

# UNIVERSITY OF ST. THOMAS

Financial Statements



Fiscal Year Ended June 30, 2022

With Report of Independent Auditors

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**UNIVERSITY OF ST. THOMAS  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
University of St. Thomas  
Saint Paul, Minnesota

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of University of St. Thomas (the University), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of University of St. Thomas as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

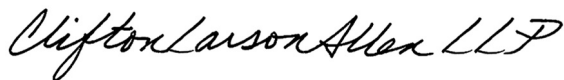
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 University of St. Thomas' 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 University of St. Thomas' 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.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 14, 2022

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**  
*(IN THOUSANDS)*

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 11,880	\$ 1,786
Accounts Receivable, Net	10,628	12,109
Inventories, Prepaid Expenses, and Other Assets	6,789	6,630
Contributions Receivable, Net	127,870	111,517
Student and Other Notes Receivable, Net	1,416	2,083
Funds Held with Bond Trustees	114,528	750
Investments	874,206	910,055
Land, Buildings, and Equipment, Net	525,543	497,618
Total Assets	\$ 1,672,860	\$ 1,542,548
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 40,494	\$ 33,891
Unearned Tuition Income	5,082	5,552
Deposits and Other Liabilities	34,709	33,838
Assets Held in Custody for Others	980	1,208
Annuity Obligations	5,163	6,047
Bonds Payable	355,354	236,378
Advances from Federal Government for Student Loans	1,779	2,580
Total Liabilities	443,561	319,494
<b>NET ASSETS</b>		
Without Donor Restrictions	517,918	539,898
With Donor Restrictions	711,381	683,156
Total Net Assets	1,229,299	1,223,054
Total Liabilities and Net Assets	\$ 1,672,860	\$ 1,542,548

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2022 AND 2021**  
*(IN THOUSANDS)*

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUES</b>						
Tuition and Fees	\$ 343,113	\$ -	\$ 343,113	\$ 348,497	\$ -	\$ 348,497
Less: Student Aid	(172,450)	-	(172,450)	(165,664)	-	(165,664)
Net Tuition and Fees	170,663	-	170,663	182,833	-	182,833
Sales and Services of Auxiliary Enterprises	35,602	-	35,602	30,500	-	30,500
Private Gifts and Grants	6,448	44,932	51,380	9,260	24,840	34,100
Grants and Contracts	21,192	247	21,439	14,607	801	15,408
Endowment Distributed to Operations	9,779	16,544	26,323	2,041	15,109	17,150
Other Ordinary Investment Income	1,137	-	1,137	1,318	-	1,318
Sales and Services of Educational Departments	1,815	-	1,815	2,181	-	2,181
Other Revenue	5,681	-	5,681	3,669	-	3,669
Net Assets Released from Restrictions	31,676	(31,676)	-	30,580	(30,580)	-
Total Operating Revenues	283,993	30,047	314,040	276,989	10,170	287,159
<b>OPERATING EXPENDITURES</b>						
Instruction and Other Services:						
Instruction	128,999	-	128,999	118,084	-	118,084
Auxiliary Enterprises	41,778	-	41,778	38,629	-	38,629
Student Activities and Services	43,573	-	43,573	33,780	-	33,780
Academic Support	16,039	-	16,039	15,045	-	15,045
Libraries	8,647	-	8,647	9,009	-	9,009
Public Service	3,465	-	3,465	3,103	-	3,103
Research	1,759	-	1,759	1,731	-	1,731
Total Instruction and Other Services	244,260	-	244,260	219,381	-	219,381
Management and General:						
General Administration and Support Services	37,603	-	37,603	28,232	-	28,232
Development	10,498	-	10,498	8,949	-	8,949
Total Management and General	48,101	-	48,101	37,181	-	37,181
Total Operating Expenditures	292,361	-	292,361	256,562	-	256,562
<b>NET OPERATING (LOSS) INCOME</b>	(8,368)	30,047	21,679	20,427	10,170	30,597
<b>NON-OPERATING ACTIVITIES</b>						
Endowment Gifts	-	23,030	23,030	-	9,678	9,678
Endowment Investment Earnings:						
Investment Ordinary Income	857	3,301	4,158	739	2,984	3,723
Net Capital (Loss) Gain on Investments	(1,971)	(11,092)	(13,063)	30,943	130,932	161,875
Less: Distributed to Operations	(9,779)	(16,544)	(26,323)	(2,041)	(15,109)	(17,150)
Net Nonoperating Endowment (Loss) Gain	(10,893)	(24,335)	(35,228)	29,641	118,807	148,448
Other Investment Capital (Loss) Gain	(3,510)	(442)	(3,952)	33,327	519	33,846
Loss on Disposal of Property and Equipment	(35)	-	(35)	-	-	-
Net Unrealized Gain on Interest Rate						
Exchange Agreement	826	-	826	469	-	469
Loss on Debt Refinancing	-	-	-	(47)	-	(47)
Donor Adjustments	-	(75)	(75)	-	(264)	(264)
Adjust Straight Line Rent Accrual	-	-	-	4,807	-	4,807
Net Nonoperating (Loss) Income	(13,612)	(1,822)	(15,434)	68,197	128,740	196,937
<b>NET (DECREASE) INCREASE IN NET ASSETS</b>	(21,980)	28,225	6,245	88,624	138,910	227,534
Net Assets - Beginning of Year	539,898	683,156	1,223,054	451,274	544,246	995,520
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 517,918</u>	<u>\$ 711,381</u>	<u>\$ 1,229,299</u>	<u>\$ 539,898</u>	<u>\$ 683,156</u>	<u>\$ 1,223,054</u>

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**  
*(IN THOUSANDS)*

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 6,245	\$ 227,534
Adjustments to Reconcile Increase in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation	18,440	16,554
Amortization of Debt Issuance Costs	153	218
Net Realized and Unrealized Investment Loss (Gain)	17,015	(195,721)
Loss on Defeased Bonds	-	47
Noncash Gifts of Property and Equipment	-	(30)
Contributions Restricted for Long-Term Investment	(24,328)	(17,318)
Contributions Restricted for Investment in Property, Plant, and Equipment	(11,826)	(10,306)
Interest and Dividend Income Restricted for Long-Term Investment	(4,158)	(3,722)
Decrease in Allowance for Uncollectible Pledges	(735)	(107)
Loss on Disposal of Land, Buildings, and Equipment	35	1
Noncash Contributions of Marketable Securities	(3,928)	(4,663)
Increase (Decrease) in Operating Assets:		
Accounts Receivable, Net	1,481	(4,354)
Contributions Receivable	(15,618)	7,939
Student and Other Notes Receivable	667	1,453
Inventories, Prepays and Other Assets	(159)	(1,238)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	6,603	(5,695)
Unearned Tuition Income	(470)	(2,111)
Deposits and Other Liabilities	2,491	(4,216)
Assets Held in Custody for Others	(228)	222
Annuity Obligations	(884)	233
Advances from Federal Government for Student Loans	(801)	(626)
Net Cash (Used) Provided by Operating Activities	(10,005)	4,094
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(269,333)	(240,998)
Proceeds from Sales and Maturities of Investments	291,703	196,371
Changes in Assets Held with Bond Trustees, Excluding Net Gains and Losses	(113,778)	26,181
Expenditures for Land, Buildings, and Equipment	(46,008)	(23,029)
Net Cash Used by Investing Activities	(137,416)	(41,475)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted for Endowment	24,328	17,318
Proceeds from Contributions Restricted for Land, Buildings, and Equipment	11,826	10,306
Proceeds from the Issuance of Bonds Payable	131,000	9,135
Payments on Bonds Payable	(11,845)	(11,146)
Debt Issuance Costs	(332)	(132)
Payments on Finance Leases	(1,620)	(2,478)
Interest and Dividend Income Restricted for Long-Term Investment	4,158	3,722
Net Cash Provided by Financing Activities	157,515	26,725
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	10,094	(10,656)
Cash and Cash Equivalents - Beginning of Year	1,786	12,442
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 11,880	\$ 1,786

See accompanying Notes to Consolidated Financial Statements.



