



# UNIVERSITY OF ST. THOMAS

Financial Statements



Fiscal Year Ended June 30, 2021

With Report of Independent Auditors

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

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

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

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

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, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees  
University of St. Thomas

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of University of St. Thomas as of June 30, 2021 and 2020, and the change in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 4, 2021

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

<b>ASSETS</b>	2021	2020
Cash and Cash Equivalents	\$ 1,786,005	\$ 12,440,706
Accounts Receivable, Net	12,108,585	7,755,061
Inventories, Prepaid Expenses, and Other Assets	6,630,121	5,392,421
Contributions Receivable, Net	111,516,898	119,348,707
Student and Other Notes Receivable, Net	2,082,971	3,535,774
Funds Held with Bond Trustees	750,996	26,932,350
Investments	910,054,532	665,388,171
Land, Buildings, and Equipment, Net	497,617,813	490,770,912
Total Assets	\$ 1,542,547,921	\$ 1,331,564,102
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 33,891,077	\$ 39,585,767
Unearned Tuition Income	5,551,853	7,663,335
Deposits and Other Liabilities	33,839,697	40,533,754
Assets Held in Custody for Others	1,208,246	986,037
Annuity Obligations	6,046,636	5,813,938
Bonds Payable	236,377,531	238,255,215
Advances from Federal Government for Student Loans	2,579,638	3,205,759
Total Liabilities	319,494,678	336,043,805
<b>NET ASSETS</b>		
Without Donor Restrictions	539,896,699	451,273,969
With Donor Restrictions	683,156,544	544,246,328
Total Net Assets	1,223,053,243	995,520,297
Total Liabilities and Net Assets	\$ 1,542,547,921	\$ 1,331,564,102

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUES</b>						
Tuition and Fees	\$ 348,496,841	\$ -	\$ 348,496,841	\$ 334,990,983	\$ -	\$ 334,990,983
Less: Student Aid	(165,664,340)	-	(165,664,340)	(151,293,754)	-	(151,293,754)
Net Tuition and Fees	182,832,501	-	182,832,501	183,697,229	-	183,697,229
Sales and Services of Auxiliary Enterprises	30,500,299	-	30,500,299	30,153,659	-	30,153,659
Private Gifts and Grants	9,260,259	24,840,390	34,100,649	8,281,889	13,992,043	22,273,932
Grants and Contracts	14,606,966	802,155	15,409,121	8,444,700	1,126,104	9,570,804
Endowment Distributed to Operations	2,040,619	15,109,493	17,150,112	2,933,738	14,009,960	16,943,698
Other Ordinary Investment Income	1,318,101	-	1,318,101	1,142,437	-	1,142,437
Sales and Services of Educational Departments	2,181,398	-	2,181,398	3,120,041	-	3,120,041
Other Revenue	3,669,140	-	3,669,140	6,300,006	-	6,300,006
Net Assets Released from Restrictions	30,580,438	(30,580,438)	-	32,288,687	(32,288,687)	-
Total Operating Revenues	276,989,721	10,171,600	287,161,321	276,362,386	(3,160,580)	273,201,806
<b>OPERATING EXPENDITURES</b>						
Instruction and Other Services:						
Instruction	118,084,079	-	118,084,079	124,404,357	-	124,404,357
Auxiliary Enterprises	38,628,642	-	38,628,642	32,586,032	-	32,586,032
Student Activities and Services	33,780,038	-	33,780,038	33,534,359	-	33,534,359
Academic Support	15,045,184	-	15,045,184	15,242,149	-	15,242,149
Libraries	9,009,215	-	9,009,215	9,473,000	-	9,473,000
Public Service	3,103,461	-	3,103,461	3,125,089	-	3,125,089
Research	1,731,063	-	1,731,063	2,006,041	-	2,006,041
Total Instruction and Other Services	219,381,682	-	219,381,682	220,371,027	-	220,371,027
Management and General:						
General Administration and Support						
Services	28,231,650	-	28,231,650	33,931,747	-	33,931,747
Development	8,948,693	-	8,948,693	10,164,226	-	10,164,226
Total Management and General	37,180,343	-	37,180,343	44,095,973	-	44,095,973
Total Operating Expenditures	256,562,025	-	256,562,025	264,467,000	-	264,467,000
<b>NET OPERATING INCOME (LOSS)</b>	20,427,696	10,171,600	30,599,296	11,895,386	(3,160,580)	8,734,806
<b>NONOPERATING ACTIVITIES</b>						
Endowment Gifts	-	9,677,842	9,677,842	-	37,539,844	37,539,844
Endowment Investment Earnings:						
Investment Ordinary Income	738,591	2,983,883	3,722,474	524,139	2,653,466	3,177,605
Net Capital Gain (Loss) on Investments	30,942,660	130,931,705	161,874,365	(2,358,576)	(10,474,846)	(12,833,422)
Less: Distributed to Operations	(2,040,619)	(15,109,493)	(17,150,112)	(2,933,738)	(14,009,960)	(16,943,698)
Net Nonoperating Endowment Gain (Loss)	29,640,632	118,806,095	148,446,727	(4,768,175)	(21,831,340)	(26,599,515)
Other Investment Capital Gain (Loss)	33,326,737	518,959	33,845,696	(2,210,681)	42,005	(2,168,676)
(Loss) Gain on Disposal of Property and Equipment	(1,343)	-	(1,343)	5,587	-	5,587
Net Unrealized Gain (Loss) on Interest Rate Exchange Agreement						
Exchange Agreement	469,097	-	469,097	(511,233)	-	(511,233)
Loss on Debt Refinancing	(47,261)	-	(47,261)	-	-	-
Donor Adjustments	-	(264,280)	(264,280)	-	(390,000)	(390,000)
Adjust Straight Line Rent Accrual	4,807,172	-	4,807,172	-	-	-
Net Nonoperating Income (Loss)	68,195,034	128,738,616	196,933,650	(7,484,502)	15,360,509	7,876,007
<b>CHANGE IN NET ASSETS</b>	88,622,730	138,910,216	227,532,946	4,410,884	12,199,929	16,610,813
Net Assets - Beginning of Year	451,273,969	544,246,328	995,520,297	446,863,085	532,046,399	978,909,484
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 539,896,699</b>	<b>\$ 683,156,544</b>	<b>\$ 1,223,053,243</b>	<b>\$ 451,273,969</b>	<b>\$ 544,246,328</b>	<b>\$ 995,520,297</b>

