



# UNIVERSITY OF ST. THOMAS

Financial Statements



Fiscal Year Ended June 30, 2025

With Report of Independent Auditors

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2025 AND 2024**

**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, 2025 and 2024, 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 the University as of June 30, 2025 and 2024, 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 the University's 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 the University' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University' 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*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 18, 2025

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2025 AND 2024**  
*(IN THOUSANDS)*

	2025	2024
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 5,401	\$ 1,878
Accounts Receivable, Net	18,999	10,378
Inventories, Prepaid Expenses, and Other Assets	7,436	7,298
Contributions Receivable, Net	153,842	168,992
Student and Other Notes Receivable, Net	276	462
Funds Held with Bond Trustees	60,486	180,952
Investments	1,028,338	918,684
Land, Buildings, and Equipment, Net	770,723	657,714
Total Assets	\$ 2,045,501	\$ 1,946,358
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 51,327	\$ 40,477
Unearned Tuition Income	5,946	5,617
Deposits and Other Liabilities	36,504	40,087
Assets Held in Custody for Others	941	867
Annuity Obligations	4,145	4,705
Bonds Payable	467,611	479,065
Advances from Federal Government for Student Loans	413	731
Total Liabilities	566,887	571,549
<b>NET ASSETS</b>		
Without Donor Restrictions	582,123	569,731
With Donor Restrictions	896,491	805,078
Total Net Assets	1,478,614	1,374,809
Total Liabilities and Net Assets	\$ 2,045,501	\$ 1,946,358

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2025 AND 2024**  
*(IN THOUSANDS)*

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUES</b>						
Tuition and Fees	\$ 401,559	\$ -	\$ 401,559	\$ 369,543	\$ -	\$ 369,543
Less: Student Aid	(214,425)	-	(214,425)	(194,565)	-	(194,565)
Net Tuition and Fees	187,134	-	187,134	174,978	-	174,978
Sales and Services of Auxiliary Enterprises	48,816	-	48,816	47,332	-	47,332
Private Gifts and Grants	27,982	12,063	40,045	43,944	3,759	47,703
Grants and Contracts	19,594	699	20,293	13,105	526	13,631
Endowment Distributed to Operations	12,574	24,938	37,512	13,228	21,558	34,786
Other Ordinary Investment Income	13,050	-	13,050	6,530	-	6,530
Sales and Services of Educational Departments	1,459	-	1,459	1,771	-	1,771
Other Revenue	6,813	257	7,070	6,835	-	6,835
Net Assets Released from Restrictions	30,775	(30,775)	-	70,469	(70,469)	-
Total Operating Revenues	348,197	7,182	355,379	378,192	(44,626)	333,566
<b>OPERATING EXPENDITURES</b>						
Instruction and Other Services:						
Instruction	149,086	-	149,086	137,395	-	137,395
Auxiliary Enterprises	48,444	-	48,444	48,690	-	48,690
Student Activities and Services	62,215	-	62,215	52,667	-	52,667
Academic Support	16,935	-	16,935	16,054	-	16,054
Libraries	8,856	-	8,856	8,778	-	8,778
Public Service	4,151	-	4,151	3,984	-	3,984
Research	4,646	-	4,646	3,118	-	3,118
Total Instruction and Other Services	294,333	-	294,333	270,686	-	270,686
Management and General:						
General Administration and Support Services	34,763	-	34,763	33,191	-	33,191
Development	12,133	-	12,133	12,628	-	12,628
Total Management and General	46,896	-	46,896	45,819	-	45,819
Total Operating Expenditures	341,229	-	341,229	316,505	-	316,505
<b>NET OPERATING INCOME (LOSS)</b>	6,968	7,182	14,150	61,687	(44,626)	17,061
<b>NONOPERATING ACTIVITIES</b>						
Endowment Gifts	-	60,791	60,791	-	14,558	14,558
Endowment Investment Earnings:						
Investment Ordinary Income	481	3,972	4,453	738	4,385	5,123
Net Capital Gain (Loss) on Investments	7,379	44,141	51,520	6,897	38,123	45,020
Less: Distributed to Operations	(12,149)	(24,938)	(37,087)	(13,114)	(21,558)	(34,672)
Net Nonoperating Endowment Gain (Loss)	(4,289)	23,175	18,886	(5,479)	20,950	15,471
Other Investment Capital Gain (Loss)	9,743	837	10,580	9,426	291	9,717
(Loss) Gain on Disposal of Property and Equipment	35	-	35	(3,016)	-	(3,016)
Net Unrealized Gain on Interest Rate Exchange Agreement	(65)	-	(65)	94	-	94
Donor Adjustments	-	(572)	(572)	-	(1,589)	(1,589)
Net Nonoperating Income (Loss)	5,424	84,231	89,655	1,025	34,210	35,235
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	12,392	91,413	103,805	62,712	(10,416)	52,296
Net Assets - Beginning of Year	569,731	805,078	1,374,809	507,019	815,494	1,322,513
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 582,123</u>	<u>\$ 896,491</u>	<u>\$ 1,478,614</u>	<u>\$ 569,731</u>	<u>\$ 805,078</u>	<u>\$ 1,374,809</u>