**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2022 AND 2021**  
*(IN THOUSANDS)*

<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>	2022	2021
Cash Paid for Interest	\$ 9,698	\$ 10,128
Building and Equipment Acquisitions Included Under Accounts Payable and Accrued Expenses	\$ 9,441	\$ 3,397
Equipment Acquired Through Finance Lease Agreements	\$ 2,919	\$ 1,611
Issuance of Bonds Payable to Defeas Other Bonds	\$ -	\$ 9,610

*See accompanying Notes to Consolidated Financial Statements.*

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Founded in 1885, the University of St. Thomas (the University) is a Catholic university based in the Twin Cities of St. Paul and Minneapolis. The largest private university in Minnesota, the University offers bachelor's degrees in over 150 major fields of study and more than 55 graduate degree programs including masters, education specialist, juris doctor, and doctorates.

**Basis of Presentation**

The accompanying consolidated statements of the University have been prepared on an accrual basis of accounting.

Net assets and related revenues and expenses are classified into the following two categories based upon the existence or absence of donor-imposed restrictions:

*Without Donor Restrictions* – Net assets not subject to donor-imposed stipulations. Certain of these amounts have been designated by the board for investment purposes as indicated in the presentation.

*With Donor Restrictions* – Net assets subject to donor-imposed stipulations that: a) restrict their use to a specific purpose and/or the passage of time; or b) require that they be maintained in perpetuity by the University; generally, the donor of these assets permits the University to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes.

Revenues are reported as increases in *net assets without donor restrictions* unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same year the gift is made are reported as contributions *with donor restrictions* and releases in the current year. Expirations of donor-imposed restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished, and/or the stipulated time period has elapsed, are reported as net assets released from restrictions. Expenses are reported as decreases in *net assets without donor restrictions*. Gains and losses on assets and liabilities are reported as increases or decreases in *net assets without donor restrictions* unless their use is restricted by explicit donor stipulations.

**Principles of Consolidation**

The consolidated financial statements include the accounts of UST Asset Holdings, LLC, UST Investments Holdings, LLC, Auto Park, LLC and Central Orono, LLC. The University of St. Thomas has both control and an economic interest in the LLCs. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the "University of St. Thomas."

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

All liquid cash investments with an original maturity of three months or less when purchased by the University are considered to be cash equivalents.

Cash equivalents that are held for long-term investment are included in the consolidated statements of financial position as Investments. For example, cash held by endowment investment managers for transactional or strategic purposes, and cash held for the purchase of buildings and equipment, are reported as investments.

Cash held in bank accounts may at times exceed federally insured limits.

**Accounts Receivable**

Accounts receivable are stated at net realizable value. The University provides an allowance for bad debts using the allowance method, which is based on management judgement considering historic information.

**Inventories**

Inventories are recorded at the lower of cost or net realizable value with cost determined on a first-in, first-out (FIFO) basis. Inventories consist mainly of books and materials at the campus stores.

**Contributions Receivable**

Pledges to give that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The pledge value is calculated by using an income approach of applying a discount rate technique in the year in which the pledge is received. The original discount rate determined at the date of the pledge is applied over the duration of each pledge. The discount rates applied range from 0.1% to 6.4%. Conditional promises to give are not included as support until such time as the conditions are substantially met.

**Investments**

Investments are stated at fair value and include accrued income. Changes in fair value are recorded as unrealized gains or losses in the period of change. Realized gains and losses on sales of securities are generally determined using the average cost method.

Marketable securities are reported at fair value based upon quoted market prices or, when quoted values are not available, are valued based on comparative financial instruments. Limited marketability instruments, which primarily include private equity, hedge funds, and real estate investments, are valued at the quoted market price for securities in which market quotations are readily available or an estimate of fair value as determined in good faith by the general partner. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

In such instances, these investments are measured using the net asset value per share or its equivalent provided by the investee as of March 31, adjusted for cash receipts, cash disbursements, and significant known valuation changes in market values of publicly held securities contained in the portfolio and security distributions through June 30.

Donated investments are reported at fair market value at the time they are received or their net realizable value.

**Funds Held with Bond Trustee**

Funds held with bond trustees include investments consisting of primarily United States government obligations and cash and cash equivalents.

**Fair Value Measurements**

The University follows the Financial Accounting Standards Board (FASB) guidance on fair value measurements. Fair value is defined in the guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which is based on the transparency of information, such as pricing source, used in the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

*Level 1* – Inputs are unadjusted quoted prices for identical assets or liabilities in an active market.

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.

*Level 3* – Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own determination about the assumptions that market participants would use in pricing the assets or liabilities based on the best available information.

The University adopted the standard on disclosures for investments in certain entities that calculate net asset value (NAV) per share or its equivalent, which removes those investments that calculate NAV per share from the fair value disclosure.

Concerning other assets and liabilities not assigned a Level 1-2-3, the market values of receivables, accounts payable and accrued liabilities, and unearned income approximate their carrying values given their short-term nature.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

The fair value of bonds payable was determined using the present value of the future cash flows of debt service payments using Level 2 inputs. The discount rate used was based on the current rate on similar debt issues.

The determination of the fair value of loan fund receivables, which are federally sponsored student loans with U.S. government-mandated interest rates and repayment terms and subject to significant restrictions, could not be made without incurring excessive costs.

**Land, Buildings, and Equipment**

Equipment with a cost of \$10,000 or greater and buildings with a cost of \$100,000 or greater are capitalized by the University. Land, building, and equipment acquisitions are stated at cost if purchased, or fair value if gifted, less accumulated depreciation. Long-lived assets, with the exception of land and artwork, are depreciated using a straight-line method over their estimated useful lives. Useful lives for equipment range from 5 to 8 years. Useful lives for the majority of buildings and improvements range from 20 to 60 years.

**Asset Retirement Obligations**

Asset retirement obligations (ARO) are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the University records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The University reduces ARO liabilities when the related obligations are settled.

As of June 30, 2022 and 2021, conditional asset retirement obligations, which are included within Deposits and Other Liabilities in the consolidated statements of financial position, totaled \$2,368,000 and \$3,288,000, respectively. During the fiscal year ended June 30, 2022, the conditional asset retirement obligation decreased by \$920,000 as a result of asbestos removal costs of \$1,033,000 and accretion of interest of \$113,000.

Changes in management's assumptions regarding settlement dates and settlement methods could have a material effect on the liabilities recorded at June 30, 2022.

**Assets Held in Custody for Others**

Assets held in custody for others represents primarily investments that are held and administered by the University but are owned by other nonprofit organizations. These related investments are included within investments in the consolidated statements of financial position.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Annuity Obligations**

Some contributions received, such as interests in charitable gift annuity contracts and charitable trusts, have donor-imposed obligations to make payments to the donor or other beneficiaries. Annuity obligations arising from such gifts are established at the time of the contribution using life expectancy actuarial tables and are revalued annually. Actuarial gains and losses resulting from the annual revaluation of annuity obligations are reflected as with donor restriction, consistent with the method used to initially record the contributions.

**Leases**

The University determines if an arrangement is a lease at inception. Operating leases are included in Deposits and Other Liabilities, and finance leases are included in Land, Building, and Equipment, Net deposits in the statements of financial position.

Right of Use (ROU) assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The University has elected to recognize payments for short-term leases with a lease term of 12 months or less as an incurred expense and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The individual lease contracts may or may not provide information about the discount rate implicit in the lease. For those contracts that do not contain a discount rate, the University has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The University has elected not to separate nonlease components from lease components and instead account for each separate lease component and the nonlease component as a single lease component.

