73.4 million. Cash equivalents with original maturities of three months or less are classified as cash and cash equivalents.

Net cash used in operations of \$6.1 million in fiscal year 2023 compared to net cash used of \$19.8 million in fiscal year 2022 was primarily due to fluctuations in asset and liabilities.

Net cash used in investing activities is a result of the university investing in the campus master plan through construction projects.

Net cash provided from financing activities was \$28.5 million due primarily to generous donor contributions for capital projects and long-term endowments.

## CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022 | With Independent Auditors' Report Thereon

**KPMG LLP**  
Suite 1050  
833 East Michigan Street  
Milwaukee, WI 53202-5337

September 7, 2023

### INDEPENDENT AUDITORS' REPORT

## Report on the Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of Marquette University (the University), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Consolidated Financial Statements*

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

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

#### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

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

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

#### *In performing an audit in accordance with GAAS, we:*

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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.

**KPMG LLP**



## Consolidated Statements of Financial Position

**JUNE 30, 2023 AND 2022**

*(Dollars in thousands)*

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	73,438	117,434
Pledges receivable, net	74,623	75,146
Student accounts and loans receivable, net	44,146	47,064
Investments	1,078,672	1,037,512
Other assets	12,196	10,565
Right of use assets—operating leases, net	14,548	16,059
Property, buildings, and equipment, net	657,440	635,440
<b>TOTAL ASSETS</b>	<b>\$ 1,955,063</b>	<b>1,939,220</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 65,328	74,088
Deferred revenue and deposits	41,360	41,379
Refundable federal loan grants	25,938	28,204
Lease obligation—operating	16,253	17,640
Notes and bonds payable, net	336,616	353,468
<b>TOTAL LIABILITIES</b>	<b>\$ 485,495</b>	<b>514,779</b>
<b>NET ASSETS:</b>		
Without donor restrictions	460,212	401,593
With donor restrictions	1,009,356	1,022,848
<b>TOTAL NET ASSETS</b>	<b>1,469,568</b>	<b>1,424,441</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,955,063</b>	<b>1,939,220</b>

*See accompanying notes to consolidated financial statements.*

Consolidated Statement of Activities  
YEAR ENDED JUNE 30, 2023

(Dollars in thousands)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>OPERATING REVENUES:</b>			
Student tuition and fees, net	\$ 249,121	—	249,121
Government and private grants	41,646	—	41,646
Contributions	6,761	59,761	66,522
Auxiliary enterprises	57,812	—	57,812
Sales by educational departments	10,957	—	10,957
Investment income	6,373	989	7,362
Endowment income used in operations	7,872	34,674	42,546
Other income	34,993	—	34,993
Net assets released from restrictions	50,908	(50,908)	—
<b>TOTAL OPERATING REVENUES</b>	<b>466,443</b>	<b>44,516</b>	<b>510,959</b>
<b>OPERATING EXPENSES:</b>			
Instruction	156,941	—	156,941
Academic support and libraries	56,121	—	56,121
Research and grants	55,459	—	55,459
Student services	77,460	—	77,460
Auxiliary enterprises	44,696	—	44,696
Institutional support	57,431	—	57,431
Public services	5,561	—	5,561
<b>TOTAL OPERATING EXPENSES</b>	<b>453,669</b>	<b>—</b>	<b>453,669</b>
<b>OPERATING INCOME</b>	<b>12,774</b>	<b>44,516</b>	<b>57,290</b>
<b>NONOPERATING ACTIVITIES:</b>			
Endowment loss in excess of amounts designated for current operations, net	(6,111)	(1,449)	(7,560)
Other, net	51,956	(56,559)	(4,603)
<b>TOTAL NONOPERATING ACTIVITIES, NET</b>	<b>45,845</b>	<b>(58,008)</b>	<b>(12,163)</b>
<b>CHANGE IN NET ASSETS</b>	<b>58,619</b>	<b>(13,492)</b>	<b>45,127</b>
Net assets, beginning of year	401,593	1,022,848	1,424,441
Net assets, end of year	460,212	1,009,356	1,469,568

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities  
YEAR ENDED JUNE 30, 2022

(Dollars in thousands)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>OPERATING REVENUES:</b>			
Student tuition and fees, net	\$ 250,872	—	250,872
Government and private grants	52,450	—	52,450
Contributions	6,051	86,569	92,620
Auxiliary enterprises	51,844	—	51,844
Sales by educational departments	10,541	—	10,541
Investment income	1,481	471	1,952
Endowment income used in operations	7,321	31,225	38,546
Other income	37,510	—	37,510
Net assets released from restrictions	36,411	(36,411)	—
<b>TOTAL OPERATING REVENUES</b>	<b>454,481</b>	<b>81,854</b>	<b>536,335</b>
<b>OPERATING EXPENSES:</b>			
Instruction	155,620	—	155,620
Academic support and libraries	52,911	—	52,911
Research and grants	48,794	—	48,794
Student services	75,254	—	75,254
Auxiliary enterprises	45,589	—	45,589
Institutional support	58,255	—	58,255
Public services	5,314	—	5,314
<b>TOTAL OPERATING EXPENSES</b>	<b>441,737</b>	<b>—</b>	<b>441,737</b>
<b>OPERATING INCOME</b>	<b>12,744</b>	<b>81,854</b>	<b>94,598</b>
<b>NONOPERATING ACTIVITIES:</b>			
Endowment loss in excess of amounts designated for current operations, net	(37,945)	(39,963)	(77,908)
Other, net	(5,083)	(2,782)	(7,865)
<b>TOTAL NONOPERATING ACTIVITIES, NET</b>	<b>(43,028)</b>	<b>(42,745)</b>	<b>(85,773)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(30,284)</b>	<b>39,109</b>	<b>8,825</b>
Net assets, beginning of year	431,877	983,739	1,415,616
Net assets, end of year	\$ 401,593	1,022,848	1,424,441

