WEST VIRGINIA STATE UNIVERSITY

Financial Statements as of and for the
Years Ended June 30, 2026 and 2025,
and Independent Auditors' Report

WEST VIRGINIA STATE UNIVERSITY

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INDEPENDENT AUDITORS' REPORT

Board of Governors
West Virginia State University
Institute, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of West Virginia State University (the University), a component unit of the West Virginia Higher Education Fund, as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2026 and 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of West Virginia State University Foundation, Inc. and Subsidiary (the Foundation), which represents 100% of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2026 and 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2026, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 15, 2026

West Virginia State University

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2026

OVERVIEW OF THE FINANCIAL STATEMENTS

West Virginia State University (the "University") is pleased to present the financial statements for the year ended June 30, 2026, which includes the West Virginia State University Research and Development Corporation (the "Corporation") as a blended component unit. The West Virginia State University Foundation is included as a discretely presented component unit.

There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

STATEMENTS OF NET POSITION

The purpose of the University's Statements of Net Position is to take a snapshot of the financial statements at a point in time. This statement shows the assets, deferred outflows, liabilities, deferred inflows, and net position of the University as of June 30, 2026 and 2025.

The year-end data regarding assets (current and noncurrent) and deferred outflows of resources, liabilities (current and noncurrent) and deferred inflows of resources and net position (assets and deferred outflows minus liabilities and deferred inflows) is also presented in the financial statements. The difference between current and noncurrent assets, deferred outflows, liabilities, and deferred inflows of resources are discussed in the note section of the financial statements.

By reviewing the Statement of Net Position, the reader is able to ascertain the assets available to continue the operations of the University. Also, readers can see data presented in a way to discern how much the institution owes vendors, employees and lending institutions. In addition, the Statement of Net Position offers an overview picture of the net position and the availability of the assets to utilize for future expenditure by the University.

Net position is divided into three major types:

- Net Investment in Capital Assets: net book value of the University's capital assets less any related debt.
- Restricted Net Position — The restricted component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. This includes amounts restricted for use in capital projects and for loans to students by various agreements, as well as amounts required to be held for use in debt service on outstanding bonds as outlined in a Bond Trust Indenture.
    a. Nonexpendable — The nonexpendable component of net position is permanently restricted, and only the income from such resources can be used. The University does not have such assets as of June 30, 2026 or 2025.
    b. Expendable — The expendable component of net position is available for expenditures as determined by donors and/or external entities in regard to time or purpose.
- Unrestricted: The unrestricted component of net position is the net amount of assets available to the University to utilize for any lawful purpose.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The purpose of the Statements of Revenues, Expenses and Changes in Net Position is to present the revenues, expenses, gains and losses of the University.

The University classifies its revenues as operating, noncapital subsidies, or other nonoperating based on the underlying economic nature of the transaction and the extent to which the activity is subsidized:

- **Operating Revenues:** Operating revenues include activities that are exchange transactions and represent core institutional operations. Operating revenues include (1) tuition and fees, net of scholarship allowances, (2) sales and services of educational departments or auxiliary enterprises, (3) Federal Pell grants, (4) grants and contracts from federal, state, local, or private entities that are directly tied to an exchange of specific goods, services, or research.
- **Noncapital Subsidies:** Subsidies are non-exchange transactions that directly or indirectly keep student fees lower than they would be otherwise. Noncapital subsidies support ongoing institutional operations and are presented in a dedicated section following operating income. They include items such as state appropriations, noncapital grants and gifts, contributions for the provision of scholarships, and distributions from the foundation.
- **Nonoperating Revenues**: Nonoperating revenues include capital subsidies, endowment contributions, income related to financing, gains on disposal of assets, and investment income.

STATEMENTS OF CASH FLOWS

The final statement presented by the University is the Statements of Cash Flows. The statement of cash flows presents detailed information about the cash activity of the University during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the University. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and noncapital financing purposes. The third section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The fifth section reconciles the net cash used to the operating (loss) income reflected on the Statement of Revenues, Expenses and Changes in Net Position.

FINANCIAL SUMMARY

The following schedules show the condensed financial data for each statement presented.

Condensed Schedules of Net Position

Assets	**2026**	**2025**	**Difference**	**2024**
Total Current Assets	$ 21,520,075	$ 16,249,997	$ 5,270,078	$ 15,672,974
Capital Assets	84,157,589	78,353,541	5,804,048	72,781,905
Noncurrent Assets	49,307,617	50,572,352	(1,264,735)	1,616,439
Total Assets	154,985,281	145,175,890	9,809,391	90,071,318
Deferred Outflows	6,006,796	6,067,133	(60,337)	6,541,785
Total Assets and Deferred Outflows	160,992,077	151,243,023	9,749,054	96,613,103
Liabilities				
Total Current Liabilities	14,036,655	12,570,403	1,466,252	13,703,061
Total Noncurrent Liabilities	32,183,536	33,813,081	(1,629,545)	35,358,030
Total Liabilities	46,220,191	46,383,484	(163,293)	49,061,091
Deferred Inflows	507,637	332,933	174,704	999,212
Total Liabilities and Deferred Inflows	46,727,828	46,716,417	11,411	50,060,303
Net Position				
Net Investment in Capital Assets	50,414,228	43,223,812	7,190,416	36,368,236
Restricted Expendable Debt Service	605,893	918,774	(312,881)	1,150,529
Restricted Expendable OPEB	-	40,654	(40,654)	427,451
Restricted Expendable Capital Projects	48,334,576	49,570,712	(1,236,136)	-
Unrestricted	14,909,552	10,772,654	4,136,898	8,606,584
Total Net Position	114,264,249	104,526,606	9,737,643	46,552,800
Total Liabilities and Net Position	$160,992,077	$151,243,023	$ 9,749,054	$ 96,613,103

Condensed Schedules of Revenues, Expenses and Changes in Net Position

	2026	**2025**	**Difference**	**2024**
Operating Revenues	$ 37,505,379	$ 49,441,654	$ (11,936,275)	$ 39,894,713
Operating Expenses	56,431,098	60,681,367	(4,250,269)	56,339,434
Operating Loss	(18,925,719)	(11,239,713)	(7,686,006)	(16,444,721)
Noncapital Subsidies	18,271,713	17,316,499	955,214	16,644,920
Operating (Loss) Income and Noncapital Subsidies	(654,006)	6,076,786	(6,730,792)	200,199
Nonoperating Revenues (Expenses)	3,711,027	51,897,020	(48,185,993)	(1,249,110)
Unusual or Infrequent	6,680,622	-	6,680,622	-
Increase (Decrease) in Net Position	9,737,643	57,973,806	(48,236,163)	(1,048,911)
Net Position, Beginning of Year	104,526,606	46,552,800	57,973,806	47,601,711
Net Position, End of Year	**$ 114,264,249**	**$ 104,526,606**	**$ 9,737,643**	**$ 46,552,800**

Condensed Schedules of Cash Flows

	FY2026	FY2025	Difference	FY2024
Cash provided by (used in):				
Operating activities	$ (18,616,219)	$ (12,848,180)	$(5,768,039)	$ (15,257,083)
Noncapital financing activities	28,465,877	21,815,764	6,650,113	20,542,503
Capital financing activities	(9,159,732)	38,578,576	(47,738,308)	(5,966,611)
Interest on investments	1,699,359	1,611,647	87,712	438,167
Increase (decrease) in cash and cash equivalents	**2,389,285**	**49,157,807**	**(46,768,522)**	**(243,024)**
Cash - beginning of the year	61,135,940	11,978,133		12,221,157
Cash - end of the year	**$ 63,525,225**	**$ 61,135,940**		**$ 11,978,133**

DETAILED ANALYSIS

An in depth analysis is by statement is presented in this section.

STATEMENTS OF NET POSITION

Assets:

Total assets for fiscal year 2026 increased from fiscal year 2025 by $9.8 million or 7%. The increase was due to an increase in cash and cash equivalents, accounts receivable, and capital assets. Capital assets continues to increase due to new projects using the deferred maintenance funds. Capital assets increased by $5.8 million in FY 2026 primarily due to active construction and capital improvement projects funded through state-allocated Deferred Maintenance Grants. Key projects included major roof replacements, HVAC system modernizations, elevator safety upgrades, electrical infrastructure enhancements, and building fire suppression system repairs across campus facilities (such as Davis Fine Arts and academic buildings). Total current assets of $21.5 million exceeded total current liabilities of $14.0 million, for a net working capital of $7.5 million.

Total assets for fiscal year 2025 increased from fiscal year 2024 by $55.1 million. This was caused by the increase in restricted cash and capital assets. The $55.1 million increase in FY 2025 total assets was driven primarily by a $50.0 million nonoperating grant allocation received from the Governor's Contingency Fund designated specifically for the planning and construction of the new Agriculture Laboratory facility, along with $1.5 million in state deferred maintenance grant funding. Total current assets of $16.2 million exceeded total current liabilities of $12.6 million, for a net working capital of $3.6 million.

Liabilities:

Total liabilities for fiscal year 2026 decreased $163 thousand. The current liabilities increased and the noncurrent liabilities decreased due to payments on bonds and notes payable and the reclassification of the principal amount due in the coming year.

Total liabilities for fiscal year 2025 decreased by $2.7 million compared to fiscal year 2024. The difference is due to decrease in accrued liabilities and the payment of bonds and notes payable.

Net Position:

The largest difference in net position for fiscal year 2026 is the increase in investment in capital assets. The capital asset balance continues to increase with the addition of more capital projects using the deferred maintenance funds.

The largest difference in net position for fiscal year 2025 is the increase in the Restricted for Capital Projects category. The increase in Restricted for Capital Projects net position in FY 2025 reflects the unspent portion of the $50.0 million state appropriation for the Agriculture Lab construction, which is restricted for capital project expenditures as construction progresses.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating Revenues:

Operating revenues decreased $11.9 million for fiscal year 2026 due to a decrease in grant funding. Operating revenues decreased in FY 2026 primarily due to the expiration and spend-down of one-time state grant project cycles wrapping up during the fiscal year. In addition, the federal government implemented comprehensive updates to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. These updates modified federal agency award structures, heightened compliance oversight, and altered the timing and reporting frameworks for federal grant draws across higher education institutions.

Operating revenues increased by $9.5 million for fiscal year 2025 as a result of an increase in student tuition and fees, and state grants. Operating revenues increased in FY 2025 due to higher gross tuition revenue resulting from enrollment recovery and fee adjustments, combined with increased state grant awards and research/extension contract activity during the fiscal year.

Operating Expenses:

Operating expenses decreased $4.2 million in 2026 due to a decrease in supplies and other services. Operating expenses decreased in FY 2026 due to university-wide cost-containment initiatives and reduced contractual services and supply purchases following the completion of major non-capital initiatives funded by expiring federal grants.

Operating expenses increased in 2025 by approximately $4.3 million. The increase in fiscal year 2025 in salaries and wages of $1.2 million, an increase in benefits of $1.4 million, an increase in supplies and other services expense of $3.0 million and a decrease of $1.1 million in student financial aid - scholarships, were the significant changes for operating expenses. Operating expenses increased in FY 2025 primarily due to legislative salary increases and higher institutional employee benefit/OPEB costs ($2.6 million combined), alongside inflation-driven utility, supply, and operational software/contractual service increases ($3.0 million), partially offset by a $1.1 million reduction in direct institutional financial aid pass-through payments.

Noncapital Subsidies:

Noncapital subsidies consist of State appropriations and payments made on behalf of the University relating to the special funding situations with the net pension and net other post employment benefit liabilities. These balances remain relatively consistent from year to year with slight increases in State appropriations when funding is available.

Other Nonoperating Revenues (Expenses):

Nonoperating revenues decreased $48.2 million from 2025 to 2026. The decrease is due to the University receiving $50.0 million for an Agriculture Lab in 2025 from the Governor's Contingency Fund. Similar funds were not received in 2026, however; the University did receive $1.7 million more in deferred maintenance grant funds in 2026.

