MOUNT ST. MARY'S UNIVERSITY

16300 Old Emmitsburg Road
Emmitsburg, MD 21727

December 19, 2023

Ms. Cara Gregg
Wilmington Trust, N.A.
One Light Street – 14th Fl – MD2-L140
Baltimore, MD 21202

Dear Ms. Gregg:

Mount St. Mary's University is subject to annual reporting under the following loan agreements:

- Loan Agreement between the County Commissioners of Frederick County and Mount St. Mary's University dated as of January 1, 2006, as amended

In accordance with the provisions of the above agreement, enclosed please find the following documents:

- Mount St. Mary's University Audited Financial Statements for the year ending June 30, 2024
- Letter from the independent accountant regarding compliance
- Certified Ratio of Net Revenues Available for Debt Service to Maximum Annual Debt Service for the years ended June 30, 2024
- Certificate of Compliance as of June 30, 2024
- Commercial Property and Casualty Insurance Program letter
- Annual Report including key student financial statistics

Thank you for your continued assistance to Mount St. Mary's University.

Sincerely,

John Callahan
Controller

Cc: Gerard J. Joyce, President
William E. Davies, Vice President for Business & Finance

MOUNT ST. MARY'S UNIVERSITY

Consolidated Financial Report
June 30, 2024

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RSM US LLP

Independent Auditor's Report

Board of Trustees
Mount St. Mary's University

Opinion
We have audited the consolidated financial statements of Mount St. Mary's University, Inc. (the University), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, and the changes 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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's internal control. Accordingly, no such opinion is expressed.

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

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

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

RSM US LLP

Gaithersburg, Maryland
December 18, 2024

Mount St. Mary's University

Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	**$ 28,489,534**	$ 29,203,790
Bond proceeds whose use is limited	**6,469,702**	6,520,054
Accounts receivable, net of allowance for credit losses of $1,852,089 and $1,522,209 as of June 30, 2024 and 2023, respectively	**3,547,945**	2,402,888
Contributions and grants receivable, net	**1,933,022**	4,281,947
Prepaid expenses and other assets	**3,038,903**	2,503,281
Loans to students, net of allowance for credit losses of $238,530 and $314,311 as of June 30, 2024 and 2023, respectively	**395,851**	585,188
Beneficial interest in trusts	**3,957,624**	3,848,265
Investments	**65,573,646**	63,211,934
Right-of-use assets – operating	**4,902,781**	5,364,925
Property and equipment, net	**102,214,495**	92,882,713
Total assets	**$220,523,503**	$210,804,985
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 11,262,838**	$ 10,055,325
Deposits, deferred revenue and other liabilities	**9,701,231**	6,512,231
Annuities payable	**560,308**	598,991
Lease liabilities – operating	**5,798,305**	5,598,322
Advances from U.S. Government for student loans	**199,053**	339,726
Long-term debt	**56,139,713**	57,586,621
Non-recourse obligation	**6,375,450**	6,578,917
Total liabilities	**90,036,898**	87,270,133
Net assets:		
Without donor restrictions	**50,818,100**	53,743,725
With donor restrictions	**79,668,505**	69,791,127
Total net assets	**130,486,605**	123,534,852
Total liabilities and net assets	**$220,523,503**	$210,804,985

See notes to consolidated financial statements.

Mount St. Mary's University

Consolidated Statement of Activities
Year Ended June 30, 2024
(With Summarized Comparative Totals for 2023)

	2024			
	Without Donor Restrictions	With Donor Restrictions	Total	2023
Operating revenue and gains and other support:				
Tuition and fees	$ 36,014,479	$ -	$ 36,014,479	$ 35,027,666
Room and board	20,360,719	-	20,360,719	19,973,593
Net student revenue	56,375,198	-	56,375,198	55,001,259
Contributions	3,991,224	3,743,390	7,734,614	11,535,160
Government grants and agreements	6,528,301	786,514	7,314,815	7,806,016
Endowment income	914,712	1,894,926	2,809,638	2,829,031
Investment income	1,497,438	657,713	2,155,151	1,427,717
Sales and services of auxiliary enterprises	2,658,478	-	2,658,478	2,272,335
Other revenue	3,111,948	42,750	3,154,698	2,795,652
Net assets released from restrictions	4,276,898	(4,276,898)	-	-
Total operating revenue and gains and other support	79,354,197	2,848,395	82,202,592	83,667,170
Operating expenses:				
Instructional	24,870,614	-	24,870,614	24,598,767
Academic support	6,496,642	-	6,496,642	6,672,702
Student services	10,685,897	-	10,685,897	9,452,994
Institutional support	18,416,854	-	18,416,854	17,566,321
Auxiliary enterprises	26,228,749	-	26,228,749	25,043,242
Total operating expenses	86,698,756	-	86,698,756	83,334,026
Change in net assets from operations	(7,344,559)	2,848,395	(4,496,164)	333,144
Non-operating revenue and other gains (losses):				
Contributions for long-term investment, net	-	9,474,272	9,474,272	1,527,511
Change in value of split interest agreements	31,897	331,751	363,648	671,382
Change in appreciation of investments, net of distributions	586,368	1,951,196	2,537,564	1,146,231
Loss on asset disposal	(927,567)	-	(927,567)	(169,060)
Net assets released from restrictions	4,728,236	(4,728,236)	-	-
Total non-operating revenue and other gains (losses)	4,418,934	7,028,983	11,447,917	3,176,064
Change in net assets	(2,925,625)	9,877,378	6,951,753	3,509,208
Net assets:				
Beginning	53,743,725	69,791,127	123,534,852	120,025,644
Ending	$ 50,818,100	$ 79,668,505	$ 130,486,605	$ 123,534,852

See notes to consolidated financial statements.