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

YEARS ENDED JUNE 30, 2023 AND 2022

(Dollars in thousands)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 45,127	8,825
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,803	39,142
Discount amortization	(2,335)	(1,554)
Net realized and unrealized loss (gain) on investments	(30,209)	39,314
Bad debt expense	2,055	2,002
Contributions for major capital projects including gifts in kind	(23,741)	(43,196)
Contributions restricted for long-term endowments	(17,235)	(34,953)
Endowment income used in operations from net assets to be maintained permanently	(186)	(173)
Loss on sale of property, buildings, and equipment	1,061	61
Reduction in carrying amount of right to use assets	124	161
Changes in assets and liabilities:		
Student accounts and loans receivable	(799)	(7,445)
Pledges receivable	(5,581)	1,269
Other assets, net	(1,631)	(1,974)
Accounts payables and other liabilities	(11,554)	(13,891)
Deferred revenue and deposits	(18)	(7,434)
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	<b>(6,119)</b>	<b>(19,846)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, buildings, and equipment	(63,437)	(56,209)
Proceeds from sale of property, buildings, and equipment	5,206	7,826
Student loans repayments	5,029	5,028
Student loans issued	(2,183)	(1,611)
Purchase of investments	(145,505)	(240,292)
Proceeds from the sale of investments	134,554	235,464
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(66,336)</b>	<b>(49,794)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions received for major capital projects	22,901	43,196
Proceeds from contributions restricted for long-term endowments	22,155	45,743
Endowment income used in operations from net assets to be maintained permanently	186	173
Decrease in refundable federal loan grants	(2,266)	(3,987)
Issuance of notes and bonds payable	64,943	—
Repayment of notes and bonds payable	(79,460)	(9,316)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>28,459</b>	<b>75,809</b>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>(43,996)</b>	<b>6,169</b>
Cash, cash equivalents and restricted cash, beginning of year	117,434	111,265
Cash, cash equivalents and restricted cash, end of year	73,438	117,434
Supplemental disclosure of cash flow information		
Cash paid for interest	14,421	14,381
Change in construction payables	2,585	(1)
Capital gifts in kind	840	—

See accompanying notes to consolidated financial statements.



# Notes to Consolidated Financial Statements

JUNE 30, 2023 AND 2022 | (DOLLARS IN THOUSANDS)

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (A) ORGANIZATION

Marquette University (the university) is an independent, coeducational, not-for-profit institution of higher learning and research located in Milwaukee, Wisconsin, formally opened in 1881 and conducted under the auspices of the Society of Jesus. The university provides education and training services, primarily for students enrolled in undergraduate, graduate, and professional degree programs and performs research, training and other services under grants, contracts and other agreements with sponsoring organizations, including both government agencies and private enterprises.

The consolidated financial statements include Flora Real Properties LLC (Flora). Flora is fully controlled by the university through 100% ownership. Flora operates commercial real estate activities in the university campus area.

### (B) BASIS OF PRESENTATION

The consolidated financial statements of the university have been prepared in conformity with U.S. generally accepted accounting principles (GAAP).

The accompanying consolidated financial statements present information regarding the university's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

#### (i) Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions.

#### (ii) With Donor Restrictions

Net assets that are subject to donor restrictions that will be met either by actions of the university or the passage of time. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the university, wherein the donor stipulates that the corpus of the gift be held in perpetuity and the income from those assets be made available for scholarships or program operations.

### (C) USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period as well as

the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

### (D) CASH AND CASH EQUIVALENTS

Cash equivalents with original maturities of three months or less are classified as cash and cash equivalents, except those amounts held by investment managers, which are classified as investments. The fair value of cash equivalents is estimated to be the same as book value due to the short maturity of these instruments.

### (E) PLEDGES RECEIVABLE, NET

Unconditional promises to give are recognized initially at fair value as contribution revenue in the period a donor makes the promise. The fair value of the pledge is estimated based on anticipated future cash payments discounted using a risk-adjusted rate commensurate with the duration of the planned payments. In subsequent periods, the discount rate is unchanged. Pledges receivable are net of an allowance for uncollectible amounts. Allowance for uncollectible pledges is calculated based upon the university's past collection experience. The allowance is reassessed and adjusted as necessary. Balances are written off when they are deemed permanently uncollectible.

## (F) STUDENT ACCOUNTS AND LOANS RECEIVABLE, NET

At June 30, student accounts and loans receivable consisted of the following:

(dollars in thousands)

	2023	2022
Federal government loan programs	\$ 19,993	22,855
Institutional loan programs	1,822	1,701
Student receivables	8,816	7,823
Grant receivables	9,315	15,386
Other receivables	8,287	2,556
<b>SUBTOTAL</b>	<b>48,233</b>	<b>50,321</b>
<b>LESS ALLOWANCES FOR DOUBTFUL ACCOUNTS</b>	<b>(4,087)</b>	<b>(3,257)</b>
<b>STUDENT ACCOUNTS AND LOANS RECEIVABLE, NET</b>	<b>\$ 44,146</b>	<b>47,064</b>

The university records an allowance for uncollectible accounts when, in management's judgment, it is probable a portion of the receivable or loan will not be collected. Allowances for doubtful accounts are established based on prior collections. Balances are written off when they are deemed permanently uncollectible.