**Tuition and Fee Revenue**

The University recognizes student revenue within the fiscal year in which educational services are provided. Discounts in the form of scholarships and financial aid grants, including those funded by the endowment and gifts, are reported as a reduction of student revenues. A discount represents the difference between the stated charge for the academic program and the amount that is billed to the student and/or third parties making payment on behalf of the student.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tuition and Fee Revenue (Continued)**

Educational programs are delivered in the Fall (early September to mid-December), during J-Term (January) and Spring (early February to mid-May), as well as multiple Summer terms. For the Summer terms, revenue is recognized ratably over the terms, with approximately 54% of the revenue for Summer recognized in the current year's consolidated financial statements and 46% of the tuition and fees for Summer recorded as deferred revenue at June 30.

The following table shows the University's gross tuition revenue and fee revenues disaggregated according to the timing of the transfer of goods or services and by source as of June 30:

*(in thousands)*

Revenue Recognized Over Time:	2022	2021
Undergraduate Tuition Revenue	\$ 269,567	\$ 272,805
Graduate Tuition Revenue	62,697	64,611
Student Fee Revenue	10,849	11,081
Total Tuition and Fees	\$ 343,113	\$ 348,497

**Auxiliary Services Revenue**

Auxiliary services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public. Fees charged for auxiliary services are priced to offset the cost of the goods or services provided. The distinguishing characteristic of auxiliary services is that they are managed as an essentially self-supporting activity. Revenues and expenses from auxiliary enterprises are reported as changes in net assets without donor restrictions.

Auxiliary services revenue includes activities for student housing and dining facilities, the campus bookstore, and parking services. A small number of institutional scholarships specifically for defraying the costs of residential services are awarded, which reduce the amount of revenue recognized. Payments for housing and dining services are due by the 19th of the first month of the new academic term unless they have extended payment terms.

Housing and dining plans are not offered during the summer terms. Performance obligations for housing and dining services are delivered over the academic terms. Consequently, associated revenues are earned and recognized over the course of each term as the services are delivered.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Auxiliary Services Revenue (Continued)**

The following table shows the University's auxiliary services revenues disaggregated according to the timing of the transfer of goods and services by source as of June 30:

*(in thousands)*

Revenue Recognized Over Time:	2022	2021
Housing	\$ 17,963	\$ 16,097
Dining	9,739	8,451
Parking	1,602	1,163
Rental Income and Other	1,174	503
Total	\$ 30,478	\$ 26,214
Revenue Recognized Point In Time:		
Bookstore	\$ 3,369	\$ 3,645
Dining	1,755	641
Total	\$ 5,124	\$ 4,286
Total Sales and Services of Auxiliary Enterprises	\$ 35,602	\$ 30,500

**Contributions**

Contributions received, including unconditional donor promises, are recognized as revenue when the University receives the donor's commitment. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances for uncollectible pledges. Other gifts are recorded at the fair value at the date of the gift.

Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions support. Conditional promises are recorded when donor stipulations are substantially met.

Consequently, at June 30, 2022, contributions approximating \$20,000,000 for a Science, Technology, Engineering, Arts, and Mathematics (STEAM) complex have not been recognized in the accompanying consolidated statement of activities because the conditions on which they depend have not yet been met. The contribution amounts depend on a number of milestones, including the substantial completion of the complex which is scheduled to open its doors in 2025.

The University reports gifts of land, buildings, and equipment as without donor restriction support unless explicit donor stipulations specify how the donated asset must be used.



**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants and Contracts**

A portion of the University's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the University has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. The University received cost reimbursable grants of \$12,041,000 that have not been recognized at June 30, 2022, because qualifying expenditures have not yet been incurred, with an advance payment of \$100,000 recognized in the consolidated statement of financial position as a refundable advance.

**Nonoperating Activities**

Nonoperating activities reflect transactions of a long-term investment nature including:

- donor-restricted private gifts and grants which are invested in perpetuity,
- endowment investment earnings reinvested, withdrawals above the spending policy, and board quasi draws,
- other nonendowment investment gains or losses,
- reclassification of prior gifts among net asset categories due to changes in donor-imposed restrictions,
- nonrecurring fixed asset gains and losses,
- gain (loss) on debt refinancing,
- other transactions that are significant, nonrecurring, and are not accounted for as part of ongoing budgeted operations.

**Advertising Expense**

Advertising expenditures are expensed as incurred. Advertising expense for the years ended June 30, 2022 and 2021 was \$2,802,000 and \$2,374,000, respectively.

**Use of Estimates**

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that change in the values will occur in the near term and that such changes could materially affect the consolidated financial statements.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The University qualifies as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and similar statutes of Minnesota law. However, any unrelated business income may be subject to taxation. The most significant areas that subject the University to unrelated business income tax (UBIT) include conferences and events, rental activities, alternative investments, and other unrelated income.

**Adoption of Accounting Principle**

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The FASB issued this ASU to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. Nonfinancial assets are defined within the ASU as including fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments do not change the recognition and measurement of nonfinancial assets. For the fiscal year end June 30, 2022 and 2021, respectively, the amount of contributed nonfinancial assets were immaterial to the University and do not require separate disclosure. In the event of future materiality of such contributed assets, the University will incorporate the disclosures required under ASU 2020-07 guidance.

**Subsequent Events**

The University has evaluated subsequent events through November 14, 2022, which is the date that the consolidated financial statements were issued.

**NOTE 2 ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following at June 30:

<i>(in thousands)</i>	2022	2021
Student Accounts	\$ 6,652	\$ 6,467
Less: Allowance for Doubtful Accounts	(2,809)	(2,809)
Subtotal	3,843	3,658
Government Grants Receivable	1,760	1,877
Other	5,025	6,574
Total	\$ 10,628	\$ 12,109

Student accounts receivable represents payments not yet received for academic terms already completed. The following depicts activities for accounts receivable related to tuition, fees, and auxiliary services:

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 ACCOUNTS RECEIVABLE (CONTINUED)**

<i>(in thousands)</i>	2022	2021
Student Accounts - Beginning Balance	\$ 3,658	\$ 3,554
Charges for Tuition, Fees, and Other, Net	376,834	380,205
Financial Aid Applied and Payments Made	(376,434)	(379,671)
Change in Allowance and Write-Offs	(215)	(430)
Student Accounts - Ending Balance	<u>\$ 3,843</u>	<u>\$ 3,658</u>

**NOTE 3 CONTRIBUTIONS RECEIVABLE**

Unconditional promises to give are recognized at the estimated present value of the future cash flows net of allowances, in the following timeframe at June 30:

<i>(in thousands)</i>	2022	2021
In One Year or Less	\$ 20,082	\$ 15,812
Between One Year and Five Years	63,077	50,845
More than Five Years	61,489	61,539
Total Gross Pledges Outstanding	144,648	128,197
Discount (to Present Value)	(11,397)	(12,034)
Allowance for Uncollectible Pledges	(5,381)	(4,646)
Contributions Receivable	<u>\$ 127,870</u>	<u>\$ 111,517</u>

**NOTE 4 STUDENT AND OTHER NOTES RECEIVABLE, NET**

The University participates in the Perkins federal revolving loan program. As of September 30, 2017, the authority for providing new loans under this loan program expired. As a result, the University is only servicing outstanding loans which were issued prior to the expiration date. Funds advanced by the federal government are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government. As of June 30, 2022 and 2021, there were \$1,416,000 and \$2,083,000, respectively, of Federal Perkins Loans receivable. These student loans represented 0.1% of total assets as of June 30, 2022.