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 227,532,946	\$ 16,610,813
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	16,553,889	16,074,623
Amortization of Debt Issuance Costs	217,847	190,711
Net Realized and Unrealized Investment (Gain) Loss	(195,720,061)	15,002,098
Loss on Defeased Bonds	47,261	-
Noncash Gifts of Property and Equipment	(30,480)	(396,168)
Contributions Restricted for Long-Term Investment	(17,317,696)	(36,980,904)
Contributions Restricted for Investment in Property, Plant, and Equipment	(10,306,174)	(6,881,373)
Interest and Dividend Income Restricted for Long-Term Investment	(3,722,474)	(3,177,605)
(Decrease) Increase in Allowance for Uncollectible Pledges	(107,319)	427,905
Loss (Gain) on Disposal of Land, Buildings, and Equipment	1,343	(5,587)
Noncash Contributions of Marketable Securities	(4,662,745)	(3,970,242)
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	(4,353,524)	5,621,758
Contributions Receivable	7,939,128	3,075,414
Student and Other Notes Receivable	1,452,803	849,627
Inventories, Prepaids, and Other Assets	(1,237,700)	907,910
(Decrease) Increase in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(5,694,690)	10,914,058
Unearned Tuition Income	(2,111,482)	1,440,504
Deposits and Other Liabilities	(4,216,409)	(186,822)
Assets Held in Custody for Others	222,209	290
Annuity Obligations	232,698	(249,612)
Advances from Federal Government for Student Loans	(626,121)	(1,103,968)
Net Cash Provided by Operating Activities	4,093,249	18,163,430
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(240,998,047)	(132,366,250)
Proceeds from Sales and Maturities of Investments	196,370,933	126,603,474
Changes in Assets Held with Bond Trustees, Excluding Net Gains and Losses	26,181,354	65,670,241
Expenditures for Land, Buildings, and Equipment	(23,028,094)	(102,542,162)
Proceeds from Sale of Land, Buildings, and Equipment	-	10,164
Net Cash Used by Investing Activities	(41,473,854)	(42,624,533)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted for Endowment	17,317,696	36,980,904
Proceeds from Contributions Restricted for Land, Buildings, and Equipment	10,306,174	6,881,373
Proceeds from the Issuance of Bonds Payable	9,135,000	-
Payments on Bonds Payable	(11,146,263)	(10,454,092)
Debt Issuance Costs	(131,529)	(195,906)
Payments on Finance Leases	(2,477,648)	(2,364,892)
Interest and Dividend Income Restricted for Long-Term Investment	3,722,474	3,177,605
Net Cash Provided by Financing Activities	26,725,904	34,024,992
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(10,654,701)	9,563,889
Cash and Cash Equivalents - Beginning of Year	12,440,706	2,876,817
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,786,005	\$ 12,440,706
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 10,128,416	\$ 9,866,143
Building and Equipment Acquisitions Included Under Accounts Payable and Accrued Expenses	\$ 3,397,098	\$ 14,989,683
Equipment Acquired through Finance Lease Agreements	\$ 1,611,198	\$ 3,424,218
Issuance of Bonds Payable to Defeas Other Bonds	\$ 9,610,000	\$ -

See accompanying Notes to Consolidated Financial Statements.



**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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, 2021 AND 2020**

**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, 2021 AND 2020**

**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, 2021 AND 2020**

**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**

Land, building, and equipment acquisitions are stated at cost if purchased, or fair value if gifted, less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful life of the related asset.

**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, 2021 and 2020, conditional asset retirement obligations, which are included within Deposits and Other Liabilities in the consolidated statements of financial position, totaled \$3,287,718 and \$3,338,947, respectively. During the fiscal year ended June 30, 2021, the conditional asset retirement obligation decreased by \$51,229 as a result of asbestos removal costs of \$215,608 and accretion of interest of \$164,379.

Changes in management's assumptions regarding settlement dates and settlement methods could have a material effect on the liabilities recorded at June 30, 2021.

**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.

**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.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Leases**

The University determines if an arrangement is a lease at inception. 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.

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 this is billed to the student and/or third parties making payment on behalf of the student.

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 52% of the revenue for Summer recognized in the current year's consolidated financial statements and 48% of the tuition and fees for Summer recorded as deferred revenue at June 30.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Tuition and Fee Revenue (Continued)**

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:

	<u>2021</u>	<u>2020</u>
Revenue Recognized Over Time:		
Undergraduate Tuition Revenue	\$ 272,805,664	\$ 258,309,144
Graduate Tuition Revenue	64,610,558	65,572,922
Student Fee Revenue	11,080,619	11,108,917
Total Tuition and Fees	<u>\$ 348,496,841</u>	<u>\$ 334,990,983</u>

**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.

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:

	<u>2021</u>	<u>2020</u>
Revenue Recognized Over Time:		
Housing	\$ 16,097,784	\$ 12,727,573
Dining	8,450,715	8,696,485
Bookstore & Parking	1,163,236	1,535,366
Rental Income & Other	503,304	844,618
Total	<u>26,215,039</u>	<u>23,804,042</u>
Revenue Recognized at a Point in Time:		
Bookstore	3,644,678	4,023,445
Dining	640,582	2,326,172
Total	<u>4,285,260</u>	<u>6,349,617</u>
Total Sales and Services of Auxiliary Enterprises	<u>\$ 30,500,299</u>	<u>\$ 30,153,659</u>

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**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, 2021 contributions approximating \$30,000,000 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.