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2025 AND 2024**  
*(IN THOUSANDS)*

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 103,805	\$ 52,296
Adjustments to Reconcile Increase in Net Assets to Net Cash Used by Operating Activities:		
Depreciation & Amortization	23,944	21,046
Amortization of Debt Issuance Costs	146	145
Net Realized and Unrealized Investment Gain	(61,708)	(54,345)
Noncash Gifts of Property and Equipment	(422)	(20)
Contributions Restricted for Long-Term Investment	(66,255)	(9,539)
Contributions Restricted for Investment in Property, Plant, and Equipment	(20,757)	(20,757)
Interest and Dividend Income Restricted for Long-Term Investment	(4,453)	(5,123)
Change in Allowance for Uncollectible Pledges	390	156
Loss on Disposal of Land, Buildings, and Equipment	-	3,114
Noncash Contributions of Marketable Securities	-	(10,753)
Decrease (Increase) in Operating Assets:		
Accounts Receivable, Net	(8,621)	(2,405)
Contributions Receivable	14,760	13,779
Student and Other Notes Receivable	186	328
Inventories, Prepaids and Other Assets	(138)	85
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	10,850	(196)
Unearned Tuition Income	329	470
Deposits and Other Liabilities	(86)	7,859
Assets Held in Custody for Others	74	(144)
Annuity Obligations	(560)	(368)
Advances from Federal Government for Student Loans	(318)	(315)
Net Cash Used by Operating Activities	(8,834)	(4,687)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(375,816)	(413,359)
Proceeds from Sales and Maturities of Investments	327,870	423,375
Changes in Assets Held with Bond Trustees, Excluding Net Gains and Losses	120,466	(105,188)
Expenditures for Land, Buildings, and Equipment	(136,566)	(78,476)
Proceeds from Sale of Land, Buildings, and Equipment	35	99
Net Cash Used by Investing Activities	(64,011)	(173,549)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted for Endowment	66,255	20,292
Proceeds from Contributions Restricted for Land, Buildings, and Equipment	20,757	20,757
Proceeds from the Issuance of Bonds Payable	-	159,390
Payments on Bonds Payable	(11,600)	(23,919)
Debt Issuance Costs	-	(438)
Payments on Finance Leases	(3,497)	(2,830)
Interest and Dividend Income Restricted for Long-Term Investment	4,453	5,123
Net Cash Provided by Financing Activities	76,368	178,375

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF ST. THOMAS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	\$ 3,523	\$ 139
Cash and Cash Equivalents - Beginning of Year	1,878	1,739
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 5,401</b>	<b>\$ 1,878</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 22,050	\$ 15,040
Building and Equipment Acquisitions Included Under Accounts Payable and Accrued Expenses	\$ 18,159	\$ 10,186
Equipment Acquired Through Finance Lease Agreements	\$ 5,503	\$ 3,620

*See accompanying Notes to Consolidated Financial Statements.*

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**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 HB, 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, 2025 AND 2024**

**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. A current expected credit loss is recorded annually by the University based on historical experience and management's evaluation of current and future impacts to receivables at the end of each year.

**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. The discount rates applied range from 4.23% to 4.26%. 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, 2025 AND 2024**

**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, 2025 AND 2024**

**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 or greater and buildings with a cost of \$100 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, 2025 and 2024, conditional asset retirement obligations, which are included within Deposits and Other Liabilities in the consolidated statements of financial position, totaled \$1,915 and \$2,081 respectively. During the fiscal year ended June 30, 2025, the conditional asset retirement obligation decreased as a result of asbestos removal costs of \$262 and accretion of interest of \$96

Changes in management's assumptions regarding settlement dates and settlement methods could have a material effect on the liabilities recorded at June 30, 2025.