### (G) INVESTMENTS

Investments are reported at fair value based on market quotes with unrealized gains and losses thereon included in the consolidated statements of activities. For alternative investments, the net asset

value is used as a practical expedient in estimating fair value, based on information provided by fund managers or general partners. The estimated values are reviewed and evaluated by the university. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

### (H) PROPERTY, BUILDINGS, AND EQUIPMENT, NET

Property, buildings, and equipment are recorded at cost at the date of acquisition or fair value at the date of

donation including, where appropriate, capitalized interest. Property and equipment under capital leases are initially valued and recorded on the present value of minimum lease payments. The university depreciates buildings, building improvements, land improvements, equipment, library contents, and eBooks over the estimated useful lives of the assets (25 to 50, 10 to 20, 10 to 20, 5 to 7, 20 and 20 years, respectively) using the straight-line method. Leasehold improvements are amortized over the shorter of the expected useful life of the asset or term of the related lease.

Property, buildings, and equipment include the following at June 30, 2023 and 2022:

(dollars in thousands)

	2023	2022
Land and improvements	\$ 48,971	51,423
Buildings and improvements	899,764	853,897
Construction in progress	42,955	52,994
Furniture, fixtures, and equipment	175,840	174,730
Library contents	125,652	124,735
eBooks and other intangibles	40,668	31,541
Less accumulated depreciation	(676,410)	(653,880)
<b>PROPERTY, BUILDINGS, AND EQUIPMENT, NET</b>	<b>\$ 657,440</b>	<b>635,440</b>

Construction in progress includes the following as of June 30, 2023 and 2022:

*(dollars in thousands)*

	2023	2022
O'Brien Hall	\$ —	37,716
New home for the College of Nursing	18,110	3,279
Wellness + Recreation	11,010	1,445
Information technology infrastructure upgrade	2,334	783
Lemonis Student Success Center	1,322	143
Athletic and Human Performance Research Center II	1,249	—
Dental clinic remodel	1,268	1,352
Utility infrastructure upgrade	1,139	—
Other renovation and construction projects	6,523	8,276
<b>TOTAL CONSTRUCTION IN PROGRESS</b>	<b>\$ 42,955</b>	<b>52,994</b>

Long-lived assets such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Capital gifts to acquire or construct long-lived assets are recorded as a gift with donor restrictions until the related asset is placed in service, at which time the capital gift is released from net assets with donor restrictions to net assets without donor restrictions as other non-operating activity and subsequently amortized into operations over the estimated useful life of the acquired or constructed asset. This amortization, which amounted to \$7,957 in fiscal

year 2023 and \$6,668 in fiscal year 2022, is recorded as a reclassification between non-operating and operating sections of the changes in net assets without donor restrictions in the consolidated statement of activities.

**(I) REFUNDABLE FEDERAL LOAN GRANTS**

The university participates in the Perkins, Health Professionals Student, Nursing Student, Nurse Faculty, ARRA-Nurse Faculty, and Loans for Disadvantaged Student federal revolving loan programs. The university holds certain amounts advanced from the federal government to facilitate these loan programs. In the event the university no longer participates, the amounts

related to the program are generally refundable to the government.

**(J) STUDENT TUITION AND FEES**

Student tuition revenue is recognized in the fiscal year in which the academic programs are delivered. Scholarships reduce the amount of revenue recognized. The university provided student tuition discounts of \$199,032 and \$197,062 in 2023 and 2022, respectively. Students who withdraw may receive a full or partial refund in accordance with the university's refund policy.

Deferred tuition revenue and deposits represents payments for summer term courses conducted in July and August along with deposits for the fall academic term.

The following tables depict activities for student – related deferred revenue.

*(dollars in thousands)*

BALANCE AT JUNE 30, 2022	REVENUE RECOGNIZED	CASH RECEIVED IN ADVANCE OF PERFORMANCE	ACCOUNTS RECEIVABLE FOR SUMMER COURSES	BALANCE AT JUNE 30, 2023
\$9,746	9,746	9,115	480	9,595

*(dollars in thousands)*

BALANCE AT JUNE 30, 2021	REVENUE RECOGNIZED	CASH RECEIVED IN ADVANCE OF PERFORMANCE	ACCOUNTS RECEIVABLE FOR SUMMER COURSES	BALANCE AT JUNE 30, 2022
\$9,271	9,271	9,259	487	9,746

The balance of deferred tuition revenue at June 30, 2023, will be recognized as revenue in the year ending June 30, 2024, as services are rendered.

**(K) AUXILIARY ENTERPRISES**

Auxiliary enterprises include revenues and expenses of the university for room and board, parking services, commercial property rentals and gift shops.

**(L) CONTRIBUTIONS**

Contributions, including unconditional promises to give (pledges), are recorded as operating revenue. Gifts, excluding artwork, are recognized in the appropriate category of net assets in the period received. Contributions are recorded at their estimated fair value at the date the gift is received. Contributions receivable due beyond one year are stated at estimated net present value, net of an allowance, and recorded as net assets with donor restrictions until cash payments are received and donor restrictions are fulfilled. Allowances and revisions to previous year contributions based on donor amendments or clarifications of intent are reflected within the consolidated statements of activities as a nonoperating item. Contributions with donor-imposed conditions are not recognized unless it is reasonably expected that the conditions can be met.

**(M) OPERATING INCOME**

Operating results in the consolidated statement of activities reflect all transactions that change net assets without donor restrictions, except for activity associated with endowment investments and certain other nonrecurring transactions, including adjustments to allowance for uncollectible contributions, changes due to adopting new accounting guidance, and other gains and losses. In accordance with the university's endowment distribution policy as described in note 4, only the portion of total investment return distributed under this policy to meet operating needs is included in operating

revenue. Operating investment income consists of dividends, interest, and realized gains and losses on unrestricted non-endowed investments.