Mount St. Mary's University

Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and gains and other support:			
Tuition and fees	$ 35,027,666	$ -	$ 35,027,666
Room and board	19,973,593	-	19,973,593
Net student revenue	55,001,259	-	55,001,259
Contributions	6,887,856	4,647,304	11,535,160
Government grants and agreements	6,699,543	1,106,473	7,806,016
Endowment income	900,619	1,928,412	2,829,031
Investment income	1,127,459	300,258	1,427,717
Sales and services of auxiliary enterprises	2,272,335	-	2,272,335
Other revenue	2,795,652	-	2,795,652
Net assets released from restrictions	4,884,881	(4,884,881)	-
Total operating revenue and gains and other support	80,569,604	3,097,566	83,667,170
Operating expenses:			
Instructional	24,598,767	-	24,598,767
Academic support	6,672,702	-	6,672,702
Student services	9,452,994	-	9,452,994
Institutional support	17,566,321	-	17,566,321
Auxiliary enterprises	25,043,242	-	25,043,242
Total operating expenses	83,334,026	-	83,334,026
Change in net assets from operations	(2,764,422)	3,097,566	333,144
Non-operating revenue and other gains (losses):			
Contributions for long-term investment, net	-	1,527,511	1,527,511
Change in value of split interest agreements	114,913	556,469	671,382
Change in appreciation of investments, net of distributions	324,747	821,484	1,146,231
Loss on asset disposal	(169,060)	-	(169,060)
Net assets released from restrictions	9,427,340	(9,427,340)	-
Total non-operating revenue and other gains (losses)	9,697,940	(6,521,876)	3,176,064
Change in net assets	6,933,518	(3,424,310)	3,509,208
Net assets:			
Beginning	46,810,207	73,215,437	120,025,644
Ending	$ 53,743,725	$ 69,791,127	$ 123,534,852

See notes to consolidated financial statements.

Mount St. Mary's University

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	**$ 6,951,753**	$ 3,509,208
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**7,514,013**	7,324,319
Loss on disposal of asset	**927,567**	169,060
Amortization of bond issuance costs and premium	**(121,908)**	(70,989)
Contributions restricted for long-term investments	**(9,474,272)**	(1,527,511)
Net unrealized and realized gains on long-term investments	**(5,789,235)**	(4,120,959)
Provision (recovery) for uncollectible contributions and grants receivable	**3,553**	(126,487)
Recovery for expected credit losses – accounts receivables	**(1,183,511)**	(903,049)
Recovery for expected credit losses – loans from students	**(1,371)**	(183,953)
Change in value of beneficial interest in trusts	**442,033**	(390,419)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	**38,454**	292,424
Contributions and grants receivable	**2,345,372**	9,355,947
Prepaid expenses and other assets	**(535,622)**	(1,745,737)
Right-of-use assets – operating	**462,144**	-
Increase (decrease) in:		
Accounts payable and accrued expenses	**1,329,600**	759,394
Deposits, deferred revenue and other liabilities	**3,189,000**	2,447,387
Lease liabilities – operating	**199,983**	-
Net cash provided by operating activities	**6,297,553**	14,788,635
Cash flows from investing activities:		
Purchases of investments	**(7,897,998)**	(7,534,918)
Proceeds from sales of investments	**10,774,129**	7,654,719
Purchases of property and equipment	**(17,662,886)**	(8,614,108)
Proceeds from collections of loans from students	**190,708**	257,492
Net cash used in investing activities	**(14,596,047)**	(8,236,815)
Cash flows from financing activities:		
Distribution of annuities payable	**(38,683)**	(19,504)
Principal payments on non-recourse debt	**(203,467)**	(181,700)
Principal payments on finance lease liabilities	**(232,563)**	(593,882)
Payments on long-term debt	**(1,325,000)**	(1,260,000)
Contributions restricted for long-term investments	**9,474,272**	1,527,511
Repayment of advances from U.S. Government for student loans	**(140,673)**	(20,596)
Net cash provided by (used in) financing activities	**7,533,886**	(548,171)
Net change in cash and cash equivalents	**(764,608)**	6,003,649
Cash and cash equivalents:		
Beginning	**35,723,844**	29,720,195
Ending	**$ 34,959,236**	$ 35,723,844

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Mount St. Mary's University (the University) was founded in 1808 and is a private Catholic institution of higher education dedicated to liberal learning in the pursuit of truth. The University provides academic programs to approximately 2,400 students. The consolidated financial statements of the University include undergraduate and graduate programs, the Seminary and the Grotto.

A summary of the University's significant accounting policies follows:

Principles of consolidation: In accordance with Canon Law, the Seminary is a distinct but not separate organization. As a result, effective July 1, 2019, Mount St. Mary's Seminary was reorganized as a 509(a)(3) Type I organization supporting operations to the University as a controlled affiliate. The consolidated financial statements (collectively, the financial statements) include the accounts of Mount St. Mary's University and Mount St. Mary's Seminary (collectively, the University). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities topic of the Codification, the University is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets, revenue and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University are classified and reported as follows:

Net assets without donor restrictions: Net assets without donor restrictions are not subject to donor-imposed stipulations. Without donor restriction net assets may be designated for specific purposes by action of the Board of Trustees or management or may otherwise be limited by contractual agreements with outside parties.