**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, 2025 AND 2024**

**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 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.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**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 49% of the revenue for Summer recognized in the current year's consolidated financial statements and 51% 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:

Revenue Recognized Over Time:	2025	2024
Undergraduate Tuition Revenue	\$ 317,100	\$ 290,567
Graduate Tuition Revenue	68,587	65,160
Student Fee Revenue	15,872	13,816
Total Tuition and Fees	\$ 401,559	\$ 369,543

**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, 2025 AND 2024**

**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:

	2025	2024
Revenue Recognized Over Time:		
Housing	\$ 24,736	\$ 23,567
Dining	15,413	14,189
Parking	1,751	1,825
Rental Income & Other	1,561	1,447
Total	43,461	41,028
Revenue Recognized Point In Time:		
Bookstore	2,804	3,508
Dining	2,551	2,796
Total	5,355	6,304
 Total Sales and Services of Auxiliary Enterprises	 \$ 48,816	 \$ 47,332

**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.

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 \$24,387 that have not been recognized at June 30, 2025, because qualifying expenditures have not yet been incurred, with no advance payments needing to be recognized in the consolidated statement of financial position as a refundable advance.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**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, 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,
- donor adjustments due to pledge write-offs and other changes impacted by modifications to donor agreements,
- 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, 2025 and 2024 was \$2,490 and \$2,633, 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.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

**Reclassifications**

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current year consolidated financial statements. There is no effect on net assets as previously reported.

**Subsequent Events**

The University has evaluated subsequent events through November 18, 2025, 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>2025</u>	<u>2024</u>
Student Accounts	\$ 8,461	\$ 6,902
Less: Allowance for Credit Losses	<u>(4,470)</u>	<u>(3,099)</u>
Subtotal	3,991	3,803
Government Grants Receivable	9,268	4,098
Other	<u>5,740</u>	<u>2,477</u>
Total	<u>\$ 18,999</u>	<u>\$ 10,378</u>

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

	<u>2025</u>	<u>2024</u>
Student Accounts, Beginning Balance	\$ 3,803	\$ 3,524
Charges for Tuition, Fees, & Other, Net	455,596	420,294
Financial Aid Applied & Payments Made	(453,786)	(419,521)
Change in Credit Losses and Write Offs	<u>(1,622)</u>	<u>(494)</u>
Student Accounts, Ending Balance	<u>\$ 3,991</u>	<u>\$ 3,803</u>

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**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:

	2025	2024
In One Year or Less	\$ 28,487	\$ 33,411
Between One Year and Five Years	89,559	98,600
More than Five Years	71,191	77,255
Total Face Value of Pledges Outstanding	189,237	209,266
Discount (to Present Value)	(28,603)	(33,092)
Allowance for Uncollectible Pledges	(6,792)	(7,182)
Contributions Receivable	\$ 153,842	\$ 168,992

The University records contributions receivable at net realizable value. Net collectible contributions due in more than one year were discounted at an interest rate based on the Treasury Yield Curve. The discount (to present value) was determined using discount rates between 4.23% and 4.26%. Net collectible contributions due in less than one year were not discounted.

**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, 2025 and 2024, there were \$276 and \$462, respectively, of Perkins federal loans receivable. These student loans represent less than 0.1% of total assets as of June 30, 2025.

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

	1 - 60 Days Past Due	60 - 90 Days Past Due	90+ Days Past Due	Total Past Due
2025	\$ 19	\$ 10	\$ 16	\$ 46
2024	27	4	20	51

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 credit losses has been recorded against these note receivables.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 5 INVESTMENTS**

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

	<u>2025</u>	<u>2024</u>
Cash Equivalents	\$ 169,130	\$ 108,063
Public Equities	398,797	334,507
Fixed Income	101,193	91,655
Real Assets	24,588	43,635
Marketable Alternatives	117,124	88,036
Private Equity	217,506	252,788
Total Market Value	<u>\$ 1,028,338</u>	<u>\$ 918,684</u>

The University investments include operating as well as endowment and other long-term assets. 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 \$15,662. The accumulated depreciation of the real estate at June 30, 2025 and 2024 was \$2,545 and \$2,154, respectively.