At June 30, the following amounts were past due under the Perkins student loan program:

<i>(in thousands)</i>	1 - 60 Days Past Due	60 - 90 Days Past Due	90+ Days Past Due	Total Past Due
2022	\$ 72	\$ 4	\$ 305	\$ 381
2021	\$ 64	\$ 6	\$ 373	\$ 443

Federal Perkins Loans that are originated and serviced properly under Department of Education regulations can be assigned to the Department of Education when deemed no longer collectible. The University is not aware of any material amount of loans not properly originated or serviced under Department of Education regulations. As a result, no allowance for doubtful accounts has been recorded against these note receivables.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 5 INVESTMENTS**

The following table summarizes the value of investments at June 30:

<i>(in thousands)</i>	2022	2021
Cash Equivalents	\$ 73,892	\$ 76,369
Public Equities	327,786	412,361
Fixed Income	72,010	91,285
Real Assets	51,258	51,929
Marketable Alternatives	109,610	99,371
Private Equity	239,650	178,740
Total Market Value	\$ 874,206	\$ 910,055

The University investments include operating as well as endowment and other long-term assets. Operating cash is invested in mutual funds, the majority of which is invested in U.S. Treasury obligations. The University's long-term assets are invested in a diversified asset allocation approach, within defined limits, which maintains exposure to global equity, fixed income, real assets, hedge funds, and private equity through a partnership with external investment managers operating through a variety of investment vehicles including separate accounts, commingled funds, mutual funds, and limited partnerships.

Real assets include an endowed real estate asset that is owned and operated by the University. Real estate is recorded at its donated appraised value of \$15,662,000. The accumulated depreciation of the real estate at June 30, 2022 and 2021 was \$1,370,000 and \$979,000, respectively.

The components of investments and investment earnings are summarized below as of June 30:

<i>(in thousands)</i>	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>Investment Earnings</u>			
Interest and Dividends	\$ 1,994	\$ 3,301	\$ 5,295
Capital Loss	(5,481)	(11,534)	(17,015)
Total Investment Results	\$ (3,487)	\$ (8,233)	\$ (11,720)

<i>(in thousands)</i>	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>Investment Earnings</u>			
Interest and Dividends	\$ 2,057	\$ 2,984	\$ 5,041
Capital Gains	64,270	131,451	195,721
Total Investment Results	\$ 66,327	\$ 134,435	\$ 200,762

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 6 FAIR VALUE MEASUREMENTS**

**Fair Value Hierarchy**

The following table presents the University's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at June 30:

<i>(in thousands)</i>	2022			Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
<b>Assets:</b>				
Funds Held with Bond Trustees:				
Cash Equivalents	\$ 114,529	\$ -	\$ -	\$ 114,529
Total Funds Held with Bond Trustees	114,529	-	-	114,529
Investments:				
Cash Equivalents	45,395	-	-	45,395
Public Equities	99,914	-	-	99,914
Fixed Income	71,889	-	-	71,889
Private Equity	-	-	-	-
Total Investments	217,198	-	-	217,198
Total Assets	\$ 331,727	\$ -	\$ -	\$ 331,727
<b>Liabilities:</b>				
Interest Rate Swap Agreements	\$ -	\$ 611	\$ -	\$ 611
<b>2021</b>				
<i>(in thousands)</i>	2021			Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
<b>Assets:</b>				
Funds Held with Bond Trustees:				
Cash Equivalents	\$ 751	\$ -	\$ -	\$ 751
Total Funds Held with Bond Trustees	751	-	-	751
Investments:				
Cash Equivalents	39,365	-	-	39,365
Public Equities	141,782	-	-	141,782
Fixed Income	91,114	-	-	91,114
Private Equity	-	-	-	-
Total Investments	272,261	-	-	272,261
Total Assets	\$ 273,012	\$ -	\$ -	\$ 273,012
<b>Liabilities:</b>				
Interest Rate Swap Agreements	\$ -	\$ 1,437	\$ -	\$ 1,437

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table presents the reconciliation to the consolidated statements of financial position for financial instruments as of June 30:

<i>(in thousands)</i>	2022	2021
Investments Measured at Fair Value	\$ 217,198	\$ 272,261
Investments Measured at Net Asset Value	657,008	637,794
Total	\$ 874,206	\$ 910,055

**Net Asset Value**

The fair value of certain investments has been estimated using the NAV as reported by the management of the fund. FASB guidance allows for the use of the NAV as a “practical expedient” to estimate the fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the University’s interest in the fund. The University generally considers a redemption period of 90 days or less to be near term.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)**

Investments in certain entities that calculate NAV per share (or its equivalent) as of June 30:

<i>(in thousands)</i>	2022			
	Net Asset Value	Unfunded Commitments	Redemption Notice Period	Redemption Restrictions
<b>Redemption Frequency</b>				
Daily/Weekly:				
Cash Equivalents	\$ 25,001	\$ -		
Public Equities	50,942	-	1 Day	
Fixed Income	121	-		
Total Daily/Weekly	<u>76,064</u>	<u>-</u>		
Monthly:				
Public Equities	73,614	-	6-30 Days	
Real Assets	-	-	30 Days	
Marketable Alternatives	7,905	-	5-30 Days	
Total Monthly	<u>81,519</u>	<u>-</u>		
Quarterly:				
Public Equities	99,867	-	60 Days	
Real Assets	1,499	-	60 Days	
Marketable Alternatives	33,876	-	60-90 Days	
Total Quarterly	<u>135,242</u>	<u>-</u>		
Annual:				
Cash Equivalents	446	-		
Public Equities	-	-	120 Days	
Marketable Alternatives	38,798	-	60-90 Days	One fund has a side pocket
Total Annual	<u>39,244</u>	<u>-</u>		
Two or More Years:				
Cash Equivalents	3,050	-		
Public Equities	3,450	1,975	NA	
Real Assets	49,760	7,921	NA	
Marketable Alternatives	29,031	733	NA	One fund has a side pocket;
Private Equity	239,648	46,657	NA	two funds have holdbacks
Total Two or More Years	<u>324,939</u>	<u>57,286</u>		
Total Level 2 and Level 3 with NAV Per Share	<u>\$ 657,008</u>	<u>\$ 57,286</u>		

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Net Asset Value (Continued)**

<i>(in thousands)</i>	2021			
<u>Redemption Frequency</u>	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Notice Period</u>	<u>Redemption Restrictions</u>
Daily/Weekly:				
Cash Equivalents	\$ 34,105	\$ -		
Public Equities	59,722	-	1 Day	
Fixed Income	171	-		
Total Daily/Weekly	<u>93,998</u>	<u>-</u>		
Monthly:				
Public Equities	89,414	-	6-30 Days	
Marketable Alternatives	7,957	-	5-30 Days	
Total Monthly	<u>97,371</u>	<u>-</u>		
Quarterly:				
Public Equities	111,761	-	60 Days	
Real Assets	14,844	-	60 Days	
Marketable Alternatives	33,531	-	60-90 Days	
Total Quarterly	<u>160,136</u>	<u>-</u>		
Annual:				
Cash Equivalents	445	-		
Marketable Alternatives	34,071	-	60-90 Days	One fund has a side pocket
Total Annual	<u>34,516</u>	<u>-</u>		
Two or More Years:				
Cash Equivalents	2,454			
Public Equities	9,683	2,537	NA	
Real Assets	37,084	18,719	NA	
Marketable Alternatives	23,811	1,878	NA	One fund has a side pocket;
Private Equity	178,740	83,264	NA	two funds have holdbacks
Total Two or More Years	<u>251,772</u>	<u>106,397</u>		
Total Level 2 and Level 3 with NAV Per Share	<u>\$ 637,794</u>	<u>\$ 106,397</u>		

**NOTE 7 DERIVATIVE INSTRUMENTS**

The University uses interest rate swaps as part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. Interest rate swaps are used to manage identified and approved exposures and are not used for speculative purposes. The interest rate swaps are recognized as either assets or liabilities on the consolidated statements of financial position and are measured at fair value. Interest rate swaps are often held for the life of the strategy but may reflect significant interim unrealized gains or losses depending on the change in value since the inception of the contract. All unrealized and realized gains and losses from the interest rate exchange agreements are reflected in the consolidated statements of activities.