Net assets with donor restrictions: Net assets with donor restrictions whose use by the University is subject to donor-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations that expire by the passage of time or subject to donor-imposed stipulations that they be maintained in perpetuity by the University. The donors of these assets permit the University to use all, or part of the income earned on these assets.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

Reclassifications: Certain reclassifications have been made to prior year balances to conform to current year presentation. These reclassifications did not result in a change to previously reported net assets.

Measure of operations: The University's change in net assets from operations, as reported in the consolidated statements of activities, include all operating revenues and operating expenses that are an integral part of its programs and supporting activities and net assets released from donor restrictions to support operating expenditures. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions designated for long-term investment (the donor-restricted and quasi-endowment) according to the University's endowment spending policy, which is detailed in Note 12. The measure of operations excludes investment return in excess of (less than) amounts made available for current support, as well as certain one-time non-operating losses.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Non-operating activities reflect transactions affecting net assets associated with endowment and capital contributions, gains or losses on investments, change in value of split interest agreements and other activities of a non-operating nature.

Cash and cash equivalents: For purposes of the consolidated statements of financial position and cash flows, the University considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents, consisting of demand deposits with banks and money market funds.

The University maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The University has not experienced any losses in such accounts. The University believes it is not exposed to any significant financial risk.

Contributions: Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give, that is, those with both a barrier and a right of return, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful accounts is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of the fundraising activity.

Contributions and endowment income with donor-imposed restrictions are reported as revenues with donor restrictions and are reclassified to net assets without donor restrictions when an expense is incurred that satisfies the donor-imposed restriction. Contributions restricted for acquisition of property and equipment are reported as revenues with donor restrictions and released from restrictions when the related assets are placed into service. Conditional contributions are recognized to net assets without donor restrictions if at the time of revenue recognition any imposed donor restrictions had already been satisfied. In the absence of donor stipulations, these contributions are reclassified to net assets without donor restrictions when the assets are placed in service.

The University conducted a capital fundraising campaign during 2024 and 2023, included in net assets with donor restrictions for capital purposes, as disclosed in Note 10.

Supplemental disclosure of cash information: Supplemental disclosures of cash information include the following as of June 30, 2024 and 2023:

	2024	2023
Cash paid during the year for interest	$ 2,713,295	$ 2,876,547
Defeasement of long-term debt through bequest settlement	-	1,000,000

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The following table summarizes supplemental cash flow information related to leases for the years ended June 30, 2024 and 2023:

	2024	2023
Operating lease qualifying as right of use assets obtained in exchange for new lease liabilities	$ 460,503	$ 2,644,189
Finance lease qualifying as right of use assets obtained in exchange for new lease liabilities	37,753	159,541
Lease liabilities	498,256	2,803,730

The following table provides a supplemental schedule of noncash investing activities for the years ended June 30, 2024 and 2023:

	2024	2023
Property and equipment, including construction-in-progress recorded in accounts payable	$ 3,092,708	$ 1,944,096

The following table provides a reconciliation of amounts reported within the consolidated statements of financial position that sum to the total amount shown in the consolidated statements of cash flows for the years ended June 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents	$ 28,489,534	$ 29,203,790
Bond proceeds whose use is limited	6,469,702	6,520,054
Total cash and cash equivalents for cash flow purposes	$ 34,959,236	$ 35,723,844

Accounts receivable: Accounts receivable consist of amounts due from students and other receivables. Student accounts receivable are reported net of any anticipated credit losses, which is an estimate of amounts that may not be collectible. The University separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the balance sheet date, the University develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. At June 30, 2024, the University maintained its historical loss rates for each aging category due to expected decreases in inflation and positive staffing changes. The University makes efforts to collect past due balances and writes off the balance if it still exists at the conclusion of the collection period. Historical write-off history is used to help establish an appropriate allowance for credit losses. Other receivables are evaluated individually for collectability.

Estimating credit losses based on risk characteristics requires significant judgment by the University. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the University's financial assets, the estimated life of financial assets and the level of reliance on historical experience considering economic conditions. The University separates student accounts receivables into risk pools based on their aging and reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

At June 30, 2024, the University evaluated the impact of current and future economic conditions on its historical loss rates for each risk pool and in management's judgement concluded that any impact to loss rates would be immaterial to both student accounts receivable and loans receivable. Therefore, no loss rates of any risk pool were adjusted for current or future economic conditions.

Beneficial interest in trusts: Beneficial interests in trusts represent the University's share of these trusts based on the terms of the various irrevocable trust agreements. These funds are neither in the possession of, nor under the control of the University. Such terms provide that the University is to receive annually a certain percentage of the income earned by the funds which are held in trust. Beneficial interest in trusts also includes two remainder trusts from which no distributions are made, except upon termination of the trusts. The University's interests in the fair value of the trusts are recognized as assets and contribution revenues on the dates the trusts are established. Distributions from the trusts are recorded as operating investment income and the fair value of the University's share of the trusts is adjusted for changes and reflected in change in value of split interest agreements in non-operating revenues and gains (losses).

Investments: Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in common stocks, mutual funds and U.S. Government and federal agency securities with readily determinable fair values are stated at fair value based upon quoted market prices. Investments in hedge funds are stated at the fund's net asset value or its equivalent as a practical expedient to fair value, as estimated by the fund manager or general partner. Accordingly, such values may differ from the values that would have been used had a ready market for the investments existed. The estimated values, provided primarily by investment managers, are reviewed by management for reasonableness, and the investment funds are subject to annual independent audits.