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

	<u>2025</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Investment Earnings</u>			
Interest and Dividends	\$ 13,531	\$ 3,972	\$ 17,503
Capital Gain	17,122	44,978	62,100
Total Investment Results	<u>\$ 30,653</u>	<u>\$ 48,950</u>	<u>\$ 79,603</u>
	<u>2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Investment Earnings</u>			
Interest and Dividends	\$ 7,268	\$ 4,385	\$ 11,653
Capital Gains	16,323	38,414	54,737
Total Investment Results	<u>\$ 23,591</u>	<u>\$ 42,799</u>	<u>\$ 66,390</u>

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**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:

	2025			Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
<b>Assets:</b>				
<b>Funds Held with Bond Trustees:</b>				
Cash Equivalents	\$ 60,486	\$ -	\$ -	\$ 60,486
Total Funds Held with Bond Trustees	60,486	-	-	60,486
<b>Investments:</b>				
Cash Equivalents	169,130	-	-	169,130
Public Equities	171,132	-	-	171,132
Fixed Income	101,193	-	-	101,193
Total Investments	441,455	-	-	441,455
 Total Assets	 \$ 501,941	 \$ -	 \$ -	 \$ 501,941
<b>Liabilities:</b>				
Interest Rate Swap Agreements	\$ -	240	\$ -	\$ 240
	2024			Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
<b>Assets:</b>				
<b>Funds Held with Bond Trustees:</b>				
Cash Equivalents	\$ 180,952	\$ -	\$ -	\$ 180,952
Total Funds Held with Bond Trustees	180,952	-	-	180,952
<b>Investments:</b>				
Cash Equivalents	102,275	-	-	102,275
Public Equities	102,223	-	-	102,223
Fixed Income	91,515	-	-	91,515
Total Investments	296,013	-	-	296,013
 Total Assets	 \$ 476,965	 \$ -	 \$ -	 \$ 476,965
<b>Liabilities:</b>				
Interest Rate Swap Agreements	\$ -	175	\$ -	\$ 175

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

**Fair Value Hierarchy (Continued)**

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

	2025	2024
Investments Measured at Fair Value	\$ 441,455	\$ 296,013
Investments Measured at Net Asset Value	586,883	622,671
	\$ 1,028,338	\$ 918,684

**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:

	2025			
Redemption Frequency	Net Asset Value	Unfunded Commitments	Redemption Notice Period	Redemption Restrictions
Daily/Weekly:				
Public Equities	\$ 66,209	-	1 Day	
Total Daily/Weekly	66,209	-		
Monthly:				
Public Equities	67,107	-	6-30 Days	
Marketable Alternatives	30,461	-		
Total Monthly	97,568	-		
Quarterly:				
Public Equities	93,853	-	60 Days	
Real Assets	874	-	60 Days	
Marketable Alternatives	16,629	-	60-90 Days	
Total Quarterly	111,356	-		
Annual:				
Marketable Alternatives	51,439	-	60-90 Days	One fund has a side pocket
Total Annual	51,439	-		
Two or More Years:				
Public Equities	496	1,615	NA	
Real Assets	23,714	13,752	NA	
Marketable Alternatives	18,595	3,261	NA	One fund has a side pocket; two funds have holdbacks
Private Equity	217,506	88,780	NA	
Total Two or More Years	260,311	107,408		
Total Level 2 and Level 3 with NAV Per Share	\$ 586,883	\$ 107,408		