**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 \$19,010,152 that have not been recognized at June 30, 2021, because qualifying expenditures have not yet been incurred, with an advance payment of \$910,949 recognized in the consolidated statement of financial position as a refundable advance.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**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, and withdrawals above the spending policy,
- 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, 2021 and 2020 was \$2,373,678 and \$2,553,212, 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.

**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.

**Reclassifications**

Certain reclassifications have been made to the prior year consolidated financial statements to agree with the current year presentation. The reclassification had no effect on the change in total net assets as previously reported.



**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Adoption of Accounting Principle**

In February 2016, the Financial Accounting Standards Board (FASB) issued ASC 842 – Leases. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Organizations are required to utilize the modified retrospective approach at one of the following application dates:

- The later of (1) the beginning of the earliest comparative period presented in the financial statements and (2) the commencement date of the lease
- The beginning of the period of adoption (i.e., on the effective date)

The University has elected to adopt the package of practical expedients available in the year of adoption. The University has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the University's ROU assets.

**Subsequent Events**

The University has evaluated subsequent events through November 4, 2021, which is the date that the consolidated financial statements were issued.

**NOTE 2 ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Student Accounts	\$ 6,467,197	\$ 6,278,869
Less: Allowance for Doubtful Accounts	<u>(2,808,608)</u>	<u>(2,724,775)</u>
Subtotal	3,658,589	3,554,094
Government Grants Receivable	1,876,909	845,236
Other	<u>6,573,087</u>	<u>3,355,731</u>
Total	<u>\$ 12,108,585</u>	<u>\$ 7,755,061</u>

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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:

	<u>2021</u>	<u>2020</u>
In One Year or Less	\$ 15,812,384	\$ 16,268,726
Between One Year and Five Years	50,845,013	61,986,674
More than Five Years	<u>61,539,451</u>	<u>60,358,528</u>
Total Face Value of Pledges Outstanding	128,196,848	138,613,928
Discount (to Present Value)	(12,034,440)	(14,727,030)
Allowance for Uncollectible Pledges	<u>(4,645,510)</u>	<u>(4,538,191)</u>
Contributions Receivable	<u><u>\$ 111,516,898</u></u>	<u><u>\$ 119,348,707</u></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. At June 30, 2021 and 2020, student loans represented 0.2% of total assets.

At June 30, student and other notes receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
Perkins Loan Program	\$ 2,082,971	\$ 3,001,244
Other Notes Receivable	-	534,530
Total Student and Other Notes Receivable	<u><u>\$ 2,082,971</u></u>	<u><u>\$ 3,535,774</u></u>

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

	<u>1 - 60 Days Past Due</u>	<u>60 - 90 Days Past Due</u>	<u>90+ Days Past Due</u>	<u>Total Past Due</u>
2021	\$ 63,651	\$ 5,867	\$ 372,983	\$ 442,501
2020	16,111	31,090	340,617	387,818

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:

	<u>2021</u>	<u>2020</u>
Cash Equivalents	\$ 76,369,112	\$ 59,888,614
Public Equities	412,361,275	264,786,515
Fixed Income	91,284,601	105,830,815
Real Assets	51,928,687	50,436,438
Marketable Alternatives	99,371,039	75,580,234
Private Equity	178,739,818	108,865,555
Total Investments	<u>\$ 910,054,532</u>	<u>\$ 665,388,171</u>

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 includes commercial real estate currently leased to the city of Minneapolis. Real estate is recorded at its donated appraised value of \$15,661,608. The accumulated depreciation of the real estate at June 30, 2021 and 2020 was \$978,850 and \$587,310, respectively.

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

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investment Earnings:			
Interest and Dividends	\$ 2,056,692	\$ 2,983,883	\$ 5,040,575
Capital Gains	64,269,397	131,450,664	195,720,061
Total Investment Results	<u>\$ 66,326,089</u>	<u>\$ 134,434,547</u>	<u>\$ 200,760,636</u>

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investment Earnings:			
Interest and Dividends	\$ 1,666,576	\$ 2,653,466	\$ 4,320,042
Capital Losses	(4,569,257)	(10,432,841)	(15,002,098)
Total Investment Results	<u>\$ (2,902,681)</u>	<u>\$ (7,779,375)</u>	<u>\$ (10,682,056)</u>

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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:

	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	\$ -	\$ -	\$ -	\$ -
Fixed Income	-	-	-	-
Total Funds Held with Bond Trustees	-	-	-	-
Investments:				
Cash Equivalents	39,364,547	-	-	39,364,547
Public Equities	141,782,455	-	-	141,782,455
Fixed Income	91,113,535	-	-	91,113,535
Private Equity	-	-	-	-
Total Investments	<u>272,260,537</u>	<u>-</u>	<u>-</u>	<u>272,260,537</u>
Total Assets	<u>\$ 272,260,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,260,537</u>
<b>Liabilities:</b>				
Interest Rate Swap Agreements	<u>\$ -</u>	<u>1,437,489</u>	<u>\$ -</u>	<u>\$ 1,437,489</u>
	2020			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	\$ 26,932,350	\$ -	\$ -	\$ 26,932,350
Fixed Income	-	-	-	-
Total Funds Held with Bond Trustees	26,932,350	-	-	26,932,350
Investments:				
Cash Equivalents	59,888,614	-	-	59,888,614
Public Equities	79,886,756	9,946,511	325,000	90,158,267
Fixed Income	105,616,144	214,671	-	105,830,815
Private Equity	-	-	2,492,900	2,492,900
Total Investments	<u>245,391,514</u>	<u>10,161,182</u>	<u>2,817,900</u>	<u>258,370,596</u>
Total Assets	<u>\$ 272,323,864</u>	<u>\$ 10,161,182</u>	<u>\$ 2,817,900</u>	<u>\$ 285,302,946</u>
<b>Liabilities:</b>				
Interest Rate Swap Agreements	<u>\$ -</u>	<u>1,395,352</u>	<u>\$ -</u>	<u>\$ 1,395,352</u>

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

	2021	2020
Investments Measured at Fair Value	<u>\$ 272,260,537</u>	<u>\$ 258,370,596</u>
Investments Measured at Net Asset Value	<u>637,793,995</u>	<u>407,017,575</u>
Total	<u>\$ 910,054,532</u>	<u>\$ 665,388,171</u>

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

**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.

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

Redemption Frequency			2021	
	Net Asset Value	Unfunded Commitments	Redemption Notice Period	Redemption Restrictions
Daily/Weekly:				
Cash Equivalents	\$ 34,105,269	\$ -		
Public Equities	59,721,776	-	1 Day	
Fixed Income	171,066	-		
Total Daily/Weekly	<u>93,998,111</u>	<u>-</u>		
Monthly:				
Public Equities	89,413,923	-	6-30 Days	
Marketable Alternatives	7,957,490	-	5-30 Days	
Total Monthly	<u>97,371,413</u>	<u>-</u>		
Quarterly:				
Public Equities	111,760,528	-	60 Days	
Real Assets	14,844,420	-	60 Days	
Marketable Alternatives	33,531,222	-	60-90 Days	
Total Quarterly	<u>160,136,170</u>	<u>-</u>		
Annual:				
Cash Equivalents	445,248	-		
Marketable Alternatives	34,071,079	-	60-90 Days	One fund has a side pocket
Total Annual	<u>34,516,327</u>	<u>-</u>		
Two or More Years:				
Cash Equivalents	2,454,048	-	NA	
Public Equities	9,682,593	2,537,238	NA	
Real Assets	37,084,267	18,719,320	N/A	
Marketable Alternatives	23,811,248	1,877,728	NA	One fund has a side pocket; two funds have holdbacks
Private Equity	178,739,818	83,263,746	NA	
Total Two or More Years	<u>251,771,974</u>	<u>106,398,032</u>		
Total Level 2 and Level 3 with NAV Per Share	<u>\$ 637,793,995</u>	<u>\$ 106,398,032</u>		

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Net Asset Value (Continued)**

Redemption Frequency			2020	
	Net Asset Value	Unfunded Commitments	Redemption Notice Period	Redemption Restrictions
Daily/Weekly:				
Public Equities	\$ 22,505,910	\$ -	3 Days	
Total Daily/Weekly	22,505,910	-		
Monthly:				
Public Equities	60,702,781	-	6-30 Days	
Real Assets	4,640,929	-	30 Days	
Marketable Alternatives	19,560,446	-	5-30 Days	
Total Monthly	84,904,156	-		
Quarterly:				
Public Equities	77,359,305	-	60 Days	
Real Assets	13,650,556	-	60 Days	
Marketable Alternatives	15,793,613	-	60-90 Days	
Total Quarterly	106,803,474	-		
Annual:				
Public Equities	4,626,434	-	120 Days	
Marketable Alternatives	29,022,052	-	60-90 Days	One fund has a side pocket
Total Annual	33,648,486	-		
Two or More Years:				
Public Equities	9,433,818	4,530,000	NA	
Real Assets	32,144,953	-	NA	
Marketable Alternatives	65,890	-	60-90 Days	One fund has a side pocket
Marketable Alternatives	11,138,233	2,207,344	NA	Two funds have holdbacks
Private Equity	106,372,655	87,255,103	NA	
Total Two or More Years	159,155,549	93,992,447		
Total Level 2 and Level 3 with NAV Per Share	<u>\$ 407,017,575</u>	<u>\$ 93,992,447</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.

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 \$9,015,000 and \$9,610,000 as of June 30, 2021 and 2020, 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.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 7 DERIVATIVE INSTRUMENTS (CONTINUED)**

During the fiscal year ended June 30, 2020, an investment manager retained by the University were authorized to use certain financial derivative instruments. Specifically, equity futures are used to invest cash in equities and/or obtain equity market exposure as well as US Treasury securities for fixed income exposure. In addition, commodity futures contracts were also utilized to obtain market index exposure. For the fiscal year ended 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 \$4,536,614 and \$5,959,774 as of June 30, 2021 and 2020, respectively. Net gains from these derivative contracts are summarized as follows:

	2021	2020
Investment Gain	<u>\$ 180,964</u>	<u>\$ 1,862,920</u>

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:

	2021	2020
Land	\$ 36,879,986	\$ 36,879,986
Land Improvements	13,334,092	13,120,208
Buildings	612,112,371	503,499,655
Equipment, Library Books, Art Objects	<u>149,719,136</u>	<u>140,145,127</u>
Cost of Land, Buildings, and Equipment	812,045,585	693,644,976
Less: Accumulated Depreciation	<u>(322,081,188)</u>	<u>(305,869,515)</u>
Land, Buildings, and Equipment, Net of Depreciation	489,964,397	387,775,461
Add: Construction-in-Progress	<u>7,653,416</u>	<u>102,995,451</u>
Land, Buildings, and Equipment, as Reported	<u>\$ 497,617,813</u>	<u>\$ 490,770,912</u>

**NOTE 9 UNEARNED TUITION INCOME**

Unearned tuition income of \$5,551,853 and \$7,663,335 as of June 30, 2021 and 2020, 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.