Net realized and unrealized gains on investments are reflected in the accompanying consolidated statements of activities. The University classifies the current distribution from endowments as operating revenue which may exceed dividends and interest.

The University invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such change could materially affect the balances and amounts reported in the consolidated statements of financial position.

Property and equipment: Property and equipment is stated at cost at date of acquisition or estimated fair value at date of donation in the case of gifts. All asset purchases over $5,000 with a useful life of at least one year are capitalized and depreciated over the estimated useful life of each asset using the straight-line method. The University's policy is to capitalize interest cost incurred on debt during the construction of major projects exceeding one year.

Leases: The University determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the customer obtains substantially all the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The University also considers whether its service arrangements include the right to control the use of an asset.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The University does not recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization uses an incremental borrowing rate which is aligned with the lease term at the lease commencement date.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of the index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The University has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to the University, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Valuation of long-lived assets: The University accounts for the subsequent measurement of certain long-lived assets in accordance with subsections of the FASB Codification topic, Property, Plant and Equipment that address Impairment or Disposal of Long-Lived Assets. The accounting standard requires that property, plant and equipment and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Gift annuities: The University has certain gift annuity agreements. Contribution revenues are recognized at the date of the gift received, net of liabilities for the present value of the estimated future payments made to the donors and/or other beneficiaries. The liabilities (annuities payable) are adjusted during the term of the agreements for changes in the value of the assets and changes in the estimated present value of future cash outflows and other changes in the estimates of future benefits. The University is required by state law to maintain assets at least equal to the sum of the reserves in its outstanding annuity agreements. These assets are required to be segregated from the rest of the assets of the University and are included in investments in the consolidated statements of financial position.

Advances from the U.S. government and loans to students, net: The notes receivable are associated with the Perkins Loan Program. The Perkins Loan Program is a federal financial aid program. The University follows all rules and regulations concerning the awarding and collecting of these loans. The advances provided by the United States Government under the Federal Perkins Loan program are loaned to qualified students and may be reloaned after collections. These funds are refundable to the federal government and are reported as liabilities. The University estimates the allowance for credit losses on the amount of principal past due and the length of time overdue to determine a risk pool. A loss rate is assigned to each risk pool based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. The allowance for credit losses was $238,530 and $314,311 at June 30, 2024 and 2023, respectively.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Federal Perkins Loan Program expired September 30, 2017, and fiscal year 2018 was the last year that the University could award Perkins loans based on action established by the Department of Education. Accordingly, the University did not award any Perkins loans in fiscal years 2024 and 2023. The University will be liquidating its Federal Perkins Revolving Loan Fund at the direction of the Department of Education. The liquidation will involve the University assigning all eligible outstanding loans to the Department of Education and the remittance of federal share of remaining Perkins cash assets to the Department of Education. Until liquidation is complete, the University is required to return the federal share of collections from students on an annual basis. Funds returned to the government from student collections amounted to $77,756 and $76,942 during the years ended June 30, 2024 and 2023, respectively.

Board-designated net assets: Gifts without donor restriction that are designated by management or the Board of Trustees as an endowment are recognized as board-designated endowments. If the University should need to utilize the earnings or principal of these endowments in a manner that is not consistent with the set policy, University management will seek approval from the Board of Trustees to allow alternative uses of the funds.

Conditional asset retirement obligations: The University has asset retirement obligations arising from regulatory requirements, to perform certain asset retirement activities at the time that asbestos remediation occurs within several campus facilities. The University estimates these retirement obligations through the identification of applicable legal requirements, identification of specific conditions requiring incremental cost at time of asset disposal, estimation of costs to remediate conditions and estimation of remaining useful lives or date of asset disposal. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's remaining useful life. Asset retirement obligations totaled approximately $1.9 million and $1.6 million as of June 30, 2024 and 2023, and are shown within deposits, deferred revenue, and other liabilities on the consolidated statements of financial position.

Revenue recognition: Tuition and fees, room and board and scholarship allowances are recognized ratably over the academic year. Government grants and contracts are recognized as revenue when conditions are satisfied (see Note 13).

Contract balances: The timing of revenue recognition may not align with the right to charge the customer. The University records accounts receivable when it has the unconditional right to receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. Related balances as of June 30, 2024, 2023 and 2022, were as follows:

	2024	2023	2022
Accounts receivable, net of allowance for credit losses	$ 3,547,945	$ 2,402,888	$ 1,792,263
Deferred revenue	9,219,582	6,113,479	5,759,730

Income taxes: The entity components of the University are exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and have been classified as organizations that are not private foundations.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The University follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the University may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the University's tax positions and concluded that the University had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. No provision for income taxes was required for the years ended June 30, 2024 and 2023.

Functional expenses: Expenses are primarily reported in the consolidated statements of activities in categories recommended by the National Association of College and University Business Officers. Certain expenses including depreciation expense, interest expense and expenses incurred for the operation and maintenance of plant facilities are allocated to program and supporting activities based upon square footage. Benefits are allocated based on salaries.

The University presents functional classification of operating expenses in accordance with the mission of the University. Mount St. Mary's primary programs are instruction, academic support, student services and auxiliary enterprises.

Liquidity: To provide information about liquidity, assets are presented on the accompanying consolidated statements of financial position according to their nearness of conversion to cash, and liabilities according to their nearness to estimated maturity.