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

**Net Asset Value (Continued)**

Redemption Frequency			2024	
	Net Asset Value	Unfunded Commitments	Redemption Notice Period	Redemption Restrictions
Daily/Weekly:				
Cash Equivalents	\$ 1,823	\$ -		
Public Equities	60,084	-	1 Day	
Fixed Income	140	-		
Total Daily/Weekly	<u>62,047</u>	<u>-</u>		
Monthly:				
Public Equities	77,055	-	6-30 Days	
Total Monthly	<u>77,055</u>	<u>-</u>		
Quarterly:				
Public Equities	92,789	-	60 Days	
Real Assets	963	-	60 Days	
Marketable Alternatives	19,489	-	60-90 Days	
Total Quarterly	<u>113,241</u>	<u>-</u>		
Annual:				
Cash Equivalents	448	-		
Marketable Alternatives	55,537	5,255	60-90 Days	One fund has a side pocket
Total Annual	<u>55,985</u>	<u>5,255</u>		
Two or More Years:				
Cash Equivalents	3,517	-		
Public Equities	2,356	1,615	NA	
Real Assets	42,672	15,369	NA	
Marketable Alternatives	13,010	651	NA	One fund has a side pocket; two funds have holdbacks
Private Equity	252,788	92,792	NA	
Total Two or More Years	<u>314,343</u>	<u>110,427</u>		
Total Level 2 and Level 3 with NAV Per Share	<u>\$ 622,671</u>	<u>\$ 115,682</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 as net unrealized gain on interest rate exchange agreement.

In February 2006, the University entered into a forward interest rate swap agreement having a notional amount of \$12,300. 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 \$6,415 and \$7,100 as of June 30, 2025 and 2024, 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. Subsequent to this agreement the University adopted the ISDA 2020 IBOR Fallback protocols providing transition to the Secured Overnight Financing Rate (SOFR).

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 7 DERIVATIVE INSTRUMENTS (CONTINUED)**

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 \$21,911 and \$29,592 as of June 30, 2025 and 2024, respectively. Net gains from these derivative contracts are recognized on the consolidated statement of activities as other investment capital (loss) gain and summarized as follows:

	2025	2024
Investment Gain	<u>\$ 2,985</u>	<u>\$ 1,492</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:

	2025	2024
Land	\$ 47,771	\$ 47,701
Land Improvements	13,331	13,331
Buildings	757,414	752,258
Equipment, Library Books, Art Objects	<u>170,278</u>	<u>165,629</u>
Cost of Land, Buildings, and Equipment	988,794	978,919
Less: Accumulated Depreciation	<u>(383,291)</u>	<u>(362,065)</u>
Land, Buildings, and Equipment, Net of Depreciation	605,503	616,854
Add: Construction-in-Progress	<u>165,220</u>	<u>40,860</u>
Land, Buildings, and Equipment, as Reported	<u>\$ 770,723</u>	<u>\$ 657,714</u>

**NOTE 9 UNEARNED TUITION INCOME AND CONTRACT LIABILITIES**

Unearned tuition income of \$5,946 and \$5,617 as of June 30, 2025 and 2024, 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**  
**JUNE 30, 2025 AND 2024**

**NOTE 9 UNEARNED TUITION INCOME AND CONTRACT LIABILITIES (CONTINUED)**

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

Balance at June 30, 2024	Refunds Issued	Revenue Recognized Included in June 30, 2024 Balance	Cash Received in Advance of Performance	Balance at June 30, 2025
\$ 5,617	\$ (73)	\$ 5,544	\$ 5,946	\$ 5,946

  

Balance at June 30, 2023	Refunds Issued	Revenue Recognized Included in June 30, 2023 Balance	Cash Received in Advance of Performance	Balance at June 30, 2024
\$ 5,147	\$ (19)	\$ 5,128	\$ 5,617	\$ 5,617

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, 2025 and 2024, respectively, there were \$5,946 and \$5,617 of customer advances or deposits included in "Deposits and Other Liabilities" on the Statement of Financial Position.

**NOTE 10 BONDS PAYABLE**

Bonds payable consists of the following at June 30:

	2025	2024
<b>MHEFA Revenue Bonds, Series 2024</b>		
Payable through 2054, interest at 5%, uncollateralized, proceeds used to for Lee and Penny Anderson Arena	\$ 159,390	\$ 159,390
<b>MHEFA Revenue Bonds, Series 2022</b>		
Payable through 2053, interest at 5%, uncollateralized, proceeds used for STEAM building, Brady, Koch Commons, Dowling, Summit Classroom Building renovations and Athletic facilities	131,000	131,000