**(N) INCOMETAXES**

The university is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 71.26(1)(a) of the Wisconsin statutes and is generally not subject to federal and state income taxes. However, the university is subject to income taxes on any income that is derived from a trade or business regularly carried on, and not in furtherance of the purposes for which it was granted exemption.

There was no provision for income taxes due on unrelated business income and there are no uncertain tax positions considered to be material.

As of June 30, 2023, the university has a federal tax credit carryforward of \$2,046, which expires between fiscal years 2033 and 2041.

**(O) POST-RETIREMENT BENEFITS**

The university provides retired employees access to certain healthcare and life insurance benefits. University employees become eligible to access these benefits when their years of service plus age equal 70 with a minimum age of 55. Qualified retired employees under the age of 65 are eligible to participate in the university's healthcare plan. Retirees are expected to pay the full cost of their premiums, based on the claims experience associated with that defined group of retired employees. The university also pays group life insurance premiums for active or future retired employees hired prior to February 1, 1982, that provide for limited death benefits. The premiums paid are based on the group community rate associated with death claims filed for the entire population of

employees and retirees participating in the program. As of June 30, 2023 and 2022, the university had post-retirement benefits payable of \$3,613 and \$4,906, respectively.

**(P) ART COLLECTION**

The university has various collections of fine arts and rare books in museums, libraries, and on loan. The university does not assign or record a value to art works and other collections received as gifts or purchased with contributions restricted for that purpose. Valuations for some collections are updated periodically, and as such, the total of all fine arts may vary with appraisals and / or auction prices. Accordingly, the values of fine art and other collections have been excluded from the consolidated statements of financial position. Proceeds, if any, deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. The art and other collections are subject to a requirement that proceeds from their sales be used to acquire other items for the collections. Fine arts are included in insurance coverage for the university property and a separate policy is also secured for fine art of high value and where appraised values are listed. As of June 30, 2023, the specific policy covering highly valued works provides for insured coverage of \$100,000 aggregate limit (subject to policy sublimit including \$3,000 for the Joan of Arc Chapel) for any one loss or any one occurrence and includes some appraised items from the library collections.

**(T) RECLASSIFICATIONS**

Certain amounts in the 2022 net asset footnote have been reclassified to conform to the 2023 presentation.

## (2) AVAILABILITY OF FINANCIAL ASSETS FOR GENERAL EXPENDITURES

Resources available to the university to fund general expenditures, such as operating expenses, scheduled principal payments on debt, and internally funded capital costs have seasonal variations related to the timing of tuition payments, receipts of gifts and pledge payments, and transfers from the endowment. The university actively manages its resources, utilizing a combination of short-term and long-term operating investment strategies to align cash inflows with anticipated outflows. At June 30, 2023, existing financial assets and liquidity resources available within one year were as follows:

*(dollars in thousands)*

<b>Financial assets:</b>	
Cash and cash equivalents	\$ 73,438
Accounts receivable	22,434
Pledges payments available for operations	6,795
Working capital investments	150,999
Endowment spending payout	42,360
<b>TOTAL FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR</b>	<b>296,026</b>
<b>Liquidity resources:</b>	
Bank line of credit	50,000
<b>TOTAL FINANCIAL ASSETS AND LIQUID RESOURCES AVAILABLE WITHIN ONE YEAR</b>	<b>\$346,026</b>

Additionally, the university has \$112,551 in board designated funds functioning as endowment of which \$84,027 could be liquidated within one year with Board approval, however no liquidation is anticipated as of June 30, 2023. The university's investment policy follows Wisconsin's Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which requires institutions to maintain intergenerational equity, meaning the university must make efforts to preserve purchasing power of the endowment for both current and future generations served by the university.

## (3) INVESTMENTS

A summary of the university's investment return net of expenses is presented below for the years ended June 30, 2023 and 2022:

*(dollars in thousands)*

	2023	2022
Interest and dividends	\$ 15,068	6,891
(Loss) gain on investments, net	27,280	(44,300)
<b>RETURN ON INVESTMENTS</b>	<b>\$ 42,348</b>	<b>(37,409)</b>

The fair value of the university's financial instruments is determined using the valuation methods and assumptions as set forth below. While the university believes that its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value at the reporting date.

Fair values of cash and cash equivalents are based on observable market quotation prices provided by investment managers and the custodian bank at the reporting date.

Investments include money funds, federal, state, local agency, nongovernment, asset and mortgage-backed and foreign fixed income securities, stocks, mutual funds, commingled funds, real estate, multi-strategy hedge funds and private equity partnership and membership interests. Investments are based on valuations provided by external investment managers and the custodian banks. Valuations provided by external investment managers and the custodian bank include observable

market quotation prices, observable inputs other than quoted prices such as price services or indexes, estimates, appraisals, assumptions and other methods that are reviewed by management. Real estate, multi-strategy hedge funds, commingled funds and private equity partnerships are valued using net asset value; however, it is possible that the redemption rights of certain investments may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the net asset value of the funds and consequently the fair value of the university's interests in the funds.

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The standard describes three levels of inputs that may be used to measure fair value:

**LEVEL 1** Observable inputs such as quoted prices in active markets that the university has the ability to access at the measurement date.

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

**LEVEL 3** Unobservable inputs where there is little or no market data and requires the reporting entity to develop its own assumptions and includes funds held in trust by others.

The university's policy is to reflect transfers between levels at the end of the year in which a change in circumstances results in the transfer.

The following table presents the university's financial instruments at fair value as of June 30, 2023. The categorization of financial instruments within the hierarchy is based on price transparency and does not necessarily correspond to the perceived risk of the instruments.