Nonoperating revenues increased $53.1 million from 2024 to 2025. The increase is due mainly to the University receiving $50.0 million for an Agriculture Lab in 2025 from the Governor's Contingency Fund, $1.5 million in deferred maintenance grants, and $1.2 million in additional investment income.

Unusual or infrequent:

The University received $6.7 million in settlement revenue during 2026, that had not been received in the past and is not expected to be received in the future. See Note 18 for additional details.

STATEMENTS OF CASH FLOWS

In 2026 cash flows used in operating activities increased due to less cash received for student tuition and fees ($0.9 million) and contracts and grants ($9.8 million). The amount paid to suppliers decreased by $7.2 million helping to offset the loss of cash received. Noncapital financing activities increased the amount of cash provided to the University due to an increase in State appropriations ($678 thousand) and the receipt of the settlement revenue ($6.7 million). Cash of $9.2 million was used in capital financing activities, where as $38.6 million was provided by capital financing activities in 2025. In 2025, the University received $50 million for the construction of the Agriculture Lab, without these funds the balances would be much more similar, with the majority of the differences due to the University purchasing more capital assets and SBITAs in 2026.

The major differences between fiscal year 2025 and fiscal year 2024 included in operating activities consists of an increase in cash receipts from contracts and grants of $4.6 million, an increase in payments to suppliers of $3.2 million and an increase in receipts from student tuition and fees of $1.7 million. Major differences between fiscal year 2025 and fiscal year 2024 in funding included is noncapital financing is primarily an increase in state appropriations of $0.5 million and an increase in Pell grants of $0.7 million. Major differences between fiscal year 2025 and fiscal year 2024 in capital financing activities included, the receipt of $50 million from the Governor's Contingency Fund for the Agriculture Lab.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM DEBT FINANCING ACTIVITY

At June 30, 2026, the University held $84.2 million in total capital assets (net of accumulated depreciation). Capital asset growth during Fiscal Year 2026 was primarily driven by major infrastructure enhancements funded through state-allocated Deferred Maintenance Grants and specialized capital appropriations.

Key ongoing and recently completed capital projects include:

- **Campus Infrastructure & Deferred Maintenance:** Continued execution of multi-phase facility renovations, including major roof replacements, modernizations of HVAC and mechanical systems, elevator safety compliance upgrades, campus-wide electrical distribution improvements, and fire suppression system restorations across core academic and student facilities.

- **Agriculture Laboratory Facility:** Continued site preparation, architectural engineering, and preliminary construction planning for the multi-million dollar Agriculture Laboratory project, funded by state capital allocations.
- **Athletic & Auxiliary Facility Upgrades:** Completion and ongoing improvements to campus athletic facilities, including tennis court battery reconstructions, a new track, and related auxiliary infrastructure.

As of June 30, 2026, contractual commitments for uncompleted capital projects totaled approximately $5.2 million, which will be funded through remaining deferred maintenance grant balances, state capital funds, and institutional matching funds.

Debt Administration

At June 30, 2026, the University's long-term debt obligations consisted of revenue bonds and equipment lease/subscription liabilities. There were no new bond issuances or debt refinancing's during Fiscal Year 2026. The University continues to meet all debt service coverage covenants and repayment schedules in accordance with bond indentures.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Under the visionary leadership of its 13th President, Ericke S. Cage, West Virginia State University (WVSU) continues as a doctoral, land-grant institution, proudly embracing its HBCU heritage of inclusivity while striving to build nationally recognized programs. These programs are designed to inspire student success and drive innovative research that contributes to the advancement of West Virginia.

Management considers several external and internal factors when developing the University's operational plans, annual operating budgets, and long-term financial strategies:

1. Demographic Trends & Enrollment Strategy

Higher education institutions across the region continue to face demographic shifts resulting in a declining population of high school graduates ("demographic cliff"). To offset regional enrollment headwinds, West Virginia State University is actively expanding its dual-enrollment partnerships with high schools, enhancing targeted regional recruitment, broadening degree-to-work pathways, and strengthening student retention and completion initiatives.

Despite these headwinds, WVSU has made progress in implementing its strategic plan, Future State. This plan outlines goals for creating a student-centric experience, enhancing academic offerings, and modernizing campus infrastructure. A key achievement in FY2026 was securing an additional $3.9 million grant from the State of West Virginia, earmarked to continue to address long-overdue deferred maintenance needs. These additional funds will enable the University to begin to make crucial improvements to aging facilities and infrastructure. By investing in the modernization of its campus, WVSU aims to enrich the student experience and strengthen its appeal to both current and prospective students, faculty, and staff.

2. Performance-Based State Appropriations Framework & Tuition and Fees

State appropriations remain a fundamental source of operating stability. Under West Virginia's performance-based higher education funding formula, state funding allocations are increasingly tied to key institutional outcomes, including degree completion rates, high-demand workforce alignment, and progress with

underrepresented student populations. University budgeting directly aligns resources with these state performance metrics.

While tuition and fees are a vital revenue stream, WVSU remains committed to keeping education affordable while managing rising operational costs. WVSU has adopted a measured approach to tuition increases, placing a strong emphasis on minimizing the financial burden on students while addressing institutional priorities.

3. Capital Infrastructure & Agriculture Research Expansion

The University continues to advance its multi-year capital plan, highlighted by the continued development of the Agriculture Laboratory facility funded by state capital appropriations. This state-of-the-art facility will expand land-grant research initiatives, extension services, and specialized agricultural technology academic offerings beginning in FY2027 and beyond, driving future nonoperating and capital grant revenues. This bold project will strengthen the University's land-grant mission of serving the community through agriculture and education.

During FY2026, the WVSU Foundation completed its capital campaign two years ahead of schedule, raising $26.5 million—exceeding its initial $25 million five-year target—to significantly enhance institutional resources.

The West Virginia State University Research and Development Corporation will continue to play a vital role as the fiscal manager of external resources that support research, teaching, and public service initiatives. As a Historically Black and 1890 Land-Grant Institution, WVSU benefits from federal and state appropriations, competitive grants, and private contributions. Although securing these external resources has become increasingly competitive, WVSU and its Research and Development Corporation have maintained a strong financial position.

4. Legislative, Regulatory, and Benefit Inflation Impact

- **Pension and OPEB Obligations:** The University participates in state-administered cost-sharing retirement and post-employment benefit plans (PEIA/OPEB). Actuarial updates and legislative actions affecting state PEIA and pension plan allocations (GASB Statements No. 68 and 75) continue to introduce year-over-year non-cash expense volatility in net position reporting.

- **Operational Cost Pressures:** Continuous inflationary pressures on software subscriptions, utility rates, property/casualty insurance, and specialized vendor contracts necessitate ongoing cost-containment initiatives and operational efficiencies.

5. Long-Term Financial Outlook

Management remains committed to prudent fiscal stewardship, maintaining adequate cash reserves, and optimizing grant revenues. By leveraging land-grant research funding, expanding academic programs in high-demand fields, and maintaining modern physical facilities, the University is well-positioned to maintain financial stability and fulfill its higher education mission in Fiscal Year 2027 and beyond.

WEST VIRGINIA STATE UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

	Primary Government University		Component Unit Foundation	
	2026	**2025**	**2026**	**2025**
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 14,253,530	$ 10,639,403	$ 1,016,342	$ 669,848
Appropriations receivable	1,611	-		-
Accounts receivable, net	6,690,261	5,035,806	-	-
Pledges and contributions receivable, net	-	-	1,460,422	1,356,808
Inventories	218,058	221,150	-	-
Prepaid expenses and other current assets	356,615	353,638	-	-
Total current assets	21,520,075	16,249,997	2,476,764	2,026,656
NONCURRENT ASSETS:				
Restricted cash and cash equivalents	49,271,695	50,496,537	2,682,065	1,947,825
Investments	-	-	22,285,730	18,349,441
Other receivables	35,922	35,161	-	-
Pledges and contributions receivable, net	-	-	4,203,358	4,082,515
Net other post employment benefits asset	-	40,654	-	-
Other noncurrent assets	-	-	763,721	904,948
Capital assets not being depreciated	19,356,161	16,227,778	-	-
Capital assets, net of depreciation and amortization	64,801,428	62,125,763	1,564,107	1,691,819
Total noncurrent assets	133,465,206	128,925,893	31,498,981	26,976,548
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to bond refinancing	5,202,476	5,661,512	-	-
Deferred outflows of resources related to OPEB	784,791	359,717	-	-
Deferred outflows of resources related to pensions	19,529	45,904	-	-
Total deferred outflows of resources	6,006,796	6,067,133	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 160,992,077	$ 151,243,023	$ 33,975,745	$ 29,003,204
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
CURRENT LIABILITIES:				
Bank overdraft	$ 441,591	$ -	$ -	$ -
Accounts payable	2,783,947	1,943,713	10,766	28,945
Amount due to the Foundation	1,002	-	-	-
Amount due to Other State Agencies	115,767	220,148	-	-
Retainages payable	247,484	-	-	-
Accrued liabilities	3,458,185	2,685,959	-	-
Compensated absences — current portion	1,404,717	1,299,138	-	-
Lease liability - current portion	179,931	183,662	-	-
SBITA liability - current portion	277,372	160,829	-	-
Finance purchase - current portion	4,662	-	-	-
Unearned revenue	3,367,585	4,118,862	-	-
Unearned revenue - deferred maintenance	268,666	507,166	-	-
Bonds payable - current portion	1,335,746	1,310,926	-	-
Notes payable - current portion	150,000	140,000	27,464	106,831
Total current liabilities	14,036,655	12,570,403	38,230	135,776
NONCURRENT LIABILITIES:				
Deposits	106,000	106,000	-	-
Compensated absences	265,330	254,890	-	-
Lease liability	127,319	307,250	-	-
SBITA liability	270,330	404,280	-	-
Bonds payable	29,829,037	31,164,782	-	-
Notes payable	1,308,000	1,458,000	-	27,464
Finance purchase	13,480	-	-	-
Net pension liability	49,213	117,879	-	-
Net other post employment benefits liability	214,827	-	-	-
Other noncurrent liabilities	-	-	459,533	626,405
Total noncurrent liabilities	32,183,536	33,813,081	459,533	653,869
Total liabilities	46,220,191	46,383,484	497,763	789,645
DEFERRED INFLOWS OF RESOURCES:				
Total deferred inflows of resources related to OPEB	422,969	243,509	-	-
Total deferred inflows of resources related to pensions	84,668	89,424	-	-
Total deferred inflows of resources	507,637	332,933	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	46,727,828	46,716,417	497,763	789,645
NET POSITION:				
Net investment in capital assets	50,414,228	43,223,812	1,536,643	1,557,524
Restricted - capital projects	48,334,576	49,570,712	-	-
Restricted - scholarships	-	-	1,480,893	1,804,914
Restricted - other post employment benefits	-	40,654	-	-
Restricted - expendable debt service	605,893	918,774	-	-
Restricted - other	-	-	14,291,085	10,220,478
Total restricted - expendable	48,940,469	50,530,140	15,771,978	12,025,392
Restricted - nonexpendable - scholarships	-	-	15,827,834	14,688,891
Unrestricted	14,909,552	10,772,654	341,527	(58,248)
TOTAL NET POSITION	114,264,249	104,526,606	33,477,982	28,213,559
TOTAL	$ 160,992,077	$ 151,243,023	$ 33,975,745	$ 29,003,204

The Accompanying Notes Are An Integral Part of These Financial Statements

WEST VIRGINIA STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2026 AND 2025