**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7 DERIVATIVE INSTRUMENTS (CONTINUED)**

In February 2006, the University entered into a forward interest rate swap agreement having a notional amount of \$12,300,000. This swap was utilized to reduce the volatility risk for a portion of the University's variable interest rate exposure on debt issue Series Six-H. The Series Six-H bond issue has been refinanced three times since 2006, most recently in 2020 by the 2020 Series A&B bonds. The swap remains outstanding, but the notional amount reduces annually to match the amortization of the 2020A&B bonds. The swap has a notional value of \$8,400,000 and \$9,015,000 as of June 30, 2022 and 2021, respectively. Under the swap agreement, the counterparty will pay the University a variable interest rate equal to 67% of the three-month London Interbank Offered Rate (LIBOR) and the University will pay the counterparty a fixed rate of 3.553% for a term that ends October 1, 2032.

For the fiscal years ended June 30, 2022 and June 30, 2021, the University did not authorize this investment manager to use derivative instruments. The University's derivative instruments involve varying degrees of risk of loss in excess of the amount recognized in the consolidated statements of financial position arising from potential changes in market prices. The market value of the derivative contracts was \$10,612,000 and \$4,538,000 as of June 30, 2022 and 2021, respectively. Net (loss) gains from these derivative contracts are summarized as follows:

<i>(in thousands)</i>	2022	2021
Investment (Loss) Gain	\$ (2,452)	\$ 181

In addition, the University, through its investment activities, is indirectly involved in such activities as trading in futures, forward contracts, and other derivative products. Derivatives are used to adjust portfolio risk exposure. While these instruments may contain varying degrees of risk, the University's risk with respect to such transactions is limited to its respective share in each investment pool.

**NOTE 8 LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment and related accumulated depreciation at June 30 consist of the following:

<i>(in thousands)</i>	2022	2021
Land	\$ 36,880	\$ 36,880
Land Improvements	13,334	13,334
Buildings	613,844	612,112
Equipment, Library Books, Art Objects	149,236	149,720
Cost of Land, Buildings, and Equipment	813,294	812,046
Less: Accumulated Depreciation	(330,994)	(322,081)
Land, Buildings, and Equipment, Net of Depreciation	482,300	489,965
Add: Construction-in-Progress	43,243	7,653
Land, Buildings, and Equipment, as Reported	\$ 525,543	\$ 497,618

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 UNEARNED TUITION REVENUE**

Unearned tuition income of \$5,082,000 and \$5,552,000 as of June 30, 2022 and 2021, respectively, represents performance obligations associated with payments received for each academic year's summer terms that usually begin in late-May to early-June and end in mid-July to late-August.

The following table depicts activities for deferred revenue related to tuition and fees:

*(in thousands)*

Balance at June 30, 2021	Refunds Issued	Revenue Recognized Included in June 30, 2021 Balance	Cash Received in Advance of Performance	Balance at June 30, 2022
\$ 5,552	\$ (127)	\$ 5,425	\$ 5,082	\$ 5,082

*(in thousands)*

Balance at June 30, 2020	Refunds Issued	Revenue Recognized Included in June 30, 2020 Balance	Cash Received in Advance of Performance	Balance at June 30, 2021
\$ 7,788	\$ (107)	\$ 7,681	\$ 5,552	\$ 5,552

The timing of revenue recognition, billings, and cash collections results in billed Accounts Receivable (contract assets), Unearned Tuition Income, and Customer Advances and Deposits (contract liabilities) on the statement of financial position. In some instances, we receive advances or deposits from customers before revenue is recognized, resulting in contract liabilities. The deposits are liquidated when revenue is recognized. For the years ended June 30, 2022 and 2021, respectively, there were \$4,393,000 and \$4,081,000 of customer advances or deposits included in "Deposits and Other Liabilities" on the statement of financial position.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 10 BONDS PAYABLE**

Bonds payable consists of the following at June 30:

*(in thousands)*

<u>Description</u>	<u>2022</u>	<u>2021</u>
<b>MHEFA Revenue Bonds, Series 2022</b>		
Payable through 2053, interest at 4% to 5%, uncollateralized, proceeds used for STEAM building, Brady, Koch Commons, Dowling, Summit Classroom Building renovations and Athletic facilities	\$ 131,000	\$ -
<b>MHEFA Revenue Bonds, Series 2019</b>		
Payable through 2044, interest at 4% to 5%, uncollateralized, proceeds used for Tommie North Residence Hall and Frey Residence Hall	79,545	80,525
<b>MHEFA Revenue Bonds, Series 2017A</b>		
Payable through 2037, interest at 3% to 5%, uncollateralized, proceeds used for Anderson Student Center	55,425	56,000
<b>MHEFA Revenue Bonds, Series Eight-L</b>		
Payable through 2039, interest at 3% to 5%, uncollateralized, proceeds used to advance refund Series 6W and 6X, original proceeds used for Anderson Athletic and Recreation Complex and Anderson Parking Facility	45,140	47,035
<b>MHEFA Revenue Bonds, Series Seven-U</b>		
Payable through 2027, interest at 4% to 5%, uncollateralized, proceeds used to advance refund Series 5L and 5Z, original proceeds used for School of Law building, Schulze Hall and Terrence Murphy Hall	12,690	14,430
<b>MHEFA Revenue Notes, Series Seven Z</b>		
Payable through 2034, interest at 2.77%, uncollateralized, proceeds used to refund Series Five-Y, original proceeds used for Flynn Hall	13,899	14,954
<b>MHEFA Revenue Bonds, Series Eight-M</b>		
Payable through 2022, interest at 4%, uncollateralized, proceeds used to advance refund Series 6I, original proceeds used for Opus Hall, Morrison Hall and the Science and Engineering Center	-	2,465

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 10 BONDS PAYABLE (CONTINUED)**

*(in thousands)*

Description (Continued)

	2022	2021
<b>MHEFA Variable Rate Demand Revenue Bonds,</b>		
<b>Series 2017B</b>	\$ 1,975	\$ 3,655
Payable through 2025, variable interest rate (not to exceed 15%), uncollateralized, proceeds used to refund Series Four-O and Five-C, original bond proceeds used for Science and Engineering Center, John Roach Center, Morrison Hall, and other additions		
<b>MHEFA Variable Rate Demand Revenue Bonds,</b>		
<b>Series 2020 A&amp;B</b>	16,695	18,150
Payable through 2032, fixed interest at weighted average 1.811%, uncollateralized: 51% proceeds used to refund Series 2017C, used to refund Series Six-H, original bond proceeds used for McNeely Hall; 49% proceeds used for Center of Well Being and Ireland Hall Renovations		
Total Gross Long-Term Debt	356,369	237,214
Less: Debt Issuance Costs	(1,015)	(836)
Total Gross Long-Term Debt, Net of Costs	\$ 355,354	\$ 236,378
Approximate Market Value of Long-Term Debt	\$ 368,304	\$ 275,101

Interest expense was \$9,826,000 and \$9,964,000 for the years ended June 30, 2022 and 2021, respectively.

As of June 30, 2022, the variable interest rate associated with the above variable debt issues, and the associated interest rate swap agreements, was approximately 2.5%.

The annual maturities for bonds payable at June 30, 2022 are as follows:

*(in thousands)*

Year Ending June 30,	Amount
2023	\$ 11,525
2024	12,212
2025	12,744
2026	13,932
2027	14,641
Thereafter	291,315
Total	\$ 356,369

The University has a line of credit of \$10,000,000 with interest at 1.29% plus the greater of (i) zero percent or (ii) the one-month forward-looking term rate based on SOFR which expires on March 31, 2023. At June 30, 2022 and 2021, the University had no borrowings under the line of credit.