Use of estimates: The preparation of financial statements in conformity with accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements. Actual results could differ from those estimates.

Debt issuance costs: The University presents debt issuance costs as a reduction of long-term debt on the accompanying consolidated statements of financial position. Debt issuance costs are amortized over the life of the related debt using the effective interest method.

Adopted accounting pronouncements: The University adopted ASC 326, Financial Instruments-Credit Losses, as of July 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include trade receivables, contract assets and non-current receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The allowance for credit losses as of June 30, 2024, and change in the allowance for credit losses during the year ended June 30, 2024, was not material to the financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Prior to adoption of ASC 326, the Entity maintained an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The allowance for doubtful accounts as of June 30, 2023, was $1,522,209.

Below is a summary of the changes in the University's accounts receivable allowance for credit losses for the years ended June 30, 2024 and 2023:

	2024	2023
Beginning balance	$ (1,522,209)	$ (1,313,110)
Provision for expected credit losses	(1,183,511)	(903,049)
Write-offs, net of recoveries	853,631	693,950
Ending Balance	$ (1,852,089)	$ (1,522,209)

Below is a summary of the changes in the University's loans to students allowance for credit losses for the years ended June 30, 2024 and 2023:

	2024	2023
Beginning balance	$ (314,311)	$ (1,421,237)
Provision for expected credit losses	(1,371)	(183,953)
Write-offs, net of recoveries	77,152	1,290,879
Ending balance	$ (238,530)	$ (314,311)

Subsequent events: The University has evaluated subsequent events through December 18, 2024, the date on which the financial statements were issued.

Note 2. Accounts Receivable

Accounts receivable as of June 30, 2024 and 2023, are comprised of the following:

	2024	2023
Student balances	$ 4,034,562	$ 3,003,872
Other	1,365,472	921,225
	5,400,034	3,925,097
Less allowance for credit losses	(1,852,089)	(1,522,209)
	$ 3,547,945	$ 2,402,888

Note 3. Contributions and Grants Receivable

Contributions and grants receivable at June 30, 2024 and 2023, are comprised of the following:

	2024	2023
Unconditional promises expected to be collected in:		
Less than one year	$ 926,728	$ 854,619
One year to five years	1,835,169	3,916,411
Over five years	57,050	98,949
Gross contributions and grants receivable	2,818,947	4,869,979
Less allowance for doubtful accounts for contributions and grants receivable	(567,123)	(416,400)
Less unamortized discount (rates ranging from 0.27% to 5.07%)	(318,802)	(171,632)
Total contributions and grants receivable, net	$ 1,933,022	$ 4,281,947

Note 4. Investments

A summary of investments (including pooled endowment funds) as of June 30, 2024 and 2023, follows:

	2024	2023
Common stocks	$ 29,865,418	$ 26,522,184
Mutual funds	16,406,745	16,055,962
Hedge funds	5,330,490	5,283,515
Real estate funds	4,006,500	3,992,359
U.S. government, federal agency and corporate fixed securities	8,157,025	9,704,810
Cash and money market funds	1,458,726	1,315,081
Other	348,742	338,023
	$ 65,573,646	$ 63,211,934

Investment income (gain) is comprised of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Net realized and unrealized gain on investments, including expenses	$ 5,347,202	$ 3,975,262
Dividends and interest, net of expenses	2,155,151	1,427,717
Total investment income, net of expenses	$ 7,502,353	$ 5,402,979

Donated investments received by the University of $2,837,412 and $730,340 for the years ended June 30, 2024 and 2023, respectively, consisted of investment securities which were liquidated by the University upon receipt.

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at June 30, 2024 and 2023, and depreciation expense for the years ended June 30, 2024 and 2023, are as follows:

		2024			
	Useful Lives (Years)	Cost	Accumulated Depreciation	Net Book Value	Depreciation Expense
Land	–	$ 2,063,503	$ -	$ 2,063,503	$ -
Land improvements	15	18,194,947	13,694,867	4,500,080	576,149
Buildings	15-40	152,273,949	87,704,157	64,569,792	4,063,293
Leasehold improvements	5	2,555,808	142,188	2,413,620	142,188
Equipment and contents	3-10	38,889,457	26,559,459	12,329,998	2,700,805
Library books	5-20	630,800	516,350	114,450	31,578
Art and manuscripts, etc.	–	713,535	-	713,535	-
Construction-in-progress	–	15,509,517	-	15,509,517	-
		$230,831,516	$128,617,021	$102,214,495	$ 7,514,013

		2023			
	Useful Lives (Years)	Cost	Accumulated Depreciation	Net Book Value	Depreciation Expense
Land	–	$ 2,063,503	$ -	$ 2,063,503	$ -
Land improvements	15	18,228,208	13,349,046	4,879,162	667,653
Buildings	15-40	153,301,626	84,896,254	68,405,372	4,191,713
Leasehold improvements	5	42,509	42,509	-	-
Equipment and contents	3-10	44,109,140	31,912,626	12,196,514	2,422,520
Library books	5-20	596,696	484,772	111,924	42,433
Art and manuscripts, etc.	–	713,535	-	713,535	-
Construction-in-progress	–	4,512,703	-	4,512,703	-
		$223,567,920	$130,685,207	$ 92,882,713	$ 7,324,319

Included in equipment and contents are assets purchased under finance lease and non-recourse obligations. These assets include vehicles, computer hardware, infrastructure equipment and the fieldhouse roof (see Note 9). Construction in progress consists of the Coad Science Building Expansion as well renovations to the School of Health Professions building amongst other projects.