	Primary Government University		Component Unit Foundation	
	2026	2025	2026	2025
OPERATING REVENUES:				
Student tuition and fees — net of scholarship allowance of $4,498,416 and $7,997,412	$ 9,628,534	$ 10,883,064	$ -	$ -
Contracts and grants:				
Federal	19,180,527	16,329,508	-	-
State	2,319,114	12,076,069	-	-
Private	151,647	347,717	-	-
Federal Pell grants	3,763,678	4,468,207	-	-
Gifts and contributions	-	-	391,865	823,215
Auxiliary enterprise revenue - net of scholarship allowance of $3,172,502 and $2,433,757				
for the University	1,689,053	4,590,981	289,963	253,285
Miscellaneous - net	772,826	746,108	461,123	252,684
Total operating revenues	37,505,379	49,441,654	1,142,951	1,329,184
OPERATING EXPENSES:				
Salaries and wages	22,335,549	22,883,828	415,046	480,495
Benefits	6,200,967	5,583,366	-	-
Supplies and other services	18,619,953	23,327,076	247,647	251,035
Utilities	2,427,772	2,406,953	-	-
Student financial aid — scholarships	2,406,837	2,716,640	1,180,380	1,041,779
Depreciation and amortization	4,440,020	3,763,504	127,712	127,712
Other operating expenses	-	-	1,356,257	1,650,881
Total operating expenses	56,431,098	60,681,367	3,327,042	3,551,902
OPERATING LOSS	(18,925,719)	(11,239,713)	(2,184,091)	(2,222,718)
NONCAPITAL SUBSIDIES				
State appropriations	18,027,322	17,230,389	-	-
Payments made on behalf (recoveries) of WV State University	244,391	86,110	-	-
Total noncapital subsidies	18,271,713	17,316,499	-	-
OPERATING (LOSS) INCOME AND NONCAPITAL SUBSIDIES	(654,006)	6,076,786	(2,184,091)	(2,222,718)
OTHER NONOPERATING REVENUES:				
Agriculture Lab - Governor's Contingency Fund	-	50,000,000	-	-
Investment income	1,699,359	1,611,647	3,523,280	2,197,619
Interest on indebtedness	(1,232,996)	(1,254,048)	-	-
Loss on capital asset disposal	(6,467)	(7,332)	-	-
Capital grants, appropriations and gifts	3,251,131	1,546,753	3,925,234	7,532,087
Total other nonoperating revenues	3,711,027	51,897,020	7,448,514	9,729,706
Unusual or infrequent - settlement revenue	6,680,622	-	-	-
INCREASE IN NET POSITION	9,737,643	57,973,806	5,264,423	7,506,988
NET POSITION - Beginning of the year	104,526,606	46,552,800	28,213,559	20,706,571
NET POSITION - End of the year	$ 114,264,249	$ 104,526,606	$ 33,477,982	$ 28,213,559

The Accompanying Notes Are An Integral Part of These Financial Statements

WEST VIRGINIA STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	Primary Government University	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 9,746,329	$ 10,651,050
Contracts and grants	18,789,014	28,552,727
Payments to and on behalf of employees	(28,214,047)	(28,491,370)
Payments to suppliers	(16,564,785)	(23,769,953)
Payments to utilities	(2,427,772)	(2,406,953)
Payments for scholarships and fellowships	(2,406,837)	(2,716,640)
Auxiliary enterprise charges	1,689,053	4,590,981
William D. Ford direct lending receipts	4,642,177	5,786,675
William D. Ford direct lending payments	(4,642,177)	(5,786,675)
Other (payments) receipts, net	772,826	741,978
Net cash used in operating activities	(18,616,219)	(12,848,180)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	18,025,711	17,347,557
Federal Pell grants	3,763,678	4,468,207
Settlement revenue	6,676,488	-
Net cash provided by noncapital financing activities	28,465,877	21,815,764
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Capital grants and gifts received	3,251,131	-
Agriculture Lab - Governor's Contingency Fund	-	50,000,000
Payments on leases	(191,530)	(173,771)
Payments on SBITAs	(404,593)	(174,706)
Purchases of capital assets	(9,587,049)	(8,867,429)
Principal paid on notes and bonds	(1,453,731)	(1,410,506)
Interest paid on notes, bonds, leases, and SBITAs	(773,960)	(795,012)
Net cash used in capital financing activities	(9,159,732)	38,578,576
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	1,699,359	1,611,647
Net cash provided by investing activities	1,699,359	1,611,647
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	2,389,285	49,157,807
CASH AND CASH EQUIVALENTS - Beginning of the year	61,135,940	11,978,133
CASH AND CASH EQUIVALENTS - End of the year	$ 63,525,225	$ 61,135,940
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (18,925,719)	$ (11,239,713)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	4,440,020	3,763,504
Pell grants	(3,763,678)	(4,468,207)
State grants	-	1,546,753
Changes in assets and liabilities:		
Receivables - net	(1,651,082)	(901,622)
Prepaid expenses	(2,977)	9,174
Inventories	3,092	13,354
Bank overdrafts	441,591	-
Accounts payable and accrued liabilities	1,613,462	(465,405)
Due to Commission/Council	(104,381)	202,648
Net other postemployment benefits liability	254,852	(123,279)
Compensated absences	116,019	161,434
Unearned revenue	(989,777)	(1,277,062)
Defined benefit pension plan	(47,641)	(65,629)
Advances from federal sponsors	-	(4,130)
Net cash used in operating activities	$ (18,616,219)	$ (12,848,180)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:		
Cash and cash equivalents classified as current	$ 14,253,530	$ 10,639,403
Cash and cash equivalents classified as noncurrent	49,271,695	50,496,537
	$ 63,525,225	$ 61,135,940
Noncash transactions:		
Gain/loss on disposal of capital assets	$ (6,467)	$ (7,332)
Right-to-use assets acquired through outstanding SBITAs	$ 740,504	$ 550,810
Right-to-use assets acquired through outstanding leases	$ 7,868	$ -
Capital/retainage payable	$ 247,484	$ -

The Accompanying Notes Are An Integral Part of These Financial Statements

1. ORGANIZATION

West Virginia State University (the "University") is governed by the West Virginia State University Board of Governors (the "Board"). The Board was established by Senate Bill 653 ("S.B. 653").

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the University under its jurisdiction, the duty to develop a master plan for the University, the power to prescribe the specific functions and the University's budget request, the duty to review, at least every five years, all academic programs offered at the University, and the power to fix tuition and other fees for the different classes or categories of students enrolled at the University.

S.B. 653 also created the West Virginia Higher Education Policy Commission (the "Commission"), which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board standards ("GASB"). The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

Reporting Entity — The University is a component unit of the West Virginia Higher Education Fund and represents separate funds of the State of West Virginia (the "State") that are not included in the State's general fund. The University is a separate entity which, along with all the State institutions of higher education, the Commission (which includes West Virginia Network for Educational Telecomputing), and the West Virginia Council of Community and Technical College Education form the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State, and its financial statements are discretely presented in the State's annual comprehensive financial report.

The accompanying financial statements present all funds under the authority of the University, including its blended component unit, the West Virginia State University Research and Development Corporation (the "Research and Development Corporation"), a nonprofit, nonstock corporation. The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the University's ability to significantly influence operations and accountability for fiscal matters of the Research and Development Corporation.

A related organization, the West Virginia State University Alumni Association, is not part of the University reporting entity and is not included in the accompanying financial statements, as the University has no ability to designate management, cannot significantly influence operations of the entity, and is not accountable for the fiscal matters of the West Virginia State University Alumni Association under GASB.

In accordance with GASB, the audited financial statements of the West Virginia State University Foundation, Inc. ("Foundation") are discretely presented here with the University's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation is a private nonprofit organization that reports under FASB standards, in accordance with GASB 103 the Foundation's financial statements have been converted to GASB for presentation in the University's financial statements. The Foundation footnotes applicable to GASB presentation and significant to the University are presented at Note 19.

Financial Statement Presentation — GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a basis to focus on the University as a whole. The University's net position is classified into three categories according to external donor restrictions or availability of resources for satisfaction of University obligations. The components of the University's net position are classified as follows:

- *Net Investment in Capital Assets* — This represents the University's total investment in capital assets, net of depreciation and amortization, and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

  Restricted Net Position— This includes amounts restricted for use in capital projects and for loans to students by various agreements, as well as amounts required to be held for use in debt service on outstanding bonds as outlined in Bond Trust Indenture.

  - *Restricted — Expendable* — This includes resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. The West Virginia State Legislature (the "State Legislature"), as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education* of the West Virginia State Code. House Bill No. 101 passed in March 2004 simplified the tuition and fee restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the State Legislature.

  - *Restricted — Nonexpendable* — This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The University does not have any nonexpendable funds or components of net position of this type as of June 30, 2026 and 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Unrestricted* — This represents resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the Board to meet current expenses for any purpose. These resources also include resources of auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

Basis of Accounting — For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenses are reported when materials or services are received. All inter-institution accounts and transactions have been eliminated.

Cash and Cash Equivalents — For purposes of the statements of net position, the University considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Cash on deposit with the West Virginia Treasurer's Office (the "Treasurer") is deposited into the WV Money Market Pool, the WV Government Money Market Pool and the WV Short Term Bond Pool with the West Virginia Board of Treasury Investments (BTI). The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

Cash and cash equivalents also include cash in bank accounts and cash on hand.

Any cash and cash equivalents escrowed, restricted, or in funded reserves are included in cash and cash equivalents for purposes of the cash flow statement.

Accounts Receivable – Accounts receivable include primarily amounts due from students for tuition and fees, amounts due from sponsoring agencies for grants and contracts, and other miscellaneous receivables.

Allowance for Doubtful Accounts — It is the University's policy to provide for future losses on uncollectible accounts, contracts, grants, and loans receivable based on an evaluation of the underlying account, contract, grant, and loan balances, the historical collectability experienced by the University on such balances, and such other factors which, in the University's judgment, require consideration in estimating doubtful accounts.

Inventories — Inventories are stated at the lower of cost or market, cost being determined on the first-in, first-out method.

Noncurrent Cash, Cash Equivalents, and Investments — Cash, cash equivalents, and investments that are (1) externally restricted to make debt service payments, long-term loans to students or to maintain

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

sinking or reserve funds, (2) to purchase capital or other noncurrent assets, or (3) permanently restricted components of net position, are classified as noncurrent assets in the statements of net position.

Capital Assets — Capital assets include property, plant, equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land and building improvements, 7 years for library books, and 3 to 10 years for furniture and equipment. Land is not depreciated as it is considered to have an indefinite useful life. The University's threshold for capitalizing capital assets is $5,000.

Capital assets also include intangible right-to-use lease assets, initially measured at the present value of payments expected to be made during the lease term, plus certain other costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the estimated useful life of the underlying assets, unless the lease contains a purchase option. The University's agreements meeting the definition of a lease do not contain purchase options.

Additionally, capital assets include intangible right-to-use subscription-based information technology arrangement ("SBITA") assets, initially measured at the present value of payments expected to be made during the term of the agreement. SBITA assets are amortized on a straight-line basis over the term of the agreement.

Impairment of Capital Assets – Management reviews capital assets for impairment whenever events or changes in circumstances indicate that the service utility of an asset has declined significantly and unexpectedly. Any write-downs due to impairment are charged to operations at the time of the impairment is identified. No write-down of capital assets was required for the years ended June 30, 2026 or 2025.

Unearned Revenue — Revenues received for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue, including items such as tuition and fees, football ticket sales, grant funding and room and board. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Postemployment Benefits — GASB provides standards for the measurement, recognition, and display of other postemployment benefit ("OPEB") expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. The University is required to participate in this multi-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan and its stand-alone financial statements can be obtained by contacting West Virginia Public Employees Insurance Agency ("PEIA"), 601 57th Street SE Suite 2, Charleston, WV 25304 or www.peia.wv.gov.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB requires entities to accrue for employees' rights to receive compensation for vacation and/or sick leave that has been earned, accumulated, and is anticipated to be used, paid out, or otherwise settled using current pay rates. The University's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. The University's full-time employees earn up to one-and-a-half sick leave days for each month of service and unpaid sick leave is generally forfeited upon termination; however, employees hired prior to July 1, 2001 can convert unpaid sick leave to OPEB premiums upon termination.