**UNIVERSITY OF ST. THOMAS**  
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**NOTE 11 ENDOWMENT**

The University's endowment consists of over 600 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of trustees of the University has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as donor-restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the University and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the University
7. The investment policies of the University

Changes in endowment net assets for the years ended June 30 are as follows:

<i>(in thousands)</i>	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets as of July 1	\$ 122,873	\$ 586,116	\$ 708,989
Investment Return:			
Investment Ordinary Income	857	3,301	4,158
Realized and Unrealized Capital Loss	(1,971)	(11,092)	(13,063)
Total Investment Gain	(1,114)	(7,791)	(8,905)
Release of Spending Policy	(4,977)	(16,544)	(21,521)
Contributions and Adjustments	-	23,030	23,030
Addition to (Withdrawal from) Quasi- Endowment from (to) Operations	(4,802)	-	(4,802)
Other Adjustments, Net	2,094	(5)	2,089
Endowment Net Assets as of June 30	\$ 114,074	\$ 584,806	\$ 698,880

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 11 ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

<i>(in thousands)</i>	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets as of July 1	\$ 93,247	\$ 457,684	\$ 550,931
Investment Return:			
Investment Ordinary Income	739	2,984	3,723
Realized and Unrealized Capital Gain	30,943	130,932	161,875
Total Investment Gain	31,682	133,916	165,598
Release of Spending Policy	(2,041)	(15,109)	(17,150)
Contributions and Adjustments	-	9,678	9,678
Addition to (Withdrawal from) Quasi- Endowment from (to) Operations	-	-	-
Other Adjustments, Net	(16)	(52)	(68)
Endowment Net Assets as of June 30	<u>\$ 122,873</u>	<u>\$ 586,116</u>	<u>\$ 708,989</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment fund and continued appropriation for certain programs that was deemed prudent by the governing body.

As of June 30, 2022, deficiencies of this nature together have an original gift value of \$9,543,000, a current fair value of \$9,196,000, and a deficiency of \$347,000. As of June 30, 2021, deficiencies of this nature together have an original gift value of \$804,000, a current fair value of \$665,000, and a deficiency of \$139,000. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in net assets with donor restrictions.

**Return Objectives and Risk Parameters**

The University has adopted investment and spending policies for endowment assets that attempt to minimize the volatility of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a representative benchmark, while assuming an appropriate level of investment risk. The University expects its endowment funds, over time, to provide a real rate of return sufficient to meet the University's spending policy, net of fees. Actual returns in any given year may vary from this amount.

**UNIVERSITY OF ST. THOMAS**  
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**NOTE 11 ENDOWMENT (CONTINUED)**

**Strategies Employed for Achieving Objectives**

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

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The University follows an endowment spending policy that authorizes spending of a percentage of the 12-month rolling average market value of most endowments. This percentage is established annually for each endowment by the president of the University. The average aggregate spending rate approximated 4.5% and 4%, respectively, in 2022 and 2021. The intent of the spending policy is to provide a resource to fund expenditures in accordance with the donor's wishes and at the same time, increase endowment fund value as a protection against inflation.

**NOTE 12 NET ASSET SUMMARY AND RELEASES**

Net assets at June 30 consisted of the following:

<i>(in thousands)</i>	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment:			
Donor-Restricted for:			
Student Financial Aid	\$ -	\$ 270,833	\$ 270,833
Instruction and Other Related Activities	-	313,973	313,973
Total Donor-Restricted Endowments	-	584,806	584,806
Board-Designated for Educational and General Operations	114,074	-	114,074
Total Endowment	114,074	584,806	698,880
Operations:			
Current Unrestricted Operations	10,192	-	10,192
Gifts and Grants for Instructional Programs, Financial Aid, and Research	31,008	82,645	113,653
Long-Term Support of Educational and General Operations	126,505	-	126,505
Total Operations	167,705	82,645	250,350
Buildings and Equipment:			
Net Value of Buildings and Equipment	229,015	-	229,015
Funds for Building Projects	7,124	32,235	39,359
Total Buildings and Equipment	236,139	32,235	268,374
Other:			
Annuity Trust Agreements	-	11,695	11,695
Total	\$ 517,918	\$ 711,381	\$ 1,229,299

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 12 NET ASSET SUMMARY AND RELEASES (CONTINUED)**

<i>(in thousands)</i>	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment:</b>			
Donor-Restricted for:			
Student Financial Aid	\$ -	\$ 263,385	\$ 263,385
Instruction and Other Related Activities	-	322,731	322,731
Total Donor-Restricted Endowments	-	586,116	586,116
Board-Designated for Educational and General Operations	122,873	-	122,873
Total Endowment	122,873	586,116	708,989
<b>Operations:</b>			
Current Unrestricted Operations	10,192	-	10,192
Gifts and Grants for Instructional Programs, Financial Aid, and Research	37,358	64,542	101,900
Long-Term Support of Educational and General Operations	134,263	-	134,263
Total Operations	181,813	64,542	246,355
<b>Buildings and Equipment:</b>			
Net Value of Buildings and Equipment	226,403	-	226,403
Funds for Building Projects	8,809	17,528	26,337
Total Buildings and Equipment	235,212	17,528	252,740
<b>Other:</b>			
Annuity Trust Agreements	-	14,970	14,970
Total	\$ 539,898	\$ 683,156	\$ 1,223,054

At June 30, the University's net assets with donor restrictions were allocated as follows:

<i>(in thousands)</i>	2022	2021
<b>With Donor Restrictions</b>		
Purpose and Time Restriction:		
Operations	\$ 82,645	\$ 64,541
Endowment	185,204	205,082
Annuity Trust Agreements	11,695	14,970
Plant Acquisitions	32,235	17,529
Contributions Receivable	-	-
Total Purpose and Time Restricted	\$ 311,779	\$ 302,122
Held in Perpetuity:		
Endowment	\$ 348,711	\$ 328,846
Annuity Trust Agreements	181	208
Contributions Receivable	50,710	51,980
Total Held in Perpetuity	\$ 399,602	\$ 381,034
 Total Net Assets With Donor Restrictions	 \$ 711,381	 \$ 683,156



**UNIVERSITY OF ST. THOMAS**  
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**JUNE 30, 2022 AND 2021**

**NOTE 12 NET ASSET SUMMARY AND RELEASES (CONTINUED)**

Net assets with donor restrictions were released from donor restrictions by incurring expenses, which satisfied the restricted purpose, or by the occurrence of other events specified by donors in the following manner at June 30:

<i>(in thousands)</i>	<u>2022</u>	<u>2021</u>
Purpose Restrictions Accomplished:		
Instructional Activities, Student Financial Aid, and Other Purposes	\$ 24,577	\$ 24,170
Unrestricted Donor Pledges Received for Education and General Operations	5,856	4,346
Buildings and Equipment	1,243	2,064
Total Restrictions Released	<u>\$ 31,676</u>	<u>\$ 30,580</u>

**NOTE 13 LIQUIDITY**

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investments of its available funds. As of June 30, the following assets and liquidity resources could be made available within one year to meet general expenditures:

<i>(in thousands)</i>	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 11,202	\$ 856
Accounts Receivable	6,918	6,850
Contributions Receivable	20,082	15,812
Subsequent Year's Endowment Payout	22,515	19,309
Other Investments Appropriated for Current Use	93,866	114,191
Total Financial Assets Available Within One Year	154,583	157,018
Liquidity Resources:		
Bank Line of Credit	10,000	10,000
Total Financial Assets and Liquidity Resources Available Within One Year	<u>\$ 164,583</u>	<u>\$ 167,018</u>

The University's endowment funds consist of donor endowment and quasi-endowment funds. Quasi-endowed funds are amounts that could be available to spend from the corpus, although that is not the intention of the board.