Note 6. Long-Term Debt

A summary of long-term debt obligations as of June 30, 2024 and 2023, is as follows:

	2024	2023
Fixed rate bonds 2009 Town of Emmitsburg Non-Taxable Bonds, principal maturing on December 1, 2039. The fixed rate bonds have a coupon rate of 5.25%.	$ 250,000	$ 250,000
Fixed rates bonds 2017A Frederick County, MD Non-Taxable Bonds, principal payable annually beginning during the fiscal year ending June 30, 2024, in varying amounts, maturing June 30, 2046, fixed coupon rate of 5.00%.	53,265,000	54,590,000
Subtotal	53,515,000	54,840,000
Debt issuance costs, net of amortization	(893,853)	(935,600)
Unamortized premium	3,518,566	3,682,221
	$ 56,139,713	$ 57,586,621

In December 2017, the University issued Frederick County, Maryland Educational Facility Project and Refunding Revenue Bonds Series 2017A Tax-Exempt in the amount of $54,590,000, (Series 2017A Bonds) and Series 2017B Taxable in the amount of $1,920,000 (Series 2017B Bonds). The aggregate proceeds of the Series 2017A Bonds was $58,585,477, representing the principal amount of the Series 2017A Bonds, plus a net premium of $4,582,319, and less an underwriting discount of $586,842. The proceeds of the Series 2017A Bonds were used to refund in advance the Series 2006 Bonds, Series 2007 Bonds, Series 2007A Bonds and Series 2008 Bonds. The proceeds of the Series 2017A Bonds were also used to fund a $3,822,499 debt service reserve fund, a $3 million capital project fund and to pay the cost of issuance of the 2017A Bonds. The 2017A bonds were issued at a premium with interest yields ranging from 3.53% to 4.08%.

The aggregate proceeds of the 2017B Bonds were $1,899,360 representing the principal amount of the Series 2017B Bonds, less an underwriting discount of $20,640. The proceeds of the Series 2017B Bonds were used to terminate the three outstanding swaps that were used to hedge the Series 2007A and 2008 Bonds.

In December 2009, the Town issued $1,250,000 of Town of Emmitsburg Educational Facilities Revenue Bonds, Series 2009 (Series 2009 Bonds) for the purpose of lending the proceeds to the University to finance the renovation and improvements to the Terrace Student Housing Complex. In fiscal year 2023, through a bequest, the University received $1,000,000 to assist in the pay down of this debt agreement.

In order to secure the full and punctual payment of interest and principal, the University pledges a continuing lien and security interest in gross revenues and the proceeds thereof including receivables and deposit accounts.

Note 6. Long-Term Debt (Continued)

A summary of long-term debt principal payments required over the next five years and thereafter is as follows:

Years ending June 30:	
2025	$ 1,395,000
2026	1,465,000
2027	1,540,000
2028	1,620,000
2029	1,705,000
Thereafter	45,790,000
	$ 53,515,000

In connection with the bonds above, the University has bond proceeds whose use is limited of $6,469,702 and $6,520,054 at June 30, 2024 and 2023, respectively, to pay principal and interest. These funds are included in bond proceeds whose use is limited in the accompanying consolidated statements of financial position.

Note 7. Functional Classification of Expenses and Allocation

The following tables summarize by natural and functional classification for the fiscal years ended June 30, 2024 and 2023:

	2024					
	Instructional	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	Total Expenses
Salaries and wages	$ 15,434,055	$ 3,643,768	$ 4,891,342	$ 7,676,614	$ 5,031,485	$ 36,677,264
Benefits	3,682,122	752,559	1,254,820	1,966,602	1,129,505	8,785,608
Total compensation	19,116,177	4,396,327	6,146,162	9,643,216	6,160,990	45,462,872
Purchased svcs—maintenance	798,804	126,251	105,282	298,285	1,274,666	2,603,288
Purchased svcs—dining	-	-	-	-	6,688,058	6,688,058
Other Operating	1,167,354	1,371,863	3,778,687	5,749,106	6,344,494	18,411,504
Depreciation	1,865,837	363,308	456,550	1,479,726	3,348,592	7,514,013
Interest	890,717	140,777	117,396	341,142	1,421,334	2,911,366
Occupancy costs	1,031,725	98,116	81,820	905,379	990,615	3,107,655
Total operating expenses	$ 24,870,614	$ 6,496,642	$ 10,685,897	$ 18,416,854	$ 26,228,749	$ 86,698,756

	2023					
	Instructional	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	Total Expenses
Salaries and wages	$ 15,992,272	$ 3,837,670	$ 4,588,625	$ 7,217,143	$ 4,824,618	$ 36,460,328
Benefits	3,595,526	769,460	1,124,560	1,789,541	1,105,889	8,384,976
Total compensation	19,587,798	4,607,130	5,713,185	9,006,684	5,930,507	44,845,304
Purchased svcs—maintenance	666,997	112,658	93,947	266,686	1,137,432	2,277,720
Purchased svcs—dining	-	-	-	-	6,453,916	6,453,916
Other Operating	920,070	1,346,081	3,143,760	5,656,612	5,830,720	16,897,243
Depreciation	1,826,839	379,713	312,705	1,407,505	3,397,557	7,324,319
Interest	880,539	148,726	124,024	356,296	1,501,584	3,011,169
Occupancy costs	716,524	78,394	65,373	872,538	791,526	2,524,355
Total operating expenses	$ 24,598,767	$ 6,672,702	$ 9,452,994	$ 17,566,321	$ 25,043,242	$ 83,334,026

Note 7. Functional Classification of Expenses and Allocation (Continued)

Fundraising costs are all classified as institutional support on the consolidated statements of activities. As of June 30, 2024 and 2023, fundraising costs are $2,030,948 and $2,008,434, respectively.