**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:

<u>Description</u>	<u>2021</u>	<u>2020</u>
<b>MHEFA Revenue Bonds, Series 2019</b> Payable through 2044, interest at 4% to 5%, uncollateralized, proceeds used for Tommie East and Tommie North	\$ 80,525,000	\$ 80,525,000
<b>MHEFA Revenue Bonds, Series 2017A</b> Payable through 2037, interest at 3% to 5%, uncollateralized, proceeds used for Anderson Student Center	56,000,000	57,625,000
<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	47,035,000	48,860,000
<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	14,430,000	16,090,000
<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	14,953,593	15,977,593
<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	2,465,000	5,250,000
<b>MHEFA Variable Rate Demand Revenue Bonds, Series 2017C</b> Payable through 2032, variable interest rate (not to exceed 15%), uncollateralized, proceeds used to refund Series Six-H, original proceeds used for McNeely Hall	-	9,610,000



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

<u>Description</u>	<u>2021</u>	<u>2020</u>
<b>MHEFA Variable Rate Demand Revenue Bonds, Series 2017B</b>		
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	\$ 3,655,000	\$ 5,240,000
<b>MHEFA Variable Rate Demand Revenue Bonds, Series 2020 A&amp;B</b>		
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	18,150,000	-
Total Face Value of Long-Term Debt	<u>237,213,593</u>	<u>239,177,593</u>
Less: Debt Issuance Costs	<u>(836,062)</u>	<u>(922,378)</u>
Total Face Value of Long-Term Debt, Net of Costs	<u>\$ 236,377,531</u>	<u>\$ 238,255,215</u>
Approximate Market Value of Long-Term Debt	<u>\$ 275,100,741</u>	<u>\$ 272,316,591</u>

Interest expense was \$9,964,409 and \$6,848,565 for the years ended June 30, 2021 and 2020, respectively.

As of June 30, 2021, the variable interest rate associated with the above variable debt issues, and the associated interest rate swap agreements, was approximately 0.8%.

The annual maturities for bonds payable at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 11,845,000
2023	11,525,000
2024	12,212,000
2025	12,744,000
2026	11,692,000
Thereafter	<u>177,195,593</u>
Total	<u>\$ 237,213,593</u>

The University has a line of credit of \$10,000,000 with interest at 1.25% plus the greater of (i) zero percent or (ii) the one-month LIBOR rate which expires on March 31, 2022. At June 30, 2021 and 2020, the University had no borrowings under the line of credit.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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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:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets as of July 1	\$ 93,247,200	\$ 457,683,957	\$ 550,931,157
Investment Return:			
Investment Ordinary Income	738,591	2,983,883	3,722,474
Realized and Unrealized Capital Gain	30,942,660	130,931,705	161,874,365
Total Investment Gain	31,681,251	133,915,588	165,596,839
Release of Spending Policy	(2,040,619)	(15,109,493)	(17,150,112)
Contributions and Adjustments	-	9,677,842	9,677,842
Other Adjustments, Net	(15,515)	(51,464)	(66,979)
Endowment Net Assets as of June 30	<u>\$ 122,872,317</u>	<u>\$ 586,116,430</u>	<u>\$ 708,988,747</u>

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

**Interpretation of Relevant Law (Continued)**

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets as of July 1	\$ 98,100,928	\$ 442,510,207	\$ 540,611,135
Investment Return:			
Investment Ordinary Income	524,139	2,653,466	3,177,605
Realized and Unrealized Capital Loss	<u>(2,358,576)</u>	<u>(10,474,846)</u>	<u>(12,833,422)</u>
Total Investment Loss	(1,834,437)	(7,821,380)	(9,655,817)
Release of Spending Policy	(2,933,738)	(14,009,960)	(16,943,698)
Contributions and Adjustments	-	37,539,844	37,539,844
Other Adjustments, Net	<u>(85,553)</u>	<u>(534,754)</u>	<u>(620,307)</u>
Endowment Net Assets as of June 30	<u>\$ 93,247,200</u>	<u>\$ 457,683,957</u>	<u>\$ 550,931,157</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, 2021, deficiencies of this nature together have an original gift value of \$803,596, a current fair value of \$665,211 and a deficiency of \$138,385. As of June 30, 2020, deficiencies of this nature together have an original gift value of \$42,375,644, a current fair value of \$41,047,893 and a deficiency of \$1,327,751. 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% in 2021 and 2020. 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:

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment:			
Donor-Restricted for:			
Student Financial Aid	\$ -	\$ 263,385,083	\$ 263,385,083
Instruction and Other Related Activities	-	322,731,347	322,731,347
Total Donor-Restricted Endowments	-	586,116,430	586,116,430
Board-Designated for Educational and General Operations	122,872,317	-	122,872,317
Total Endowment	122,872,317	586,116,430	708,988,747
Operations:			
Current Unrestricted Operations	10,191,931	-	10,191,931
Gifts and Grants for Instructional Programs, Financial Aid, and Research	37,358,234	64,541,423	101,899,657
Long-Term Support of Educational and General Operations	134,263,065	-	134,263,065
Total Operations	181,813,230	64,541,423	246,354,653
Buildings and Equipment:			
Net Value of Buildings and Equipment	226,403,015	-	226,403,015
Funds for Building Projects	8,808,138	17,529,178	26,337,316
Total Buildings and Equipment	235,211,153	17,529,178	252,740,331
Other:			
Annuity Trust Agreements	-	14,969,513	14,969,513
Total	\$ 539,896,699	\$ 683,156,544	\$ 1,223,053,243