**UNIVERSITY OF ST. THOMAS**  
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**NOTE 14 RETIREMENT BENEFITS**

Retirement benefits are provided for substantially all full-time employees. Under this 403(b) retirement plan, the University makes contributions of a defined percentage of covered payroll. Contributions charged to operations for these benefits were \$10,265,000 and \$5,237,000 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 15 FUNCTIONAL ALLOCATION OF EXPENSES**

The University's primary program service is academic instruction. Expenses reported as auxiliary enterprises, student activities and services, academic support, libraries, public service, and research are incurred in support of this primary program activity. Expenses are directly coded to programs or support services whenever possible. Natural expense attributable to more than one functions expense category are allocated using a variety of cost allocation techniques, such as square feet and time and effort.

Expenses by functional classification for the years ended June 30 consist of the following:

<i>(in thousands)</i>	2022			
	Program	Institutional Support	Fundraising	Total
Compensation	\$ 160,174	\$ 27,658	\$ 8,876	\$ 196,708
Supplies	15,965	694	96	16,755
Utilities, Rent, and Repairs	10,905	1,971	144	13,020
Professional Services	8,766	3,424	565	12,755
Insurance, Licenses, and Other	16,861	2,449	591	19,901
Travel	4,605	211	140	4,956
Depreciation	17,280	1,079	81	18,440
Interest	9,704	117	5	9,826
Total Expenses per Statement of Activities	\$ 244,260	\$ 37,603	\$ 10,498	\$ 292,361

<i>(in thousands)</i>	2021			
	Program	Institutional Support	Fundraising	Total
Compensation	\$ 148,795	\$ 21,256	\$ 7,811	\$ 177,862
Supplies	13,289	552	64	13,905
Utilities, Rent, and Repairs	11,552	430	113	12,095
Professional Services	6,363	2,598	428	9,389
Insurance, Licenses, and Other	13,247	2,054	411	15,712
Travel	947	112	22	1,081
Depreciation	15,315	1,142	97	16,554
Interest	9,873	88	3	9,964
Total Expenses per Statement of Activities	\$ 219,381	\$ 28,232	\$ 8,949	\$ 256,562

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 16 RELATED PARTY TRANSACTIONS**

Pledges totaling \$60,270,000 and \$60,491,000 for the years ended June 30, 2022 and 2021, respectively, from board of trustee members are included in the statements of financial position as Contribution Receivable.

A board member is related to a company that has provided building design and construction services. Any contracts entered into were approved in accordance with the board of trustees' conflict of interest policy.

The University provides administrative support to the St. Paul Seminary through accounting assistance, access to the University's administrative computer systems to record financial transactions, building maintenance and utility services, general access to the University computer network, and other support functions. In addition, the St. Paul Seminary provides subsidies to the University for operations of the Saint Paul Seminary School of Divinity of the University of St. Thomas. The receivable due from the St. Paul Seminary was \$259,000 and \$1,254,000 for the years ended June 30, 2022 and 2021, respectively. This receivable balance is included on the consolidated statements of financial position.

**NOTE 17 LEASES**

The University has entered into both finance and operating leases for facilities, equipment, and vehicles. The lease terms generally range from three years to five years with options to renew at varying times. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the University's leases:

<i>(in thousands)</i>	2022	2021
Lease Cost		
Finance Lease Cost:		
Amortization of Right-to-Use Asset	\$ 2,331	\$ 2,471
Interest on Lease Liability	217	102
Operating Lease Cost	468	1,479
Short-Term Lease Cost	3	48
Variable Lease Cost	41	26
Total Lease Cost	\$ 3,060	\$ 4,126

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 17 LEASES (CONTINUED)**

<i>(in thousands)</i>	<u>2022</u>	<u>2021</u>
Other Information		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$ 2,331	\$ 2,471
Operating Cash Flows from Operating Leases	468	1,479
Financing Cash Flows from Finance Lease	217	102
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	2,919	1,611
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	-	903
Weighted Average Remaining Lease Term - Finance Leases	2.4 years	2.5 years
Weighted Average Remaining Lease Term - Operating Leases	2.2 years	3.3 years
Weighted Average Discount Rate - Finance Leases	2.0%	3.0%
Weighted Average Discount Rate - Operating Leases	5.5%	5.5%

A maturity analysis of annual undiscounted cash flows for lease liabilities of June 30, 2022 is as follows:

<i>(in thousands)</i>	<u>Finance Leases</u>	<u>Operating Leases</u>
<u>Year Ending June 30,</u>		
2022	\$ 1,831	\$ 511
2023	1,401	336
2024	994	336
2025	148	198
2026	-	20
Thereafter Through 2036	-	-
Total Future Commitments	<u>4,374</u>	<u>1,401</u>
Less: Amount Representing Interest	<u>(608)</u>	<u>(84)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 3,766</u>	<u>\$ 1,317</u>

During the year ended June 30, 2021, the University terminated an operating lease with no penalty. For the year ended June 30, 2021, \$888,000 of rent expense is included in the statement of activities for this lease. As this lease contained escalating payments, a deferred rent payable of \$4,807,000 was adjusted for the difference between the actual payments and the straight-line rent expense. This adjustment is included in the nonoperating portion of the consolidated statement of activities.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 17 LEASES (CONTINUED)**

Operating leases are included in other assets and other liabilities, and finance leases are included in Land, Building, and Equipment, Net and other liabilities in the statements of financial position. The asset and liability balances are as follows:

<i>(in thousands)</i>	<u>2022</u>	<u>2021</u>
Finance Lease Assets:		
Right-of-Use Assets- Finance Assets, Net of Amortization	\$ 3,951	\$ 3,517
Other Land, Buildings, and Equipment, Net	<u>521,592</u>	<u>494,101</u>
Total Land, Buildings, and Equipment	<u>\$ 525,543</u>	<u>\$ 497,618</u>
Operating Lease Assets:		
Right-of-Use Assets - Operating Assets	\$ 1,317	\$ 1,301
Other Inventories, Prepaid Expenses, and Other Assets	<u>5,472</u>	<u>5,330</u>
Total Inventories, Prepaid Expenses, and Other Assets	<u>\$ 6,789</u>	<u>\$ 6,630</u>
Finance and Operating Lease Liabilities:		
Finance Lease Liability	\$ 3,766	\$ 3,163
Operating Lease Liability	1,317	1,300
Other Deposits and Other Liabilities	<u>29,626</u>	<u>29,377</u>
Total Deposits and Other Liabilities	<u>\$ 34,709</u>	<u>\$ 33,838</u>

**NOTE 18 COMMITMENTS AND CONTINGENCIES**

In the normal course of operations, the University is subject to various claims and lawsuits. Additionally, amounts received and expended under various federal and state programs are subject to audit by government agencies. In management's opinion, the ultimate resolution of these contingencies would not have a significant adverse effect upon the overall consolidated financial position, operations, or cash flows of the University.

The University is self-insured with respect to certain workers' compensation costs. The University's stop-loss insurance limits the University's liability to \$500,000 per incident and \$1,934,000 in aggregate per year.

The University has a self-insured health benefit plan that covers active employees who elect to participate. Total claims and stop-loss provision costs, less premium payments from participants, were \$13,587,000 and \$11,571,000 for the fiscal years ended June 30, 2022 and 2021, respectively. The University carries stop-loss insurance coverage that limits the University's claim liability to \$200,000 for each individual on an annual basis, with an aggregate claim liability of \$20,967,000 for 2022.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 18 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

During 2022, the University entered into agreements with various parties in connection with construction of the following building projects:

<i>(in thousands)</i>	Estimated Total Costs	Project Costs Incurred as of June 30, 2022
Schoenecker Center (STEAM)	\$ 94,103	\$ 8,869
Brady, Dowling, Koch Commons Renovations	22,400	19,640
Summit Classroom Building Renovations	8,694	6,641
FDC Renovations	1,402	135
Athletics Complex	1,204	970
Total	<u>\$ 127,803</u>	<u>\$ 36,255</u>

**NOTE 19 CONCENTRATIONS**

Support revenue, which is a combination of Private Gifts and Grants, Grants and Contracts, and Endowment Gifts on the statement of activities, from three funders represent 39% and two funders represent 32% of the University's total support revenue for the years ended June 30, 2022 and 2021, respectively. Contributions receivable from three funders represent 58% and four funders represent 74% of the University's contributions receivable as of June 30, 2022 and 2021.