Note 8. Postretirement Plans

The University participates in the Mount St. Mary's University Defined Contribution Retirement Plan, a defined contribution plan, for all eligible employees. Vesting provisions are immediate under this plan. The University will make a non-elective contribution equal to 3% of compensation and will allow for a 100% matching contribution on a participant's elective contributions from 3% to 6%. The expense for these plans for the years ended June 30, 2024 and 2023, was $1,562,766 and $1,555,374, respectively. Retirement contributions are made for administrative and faculty priests to their respective dioceses. For the years ended June 30, 2024 and 2023, those expenses amounted to $51,312 and $40,986, respectively.

Note 9. Leases

The University is obligated under finance leases, covering certain vehicles, equipment, and building improvements that expire at various dates during the next five years. The finance lease right-of-use assets are included in property and equipment, net in the accompanying consolidated statements of financial position. The liability for finance leases is included in the accompanying consolidated statements of financial position with deposits, deferred revenue, and other liabilities. At June 30, 2024 and 2023, the value of finance lease right-of-use assets, and the related accumulated amortization were as follows:

	2024	2023
Equipment and vehicles	$ 3,165,871	$ 3,125,871
Building improvements	2,413,238	2,413,238
Less accumulated amortization	(4,086,733)	(3,906,938)
	$ 1,492,376	$ 1,632,171

The University has several non-cancelable operating leases. The University in 2018 executed an extension of an operating lease for 28,145 square feet for classroom and office space in Frederick, Maryland with a termination date of April 30, 2031. The lease included a free rent period and landlord improvements that are being amortized over the lease term. The cost per square foot for the calendar year 2024 is $14.14 per square foot subject to an annual increase of 2.5%.

The University in December 2022 entered an operating lease for 39,988 square feet in Emmitsburg, Maryland for the Seminary. The lease is for 15 years with an option to extend for an additional three 5-year periods. As the University is not reasonably certain to exercise these extensions, they have not been included in the lease term. The lease contained a no rent period prior to occupancy of August 1, 2023, and a rate of $3 per square foot per year for the first three years increasing to $6 per square foot in year 4 and inflating at 2% thereafter.

The University in April 2023 entered an operating lease for 22,792 square feet in Emmitsburg, Maryland to develop and operate a School of Health Professions. The lease is for 15 years with an option to extend for an additional three 5-year periods. As the University is not reasonably certain to exercise these extensions, they have not been included in the lease term. The lease contained a no rent period prior to occupancy (estimated to be August 2024) and a rate of $3.88 per square foot until December 2026 increasing to $6.63 per square foot in year 4 and inflating at 2% thereafter. The lease included a reimbursement by the landlord for improvements of an estimated $900,000 to be received over the next 18 months.

Note 9. Leases (Continued)

Finance leases include options to purchase at the end of the lease term at the lessee's discretion. The University's leases generally do not contain any material restrictive covenants or residual value guarantees.

Cash flows for operating leases (except those with lease terms of a month or less that were not renewed) during the years ended June 30, 2024 and 2023, were $166,496 and $493,014, respectively.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance-lease cost is recognized as a combination of the amortization expense for the ROU asset and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Operating lease cost	$ 794,491	$ 625,818
Finance lease cost—amortization of right-of-use assets	189,905	227,728
Finance lease cost—interest on lease liabilities	14,037	20,019
Total lease costs	$ 998,433	$ 873,565

Amortization of assets held under finance leases is included with depreciation expense. Interest expense related to the obligation for finance leases is included with interest expense.

Supplemental consolidated statement of financial position information related to leases is as follows:

	2024	2023
Operating leases:		
Operating lease right-of-use assets	$ 4,902,781	$ 5,364,925
Operating lease liabilities	5,798,305	5,598,322
Finance leases:		
Finance lease right-of-use assets	1,492,376	1,632,171
Finance lease liabilities	222,167	318,193
Weighted-average remaining lease term (in years)		
Operating leases	5.0	11.0
Finance leases	1.6	2.5
Weighted-average discount rate		
Operating leases	4.6%	4.4%
Finance leases	6.2%	5.7%

Note 9. Leases (Continued)

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum financing-type lease payments as of June 30, 2024, are:

	Financing Leases	Operating Leases
Years ending June 30:		
2025	$ 84,532	$ 214,306
2026	69,541	558,352
2027	69,541	792,584
2028	38,841	834,871
2029	575	852,278
Thereafter	-	4,590,890
Total minimum lease payments	263,030	7,843,281
Less amount representing interest	(40,863)	(2,044,976)
Present value of net minimum lease payments	$ 222,167	$ 5,798,305

Finance lease liabilities are included in the accompanying consolidated statements of financial position with deposits, deferred revenue and other liabilities.