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Postemployment Benefit Plan (the "OPEB plan"), additions to/reductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 9 for further discussion.

The estimated expense and expense incurred for compensated absences or OPEB benefits are recorded as a component of benefits expense in the statements of revenues, expenses, and changes in net position.

Net Pension Liability – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System ("STRS"), and additions to/reductions from the STRS fiduciary net position have been determined on the same basis as they are reported by STRS. For this purpose, benefit payments (including refunds on employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 14 for further discussion.

Deferred Outflows of Resources – Consumption of net position by the University that is applicable to a future fiscal year is reported as a deferred outflow of resources on the Statement of Net Position. As of June 30, 2026 and 2025 the University had deferred outflows of resources related to pensions, OPEB, and bond refinancing.

Deferred Inflows of Resources – Acquisition of net position by the University that is applicable to a future fiscal year is reported as a deferred inflow of resources on the Statement of Net Position. As of June 30, 2026 and 2025, the University had deferred inflows related to pensions and OPEB.

Risk Management — The State's Board of Risk and Insurance Management ("BRIM") provides general, property, and casualty liability coverage to the University and its employees. Such coverage may be provided to the University by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the University or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the University is currently charged by BRIM and the ultimate cost of that insurance based on the University's actual loss experience. In the event such differences arise between estimated premiums currently charged by BRIM to the University and the University's ultimate actual loss experience, the difference will be recorded, as the change in estimate becomes known.

In addition, through its participation in the West Virginia PEIA and third-party insurers, the University has obtained health, life, prescription drug coverage, and coverage for job-related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurer, the University has transferred its risks related to health, life, prescription drug coverage, and job-related injuries.

Classification of Revenues — The University classifies its revenues as operating, noncapital subsidies, or nonoperating based on the underlying economic nature of the transaction and the extent to which the activity is subsidized:

- **Operating Revenues:** Operating revenues include activities that are exchange transactions and represent core institutional operations. Operating revenues include (1) tuition and fees, net of scholarship allowances, (2) sales and services of educational departments or auxiliary enterprises, (3) Federal Pell grants, (4) grants and contracts from federal, state, local, or private entities that are directly tied to an exchange of specific goods, services, or research.
- **Noncapital Subsidies:** Subsidies are non-exchange transactions that directly or indirectly keep student fees lower than they would be otherwise. Noncapital subsidies support ongoing institutional operations and are presented in a dedicated section following operating income. They include items such as state appropriations, noncapital grants and gifts, contributions for the provision of scholarships, and distributions from the foundation.
- **Nonoperating Revenues**: Nonoperating revenues include capital subsidies, endowment contributions, income related to financing, gains on disposal of assets, and investment income.

Use of Restricted Component of Net Position — The University has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Generally, the University attempts to utilize restricted resources first when practical.

Alternative Loans — Students apply for Alternative Loans through lenders who participate in the Alternative Loan Program when they have exhausted their Federal Loan Eligibility or need extra money to fill the gap of their cost of attendance. The University will certify these loans and, if approved by the lender, will receive the funds to disburse to the student accounts. Under this program, banks and loan companies make loans directly to students, via a guarantor. The University uses Sallie Mae as its guarantor. Student loan receivables are not included in the University's statements of net position, as the loans are repayable directly to the bank or loan company. For the years ended June 30, 2026 and 2025, the University received and disbursed approximately $391,275 and $766,804, respectively, which is not included as revenue and expense in the statement of revenues, expenses, and changes in net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Direct Lending — The University facilitates loans to students under the Direct Lending Program ("DL"). Under this program, the U.S. Department of Education makes interest-subsidized and nonsubsidized loans directly to students, via a guarantor. Direct Lending student loan receivables are not included in the University's statements of net position, as the loans are repayable directly to the U.S. Department of Education. In the years ended June 30, 2026 and 2025, the University received and disbursed approximately $4.6 million and $5.8 million, respectively, on behalf of the U.S. Department of Education, which is not included as revenue and expense in the statement of revenues, expenses, and changes in net position.

The University also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements.

Scholarship Allowances — Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances represent the difference between the stated charges for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf.

Financial aid to students is reported in the financial statements under the Reporting Style A method, as prescribed by the National Association of College and University Business Officers. Certain aid such as loans, funds provided to students by third parties, and Federal Direct Lending, is accounted for as a third-party payment and credited to the student's account as if the student made the payment. All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition.

Under the Reporting Style A method, student account data is extracted from the University's SIS, providing a more accurate representation of scholarship allowance by taking into consideration payments in the form of cash, institutional aid, and other aid, excluding payments for services, to determine scholarship allowance (discount).

Government Grants and Contracts — Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to an audit. The University recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

Income Taxes — The University is exempt from income taxes as a governmental entity. The component units are exempt from income taxes, except for unrelated business income, as nonprofit organizations under federal income tax laws and regulations of the Internal Revenue Service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Risk and Uncertainties — Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risk and values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Reclassifications – Certain amounts have been reclassified from the prior year presentation. These changes had no impact on the University's change in net position.

Recent Statements Issued by the Governmental Accounting Standards Board (GASB)-

GASB has issued Statement No. 105, *Subsequent Events*, which is effective for fiscal years beginning after June 15, 2026. This statement clarifies the subsequent events that constitute recognized and unrecognized events and establishes specific note disclosure requirements for nonrecognized events. The University has not yet determined the effect that the adoption of GASB Statement No. 105 may have on its financial statements.

Newly Adopted Statements Issued by GASB - During the fiscal year ended June 30, 2026, the University adopted GASB Statement No. 103, *Financial Reporting Model Improvements,* which is effective for fiscal years beginning after June 15, 2025. The focus of the improvements is to presentation of (1) management's discussion and analysis, (2) unusual or infrequent items, (3) proprietary fund statement of revenues, expenses and changes in net position, (4) major component unit information, and (5) budgetary comparison information. The primary impacts of adopting this Statement are:

- Presentation of Subsidies: The University now presents noncapital subsidies, including state operational appropriations, in a separate section immediately following operating income (loss). A new subtotal for operating income (loss) and noncapital subsidies is now presented on the Statements of Revenues, Expenses, and Changes in Net Position.
- Component Units: Major discretely presented component units are now presented in separate columns or through combining statements, rather than being aggregated into a single column.
- Nonoperating Classification: Nonoperating activities have been strictly limited to subsidies received and provided, contributions to permanent and term endowments, financing activities, investment activities, and the disposal of capital assets or inventory.
- In accordance with the transitional provisions of GASB Statement No. 103, the financial statements for the fiscal year ended June 30, 2025, have been retroactively restated to conform to the new presentation model. This implementation required a reclassification of certain financial statement lines but did not alter total ending net position for the prior period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effective July 1, 2025 the University implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. GASB 103 modifies certain financial statement presentation and classification requirements, including certain revenue classifications. Prior year amounts have been reclassified to conform to the current year presentation under GASB 103. These reclassifications had no effect on previously reported net position or change in net position. The following prior year financial statement line items are affected by the application of the new accounting principle as follows:

Financial Statement Line (FY 2025)	As Originally Reported	Effect of GASB 103	As Restated
Operating revenues			
Pell grants	-	4,468,207	4,468,207
State grants	13,622,822	(1,546,753)	12,076,069
Noncapital Subsidies			
State appropriations	-	17,230,389	17,230,389
Payments made on behalf(recoveries) of WV State University	-	86,110	86,110
Nonoperating Revenues (Expenses)			
Pell grants	4,468,207	(4,468,207)	-
State appropriations	17,230,389	(17,230,389)	-
Capital grants, appropriations and gifts	-	1,546,753	1,546,753
Other			
Payments made on behalf (recoveries) of WV State University	86,110	(86,110)	-

The standard did not impact classifications on the statement of cash flows.

During the fiscal year ended June 30, 2026, the University adopted GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Due to the implementation of the standard, the University now discloses separate major-class disclosure of lease, SBITA, and other intangible right-to-use capital assets, plus held-for-sale disclosures.

In accordance with the provisions of GASB 103 and 104, the financial statements for the year ended June 30, 2025 have been retroactively restated to conform to the new presentation model. The implementation did not impact total ending net position from the prior period.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2026 and 2025, was held as follows:

	2026		
	Current	**Noncurrent**	**Total**
State Treasurer	$ 5,557,321	$ 48,665,802	$ 54,223,123
Trustee	-	605,893	605,893
In Bank	8,696,209	-	8,696,209
	$ 14,253,530	$ 49,271,695	$ 63,525,225

	2025		
	Current	**Noncurrent**	**Total**
State Treasurer	$ 7,888,662	$ 49,577,763	$ 57,466,425
Trustee	-	918,774	918,774
In Bank	2,750,741	-	2,750,741
	$ 10,639,403	$ 50,496,537	$ 61,135,940

Cash on deposit with trustee escrow consists of funds for principal and interest payments on the 2021-1 Bonds as described in Note 7. The deposits with trustee escrows were covered by federal depository insurance as noted below.

Noncurrent cash with the state treasurer consists of funds appropriated for the new Agricultural Laboratory. The State appropriated $50,000,000 for the construction of the Agricultural Laboratory during the year ended June 30, 2025. These funds net of any accounts payable are shown on the statements of net position as net position-restricted for capital projects.

Custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of the deposits that are in the possession of an outside party. The combined carrying amount of cash in bank at June 30, 2026 and 2025 was $8,254,618 and $2,750,741, as compared with the combined bank balance of $9,829,353 and $4,229,934, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation up to $250,000.

Amounts with the State Treasurer as of June 30, 2026 and 2025, are comprised of three investment pools, the WV Money Market Pool, the WV Government Money Market Pool and the WV Short Term Bond Pool.

3. CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following table provides information on the Standard & Poor's rating of the investment pools as of June 30:

	2026		2025	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 42,659,371	AAAm	$ 41,320,410	AAAm
WV Govt. Money Market Pool	859,968	AAAm	827,129	AAAm
WV Short Term Bond Pool	998,696	Not Rated	971,022	Not Rated
	$ 44,518,035		$ 43,118,561	

A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the amounts with the State Treasurer are subject to interest rate risk. The following table provides information on the weighted-average maturities for the WV Money Market Pool:

	2026		2025	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 42,659,371	46	$ 41,320,410	41

The following table provides information on the weighted-average maturities for the WV Government Money Market Pool:

	2026		2025	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 859,968	45	$ 827,129	26

3. CASH AND CASH EQUIVALENTS (CONTINUED)

The following table provides information on the effective duration for the WV Short Term Bond Pool:

	2026		2025	
External Pool	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	$ 998,696	664	$ 971,022	637

Other Investment Risks — Other investment risks include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the BTI's Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund poll or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University has no securities with foreign currency risk.