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

	2025	2024
<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	\$ 75,200	\$ 76,840
<b>MHEFA Revenue Bonds, Series 2017A</b>	48,580	49,310
Payable through 2037, interest at 3% to 5%, uncollateralized, proceeds used for Anderson Student Center		
<b>MHEFA Revenue Bonds, Series Eight-L</b>	38,020	40,510
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		
<b>MHEFA Revenue Bonds, Series Seven-U</b>	4,440	8,940
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		
<b>MHEFA Variable Rate Demand Revenue Bonds, Series 2017B</b>	-	665
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, Series 2020 A&amp;B</b>	12,085	13,660
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 Face Value of Long-Term Debt	468,715	480,315
Less: Debt Issuance Costs	(1,104)	(1,250)
Total Face Value of Long-Term Debt, Net of Costs	\$ 467,611	\$ 479,065
Approximate Market Value of Long-Term Debt	\$ 476,795	\$ 502,867

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 10 BONDS PAYABLE (CONTINUED)**

Interest expense was \$22,279 and \$14,516 for the years ended June 30, 2025 and 2024, 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 2.0%.

The annual maturities for bonds payable at June 30, 2025 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2026	\$ 12,760
2027	13,440
2028	37,465
2029	13,195
2030	38,970
Thereafter	<u>352,885</u>
Total	<u><u>\$ 468,715</u></u>

The University has a line of credit of \$10,000 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 February 27, 2026. At June 30, 2025 and 2024, the University had no borrowings under the line of credit.

**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.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 11 ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

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:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets as of July 1	\$ 93,657	\$ 646,603	\$ 740,260
Investment Return:			
Investment Ordinary Income	481	3,972	4,453
Realized and Unrealized Capital Loss	7,379	44,141	51,520
Total Investment Gain	7,860	48,113	55,973
Release of Spending Policy	(4,750)	(24,938)	(29,688)
Contributions and Adjustments	-	60,856	60,856
Addition to (withdrawal from) Quasi-Endowment from (to) Operations	(7,400)	-	(7,400)
Other Adjustments, Net	-	-	-
Endowment Net Assets as of June 30	<u>\$ 89,367</u>	<u>\$ 730,634</u>	<u>\$ 820,001</u>

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets as of July 1	\$ 99,136	\$ 611,087	\$ 710,223
Investment Return:			
Investment Ordinary Income	738	4,385	5,123
Realized and Unrealized Capital Gain	6,897	38,123	45,020
Total Investment Gain	7,635	42,508	50,143
Release of Spending Policy	(2,511)	(21,558)	(24,069)
Contributions and Adjustments	-	14,558	14,558
Addition to (withdrawal from) Quasi-Endowment from (to) Operations	(10,603)	-	(10,603)
Other Adjustments, Net	-	8	8
Endowment Net Assets as of June 30	<u>\$ 93,657</u>	<u>\$ 646,603</u>	<u>\$ 740,260</u>

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 11 ENDOWMENT (CONTINUED)**

**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, 2025, deficiencies of this nature together have an original gift value of \$592, a current fair value of \$361 and a deficiency of \$231. As of June 30, 2024, deficiencies of this nature together have an original gift value of \$17,375, a current fair value of \$15,589, and a deficiency of \$1,786. 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.

**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-quarter 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 5.0% and 4.5% in 2025 and 2024, respectively. 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.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 12 NET ASSET SUMMARY AND RELEASES**

Net assets at June 30 consisted of the following:

	2025		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment:			
Donor-Restricted for:			
Student Financial Aid	\$ -	\$ 382,666	\$ 382,666
Instruction and Other Related Activities	-	347,968	347,968
Total Donor-Restricted Endowments	-	730,634	730,634
Board-Designated for Educational and General Operations	89,367	-	89,367
Total Endowment	89,367	730,634	820,001
Operations:			
Current Unrestricted Operations	16,474	-	16,474
Gifts and Grants for Instructional Programs, Financial Aid, and Research	55,017	70,006	125,023
Long-Term Support of Educational and General Operations	128,951	-	128,951
Total Operations	200,442	70,006	270,448
Buildings and Equipment:			
Net Value of Buildings and Equipment	280,848	-	280,848
Funds for Building Projects	11,466	87,396	98,862
Total Buildings and Equipment	292,314	87,396	379,710
Other:			
Annuity Trust Agreements	-	8,455	8,455
Total	\$ 582,123	\$ 896,491	\$ 1,478,614

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 12 NET ASSET SUMMARY AND RELEASES (CONTINUED)**