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

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment:			
Donor-Restricted for:			
Student Financial Aid	\$ -	\$ 188,562,659	\$ 188,562,659
Instruction and Other Related Activities	-	269,121,298	269,121,298
Total Donor-Restricted Endowments	-	457,683,957	457,683,957
Board-Designated for Educational and General Operations	93,247,200	-	93,247,200
Total Endowment	93,247,200	457,683,957	550,931,157
Operations:			
Current Unrestricted Operations	10,191,932	-	10,191,932
Gifts and Grants for Instructional Programs, Financial Aid, and Research	31,131,959	63,221,895	94,353,854
Long-Term Support of Educational and General Operations	90,555,491	-	90,555,491
Total Operations	131,879,382	63,221,895	195,101,277
Buildings and Equipment:			
Net Value of Buildings and Equipment	210,800,542	-	210,800,542
Funds for Building Projects	15,346,845	11,337,547	26,684,392
Total Buildings and Equipment	226,147,387	11,337,547	237,484,934
Other:			
Annuity Trust Agreements	-	12,002,929	12,002,929
Total	\$ 451,273,969	\$ 544,246,328	\$ 995,520,297

At June 30, 2021 and 2020, the University's net assets with donor restrictions were allocated as follows:

	2021	2020
With Donor Restrictions		
Purpose and Time Restriction:		
Operations	\$ 64,541,423	\$ 63,221,895
Endowment	205,082,012	104,882,218
Annuity Trust Agreements	14,969,513	12,002,929
Plant Acquisitions	17,529,178	11,337,547
Contributions Receivable	-	13,963
Total Purpose and Time Restriction	302,122,126	191,458,552
Held in Perpetuity:		
Endowment	328,846,056	292,803,131
Annuity Trust Agreements	208,707	186,936
Contributions Receivable	51,979,655	59,797,709
Total Held in Perpetuity	381,034,418	352,787,776
Total Net Assets With Donor Restrictions	\$ 683,156,544	\$ 544,246,328

**UNIVERSITY OF ST. THOMAS**  
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**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:

	<u>2021</u>	<u>2020</u>
Purpose Restrictions Accomplished:		
Instructional Activities, Student Financial Aid, and Other Purposes	\$ 24,170,232	\$ 20,783,025
Unrestricted Donor Pledges Received for Education and General Operations	4,346,170	3,831,661
Buildings and Equipment	2,064,036	7,674,001
Total Restrictions Released	<u>\$ 30,580,438</u>	<u>\$ 32,288,687</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:

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 855,538	\$ 11,554,721
Accounts Receivable	6,849,927	5,852,451
Contributions Receivable	15,812,384	16,268,726
Subsequent Year's Endowment Payout	19,308,906	15,952,317
Other Investments Appropriated for Current Use	114,191,001	69,231,912
Total Financial Assets Available Within One Year	<u>157,017,756</u>	<u>118,860,127</u>
Liquidity Resources:		
Bank Line of Credit	<u>10,000,000</u>	<u>30,000,000</u>
Total Financial Assets and Liquidity Resources Available Within One Year	<u>\$ 167,017,756</u>	<u>\$ 148,860,127</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.

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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 \$5,237,001 and \$9,148,852 for the years ended June 30, 2021 and 2020, 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:

	2021			
	Program	Institutional Support	Fundraising	Total
Compensation	\$ 148,795,473	\$ 21,255,716	\$ 7,811,297	\$ 177,862,486
Supplies	13,289,440	552,448	64,449	13,906,337
Utilities, Rent, and Repairs	11,552,302	430,490	113,344	12,096,136
Professional Services	6,362,833	2,597,761	428,391	9,388,985
Insurance, Licenses, and Other	13,246,365	2,053,746	408,469	15,708,580
Travel	947,206	111,640	22,357	1,081,203
Depreciation	15,314,915	1,142,071	96,903	16,553,889
Interest	9,873,148	87,778	3,483	9,964,409
Total Expenses per Statement of Activities	<u>\$ 219,381,682</u>	<u>\$ 28,231,650</u>	<u>\$ 8,948,693</u>	<u>\$ 256,562,025</u>

	2020			
	Program	Institutional Support	Fundraising	Total
Compensation	\$ 155,842,039	\$ 24,980,941	\$ 8,517,128	\$ 189,340,108
Supplies	14,448,963	437,747	191,336	15,078,046
Utilities, Rent, and Repairs	10,890,481	700,503	108,858	11,699,842
Professional Services	6,625,514	1,679,940	503,552	8,809,006
Insurance, Licenses, and Other	6,909,486	4,426,808	593,011	11,929,305
Travel	4,198,782	357,095	131,628	4,687,505
Depreciation	14,645,906	1,312,329	116,388	16,074,623
Interest	6,809,856	36,384	2,325	6,848,565
Total Expenses per Statement of Activities	<u>\$ 220,371,027</u>	<u>\$ 33,931,747</u>	<u>\$ 10,164,226</u>	<u>\$ 264,467,000</u>

**UNIVERSITY OF ST. THOMAS**  
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**NOTE 16 RELATED PARTY TRANSACTIONS**

Pledges totaling \$60,490,874 and \$66,653,404 for the years ended June 30, 2021 and 2020, 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 \$1,253,861 and \$1,292,089 for the years ended June 30, 2021 and 2020, 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:

	<u>2021</u>
Lease Cost	
Finance Lease Cost:	
Amortization of Right-to-Use Asset	\$ 2,470,999
Interest on Lease Liability	102,301
Operating Lease Cost	1,479,159
Short-Term Lease Cost	47,444
Variable Lease Cost	26,048
Total Lease Cost	<u>\$ 4,125,951</u>



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**NOTE 17 LEASES (CONTINUED)**

Other Information

Cash Paid for Amounts included in the Measurement of  
Lease Liabilities:

Operating Cash Flows from Finance Leases	\$ 2,470,999
Operating Cash Flows from Operating Leases	1,479,159
Financing Cash Flows from Finance Lease	102,301
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	1,611,198
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	902,772
Weighted Average Remaining Lease Term - Finance Leases	2.5 years
Weighted Average Remaining Lease Term - Operating Leases	3.3 years
Weighted Average Discount Rate - Finance Leases	3.0%
Weighted Average Discount Rate - Operating Leases	5.5%

A maturity analysis of annual undiscounted cash flows for lease liabilities of June 30, 2021 is as follows:

<u>Year Ending June 30,</u>	<u>Finance Leases</u>	<u>Operating Leases</u>
2022	\$ 1,619,803	\$ 562,407
2023	1,045,264	381,891
2024	430,358	206,931
2025	306,441	206,931
2026	-	68,977
Total Future Commitments	3,401,867	1,427,137
Less: Amount Representing Interest	(239,106)	(126,731)
Present Value of Future Minimum Lease Payments	<u>\$ 3,162,761</u>	<u>\$ 1,300,406</u>

During the year ended June 30, 2021, the University terminated an operating lease with no penalty. For the year ended June 30, 2021, \$888,089 of rent expense is included in the Statement of Activities for this lease. As this lease contained escalating payments, a deferred rent payable of \$4,807,172 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.

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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. For the year ended June 30, 2021, the asset and liability balances are as follows:

	2021
Finance Lease Assets:	
Right-of-Use Assets- Finance Assets, Net of Amortization	\$ 3,517,074
Other Land, Buildings, and Equipment, Net	494,100,739
Total Land, Buildings, and Equipment	\$ 497,617,813
Operating Lease Assets:	
Right-of-Use Assets- Operating Assets	\$ 1,300,406
Other Inventories, Prepaid Expenses, and Other Assets	5,329,715
Total Inventories, Prepaid Expenses, and Other Assets	\$ 6,630,121
Finance and Operating Lease Liabilities:	
Finance Lease Liability	\$ 3,162,761
Operating Lease Liability	1,300,406
Other Deposits and Other Liabilities	29,376,530
Total Deposits and Other Liabilities	\$ 33,839,697

**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 \$2,079,311 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 \$11,570,611 and \$12,623,410 for the fiscal years ended June 30, 2021 and 2020, 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 \$21,136,380 for 2021.

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**NOTE 19 COVID-19**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

During the fiscal years ended June 30, 2021 and 2020, the University had estimated lost revenues and additional expenses of approximately \$19,000,000 and \$9,900,000, respectively, due to the COVID-19 outbreak. Lost revenues include room, board, parking, seminars, general auxiliaries and conference and events services revenues and increased expenses include transitioning to online education and additional cleaning expenses. For the years ended June 30, 2021 and 2020, the University implemented a number of mitigating strategies to offset these impacts. These included the use of Higher Education Emergency Relief Funds, furloughing of employees, employee pay decreases (scaled based on annual pay), use of operating reserves and retirement contribution suspensions. Additional cost saving measures included implementing a hiring freeze, suspension of University sponsored travel, reduction in discretionary spending across the University and deferred spending on capital projects.

Management believes the University is taking appropriate actions to mitigate the negative impact the pandemic is causing. However, the full impact of COVID-19 is unknown and cannot be fully estimated as the pandemic continues to be ongoing.

**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, 2021 is as follows:

Primary Reserve Ratio:		
Expendable Net Assets	\$ 506,926,201	
Total Expenses/Losses	\$ 256,563,368	<u>1.9758</u>
Equity Ratio:		
Modified Net Assets	\$ 1,161,308,508	
Modified Assets	\$ 1,480,803,186	<u>0.7842</u>
Net Income Ratio		
Change in Net Assets Without Donor Restrictions	\$ 88,622,730	
Total Revenue/Gains	\$ 347,273,978	<u>0.2552</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	1.98	3	40%	1.20
Equity	0.78	3	40%	1.20
Net Income	0.26	3	20%	0.60
Composite Score				<u><u>3.00</u></u>

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

**Net Assets**

1 Net Assets with Donor Restrictions: Restricted in Perpetuity	<u>\$ 381,034,418</u>
2 Other Net Assets with Donor Restrictions (Not Restricted in Perpetuity):	
a. Annuities with Donor Restrictions	\$ 14,969,513
b. Term Endowments	-
c. Life Income Funds (Trusts)	-
d. Total Annuities, Term Endowments, and Life Income Funds with Donor Restrictions	<u>\$ 14,969,513</u>

**Property, Plant, and Equipment, Net**

3 Pre-Implementation Property, Plant, and Equipment, Net	
a. Ending Balance of Last financial Statements Submitted to and Accepted by the Department of Education (June 30, 2020, Financial Statement)	\$ 387,832,567
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>(13,757,608)</u>
d. Balance Pre-Implementation Property, Plant, and Equipment, Net	374,074,959
4 Debt Financed Post-Implementation Property, Plant, and Equipment, Net	
Long-Lived Assets Acquired with Debt Subsequent to June 30, 2020:	
a. Equipment	4,152,029
b. Land Improvements	-
c. Building	<u>90,982,028</u>
d. Total Property, Plant, and Equipment, Net Acquired with Debt Exceeding 12 Months	95,134,057
5 Construction in Progress - Acquired Subsequent to June 30, 2020	7,653,416
6 Post-Implementation Property, Plant, and Equipment, Net, Acquired without Debt:	
a. Long-Lived Assets Acquired without Use of Debt Subsequent to June 30, 2020	<u>20,755,381</u>
7 Total Property, Plant, and Equipment, Net - June 30, 2021	<u>\$ 497,617,813</u>