4. ACCOUNTS RECEIVABLE

Current accounts receivable, net at June 30, 2026 and 2025, are as follows:

	2026	2025
Student tuition and fees — net of allowance for doubtful accounts of $314,791 and $355,082 in 2026 and 2025, respectively	$ 407,560	$ 510,458
Grants and contracts receivable	3,865,067	2,717,398
Due from the Commission	243,689	258,586
Due from the Commission – deferred maintenance	2,122,884	1,546,753
Other accounts receivable	51,061	2,611
	$ 6,690,261	$ 5,035,806

5. CAPITAL ASSETS

Summary of capital asset transactions for the University for the years ended June 30, 2026 and 2025 are as follows:

	2026			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 8,628,563	$ -	$ -	$ 8,628,563
Construction in progress	7,599,215	5,583,303	(2,454,920)	10,727,598
Total capital assets not being depreciated	$ 16,227,778	$ 5,583,303	$ (2,454,920)	$ 19,356,161
Capital assets being depreciated:				
Land improvements	$ 2,400,559	$ 22,855	$ (22,400)	$ 2,401,014
Infrastructure	4,958,526	21,879	-	4,980,405
Buildings and improvements	100,442,298	2,657,415	-	103,099,713
Equipment	13,912,997	3,868,768	(456,604)	17,325,161
Motor vehicles	1,073,895	177,120	(81,993)	1,169,022
Software	192,180	-	-	192,180
Library books	6,341,866	170	-	6,342,036
Total capital assets being depreciated	129,322,321	6,748,207	(560,997)	135,509,531
Right-to-use assets to be amortized:				
Leased Office Space	845,432	7,868	(20,689)	832,611
Subscription based technology agreements	1,092,642	740,504	(688,735)	1,144,411
Total right-to-use assets	1,938,074	748,372	(709,424)	1,977,022
Less accumulated depreciation for:				
Land improvements	1,523,058	85,845	(5,600)	1,603,303
Infrastructure	3,931,306	129,572	-	4,060,878
Buildings and improvements	46,529,371	2,339,427	-	48,868,798
Equipment	9,248,789	1,148,087	(456,604)	9,940,272
Motor vehicles	893,080	110,442	(81,992)	921,530
Software	192,180	-	-	192,180
Library books	6,044,501	121,761	-	6,166,262
Total accumulated depreciation	68,362,285	3,935,134	(544,196)	71,753,223
Less accumulated amortization for right-to-use assets:				
Lease office space	386,187	183,033	(20,689)	548,531
Subscription based information technology agreements	386,160	321,853	(324,642)	383,371
Total accumulated amortization	772,347	504,886	(345,331)	931,902
Capital assets being depreciated and amortized — net	62,125,763	3,056,559	(380,894)	64,801,428
Capital asset summary:				
Capital assets not being depreciated or amortized	$ 16,227,778	$ 5,583,303	$ (2,454,920)	$ 19,356,161
Capital assets being depreciated and amortized	131,260,395	7,496,579	(1,270,421)	137,486,553
Total cost of capital assets	147,488,173	13,079,882	(3,725,341)	156,842,714
Less accumulated depreciation and amortization	69,134,632	4,440,020	(889,527)	72,685,125
Capital assets - net	$ 78,353,541	$ 8,639,862	$ (2,835,814)	$ 84,157,589

5. CAPITAL ASSETS (CONTINUED)

	2025			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 8,628,563	$ -	$ -	$ 8,628,563
Construction in progress	1,277,826	6,321,389	-	7,599,215
Total capital assets not being depreciated	$ 9,906,389	$ 6,321,389	$ -	$ 16,227,778
Capital assets being depreciated:				
Land improvements	$ 2,365,992	$ 34,567	$ -	$ 2,400,559
Infrastructure	4,823,289	135,237	-	4,958,526
Buildings and improvements	100,331,716	110,582	-	100,442,298
Equipment	11,763,005	2,188,340	(38,348)	13,912,997
Motor vehicles	1,073,895	-	-	1,073,895
Software	192,180	-	-	192,180
Library books	6,340,320	1,546	-	6,341,866
Total capital assets being depreciated	126,890,397	2,470,272	(38,348)	129,322,321
Right-to-use assets to be amortized:				
Leased Office Space	845,432	-	-	845,432
Subscription based technology agreements	859,651	550,810	(317,819)	1,092,642
Total right-to-use assets	1,705,083	550,810	(317,819)	1,938,074
Less accumulated depreciation for:				
Land improvements	1,437,399	85,659	-	1,523,058
Infrastructure	3,804,211	127,095	-	3,931,306
Buildings and improvements	44,360,659	2,168,712	-	46,529,371
Equipment	8,584,215	695,591	(31,017)	9,248,789
Motor vehicles	789,929	103,151	-	893,080
Software	192,180	-	-	192,180
Library books	5,895,797	148,704	-	6,044,501
Total accumulated depreciation	65,064,390	3,328,912	(31,017)	68,362,285
Less accumulated amortization for right-to-use assets:				
Lease office space	203,393	182,794	-	386,187
Subscription based information technology agreements	452,181	251,798	(317,819)	386,160
Total accumulated amortization	655,574	434,592	(317,819)	772,347
Capital assets being depreciated and amortized — net	62,875,516	(742,422)	(7,331)	62,125,763
Capital asset summary:				
Capital assets not being depreciated or amortized	$ 9,906,389	$ 6,321,389	$ -	$ 16,227,778
Capital assets being depreciated and amortized	128,595,480	3,021,082	(356,167)	131,260,395
Total cost of capital assets	138,501,869	9,342,471	(356,167)	147,488,173
Less accumulated depreciation and amortization	65,719,964	3,763,504	(348,836)	69,134,632
Capital assets - net	$ 72,781,905	$ 5,578,967	$ (7,331)	$ 78,353,541

5. CAPITAL ASSETS (CONTINUED)

The University maintains various collections of inexhaustible assets to which no value can be determined. Such collections include contributed works of art, historical treasures, and literature that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not capitalized or recognized for financial statement purposes. As of June 30, 2026, contractual commitments for uncompleted capital projects totaled approximately $5.2 million, which will be funded through remaining deferred maintenance grant balances, state capital funds, and institutional matching funds.

6. NONCURRENT LIABILITIES

Summaries of noncurrent obligation transactions for the University for the years ended June 30, 2026 and 2025 are as follows:

	2026				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Note payable	$ 1,598,000	$ -	$ 140,000	$ 1,458,000	$ 150,000
Direct placement	32,475,708	-	1,310,925	31,164,783	1,335,746
Finance purchase	-	20,948	2,806	18,142	4,662
Other noncurrent liabilities:					
Deposits held in custody for others	106,000	-	-	106,000	-
Accrued compensated absences, net	1,554,028	116,019	-	1,670,047	1,404,717
SBITA liability	565,109	387,186	404,593	547,702	277,372
Lease liability	490,912	7,868	191,530	307,250	179,931
OPEB (asset)liability	(40,654)	658,164	402,683	214,827	-
Net pension liability	117,879	7,478	76,144	49,213	-
Total noncurrent liabilities	$ 36,866,982	$ 1,197,663	$ 2,528,681	$ 35,535,964	$ 3,352,428

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Note payable	$ 1,729,000	$ -	$ 131,000	$ 1,598,000	$ 140,000
Direct placement	33,755,214	-	1,279,506	32,475,708	1,310,926
Other noncurrent liabilities:					
Deposits held in custody for others	106,000	-	-	106,000	-
Accrued compensated absences, net	1,392,594	161,434	-	1,554,028	1,299,138
Advances from Federal Sponsors	4,130	-	4,130	-	-
SBITA liability	264,772	475,043	174,706	565,109	160,829
Lease liability	664,683	-	173,771	490,912	183,662
Net pension liability	129,031	91,780	102,932	117,879	-
Total noncurrent liabilities	$ 38,045,424	$ 728,257	$ 1,866,045	$ 36,907,636	$ 3,094,555

Note: With the adoption of GASB 101, Compensated Absences, only the net change in the accrued compensated absences liability is required to be disclosed.

Additional information regarding noncurrent debt is included in Notes 7 and 8.

7. BONDS PAYABLE

In May 2021, the Board entered into a Capital Project Loan Agreement with Rice Capital Access Program, LLC for up to $40,500,000 for the purpose of financing or refinancing the costs of capital projects. The proceeds from the direct placement were used to repay the outstanding balances of the 2012 Bonds, the 2013 Bonds, and the capital lease. The direct placement matures on August 1, 2045 with debt service payments starting February 1, 2023. Interest on the direct placement will be equal to and payable at the same time as interest due on the Series A 2021-1 Bonds. The University will need to make monthly deposits for principal and interest as well as pro rate fees starting in July 2021. The full amount of the principal and interest due for each payment must be on hand with the Trustee two months before the payment is due. The direct placement requires the University to expend not less than the annual Replacement Fund Reserve Requirement on capital improvements. The initial Replacement Fund Reserve Requirement is $550,000 and will increase on July 1st each year by 3%. The University has a rate covenant that pledged revenues (auxiliary capital fees and gross operating revenues) will be equal to 120% of the maximum annual debt service on the 2021 loan and any additional long-term debt. Failure to meet this rate covenant during any fiscal year, will cause the University to immediately fund a separate and dedicated West Virginia State University Liquidity Reserve Account maintained and held by the Trustee. As of June 30, 2026, the University was in compliance with the rate covenants. A loss on refinancing was recorded as a deferred outflow in the amount of $5,202,476 and $5,661,512 at June 30, 2026 and 2025, respectively. The amortization of the deferred outflow is recorded as interest expense in the statement of revenues, expenses, and changes in net position. The principal on the direct placement that was outstanding at June 30, 2026 and 2025 was $31,164,783 and $32,475,708, respectively.

Principal and interest maturities for the years ending after June 30, 2026, are as follows:

Years Ending June 30	Direct Placement		
	Principal	Interest	Total
2027	1,335,746	584,519	1,920,265
2028	1,359,670	560,594	1,920,264
2029	1,384,194	536,070	1,920,264
2030	1,412,129	508,135	1,920,264
2031	1,436,502	483,762	1,920,264
2032-2036	7,619,586	1,981,734	9,601,320
2037-2041	8,372,549	1,228,771	9,601,320
2042-2046	8,244,407	396,783	8,641,190
Future payments	$ 31,164,783	$ 6,280,368	$ 37,445,151

8. NOTES PAYABLE

During February 2014, the University signed a promissory note with Capital One Equipment Finance Corp borrowing $2,700,000 at an interest rate of 6.65% to be used to partially finance the construction of a new athletic complex. The note matures in 2033, with principal payments due annually on October 1 starting in 2014. Interest payments are due annually on April 1 and October 1 starting April 2014.

Principal and interest maturities for the years ending after June 30, 2026, are as follows:

Years Ending June 30	Principal	Interest	Total
2027	150,000	91,970	241,970
2028	159,000	81,695	240,695
2029	170,000	70,756	240,756
2030	181,000	59,085	240,085
2031	193,000	46,650	239,650
2032-2034	605,000	58,553	663,553
Future payments	$ 1,458,000	$ 408,709	$ 1,866,709

During September 2025, the University entered into an agreement to purchase a mini bus for $20,948 at an interest rate of 12.00%. The agreement matures in 2030, with principal and interest payments due monthly.

Principal and interest maturities for the years ending after June 30, 2026, are as follows:

Years Ending June 30	Principal	Interest	Total
2027	4,662	1,926	6,588
2028	5,253	1,335	6,588
2029	5,920	669	6,589
2030	2,307	-	2,307
Future payments	$ 18,142	$ 3,930	$ 22,072

9. OTHER POST EMPLOYMENT BENEFITS

Following are the University's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30, 2026 and 2025:

	2026	2025
Net OPEB Liability/(Asset)	$ 214,827	$ (40,654)
Deferred Outflows of Resources	784,791	359,717
Deferred Inflows of Resources	422,969	243,509
Revenues (offset)	244,985	68,827
OPEB Expense/(Revenues)	323,133	(187,042)
Contributions made by the University	71,642	154,481

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multi-employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust.

The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The plan is closed to new entrants.

The primary sources of revenue are plan members and employers contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

Contributions

Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. In fiscal year 2024, there was no subsidization of retiree healthcare from paygo premiums and PEIA active employers were not billed paygo. The paygo rate for fiscal year 2025 was $34 per active health policy per month.

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired after July 1, 1997 or hired before June 30, 2010 pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010 pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988 may convert accrued sick or annual leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001 may convert accrued sick or annual leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

The University's contributions to the OPEB plan for the years ended June 30, 2026 and 2025 were $71,642 and $154,481, respectively.

Assumptions

9. OTHER POST EMPLOYMENT BENEFITS (continued)

The June 30, 2026 and 2025 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuations as of June 30, 2024 and 2023 and a measurement date of June 30, 2025 and 2024. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.50%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 7.40%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2034.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period as of June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”.
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2015 − June 30, 2020.

The actuarial valuation as of June 30, 2024, reflects updates to the following healthcare related assumptions, which include per capita claim costs, healthcare trend rates, coverage and continuance, and participation rates.