*(dollars in thousands)*

	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
<i>June 30, 2023:</i>				
<b>ASSETS:</b>				
<b>Recurring:</b>				
Cash and cash equivalents	\$73,438	73,438	—	—
<b>Investments:</b>				
Money funds and other	33,972	33,972	—	—
Federal, state, and local agency securities	542	—	542	—
Nongovernment bonds and notes	254	—	254	—
Asset and mortgage-backed securities	644	—	644	—
Foreign bonds and notes	125	—	125	—
Common and preferred stocks	51,162	51,162	—	—
Mutual funds—bonds	235,580	235,580	—	—
Mutual funds—equity	115,238	115,238	—	—
Investments measured at net asset value	641,155	—	—	—
<b>TOTAL INVESTMENTS</b>	<b>1,078,672</b>	<b>435,952</b>	<b>1,565</b>	<b>—</b>
<b>TOTAL ASSETS MEASURED AT FAIR VALUE ON RECURRING BASIS</b>	<b>\$1,152,110</b>	<b>509,390</b>	<b>1,565</b>	<b>—</b>



Certain investment companies and partnerships in which the university has invested have imposed restriction as to the frequency at which the university might redeem, in part or whole, its investment. Redemption frequencies can vary based on several criteria, including the liquidity of an investment company's underlying investments or initial investment lockup periods. Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2023, are as follows:

(dollars in thousands)

FISCAL YEAR ENDED JUNE 30, 2023	NET ASSETS VALUE	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
Commingled funds	\$105,375	—	Weekly, Monthly, Annually	10–30 days
Multi-strategy hedge funds	308,404	—	Quarterly, Semi-annually, Annually, 2 years, 3 years, Liquidating	45–90 days
Private equity partnerships	208,251	62,518	Illiquid	
Real estate limited partnership and membership interests	19,125	8,330	Illiquid	
	<b>\$641,155</b>	<b>70,848</b>		

The following table presents the university's financial instruments at fair value as of June 30, 2022. The categorization of financial instruments within the hierarchy is based on price transparency and does not necessarily correspond to the perceived risk of the instruments.

(dollars in thousands)

	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
<i>June 30, 2022:</i>				
<b>ASSETS:</b>				
<b>Recurring:</b>				
Cash and cash equivalents	\$117,434	117,434	—	—
<b>Investments:</b>				
Money funds and other	32,200	32,200	—	—
Federal, state, and local agency securities	585	—	585	—
Nongovernment bonds and notes	256	—	256	—
Asset and mortgage-backed securities	684	—	684	—
Foreign bonds and notes	125	—	125	—
Common and preferred stocks	46,284	46,284	—	—
Mutual funds—bonds	230,636	230,636	—	—
Mutual funds—equity	105,853	105,853	—	—
Investments measured at net asset value	620,889	—	—	—
<b>TOTAL INVESTMENTS</b>	<b>1,037,512</b>	<b>414,973</b>	<b>1,650</b>	<b>—</b>
<b>TOTAL ASSETS MEASURED AT FAIR VALUE ON RECURRING BASIS</b>	<b>\$1,154,946</b>	<b>532,407</b>	<b>1,650</b>	<b>—</b>

Certain investment companies and partnerships in which the university has invested have imposed restriction as to the frequency at which the university might redeem, in part or whole, its investment. Redemption frequencies can vary based on several criteria, including the liquidity of an investment company's underlying investments or initial investment lockup periods. Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2022, are as follows:

(dollars in thousands)

FISCAL YEAR ENDED JUNE 30, 2022	NET ASSETS VALUE	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
Commingled funds	\$101,135	—	Weekly, Monthly, Annually	10–30 days
Multi-strategy hedge funds	277,565	—	Quarterly, Semi-annually, Annually, 2 years, 3 years, Liquidating	45–90 days
Private equity partnerships	221,939	67,478	Illiquid	
Real estate limited partnership and membership interests	20,250	11,439	Illiquid	
	<b>\$620,889</b>	<b>78,917</b>		

#### (4) ENDOWMENT

##### (A) INTERPRETATION OF RELEVANT LAW GOVERNING ENDOWMENTS

The State of Wisconsin enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on July 20, 2009. This law provides, among other things, expanded spending flexibility by allowing, subject to a standard of prudence, the university to spend from an endowment fund without regard to the book value of the corpus. The university classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on endowment funds which are available for expenditure in a manner consistent with the standard of prudence established by UPMIFA.

##### (B) UNDERWATER ENDOWMENT FUNDS

From time to time, the value of assets associated with a permanently restricted fund may fall below the historical cost. Deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market conditions that occurred after the investment of endowed contributions and from appropriations to certain programs. As of June 30, 2023 and 2022, funds with fair market values of \$32,867 and \$33,873, and original gift values of \$35,738 and \$36,466, were underwater by \$2,871 and \$2,593, respectively.

##### (C) ENDOWMENT SPENDING POLICY

The primary objective of the spending policy is to provide a steady cash flow stream while at the same time protecting the purchasing power of the endowment fund's principal. Adopting the target rate approach provides the university with a level-spending plan. Spending allotments will begin with the flat amount allocated to each individual endowment fund balance as of June 30, 2004, that may grow each year by an inflationary amount not to exceed 3%. Spending allotments will be increased by new gift additions to the individual endowment funds receiving spending authority equal to 5% of the new gift amount.

Compliant with UPMIFA, the university will be allowed to prudently withdraw spendable funds even if an endowment's market value is less than its historical book value. Any "return" that is not required to meet spending shall be retained in the endowment funds and invested in accordance with the investment policy statement.

A risk control mechanism will be employed that keeps spending within a range of 4 – 6% of market value in order for the asset allocation policy to work with a minimum target rate of return of 8% (5% average spending and 3% inflation).