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment:			
Donor-Restricted for:			
Student Financial Aid	\$ -	\$ 306,907	\$ 306,907
Instruction and Other Related Activities	-	339,696	339,696
Total Donor-Restricted Endowments	-	646,603	646,603
Board-Designated for Educational and General Operations	93,657	-	93,657
Total Endowment	93,657	646,603	740,260
Operations:			
Current Unrestricted Operations	10,192	-	10,192
Gifts and Grants for Instructional Programs, Financial Aid, and Research	41,454	69,935	111,389
Long-Term Support of Educational and General Operations	126,076	-	126,076
Total Operations	177,722	69,935	247,657
Buildings and Equipment:			
Net Value of Buildings and Equipment	242,105	-	242,105
Funds for Building Projects	56,247	80,852	137,099
Total Buildings and Equipment	298,352	80,852	379,204
Other:			
Annuity Trust Agreements	-	7,688	7,688
Total	\$ 569,731	\$ 805,078	\$ 1,374,809

At June 30, 2025 and 2024, the University's net assets with donor restrictions were allocated as follows:

	2025	2024
With Donor Restrictions:		
Purpose and Time Restriction:		
Operations	\$ 70,006	\$ 69,935
Endowment	231,100	210,769
Annuity Trust Agreements	8,456	7,688
Plant Acquisitions	87,395	80,852
Total Purpose and Time Restricted	\$ 396,957	\$ 369,244
Held in Perpetuity:		
Endowment	\$ 452,485	\$ 383,494
Annuity Trust Agreements	133	173
Contributions Receivable	46,916	52,167
Total Held in Perpetuity	\$ 499,534	\$ 435,834
Total Net Assets With Donor Restrictions	\$ 896,491	\$ 805,078

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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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>2025</u>	<u>2024</u>
Purpose Restrictions Accomplished:		
Instructional Activities, Student Financial Aid, and Other Purposes	\$ 30,775	\$ 40,684
Unrestricted Donor Pledges Received for Education and General Operations	-	29,785
Total Restrictions Released	<u>\$ 30,775</u>	<u>\$ 70,469</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:

Financial Assets:	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 5,218	\$ 1,582
Accounts Receivable	17,390	9,921
Contributions Receivable	28,487	33,411
Subsequent Year's Endowment Payout	26,825	27,147
Other Investments Appropriated for Current Use	93,779	76,411
Total Financial Assets Available Within One Year	171,699	148,472
Liquidity Resources:		
Bank Line of Credit	<u>10,000</u>	<u>25,000</u>
Total Financial Assets and Liquidity Resources Available Within One Year	<u>\$ 181,699</u>	<u>\$ 173,472</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.

**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 \$11,395 and \$10,806 for the years ended June 30, 2025 and 2024, respectively.

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

	2025			
	Program	Institutional Support	Fundraising	Total
	Compensation	\$ 183,568	\$ 22,704	\$ 10,113
Supplies	18,957	316	105	19,378
Utilities, Rent, and Repairs	13,840	519	196	14,555
Professional Services	9,265	2,940	562	12,767
Insurance, Licenses, and Other	14,876	6,831	831	22,538
Travel	8,860	357	166	9,383
Depreciation	22,792	1,001	151	23,944
Interest	22,175	95	9	22,279
Total Expenses Per Statement of Activities	\$ 294,333	\$ 34,763	\$ 12,133	\$ 341,229
	2024			
	Program	Institutional Support	Fundraising	Total
Compensation	\$ 174,002	\$ 23,864	\$ 10,359	\$ 208,225
Supplies	19,145	337	107	19,589
Utilities, Rent, and Repairs	13,316	1,156	144	14,616
Professional Services	10,239	1,512	811	12,562
Insurance, Licenses, and Other	12,070	4,113	859	17,042
Travel	8,035	680	194	8,909
Depreciation	19,829	1,073	144	21,046
Interest	14,050	456	10	14,516
Total Expenses Per Statement of Activities	\$ 270,686	\$ 33,191	\$ 12,628	\$ 316,505

**NOTE 16 RELATED PARTY TRANSACTIONS**

Pledges totaling \$52,783 and \$62,822 for the years ended June 30, 2025 and 2024, 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.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 16 RELATED PARTY TRANSACTIONS (CONTINUED)**

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 payable due to the St. Paul Seminary was \$7 and \$853 for the years ended June 30, 2025 and 2024, 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:

	2025	2024
Lease Cost:		
Finance Lease Cost:		
Amortization of Right-to-Use Asset	\$ 3,439	\$ 2,966
Interest on Lease Liability	394	354
Operating Lease Cost	609	775
Variable Lease Cost	94	33
Total Lease Cost	\$ 4,536	\$ 4,128
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Financing Leases	\$ 3,439	\$ 2,966
Operating Cash Flows from Operating Leases	\$ 609	\$ 775
Financing Cash Flows from Finance Lease	\$ 3,497	\$ 2,830
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 5,503	\$ 3,620
Weighted Average Remaining Lease Term - Finance Leases	2.8 Years	3.1 Years
Weighted Average Remaining Lease Term - Operating Leases	5.8 Years	2.0 Years
Weighted Average Discount Rate - Finance Leases	4.1%	3.1%
Weighted Average Discount Rate - Operating Leases	5.5%	5.5%

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

A maturity analysis of annual undiscounted cash flows for lease liabilities of June 30, 2025 is as follows:

<u>Year Ended June 30,</u>	<u>Finance Leases</u>	<u>Operating Leases</u>
2026	\$ 2,554	\$ 284
2027	1,827	172
2028	1,470	129
2029	379	129
20230	27	365
Total Future Commitments	6,257	1,079
Less: Amount Representing Interest	(566)	(145)
Present Value of Future Minimum Lease Payments	<u>\$ 5,691</u>	<u>\$ 934</u>

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:

	<u>2025</u>	<u>2024</u>
<u>Finance Lease Assets</u>		
Right-of-Use Assets - Finance Assets, Net of Amortization	\$ 5,691	\$ 7,410
Other Land, Buildings, and Equipment, Net	765,032	650,304
Total Land, Buildings, and Equipment	<u>\$ 770,723</u>	<u>\$ 657,714</u>
<u>Operating Lease Assets</u>		
Right-of-Use Assets - Operating Assets	\$ 934	\$ 866
Other Inventories, Prepaid Expenses, and Other Assets	6,502	6,432
Total Inventories, Prepaid Expenses, and Other Assets	<u>\$ 7,436</u>	<u>\$ 7,298</u>
<u>Finance and Operating Lease Liabilities</u>		
Finance Lease Liability	\$ 5,691	\$ 7,410
Operating Lease Liability	934	866
Other Deposits and Other Liabilities	29,879	31,811
Total Deposits and Other Liabilities	<u>\$ 36,504</u>	<u>\$ 40,087</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.

**UNIVERSITY OF ST. THOMAS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 18 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

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 per incident and \$3,000 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 \$16,133 and \$14,137 for the fiscal years ending in 2025 and 2024 respectively. The University carries stop-loss insurance coverage that limits the University's claim liability to \$300 for each individual on an annual basis, with aggregate claim liabilities of \$23,821 and \$19,092 for fiscal years ended 2025 and 2024, respectively.

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

	Estimated Total Cost	Project Costs Incurred as of June 30, 2025
Anderson Arena	\$ 164,532	\$ 139,294
Microgrid	10,360	1,849
Other Projects	313	228
Totals	\$ 175,205	\$ 141,372

**NOTE 19 CONCENTRATIONS**

Support revenue, which is a combination of Private Gifts & Grants, Grants & Contracts and Endowment Gifts on the Statement of Activities, from one funder represents 45% and 13%, respectively, of the University's total support revenue for the years ended June 30, 2025 and 2024, respectively. Contributions receivable from two funders represent 44% and 45%, respectively, of the University's contributions receivable as of June 30, 2025 and 2024, respectively.

**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.

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

The composite score for the year ended June 30, 2025, is as follows:

Primary Reserve Ratio:			
Expendable Net Assets	\$	578,136	
Total Expenses/Losses	\$	341,164	1.6946
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Equity Ratio:			
Modified Net Assets	\$	1,426,709	
Modified Assets	\$	1,990,691	0.7167
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Net Income Ratio:			
Change in Net Assets Without Donor Restrictions	\$	45,995	
Total Revenue/Gains	\$	412,489	0.1115
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	Ratios	Strength Factors	Weight	Composite Score
Primary Reserve	1.69	3.00	40%	1.20
Equity	0.72	3.00	40%	1.20
Net Income	0.11	3.00	20%	0.60
Total Composite Score				<hr style="border-top: 1px solid black;"/> <u>3.00</u>