**NOTE 20 COMPOSITE SCORE**

The University participates in various federally funded student financial aid programs. Under regulatory provisions of these programs, the University is required to demonstrate financial responsibility by meeting a certain composite score based on a formula developed by the Department of Education. This score uses financial ratios based on the University's audited financial statements. The composite score calculated reflects the overall relative financial health of institutions along a scale of negative 1.0 to positive 3.0. A score greater than or equal to 1.5 indicates the institution is considered financially responsible

The composite score for the year ended June 30, 2022 is as follows:

<i>(in thousands)</i>		
Primary Reserve Ratio:		
Expendable Net Assets	\$ 491,472	
Total Expenses/Losses	<u>\$ 292,394</u>	<u>1.6809</u>
Equity Ratio:		
Modified Net Assets	\$ 1,168,772	
Modified Assets	<u>\$ 1,612,331</u>	<u>0.7249</u>
Net Income Ratio		
Change in Net Assets Without Donor Restrictions	\$ (21,980)	
Total Revenue/Gains	<u>\$ 284,818</u>	<u>(0.0772)</u>

**UNIVERSITY OF ST. THOMAS**  
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**NOTE 20 COMPOSITE SCORE (CONTINUED)**

	<u>Ratios</u>	<u>Strength Factors</u>	<u>Weight</u>	<u>Composite Score</u>
Primary Reserve	1.68	3.00	40 %	120.00
Equity	0.72	3.00	40 %	120.00
Net Income	(0.08)	-0.93	20 %	(18.59)

See below for additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV.

*(in thousands)*

**Net Assets**

1	Net assets with donor restrictions: restricted in perpetuity	\$	399,602
2	Other net assets with donor restrictions (not restricted in perpetuity):		
	a. Annuities with donor restrictions		11,695
	b. Term endowments		-
	c. Life income funds (trusts)		-
	d. Total Annuities, Term Endowments, and Life Income Funds with Donor Restrictions		<u>11,695</u>

**Property, Plant, and Equipment, net**

3	Pre-implementation property, plant, and equipment, net		
	a. Ending balance of pre-implementation as of June 30, 2021		374,075
	b. Reclassify capital lease assets previously included in PPE, net prior to the implementation of ASU 2016-02 leases standard		-
	c. Less: subsequent depreciation and disposals (net of accumulated depreciation)		<u>(11,902)</u>
	d. Balance pre-implementation property, plant, and equipment, net		362,173
4	Debt financed post-implementation property, plant, and equipment, net		
	Long-lived assets acquired with debt subsequent to June 30, 2019:		
	a. Equipment		3,885
	b. Land improvements		-
	c. Building		<u>89,982</u>
	d. Total Property, Plant, and Equipment, net Acquired with Debt Exceeding 12 Months		93,867
5	Construction in progress - acquired subsequent to June 30, 2020		43,243
6	Post-implementation property, plant, and equipment, net, acquired without debt:		
	a. Long-lived assets acquired without use of debt subsequent to June 30, 2019		<u>26,260</u>
7	Total Property, Plant, and Equipment, net - June 30, 2022		525,543

**UNIVERSITY OF ST. THOMAS**  
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**NOTE 20 COMPOSITE SCORE (CONTINUED)**

*(in thousands)*

**Debt to be excluded from expendable net assets**

8	Pre-implementation debt:		
	a. Ending balance of pre-implementation as of June 30, 2020	\$	227,156
	b. Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standard.		-
	c. Less: subsequent debt repayments		<u>(11,845)</u>
	d. Balance pre-implementation debt		215,311
9	Allowable post-implementation debt used for capitalized long-lived assets:		
	a. Equipment - all capitalized		642
	b. Land improvements		-
	c. Buildings		<u>8,278</u>
	d. Balance post-implementation debt		8,920
10	Construction in progress (CIP) financed with debt or line of credit		31,543
11	Long-term debt not for the purchase of property, plant, and equipment or liability greater than assets value		<u>99,580</u>
	Total	\$	<u><u>355,354</u></u>



**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 20 COMPOSITE SCORE (CONTINUED)**

(in thousands)

<b>Primary Reserve Ratio:</b>		
	<b>Expendable Net Assets:</b>	
Statement of Financial Position (SFP)	Net assets without donor restrictions	\$ 517,918
SFP	Net assets with donor restrictions	711,383
Note 20 Line 1	Net assets restricted in perpetuity	399,602
Note 20 Line 20	Unsecured related-party receivable	60,529
Note 20 Line 2d	Donor restricted annuities, term endowments, life income funds	11,695
Note 20 Line 3d	Property, plant, and equipment pre-implementation	362,173
	Property, plant, and equipment post-implementation with	
Note 20 Line 4d	outstanding debt for original purchase	93,867
Note 20 Line 5	Construction in progress purchased with long-term debt	43,243
Note 20 Line 35	Post-implementation property, plant, and equipment, net, acquired without debt	26,260
Note 20 Line 14	Lease right-of-use asset, pre-implementation (grandfather of leases option not chosen)	-
Note 17	Lease right-of-use asset not already included in PPE, post-implementation	1,317
SFP	Intangible assets	-
SFP	Post-employment and pension liabilities	-
Note 20 Line 8d	Long-term debt - for long-term purposes pre-implementation	215,311
Note 20 Line 9d	Long-term debt - for long-term purposes post-implementation	8,920
Note 20 Line 10	Line of credit for construction in progress	31,543
Note 20 Line 17	Pre-implementation right-of-use asset liability	-
Note 17	Post-implementation right-of-use asset liability	5,083
	<b>Total Expenses and Losses:</b>	
Statement of Activities (SOA)	Total expenses (operating and nonoperating) without donor restrictions	292,359
SOA	Non-service component of pension/postemployment (nonoperating) cost, (if loss)	-
Note 20 Line 22	Sale of fixed assets (if loss)	35
SOA	Change in value of interest-rate swap agreements (if loss)	-
<b>Equity Ratio:</b>		
	<b>Modified Net Assets:</b>	
SFP	Net assets without donor restrictions	517,918
SFP	Net assets with donor restrictions	711,383
Note 20 Line 14	Lease right-of-use asset - Pre-implementation	-
Note 20 Line 17	Lease right-of-use liability - Pre-implementation	-
SFP	Intangible assets	-
Note 20 Line 20	Unsecured related-party receivables	60,529
	<b>Modified Assets:</b>	
SFP	Total assets	1,672,860
Note 20 Line 14	Lease right-of-use asset pre-implementation	-
SFP	Intangible assets	-
Note 20 Line 20	Unsecured related-party receivables	60,529
<b>Net Income Ratio:</b>		
SOA	<b>Change in Net Assets Without Donor Restrictions</b>	(21,980)
	<b>Total Revenues and Gains Without Donor Restriction:</b>	
SOA	Total operating revenue (including net assets released from restrictions)	283,992
	Investments gain, net (aggregate operating and non-operating interest, dividends, realized and unrealized gains)	-
SOA	Non-service component of pension/postemployment (nonoperating) cost (if gain)	-
SOA	Pension-related changes other than net periodic pension costs (if gain)	-
SOA	Change in value of annuity agreement (typically in nonoperating)	-
SOA	Change in value of interest-rate swap agreements (if gain)	826
SOA	Sale of fixed assets (if gain)	-
SOA	Other gains	-