**(D) ENDOWMENT INVESTMENT POLICY**

The endowment fund's investment objective is to preserve its purchasing power while providing a continuing and stable funding source to support the overall mission of the university. To accomplish this objective, the endowment fund seeks to generate a total return that will exceed its annual spendable amount, all expenses associated with managing the endowment fund, and the eroding effects of inflation. It is the intention that any excess return (interest

income, dividends, realized gains, and unrealized gains), above and beyond the amount approved for expenditure or distribution, will be reinvested in the endowment fund. The endowment fund will be managed on a total return basis, consistent with the applicable standard of conduct set forth in UPMIFA.

The endowment fund has a long-term investment horizon with relatively low liquidity needs. For this reason, the endowment fund can tolerate short- and intermediate-term volatility

provided that long-term returns meet or exceed its investment objective. Consequently, the endowment fund may take advantage of less liquid investments, such as private equity, hedge funds, and other partnership vehicles, which typically offer higher risk-adjusted return potential as compensation for forfeiture of liquidity. To ensure adequate liquidity for distributions and to facilitate rebalancing, the university will conduct ongoing reviews of total fund liquidity.

Endowment net assets without donor restriction are "Investments functioning as endowment" that are not permanently restricted by donors but are designated by the university for endowment purposes. The following represents the composition and changes in endowment net assets for the year ended June 30, 2023:

*(dollars in thousands)*

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, beginning of year	\$117,537	776,589	894,126
Investment return:			
Investment loss	—	(124)	(124)
Endowment income used for spending policy	7,872	34,674	42,546
Net realized and unrealized losses	(7,097)	(2,045)	(9,142)
<b>TOTAL INVESTMENT RETURN</b>	<b>775</b>	<b>32,505</b>	<b>33,280</b>
Appropriation of endowment assets for expenditure	(7,872)	(34,488)	(42,360)
Contributions	2,111	17,235	19,346
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b>\$112,551</b>	<b>791,841</b>	<b>904,392</b>

The following represents the composition and changes in endowment net assets for the year ended June 30, 2022:

*(dollars in thousands)*

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, beginning of year	\$151,782	777,217	928,999
Investment return:			
Investment loss	—	(29)	(29)
Endowment income used for spending policy	7,321	31,225	38,546
Net realized and unrealized losses	(34,325)	(35,725)	(70,050)
<b>TOTAL INVESTMENT RETURN</b>	<b>(27,004)</b>	<b>(4,529)</b>	<b>(31,533)</b>
Appropriation of endowment assets for expenditure	(7,321)	(31,052)	(38,373)
Contributions	80	34,953	35,033
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b>\$117,537</b>	<b>776,589</b>	<b>894,126</b>

**(5) IRREVOCABLE SPLIT-INTEREST AGREEMENTS AND FUNDS HELD IN TRUST BY OTHERS**

The university's split-interest agreements with donors consist primarily of charitable gift annuities, pooled income funds, and charitable remainder trusts for which the university serves as trustee. Assets held in these trusts are included in investments. Contribution revenues are recognized at the date the trusts are established after recording liabilities for the present value of the estimated future payments to

be made to the donors or other beneficiaries. Annuity and other split-interest liabilities are recorded at their present value, using a risk-adjusted discount rate and, if applicable, the estimated life expectancy of the donor or other beneficiaries.

The university is the beneficiary of trusts that, in accordance with the decedent's instructions, are managed and maintained by separate trustees not affiliated with the university. The university receives distributions from the trusts. The fair value of the trusts was \$26,010 and \$24,572 at June 30, 2023 and 2022, respectively, and

are included in investments on the consolidated statement of financial position.

For those agreements where the university does not serve as trustee but is designated as an irrevocable beneficiary of the trust, restricted funds held in trust and revenue are recognized for the present value of the estimated future benefits due to the university over the life of the trust and when the trust is distributed. The present value calculation of the trust considers both the discount rate and, if applicable, the estimated life expectancy of the trust originator.

**(6) PLEDGES RECEIVABLE, NET**

Pledges receivable expected to be collected within one year are recorded at net realizable value. Pledges receivable expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using an appropriate risk-free rate of return on the date the promise to give is received. Amortization of the discount is included in contribution revenues.

As of June 30, 2023, and 2022, the contributions receivable is due as follows:

*(dollars in thousands)*

	2023	2022
Less than one year	\$ 34,834	35,499
Two to five years	44,310	42,822
Over five years	5,641	5,973
<b>SUBTOTAL</b>	<b>84,785</b>	<b>84,294</b>
Less unamortized discount	(3,447)	(2,166)
Allowance for uncollectible accounts	(6,715)	(6,982)
<b>PLEDGES RECEIVABLE, NET</b>	<b>\$ 74,623</b>	<b>75,146</b>

In addition, the university has received certain conditional promises to give that are in the form of revocable trusts, bequests and pledges. As of June 30, 2023 and 2022, the fair value of these conditional promises is approximately \$187,176 and \$165,363, respectively. These amounts can be recognized as revenue in the periods in which the conditions are fulfilled.

## (7) LEASES

The university has operating leases, primarily for athletic facility use, clinic space, office space and vehicles, which expire over the next twelve years. Some leases contain renewal options. For instances where it is probable that the university will renew, the renewal period is included in the lease period and calculations. Certain

leases include payment escalators based on stated rates. Variable lease payments based on stated rates such as mileage or sales volume are not included in the calculation of lease liabilities and ROU assets but, rather, are recognized during the year incurred. The present value of the lease obligation is determined using a

discount rate equal to the interest rate implicit in the lease or, if unavailable, the university's incremental borrowing rate is used. Included in ROU calculations are adjustments to lease payments made as a result of COVID-19 economic impact.