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.75% for assets invested with the BTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which estimates of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset

9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan's investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.50% plus a 25 basis point spread.

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon are summarized below:

	June 30, 2025	
Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.7%
Hedge funds	10.0%	4.5%

	June 30, 2024	
Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.7%
Hedge funds	10.0%	4.5%

Single discount rate. The discount rate used to measure the total OPEB liability (asset) was 7.40% for fiscal years 2026 and 2025. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40% for those fiscal years. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the University's proportionate share of the net OPEB liability (asset) as of June 30, 2026 and 2025 calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate (7.40%).

Net OPEB liability (asset)	1% Decrease	Current Discount Rate	1% Increase
2026	$ 820,542	$ 214,827	$ (302,232)
2025	$ 177,740	$ (40,654)	$ (222,535)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate. The following presents the University's proportionate share of the net OPEB liability (asset) as of June 30, 2026 and 2025 calculated using the healthcare cost trend rate, as well as what the University's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

Net OPEB liability (asset)	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2026	$ (544,888)	$ 214,827	$ 1,117,229
2025	$ (319,638)	$ (40,654)	$ 298,134

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The June 30, 2026 net OPEB liability (asset) was measured as of June 30, 2025, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2024, rolled forward to the measurement date of June 30, 2025. The June 30, 2025 net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

At June 30, 2026, the University's proportionate share of the net OPEB liability (asset) was $385,263. Of this amount, the University recognized $214,827 as its proportionate share on the statement of net position. The remainder of $170,436 denotes the University's proportionate share of net OPEB liability (asset) attributable to the special funding situation. A special funding situation is created when a nonemployer (the State of West Virginia) contributes to the collective OPEB on behalf of the organizations in the plan.

At June 30, 2025, the University's proportionate share of the net OPEB liability (asset) was $(168,340). Of this amount, the University recognized $(40,654) as its proportionate share on the statement of net position. The remainder of $(127,686) denotes the University's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2025 and 2024. Employer contributions are recognized when due. At the June 30, 2025 measurement date, the University's proportion was 0.227802920%, an increase of 0.130162401% from its proportion of 0.097640519% calculated as of June 30, 2024. At the June 30, 2024 measurement date, the University's proportion was 0.097640519%, a decrease of 0.172440585% from its proportion of 0.270081104% calculated as of June 30, 2023.

For the year ended June 30, 2026, the University recognized OPEB expense of $323,133. Of this amount, $78,148 was recognized as the University's proportionate share of OPEB expense and $244,985 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of $244,985 for support provided by the State.

For the year ended June 30, 2025, the University recognized OPEB expense of $(187,042). Of this amount, $(255,869) was recognized as the University's proportionate share of OPEB expense and $68,827 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of $68,827 for support provided by the State.

At June 30, 2026 and 2025, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2026	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 15,719	$ 63,554
Net difference between projected and actual investment earnings	-	156,966
Changes in assumptions	501,913	44,272
Differences between expected and actual non-investment experience	195,517	158,177
Contributions after the measurement date	71,642	-
Total	$ 784,791	$ 422,969

9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 48,112	$ 108,240
Net difference between projected and actual investment earnings	-	46,317
Changes in assumptions	15,520	48,072
Differences between expected and actual non-investment experience	141,604	40,880
Contributions after the measurement date	154,481	-
	$ 359,717	$ 243,509

The University will recognize the $71,642 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction (increase) of the net OPEB liability (asset) in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2027	$ 301,639
2028	110,794
2029	(70,877)
2030	(51,376)
	$ 290,180

Payables to the OPEB Plan

The University did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2026 and 2025.

10. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

The University is a State institution of higher education, and the University receives a State appropriation to finance its operations. In addition, it is subject to the legislative and administrative mandates of the State government. Those mandates affect all aspects of the University's operations, its tuition and fee structure, its personnel policies, and its administrative practices.

The State has chartered the Commission with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State's universities and colleges, including certain

10. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

facilities of the University. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents or the former Boards of the University and College Systems (the "Boards").

Students of the State's universities and colleges, including students of the University, are assessed certain tuition charges and fees, which must be remitted by the universities and the colleges to the Commission for use in repayment of the bonds so issued. Any shortfalls between such tuition and fees remitted and actual debt service obligations are the responsibility of the Boards. To the extent that tuition charges and fees so collected by the Commission exceed debt service obligations, the Commission may remit funds back to the universities and colleges for renewal and replacement or maintenance and repair of the facilities so financed. These obligations administered by the Commission are the direct and total responsibility of the Commission, as successor to the former Boards.

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as capital obligations of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. During 2026, the University paid $0, to the Commission against the debt obligation. The amount due to the Commission at June 30, 2026 and 2025 is $0.

During December 2010, the Commission issued $76,865,000 of the State of West Virginia Higher Education Policy Commission Revenue Series 2010 Bonds to fund Bond projects approved by the Commission. The University has been authorized to receive $1,135,000 of these proceeds to be specifically used for upgrades to Wallace Hall roof, windows and HVAC system. As of June 30, 2015, $892,887 of such proceeds have been received. The University began drawing the bond proceeds for this project in FY 2012; eighty-five percent of these bond proceeds must be spent by December 2013. The West Virginia Higher Education Policy Commission is responsible for repayment of this debt.

11. LEASES

The University leases office space for various terms under long-term, noncancelable lease agreements. The leases have monthly installments ranging from $656 to $14,532 plus interest at 6.5% with due dates through to March 2028.

Future annual minimum lease payments on leases for years subsequent to June 30, 2026, are as follows:

	Principal	Interest	Total Payments
2027	179,931	14,458	194,389
2028	127,319	3,473	130,792
	$ 307,250	$ 17,931	$ 325,181

12. SBITAS

The University has agreements for various terms under long-term, noncancelable subscription-based information technology agreements (SBITAs). The SBITAs have annual payments ranging from $3,605 to $88,375 plus interest at 6.5% with due dates ranging from April 2027 to June 2030.

Future annual minimum subscription payments on SBITAs for years subsequent to June 30, 2026, are as follows:

	Principal	Interest	Total Payments
2027	277,372	36,320	313,692
2028	169,529	18,104	187,633
2029	53,605	6,750	60,355
2030	47,196	3,161	50,357
	$ 547,702	$ 64,335	$ 612,037

13. UNRESTRICTED COMPONENTS OF NET POSITION

At June 30, 2026 and 2025 the University has no designated components of net position.

	2026	2025
Total unrestricted net position before OPEB liability and pension items	$ 14,876,909	$ 10,777,191
Less: OPEB (Asset) Liability	214,827	(40,654)
Less: Net Pension Liability	49,213	117,879
Less: Deferred Inflows of Resources	507,637	332,933
Add: Deferred Outflows of Resources	804,320	405,621
Total unrestricted net position	$ 14,909,552	$ 10,772,654

14. RETIREMENT PLANS

Substantially, all full-time employees of the University participate in either the West Virginia Teachers' Retirement System (the "STRS") or the Teachers' Insurance and Annuities Association — College Retirement Equities Fund (the "TIAA-CREF"). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Current participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by University employees have not been significant to date.

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan. New hires have the choice of either plan. As of June 30, 2026 and 2025, respectively, zero employees were enrolled in the Educator's Money 401(a) basic retirement plan.

DEFINED CONTRIBUTION BENEFIT PLANS

The TIAA-CREF is a defined-contribution benefit plan in which benefits are based solely upon amounts contributed plus investment earnings. Employees who elect to participate in this plan are required to make a contribution equal to 6% of total annual compensation. The University matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF, which are not matched by the University.

Total contributions to the TIAA-CREF for the years ended June 30, 2026, 2025 and 2024 were $2,517,468, $2,567,308 and, $2,402,862, respectively, which consisted of contributions of $1,197,219, $1,221,209, and $1,158,784, respectively, from the University and $1,197,219, $1,221,209, and $1,158,784, respectively, from the covered employees in 2026, and 2025. Employees contributed nonmatched amounts of $123,030 and $124,890 in 2026 and 2025, respectively.

14. RETIREMENT PLANS (CONTINUED)

The University's total payroll for the years ended June 30, 2026, 2025, and 2024 was $22,326,525, $22,520,075, and $21,684,264, respectively; total covered employees' salaries in the STRS and TIAA-CREF were $22,227 and $20,008,408; $137,133 and $20,353,469; and $157,949 and $19,313,405 respectively, in 2026, 2025 and 2024.

DEFINED BENEFIT PENSION PLAN

Some employees of the University are enrolled in a defined benefit pension plan, STRS, which is administered by CPRB.

Following is the University's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30:

	2026	2025
Net Pension Liability	$ 49,213	$ 117,879
Deferred Outflows of Resources	19,529	45,904
Deferred Inflow of Resources	84,668	89,424
Revenues (offset)	(594)	17,283
Pension Expense(Revenue)	(47,945)	(40,852)
Contributions made by the University	3,334	20,567

Plan Description

The University contributes to the STRS, a cost-sharing multi-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). STRS provides retirement benefits as well as death and disability benefits. CPRB issues a publicly available financial report that includes financial statements and required supplemental information for STRS. That report can be obtained by writing to CPRB, 601 57th Street, Suite 5, Charleston, West Virginia 25304 or by calling (304) 558-3570.

Benefits Provided

STRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service or any age with 35 years of service. A member may retire with 30 years of credited service at any age with the pension reduced actuarially if the member retires before age 55. Terminated members with at least five, but less than 20 years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the five highest fiscal years of earnings during the last 15 fiscal years of earnings. Chapter 18, Article 7A of the West Virginia State Code assigns

14. RETIREMENT PLANS (CONTINUED)

the authority to establish and amend the provisions of the plan, including contribution rates, to the State Legislature.

Contributions

The funding objective of the CPRB pension trust funds is to meet long-term benefit requirements through contributions, which remain relatively level as a percent of member payroll over time, and through investment earnings. Contribution requirements are set by CPRB. A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded.

Member Contributions: STRS funding policy provides for member contributions based on 6% of members' gross salary. Contributions as a percentage of payroll for members and employers are established by State law and are not actuarially determined.

Employer Contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 7.5% of the gross salary of their STRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to STRS effective July 1, 2008;
3. a certain percentage of fire insurance premiums paid by State residents; and
4. under WV State code section 18-9-A-6a, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994.

As of June 30, 2026 and 2025, the University's proportionate share attributable to this special funding subsidy was $79,044 and $229,598 respectively.

The University's contributions to STRS for the years ended June 30, 2026 and 2025, were approximately $3,334 and $20,567, respectively.

14. RETIREMENT PLANS (CONTINUED)

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2024 and 2023, and rolled forward to June 30, 2025 and 2024, respectively. The following actuarial assumptions were used and applied to the current period measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.25%, net of investment expense.
- Projected salary increases: Teachers 2.75-5.90% and non-teachers 2.75-6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%.
- Mortality rates based on Pub-2016 Mortality Tables.
- Withdrawal rates: Teachers 1.90-31.50% and Non-Teachers 2.530-18.00%.
- Disability rates: 0.000-0.507%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15.00-100.00%.
- *Ad hoc* cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2019 to June 30, 2024.