**Debt to be Excluded from Expendable Net Assets**

8 Pre-Implementation Debt:	
a. Ending Balance of Last Financial Statements Submitted to the Department of Education (June 30, 2019):	\$ 238,255,215
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>(11,099,000)</u>
d. Balance Pre-implementation Debt	227,156,215
9 Allowable Post-Implementation Debt used for Capitalized Long-Lived Assets:	
a. Equipment - All Capitalized	642,226
b. Land Improvements	-
c. Buildings	<u>8,278,235</u>
d. Balance Post-Implementation Debt	8,920,461
10 Construction in Progress (CIP) Financed with Debt or Line of Credit	-
11 Long-Term Debt not for the Purchase of Property, Plant, and Equipment or Liability Greater than Assets Value	<u>300,855</u>
	<u>\$ 236,377,531</u>

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

12 Terms of Current Year Debt and Line of Credit for PPE Additions:

	Issue Date	Maturity Date	Nature of Capitalized Amounts	Amount Capitalized
a.	Jul 17, 2020	Oct 17, 2032	Equipment	\$ 642,226
b.	Jul 17, 2020	Oct 17, 2032	Buildings	\$ 8,278,235
c.				

5 Year Term (from Original Maturity)

**Primary Reserve Ratio:**

**Expendable Net Assets:**

1	Statement of Financial Position	Net Assets without Donor Restrictions	\$ 539,896,699
2	SFP	Net Assets with Donor Restrictions	683,156,544
3	Note 12	Net Assets Restricted in Perpetuity	381,034,418
4	Note 20 Line 20	Unsecured Related-Party Receivable	61,744,735
5	Note 20 Line 2d	Donor-Restricted Annuities, Term Endowments, Life Income Funds	14,969,513
6	Note 20 Line 3d	Property, Plant, and Equipment Pre-Implementation	374,074,959
7	Note 20 Line 4d	Property, Plant, and Equipment Post-Implementation with Outstanding Debt for Original Purchase	95,134,057
8	Note 20 Line 5	Construction in Progress Purchased with Long-Term Debt	7,653,416
	Note 20 Line 35	Post-Implementation Property, Plant, and Equipment, Net, Acquired without Debt	20,755,381
9	Note 20 Line 14	Lease Right-of-Use Asset, Pre Implementation (Grandfather of Leases Option not Chosen)	-
10	Note 20 Line 15	Lease Right-of-Use Asset, Post-Implementation	1,300,406
11	SFP	Intangible Assets	-
12	SFP	Post-Employment and Pension Liabilities	-
13	Note 20 Line 8d	Long-Term Debt - for Long-Term Purposes Pre-Implementation	227,156,215
14	Note 20 Line 9d	Long-Term Debt - for Long-Term Purposes Post Implementation	8,920,461
15	Note 20 Line 10	Line of Credit for Construction in Progress	-
16	Note 20 Line 17	Pre-Implementation Right-of-Use Asset Liability	-
17	Note 20 Line 18	Post-Implementation Right-of-Use Asset Liability	4,463,167
		<b>Total Expenses and Losses:</b>	
18	Statement of Activities (SOA)	Total Expenses (Operating and Nonoperating) without Donor Restrictions	256,562,025
19	SOA	Nonservice Component of Pension/Postemployment (Nonoperating) Cost, (if Loss)	-
20	SD Line 22	Sale of Fixed Assets (if Loss)	1,343
21	SOA	Change in Value of Interest-Rate Swap Agreements (if Loss)	-

**Equity Ratio:**

**Modified Net Assets:**

22	SFP	Net Assets without Donor Restrictions	\$ 539,896,699
23	SFP	Net Assets with Donor Restrictions	683,156,544
24	SFP	Intangible Assets	-
25	Note 20 Line 20	Unsecured Related-Party Receivables	61,744,735
		<b>Modified Assets:</b>	
26	SFP	Total Assets	1,542,547,921
27	Note 20 Line 14	Lease Right-of-Use asset Pre-Implementation	-
28	SFP	Intangible Assets	-
29	Note 20 Line 20	Unsecured Related-Party Receivables	61,744,735

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 20 COMPOSITE SCORE (CONTINUED)**

	<b>Net Income Ratio:</b>		
30	SOA	<b>Change in Net Assets Without Donor Restrictions</b>	\$ 88,622,730
		<b>Total Revenues and Gains:</b>	
31	SOA	Total Operating Revenue (Including Net Assets Released from Restrictions)	276,989,721
32	SOA	Investments Gain, Net (Aggregate Operating and Nonoperating Interest, Dividends, Rea	65,007,988
33	SOA	Nonservice Component of Pension/Postemployment (Nonoperating) Cost (if Gain)	-
34	SOA	Pension-Related Changes Other than Net Periodic Pension Costs (if Gain)	-
35	SOA	Change in Value of Annuity Agreement (Typically in Nonoperating)	-
36	SOA	Change in Value of interest-Rate Swap Agreements (if Gain)	469,097
37	Note 20 Line 25	Sale of Fixed Assets (if Gain)	-
38	SOA	Other Gains	4,807,172