The components of operating lease costs for the fiscal year ended June 30, 2023 and 2022, were as follows:

<i>(dollars in thousands)</i>		
	2023	2022
Operating lease costs	\$ 1,860	1,903
Variable lease costs	476	449
<b>TOTAL LEASE COSTS</b>	<b>2,336</b>	<b>2,352</b>

Amounts reported in the consolidated statements of financial position as of June 30, 2023 and 2022, were as follows:

<i>(dollars in thousands)</i>		
	2023	2022
Operating lease ROU assets net of amortization	\$ 14,548	16,059
Operating lease liabilities	16,253	17,640

Other information related to operating leases as of June 30, 2023 and 2022, were as follows:

<i>(dollars in thousands)</i>		
	2023	2022
Weighted-average remaining lease term in years	9.9	10.6
Weighted average discount rate	2.28 %	2.27 %

Maturities of the operating leases as of June 30, 2023, are as follows:

<i>(dollars in thousands)</i>	
2024	\$1,797
2025	1,765
2026	1,814
2027	1,701
2028	1,755
Thereafter	9,652
<b>OPERATING LEASE LIABILITIES—UNDISCOUNTED</b>	<b>18,484</b>
Impact of present value discount	(2,231)
<b>OPERATING LEASE LIABILITIES</b>	<b>\$16,253</b>

## (8) NOTES AND BONDS PAYABLE, NET

As of June 30, 2023, and 2022, notes and bonds payable consisted of the following:

<i>(dollars in thousands)</i>		
	2023	2022
Revenue Bonds, Series 2012, payable with fixed interest rates ranging from 2.00% to 5.00%, maturing through 2032	\$ —	67,665
Revenue Bonds, Series 2016, payable with fixed interest rates ranging from 4.00% to 5.00%, maturing through 2047	73,040	74,985
Revenue Bonds, Series 2019, payable with fixed interest rates ranging from 4.00% to 5.00%, maturing through 2033	35,415	38,295
Revenue Bonds, Series 2020, payable with fixed interest rates ranging from 1.00% to 4.00%, maturing through 2050	150,000	150,000
Revenue Bonds, Series 2022, payable with fixed interest rate of 5.00%, maturing through 2050	56,590	—
Other long-term payables with variable interest rates, maturing through 2024	319	565
<b>SUBTOTAL</b>	<b>315,364</b>	<b>331,510</b>
Unamortized premiums, discount and issuance costs	21,252	21,958
<b>NOTES AND BONDS PAYABLE, NET</b>	<b>\$336,616</b>	<b>353,468</b>

Notes are issued under the Master Indenture and are equally and ratably secured by any lien created under the Master Indenture.

The notes and bonds payable are subject to various covenants. Management confirms the university is in compliance with all covenants as of and for the years ended June 30, 2023 and 2022.

Maturities of notes and bonds payable based on scheduled repayments at June 30, 2023, are as follows:

<i>(dollars in thousands)</i>	
Fiscal Year 2024	\$ 13,289
Fiscal Year 2025	13,510
Fiscal Year 2026	14,105
Fiscal Year 2027	14,730
Fiscal Year 2028	15,390
Thereafter	244,340
<b>TOTAL</b>	<b>\$ 315,364</b>

As of June 30, 2023, the university has two secured letters of credit with banks under which it may borrow up to \$3,101. There were no borrowings outstanding under these letters of credit as of June 30, 2023 and 2022.

As of June 30, 2023, the university has a \$50,000 line of credit with a bank. There were no borrowings outstanding under this line of credit as of June 30, 2023 and 2022.

## (9) RESTRICTED CASH AND INVESTMENTS

The composition of assets restricted to investment in land, buildings and equipment as of June 30, 2023 and 2022 is shown below.

<i>(dollars in thousands)</i>		
	2023	2022
Restricted cash	\$ 12,823	31,182
Contributions receivable	42,327	39,694
Investments	26,367	16,760
<b>TOTAL ASSETS RESTRICTED FOR INVESTMENT IN LAND, BUILDING AND EQUIPMENT</b>	<b>\$ 81,517</b>	<b>87,636</b>

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

<i>(dollars in thousands)</i>		
	2023	2022
Cash and cash equivalents	\$ 60,615	86,252
Restricted cash included in assets restricted to investment in land, buildings and equipment	12,823	31,182
<b>TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH SHOWN IN THE CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>\$ 73,438</b>	<b>117,434</b>

Assets restricted to investment in land, buildings and equipment include restricted cash equivalents received with a donor-imposed restriction that limits the use of that cash to long-term purposes.

## (10) RETIREMENT PLAN

All eligible full-time and part-time personnel who meet the waiting period criteria, may elect to participate in a defined contribution individual retirement plan. Under the provisions of the plan in order to receive the university's matching contribution, participants are required to contribute 5% of their annual wages to the plan. The university has neither administrative responsibilities nor any financial liabilities under this plan except to make contributions, currently limited to 8% of the annual wages of participants, up to defined limits. In addition, voluntary contributions by participants may be made subject to Internal Revenue Service limitations. Payments for contributions to this plan totaled \$11,554 and \$11,354 in fiscal years 2023 and 2022, respectively.

## (11) SELF-FUNDED HEALTH, DENTAL AND VISION BENEFIT PLANS

The university has self-funded benefit plans covering all active and certain retired employees' health, dental and vision costs. The university's plans are protected against catastrophic losses through excess stop loss insurance. Excess stop loss provides reimbursement to the university when combined eligible claims for members are above \$375 and \$300. Claims paid under the plans for fiscal years 2023 and 2022 totaled \$27,839 and \$27,222, respectively. The university has also contracted with third party administrators to provide administrative services for the plans. Accrued liabilities include an estimate of the university's liability for claims incurred but not paid through June 30, 2023 and 2022.