14. RETIREMENT PLANS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2025 and 2024, are summarized below.

	June 30, 2025	
Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.3%	22.5%
International equity	6.7%	22.5%
Fixed income	4.3%	15.0%
Real estate	7.2%	12.0%
Private equity	8.0%	12.0%
Private credit	8.2%	6.0%
Hedge funds	5.0%	10.0%

	June 30, 2024	
Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	6.5%	22.5%
International equity	9.1%	22.5%
Fixed income	4.3%	15.0%
Real estate	5.8%	12.0%
Private equity	9.2%	12.0%
Private credit	9.8%	6.0%
Hedge funds	4.6%	10.0%

Discount rate. The discount rate used to measure the total STRS pension liability was 7.25% for fiscal years 2026 and 2025. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

14. RETIREMENT PLANS (CONTINUED)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the University's proportionate share of the STRS net pension liability as of June 30, 2026 and 2025 calculated using the discount rate of 7.25%, as well as what the University's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
2026	$ 98,371	$ 49,213	$ 7,552
2025	$ 197,743	$ 117,879	$ 50,223

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The June 30, 2026 STRS net pension liability was measured as of June 30, 2025, and the total pension liability was determined by an actuarial valuation as of July 1, 2024, rolled forward to the measurement date of June 30, 2025. The June 30, 2025 STRS net pension liability was measured as of June 30, 2024, and the total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

At June 30, 2026, the University's proportionate share of the STRS net pension liability was $128,257. Of this amount, the University recognized $49,213 as its proportionate share on the statement of net position. The remainder of $79,044 denotes the University's proportionate share of net pension liability attributable to the special funding.

At June 30, 2025, the University's proportionate share of the STRS net pension liability was $347,477. Of this amount, the University recognized $117,879 as its proportionate share on the statement of net position. The remainder of $229,598 denotes the University's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2025 and 2024. Employer contributions are recognized when due. At the June 30, 2025 measurement date, the University's proportion was 0.003787%, a decrease of 0.002460% from its proportion of 0.006247%, calculated as of June 30, 2024. At June 30, 2024, the University's proportion was 0.006247%, an increase of 0.000611% from its proportion of 0.005636% calculated as of June 30, 2023.

For the year ended June 30, 2026, the University recognized STRS pension expense(revenue) of $(47,945). Of this amount, $(47,351) was recognized as the University's proportionate share of the STRS expense/(revenue) and $(594) as the amount of pension expense attributable to special funding from

14. RETIREMENT PLANS (CONTINUED)

non-employer contributing entity. The University also recognized revenue(offset) of $(594) for support provided by the State.

For the year ended June 30, 2025, the University recognized STRS pension expense of $(40,852). Of this amount, $(58,135) was recognized as the University's proportionate share of the STRS expense and $17,283 as the amount of pension expense attributable to special funding from nonemployer contributing entity. The University also recognized revenue of $17,283 for support provided by the State.

At June 30, 2026 and 2025, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows:

	2026	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	$ 7,606	$ 71,265
Differences between Expected and Actual Experience	8,486	-
Net Difference between Projected and Actual Investment Earnings	-	10,681
Changes in Assumptions	103	2,722
Contributions after the Measurement Date	3,334	-
Total	$ 19,529	$ 84,668

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	$ 10,141	$ 77,253
Differences between Expected and Actual Experience	12,202	-
Net Difference between Projected and Actual Investment Earnings	-	12,171
Changes in Assumptions	2,994	-
Contributions after the Measurement Date	20,567	-
Total	$ 45,904	$ 89,424

14. RETIREMENT PLANS (CONTINUED)

The University will recognize the $3,334 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in STRS pension expense as follows:

Fiscal Year Ended June 30:	Amortization
2027	$ (20,035)
2028	(20,589)
2029	(12,152)
2030	(15,697)
Total	$ (68,473)

Payables to the Pension Plan

The University did not report any amounts payable for normal contributions to the STRS as of June 30, 2026 and 2025.

15. FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the State and has as its purpose "…to aid, strengthen, and further in every proper and useful way, the work and services of the University and its affiliated nonprofit organizations…" Oversight of the Foundation is the responsibility of a separate and independently elected board of directors, not otherwise affiliated with the University. In carrying out its responsibilities, the board of directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Although the University does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, are restricted to the activities by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University and is therefore discretely presented with the University's financial statements in accordance with GASB. Based on the Foundation's audited financial statements as of June 30, 2026 and 2025, the Foundation's net position (including unrealized gains) totaled $33,477,982 and $28,213,559, respectively, on the accrual basis of accounting.

During the years ended June 30, 2026 and 2025, the Foundation contributed $1,180,380 and $1,041,779, respectively, to the University for scholarships. Program expenses of the Foundation are used to provide support to students of the University, for projects that benefit the University and for other activities that support the Foundations mission.

16. AFFILIATED ORGANIZATION

The University has a separately incorporated affiliated organization, the Alumni Association. Oversight responsibility for this entity rests with an independent board and management not otherwise affiliated with the University. Accordingly, the financial statements of this organization are not included in the University's accompanying financial statements under the blended component unit requirements. They are not included in the University's accompanying financial statements under the discretely presented component unit requirements as they are not significant to the University.

17. WEST VIRGINIA STATE UNIVERSITY RESEARCH & DEVELOPMENT CORPORATION

West Virginia State University Research & Development Corporation (the Corporation) is a blended component until of the University. The Corporation's condensed financial statements can be found below. The amounts are based on audited financial statements as of June 30, 2026 and 2025.

West Virginia State University Research & Development Corporation
Condensed Statements of Net Position
June 30, 2026 and 2025

	2026	2025
Assets		
Cash and cash equivalents	$ 1,101,769	$ 2,329,120
Other current assets	3,155,910	2,052,204
Noncurrent assets	5,357,799	3,849,892
Total Assets	9,615,478	8,231,216
Deferred Outflows of Resources	158,636	47,498
Total	9,774,114	8,278,714
Liabilities		
Current liabilities	4,071,776	4,232,812
Non-current liabilities	53,832	50,735
Total Liabilities	4,125,608	4,283,547
Deferred Inflows of Resources	92,622	9,116
Total	4,218,230	4,292,663
Net Position		
Net investment in capital assets	5,281,730	3,752,635
Restricted: other postemployment benefit	-	177
Unrestricted	274,154	233,239
Total Net Position	5,555,884	3,986,051
Total Liabilities and Net Position	$ 9,774,114	$ 8,278,714

17. WEST VIRGINIA STATE UNIVERSITY RESEARCH & DEVELOPMENT CORPORATION (CONTINUED)

West Virginia State University Research & Development Corporation
Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2026 and 2025

	2026	2025
Operating revenues	$ 24,956,172	$ 21,948,504
Operating expenses	18,520,382	17,555,853
Operating Income/Losses	6,435,790	4,392,651
Non-capital subsidies	49,606	299
Operating income and non capital subsidies	6,485,396	4,392,950
Non-operating revenues and expenses:	(4,915,563)	(3,874,192)
Increase in Net Position	1,569,833	518,758
Net Position — Beginning of Year	3,986,051	3,467,293
Net Position — End Year	$ 5,555,884	$ 3,986,051

Complete financial statements for the R&D Corp can be obtained from the Executive Director, West Virginia State University Research & Development Corporation, 305 Byers Land Grant Administration Building, PO Box 1000, Institute, West Virginia 25112.

18. CONTINGENCIES

The nature of the educational industry is such that, from time to time, claims will be presented against the University on account of alleged negligence, acts of discrimination, breach of contract, or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system. In the opinion of management, all known claims are covered by insurance or are such that an award against the University would not seriously affect the financial position of the University.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The University's management believes disallowances, if any, will not have a significant financial impact on the University's financial position.

During August 2022, the University received a proposed penalty letter from the IRS regarding the late filing of certain 2020 information returns. The returns were due March 31, 2021. The University filed the returns in September 2021 at the time the oversight was noted. A letter of abatement has been sent to the IRS and the University has contacted its attorney and contracted with a third party to handle the filing of these returns going forward. The University does not anticipate having to pay any penalty for the oversight.

18. CONTINGENCIES (CONTINUED)

The statement of revenues, expenses and changes in net position has settlement revenue of $6,680,622 reported as an unusual or infrequent item. The amount resulted from a settlement agreement approved by the West Virginia State University Board of Governors and represents unrestricted funds. However, the underlying circumstances giving rise to the litigation were outside the control of University management. The settlement relates to environmental litigation brought by the University against corporate defendants. The funds were recognized as revenue on June 18, 2026, when the settlement was finalized, the settlement agreement was approved, and the payout amount was known. As of June 30, 2026, $6,676,488 of the total $6,680,622 had been received and the remainder is included in accounts receivable.

Certain University buildings contain asbestos-containing materials. The University is not required by federal, state, or local law to remove the asbestos from its buildings. The University is required under federal environmental, health, and safety regulations to manage the presence of asbestos in its buildings in a safe condition. The University addresses its responsibility to manage the presence of asbestos in its buildings on a case-by-case basis. Under GASB Statement No. 49, a pollution remediation liability is recognized when an obligating event occurs and the costs can be reasonably estimated. Asbestos is managed and remediated on a case-by-case basis, generally in connection with renovation projects, and no obligating event requiring remediation had occurred as of June 30, 2026 and 2025. Accordingly, no liability has been recorded. Historical remediation costs have not been material to the financial statements.

19. COMPONENT UNIT DISCLOSURES

The following are the notes taken directly from the Foundation's financial statements as follows:

DESCRIPTION OF THE FOUNDATION

West Virginia State University Foundation, Inc. and Subsidiary (the Foundation) was established to provide support for the private fundraising efforts of West Virginia State University (the University) and to manage privately donated funds on behalf of the University. The Foundation is a nonprofit corporation organized in accordance with the laws of the State of West Virginia and managed by a volunteer Board of Directors.

The private fundraising efforts of the University result in the Foundation receiving gifts and pledges for the benefit of the University. Such gifts and pledges include endowment gifts to be invested in perpetuity, remainder interests in charitable remainder trusts, gift annuities, and other gifts for the benefit of the University and its affiliates. The Foundation also receives gifts and pledges to be used to fund current Foundation activities.

19. COMPONENT UNIT DISCLOSURES (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation policy - The accompanying consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiary, West Virginia State University Foundation Properties, Inc. Intercompany transactions and balances have been eliminated in the consolidation.

Pledges and contributions receivable - Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. The Foundation uses the allowance method to determine uncollectable unconditional promises to give. The allowance is based on prior years' experience concerning the general trends of collection, and management's analysis of specific promises made. Allowance for uncollectable accounts amounted to $160,000 and $110,000 at June 30, 2026 and 2025, respectively.

Investments - Investments are reported at fair value based on quoted prices in active markets. Investment income consists of interest income, dividend income, realized gains (losses), and unrealized gains (losses) less any related fees, and is included in the consolidated statements of revenues, expense and changes in net position.

Endowments - See separately issued component unit financial statements for endowment related disclosures. For the years ended June 30, 2026 and 2025, there were no material reclasses among net position classes nor were there material changes in the endowments.

Property and equipment - The Foundation capitalizes all expenditures in excess of $500 for property and equipment at cost. All donated assets are stated at the fair market value at the time of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	31.5 - 39 years
Furniture and equipment	3 - 7 years

CONCENTRATIONS OF CREDIT RISK

The Foundation's investments consist primarily of financial instruments including cash equivalents, equity securities, fixed income securities, certificates of deposit, and money market funds. These financial instruments may subject the Foundation to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values. Certain receivables also subject the Foundation to concentrations of credit risk. Management believes that risk with respect to these balances is minimal, due to the high credit quality of the institutions used.

The Foundation maintains cash balances at a local financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation. Operating cash exceeding insured limits totaled $775,411 at June 30, 2026.

19. COMPONENT UNIT DISCLOSURES (CONTINUED)

INVESTMENTS

Investments are stated at estimated fair market value in the financial statements. The following is an analysis of the composition of the Foundation's investments:

June 30, 2026	Cost	Fair Value	Unrealized Gain
Mutual funds	$ 17,911,523	$20,974,386	$ 3,062,863
Exchange traded products	1,094,824	1,289,315	194,491
Cash equivalents	22,029	22,029	-
	$ 19,028,376	$22,285,730	$ 3,257,354

June 30, 2025	Cost	Fair Value	Unrealized Gain
Mutual funds	$ 15,702,295	$16,798,007	$ 1,095,712
Exchange traded products	1,402,623	1,533,782	131,159
Cash equivalents	17,652	17,652	-
	$ 17,122,570	$18,349,441	$ 1,226,871

FAIR VALUE MEASUREMENTS

Determination of fair value - The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the

19. COMPONENT UNIT DISCLOSURES (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

facts and circumstances and requires the use of significant judgment. The fair value, a reasonable point within the range, is most representative of fair value under current market conditions.

Fair value hierarchy - In accordance with this guidance, the Foundation groups its financial assets generally measured at fair value in three levels, based on markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets that the Foundation has the ability to access at the measurement date. Level 1 assets generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The valuation may be based on quoted prices for similar assets; 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 asset.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

Fair values of assets measured on a recurring basis at June 30, 2026 are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	$ 20,974,386	$ 20,974,386	$ -	$ -
Exchange traded products	1,289,315	1,289,315	-	-
Promises to give	5,662,944	-	5,662,944	-
Beneficial interest in charitable trusts	304,188	-	-	304,188
Total	$ 28,230,833	$ 22,263,701	$ 5,662,944	$ 304,188

19. COMPONENT UNIT DISCLOSURES (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at June 30, 2025 are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	$ 16,798,007	$ 16,798,007	$ -	$ -
Exchange traded products	1,533,782	1,533,782	-	-
Promises to give	5,433,105	-	5,433,105	-
Beneficial interest in charitable trusts	278,543	-	-	278,543
Total	$ 24,043,437	$ 18,331,789	$ 5,433,105	$ 278,543

Financial instruments classified as Level 3, (beneficial interest in charitable trusts), in the fair value hierarchy represent the Foundation's investments in financial instruments in which management has used at least significant unobservable input in the valuation model. The following table presents a reconciliation of the activities for Level 3 financial instruments:

Balance at June 30, 2024	$ 264,165
Earnings on underlying investment assets	25,775
Distributions from charitable trust	(11,397)
Balance at June 30, 2025	278,543
Earnings on underlying investment assets	38,421
Distributions from charitable trust	(12,776)
Balance at June 30, 2026	$ 304,188

19. COMPONENT UNIT DISCLOSURES (CONTINUED)

PROPERTY AND EQUIPMENT

A summary of property and equipment consists of the following as of:

	June 30, 2026	June 30, 2025
Buildings and improvements	$ 2,877,149	$ 2,877,149
Furniture and equipment	17,015	17,015
	2,894,164	2,894,164
Less accumulated depreciation	(1,330,057)	(1,202,345)
	$ 1,564,107	$ 1,691,819

Depreciation expense was $127,712 and $127,712 for the years ended June 30, 2026 and 2025, respectively.

RESTRICTED NET POSITION

Restricted net position consists of the following:

	June 30, 2026	June 30, 2025
Expendable - scholarships	$1,480,893	$ 1,804,914
Expendable - other	14,291,085	10,220,478
Nonexpendable	15,827,834	14,688,891
Totals	$ 31,599,812	$ 26,714,283

NOTE 20 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The following tables represent operating expenses within both natural and functional classifications for the years ended June 30, 2026 and 2025

2026

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation	Total
Instruction	$ 6,348,953	$ 1,779,462	$ 267,430	$ -	$ -	$ -	$ 8,395,845
Research	3,164,745	613,800	3,474,513	293,220	-	-	7,546,278
Public service	3,209,253	749,097	2,393,552	62,940	-	-	6,414,842
Academic support	697,008	762,567	680,649	-	-	-	2,140,224
Student services	1,603,799	466,935	543,091	-	-	-	2,613,825
General institutional support	4,689,401	1,055,231	4,513,049	2,248	-	-	10,259,929
Operations and maintenance of plant	571,073	162,031	3,014,174	2,069,364	-	-	5,816,642
Scholarship and fellowship	-	-	-	-	2,406,837	-	2,406,837
Auxiliary enterprises	2,051,317	611,844	3,733,495	-	-	-	6,396,656
Depreciation	-	-	-	-	-	4,440,020	4,440,020
Total	$ 22,335,549	$ 6,200,967	$ 18,619,953	$ 2,427,772	$ 2,406,837	$ 4,440,020	$ 56,431,098

2025

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships	Depreciation	Total
Instruction	$ 7,105,786	$ 2,005,051	$ 353,163	$ 21,675	$ -	$ -	$ 9,485,675
Research	3,131,407	577,434	2,744,152	254,924	-	-	6,707,917
Public service	3,242,810	723,325	2,281,924	57,639	-	-	6,305,698
Academic support	1,374,286	112,019	471,312	-	-	-	1,957,617
Student services	1,544,904	349,242	226,089	-	-	-	2,120,235
General institutional support	3,807,885	1,098,812	5,306,519	108,673	-	-	10,321,889
Operations and maintenance of plant	609,899	170,011	3,550,741	1,526,919	-	-	5,857,570
Scholarship and fellowship	-	-	-	-	2,716,640	-	2,716,640
Auxiliary enterprises	2,066,851	547,472	8,393,176	437,123	-	-	11,444,622
Depreciation	-	-	-	-	-	3,763,504	3,763,504
Total	$ 22,883,828	$ 5,583,366	$ 23,327,076	$ 2,406,953	$ 2,716,640	$ 3,763,504	$ 60,681,367

21. SUBSEQUENT EVENT

Subsequent to June 30, 2026, the University's Research and Development Corporation, a blended component unit of the University, was awarded a $26.5 million grant from the U.S. Department of Agriculture (USDA) to support the construction of the University's Agricultural Lab Complex. The grant supplements $50.0 million in funding provided by the State during fiscal year 2025 for the project. As of the date the financial statements were issued, no funds had been disbursed under the USDA grant award.

WEST VIRGINIA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2026

State Teachers' Retirement System
Last 10 Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
University's proportion of the net pension liability (percentage)	0.003787%	0.006247%	0.005636%	0.006562%	0.011212%	0.013766%	0.015763%	0.023024%	0.027162%	0.031345%
University's proportionate share of the net pension liability	$ 49,213	$ 117,879	$ 129,031	$ 168,779	$ 175,219	$ 443,395	$ 468,976	$ 718,868	$ 936,039	$ 1,288,208
State's proportionate share of the net pension liability	79,044	229,598	289,900	375,975	391,758	963,406	1,132,229	1,862,585	2,075,280	2,453,693
Total proportionate share of the net pension liability	$ 128,257	$ 347,477	$ 418,931	$ 544,754	$ 566,977	$ 1,406,801	$ 1,601,205	$ 2,581,453	$ 3,011,319	$ 3,741,901
University's covered payroll	$ 137,133	$ 157,949	$ 154,540	$ 237,301	$ 321,606	$ 379,988	$ 455,247	$ 686,888	$ 747,829	$ 810,120
University's proportionate share of the net pension liability as a percentage of its covered payroll	35.89%	74.63%	83.49%	71.12%	54.48%	116.69%	103.02%	104.66%	125.17%	159.01%
Plan fiduciary net position as a percentage of the total pension liability	89.27%	84.24%	80.42%	77.78%	86.38%	70.89%	72.64%	71.20%	67.85%	61.42%

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year. (measurement date)

WEST VIRGINIA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2026

State Teachers' Retirement System
Last 10 Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 3,334	$ 20,567	$ 23,692	$ 23,181	$ 35,595	$ 48,241	$ 56,998	$ 95,572	$ 238,645	$ 112,174
Contributions in relation to the contractually required contributior	(3,334)	(20,567)	(23,692)	(23,181)	(35,595)	(48,241)	(56,998)	(95,572)	(238,645)	(112,174)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 22,227	$ 137,133	$ 157,949	$ 154,540	$ 237,301	$ 321,606	$ 379,988	$ 455,247	$ 686,888	$ 747,829
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	20.99%	34.74%	15.00%

WEST VIRGINIA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2026

Last 10 Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
University's proportion of the net OPEB liability (asset) (percentage)	0.227802920%	0.097640519%	0.270081104%	0.276520882%	0.332127243%	0.353155870%	0.287413078%	0.348880398%	0.335916772%	
University's proportionate share of the net OPEB liability (asset)	$ 214,827	$ (40,654)	$ (427,451)	$ 307,764	$ (98,757)	$ 1,559,859	$ 4,768,552	$ 7,485,005	$ 8,260,158	
State's proportionate share of the net OPEB liability (asset)	170,436	(127,686)	(182,450)	105,428	(19,446)	344,909	975,861	1,553,307	1,696,646	
Total proportionate share of the net OPEB liability (asset)	$ 385,263	$ (168,340)	$ (609,901)	$ 413,192	$ (118,203)	$ 1,904,768	$ 5,744,413	$ 9,038,312	$ 9,956,804	
University's covered-employee payroll	$ 12,403,477	$ 12,513,678	$ 11,614,163	$ 8,808,238	$ 13,007,894	$ 12,038,919	$ 12,519,915	$ 11,918,745	$ 11,911,454	
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	1.73%	-0.32%	-3.68%	3.49%	-0.76%	12.96%	38.09%	62.80%	69.35%	
Plan fiduciary net position as a percentage of the total OPEB liability	95.76%	102.19%	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%	

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date)
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the University should present information for those years for which information is available.

WEST VIRGINIA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2026

Last 10 Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 71,642	$ 154,481	$ 256,888	$ 537,359	$ 325,121	$ 605,661	$ 682,609	$ 714,102	$ 590,940	
Contributions in relation to the statutorily required contributior	(71,642)	(154,481)	(256,888)	(537,359)	(325,121)	(605,661)	(682,609)	(714,102)	(590,940)	
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
University's covered-employee payroll	$ 12,014,082	$ 12,403,477	$ 12,513,678	$ 11,614,163	$ 8,808,238	$ 13,007,894	$ 12,038,919	$ 12,519,915	$ 11,918,745	
Contributions as a percentage of covered-employee payroll	0.60%	1.25%	2.05%	4.63%	3.69%	4.66%	5.67%	5.70%	4.96%	

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the University should present information for those years for which information is available.

WEST VIRGINIA STATE UNIVERSITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2026 AND 2025

Amounts reported reflect changes in assumptions to more closely reflect actual experience. Significant changes in assumptions are related to projected salary increases, inflation rate, and mortality tables.

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2025	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2016, General Employees table, headcount weighted, projected generationally with scale MP-2021. Retired: Healthy males – 103% of Pub-2016 General Retiree Male table, headcount weighted, projected generationally with scale MP-2021; Retired healthy females – 108% of Pub-2016 General Retiree Female table, headcount weighted, projected generationally with scale MP-2021; Disabled males – 118% of Pub-2016 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2021; Disabled females – 121% of Pub-2016 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2021; Beneficiary males-105% of Pub-2016 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2021; Beneficiary females-117% of Pub-2016 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2021.	7.25%
2024	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019.	7.25%

WEST VIRGINIA STATE UNIVERSITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2026 AND 2025

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2023	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019.	7.25%
2022	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019.	7.25%

WEST VIRGINIA STATE UNIVERSITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2026 AND 2025

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2021	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.25%
2020	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.16%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.75%.	7.5%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired healthy males – 108% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.5%
2019	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%

WEST VIRGINIA STATE UNIVERSITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2026 AND 2025

	Inflation	Salary Increases	Investment Rate of Return	Mortality	Discount Rate
2018	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
2017	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%

There are no other significant factors that affect trends in the amounts reported, such as a change of benefit terms or other assumptions. Additional information, if necessary, can be obtained from the CPRB Annual Comprehensive Financial Report for the corresponding year.

Actuarial Changes Other Postemployment Benefits Plan

The actuarial assumptions used in the total OPEB liability (asset) calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2025	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2034.
2024	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.
2023	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four year to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
2021	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.

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	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
West Virginia State University
Institute, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of West Virginia State University, a component of the West Virginia Higher Education Fund, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 15, 2026. Our report includes a reference to other auditors who audited the financial statements of West Virginia State University Foundation, Inc. and Subsidiary (the Foundation) as described in our report on the University's financial statements. The financial statements of the discretely presented component unit of the University were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component unit of the University.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 15, 2026