## (12) NET ASSETS

Net assets consist of the following as of June 30, 2023 and 2022:

<i>(dollars in thousands)</i>		
	2023	2022
<b>Without donor restrictions:</b>		
Board designated endowments	\$ 112,551	117,537
Other net assets without donor restrictions	347,661	284,056
<b>TOTAL WITHOUT DONOR RESTRICTIONS</b>	<b>460,212</b>	<b>401,593</b>
<b>With donor restrictions:</b>		
<b>Amounts with time and purpose restrictions:</b>		
Academic support, instruction and student services	240,402	235,808
Pledges receivable, net	56,146	53,001
Scholarships	109,309	112,140
Life income and annuity funds	2,630	2,577
Physical assets	17,384	55,998
<b>TOTAL NET ASSETS WITH TIME AND PURPOSE RESTRICTIONS</b>	<b>425,871</b>	<b>459,524</b>
<b>Amount with permanent restrictions:</b>		
Academic support, instruction and student services	\$ 217,934	211,570
Pledges receivable, net	15,467	19,088
Scholarships	347,641	330,241
Life income and annuity funds	2,443	2,425
<b>TOTAL NET ASSETS WITH PERMANENT RESTRICTIONS</b>	<b>583,485</b>	<b>563,324</b>
<b>TOTAL WITH DONOR RESTRICTIONS</b>	<b>1,009,356</b>	<b>1,022,848</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 1,469,568</b>	<b>1,424,441</b>

## (13) COMMITMENTS AND CONTINGENCIES

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

As of June 30, 2023, the university has outstanding commitments for the following construction projects:

<i>(dollars in thousands)</i>	
New home for College of Nursing	\$ 37,691
Wellness + Recreation	8,511
Lemonis Student Success Center	5,400
Athletic and Human Performance Research Center II	4,060
Dental clinic remodel	1,881
<b>TOTAL</b>	<b>\$ 57,543</b>

#### (14) EXPENSES

The university's primary programs are instruction, research, and public service. Academic support and libraries, student services, and auxiliary enterprises are considered integral to the delivery of these programs. Athletics expenses are included in student services. Costs related to the operation and maintenance of physical plant, including depreciation of plant assets, are allocated to operating programs and supporting activities based upon square footage. Interest expense on external debt is allocated to the activities that have most directly benefited from the debt proceeds. Natural expenses allocated by function for the years ended June 30, 2023 and 2022 are as follows:

(dollars in thousands)

	COMPENSATION	SUPPLIES, REPAIRS, UTILITIES AND OTHER	INTEREST	DEPRECIATION	OPERATIONS AND MAINTENANCE	TOTAL
Instruction	\$ 113,656	15,604	1,678	14,723	11,280	156,941
Academic support and libraries	29,265	12,232	900	6,092	7,632	56,121
Research and grants	31,529	21,775	—	2,018	137	55,459
Student services	36,307	30,104	178	4,085	6,786	77,460
Auxiliary enterprises	6,085	23,070	3,241	6,735	5,565	44,696
Institutional support	41,507	9,009	3,238	2,284	1,393	57,431
Public services	4,733	710	3	—	115	5,561
Operations and maintenance	9,842	19,617	583	2,866	(32,908)	—
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 272,924</b>	<b>132,121</b>	<b>9,821</b>	<b>38,803</b>	<b>—</b>	<b>453,669</b>

(dollars in thousands)

	COMPENSATION	SUPPLIES, REPAIRS, UTILITIES AND OTHER	INTEREST	DEPRECIATION	OPERATIONS AND MAINTENANCE	TOTAL
Instruction	\$ 111,956	16,322	2,569	13,462	11,311	155,620
Academic support and libraries	28,076	11,029	514	6,110	7,182	52,911
Research and grants	29,017	17,857	—	1,778	142	48,794
Student services	34,583	26,990	385	4,894	8,402	75,254
Auxiliary enterprises	6,357	22,506	4,448	6,931	5,347	45,589
Institutional support	39,918	10,116	3,587	2,744	1,890	58,255
Public services	4,458	743	3	—	110	5,314
Operations and maintenance	9,494	21,219	448	3,223	(34,384)	—
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 263,859</b>	<b>126,782</b>	<b>11,954</b>	<b>39,142</b>	<b>—</b>	<b>441,737</b>

#### (15) RELATED PARTY TRANSACTIONS

Members of the Board of Trustees can be associated, either directly or indirectly, with companies doing business with the university. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the university, including that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable. The university has a written conflict of interest policy that includes, among other things, that Trustees annually complete a Conflicts of Interest Disclosure Statement indicating material financial interest or affiliation including, but is not limited to, service by the Trustee or by the Trustee's spouse as an officer, partner, director or trustee of an entity.

The Consolidated Statements of Activities include \$1,740 and \$1,210 of other goods and services expense, from companies affiliated with members of the Board of Trustees for the years ended June 30, 2023, and 2022, respectively.

#### (16) RESEARCH AND GRANT COSTS

The university receives grant and contract revenue from various government agencies and private sources for the support of research, training, and other sponsored programs. Revenues associated with the direct costs of these programs are recognized as the related costs are incurred. Indirect cost reimbursements from federal agencies are based on negotiated predetermined rates. Research and grant costs reported for fiscal years 2023 and 2022 are comprised of the following:

(dollars in thousands)

	2023	2022
Sponsored research	\$ 40,528	35,824
Teaching and training	6,449	6,108
Development and others	8,482	6,862
<b>TOTAL RESEARCH AND GRANTS</b>	<b>\$ 55,459</b>	<b>48,794</b>

#### (17) SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 7, 2023, which is the date the consolidated financial statements were available to be issued. No other subsequent events were identified requiring recording or disclosure in the consolidated financial statements or related notes to the consolidated financial statements.

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