The University previously entered into a multi-year agreement to rent University property for solar energy production. The initial term of the agreement ends December 2032. The University earns annual revenue of $94,281 during the initial term of the agreement. Upon completion of the initial term, the University has two renewal options of five years per option. Future cash payments to be received by the University from the agreement as of June 30, 2024, are:

2025	$ 24,951
2026	25,699
2027	26,470
2028	27,264
2029	28,082
Thereafter	89,404
	$ 221,870

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30, 2024 and 2023, and net assets during the years ended June 30, 2024 and 2023, were released from restrictions by incurring expenses or by the passage of time satisfying the restriction:

	Balance at June 30, 2023	Additions, Gains	Transfers/ Releases	Balance at June 30, 2024
Capital projects	$ 10,026,627	$ 9,163,249	$ (1,498,586)	$ 17,691,290
Student scholarships	2,150,045	709,149	(460,428)	2,398,766
Recreational services	907,414	61,640	(407,840)	561,214
Community leadership	130,063	5,905	(9,886)	126,082
Other purpose restricted	6,661,041	4,159,875	(4,265,273)	6,555,643
Time restricted	913,790	61,642	(509,800)	465,632
Endowment funds:				
Principal amount, restricted in perpetuity	33,413,098	691,359	41,605	34,146,062
Appreciation on principal, not allocated for spending	12,597,592	3,838,315	(1,894,926)	14,540,981
Beneficial interest in trusts	2,633,145	182,158	-	2,815,303
Other net assets restricted in perpetuity	358,312	9,220	-	367,532
Total net assets with donor restrictions	$ 69,791,127	$ 18,882,512	$ (9,005,134)	$ 79,668,505

	Balance at June 30, 2022	Additions, Gains	Transfers/ Releases	Balance at June 30, 2023
Capital projects	$ 17,412,496	$ 875,351	$ (8,261,220)	$ 10,026,627
Student scholarships	2,267,381	285,291	(402,627)	2,150,045
Recreational services	846,513	60,901	-	907,414
Community leadership	130,825	1,480	(2,242)	130,063
Other purpose restricted	4,720,231	5,658,530	(3,717,720)	6,661,041
Time restricted	852,889	60,901	-	913,790
Endowment funds:				
Principal amount, restricted in perpetuity	32,657,285	755,813	-	33,413,098
Appreciation on principal, not allocated for spending	11,814,472	2,711,532	(1,928,412)	12,597,592
Beneficial interest in trusts	2,168,164	464,981	-	2,633,145
Other net assets restricted in perpetuity	345,181	13,131	-	358,312
Total net assets with donor restrictions	$ 73,215,437	$ 10,887,911	$ (14,312,221)	$ 69,791,127

Note 11. Fair Value Measurements

The carrying amount of cash and cash equivalents, notes, and accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these financial instruments. A reasonable estimate of fair value of student loans receivable under government loan programs could not be made because the notes are not saleable and can only be assigned to the U.S. government or its designees.

The University has established and documented processes and methodologies for determining the fair values of investments on a recurring basis in accordance with ASC 820, Fair Value Measurements. Under ASC 820, a financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy established by ASC 820 are defined as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The University recognizes any transfers of assets or liabilities between Level 3 as occurring on the actual date of the transfer. During fiscal years 2024 and 2023, there were no transfers into or out of Level 3.

The following table presents the University's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2024 and 2023:

	June 30, 2024			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents:				
Money market mutual funds	$ 23,700,000	$ 23,700,000	$ -	$ -
Total cash and cash equivalents	$ 23,700,000	$ 23,700,000	$ -	$ -
Bond proceeds whose use is limited				
Money market mutual funds	$ 6,499,621	$ 6,499,621	$ -	$ -
Total cash and cash equivalents	$ 6,499,621	$ 6,499,621	$ -	$ -
Investments:				
Common stocks	$ 29,865,418	$ 29,865,418	$ -	$ -
Mutual funds:				
Multi-strategy—equities	7,674,742	7,674,742	-	-
Multi-strategy—fixed income	8,732,003	8,732,003	-	-
	16,406,745	16,406,745	-	-
U.S. Government, federal agency and corporate fixed securities	8,157,025	8,157,025		-
Real estate funds	4,006,500	-	-	4,006,500
Cash and money market funds	1,458,726	1,458,726	-	-
Total investments at fair value	$ 59,894,414	$ 55,887,914	$ -	$ 4,006,500
Multi-strategy hedge funds valued at NAV	5,330,490			
Life insurance cash surrender value	348,742			
Total investments	$ 65,573,646			
Beneficial interest in trusts	$ 3,957,624	$ -	$ -	$ 3,957,624

Note 11. Fair Value Measurements (Continued)

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents:				
Money market mutual funds	$ 16,700,000	$ 16,700,000	$ -	$ -
Total cash and cash equivalents	$ 16,700,000	$ 16,700,000	$ -	$ -
Bond proceeds whose use is limited				
Money market mutual funds	$ 6,519,987	$ 6,519,987	$ -	$ -
Total cash and cash equivalents	$ 6,519,987	$ 6,519,987	$ -	$ -
Investments:				
Common stocks	$ 26,522,184	$ 26,522,184	$ -	$ -
Mutual funds:				
Multi-strategy—equities	693,487	693,487	-	-
Multi-strategy—fixed income	12,386,040	12,386,040	-	-
Multi-strategy—blend	2,976,435	2,976,435	-	-
	16,055,962	16,055,962	-	-
U.S. Government, federal agency and corporate fixed securities	9,704,810	9,704,810		-
Real estate funds	3,992,359	-	-	3,992,359
Cash and money market funds	1,315,081	1,315,081	-	-
Total investments at fair value	$ 53,598,037	$ 53,598,037	$ -	$ 3,992,359
Multi-strategy hedge funds valued at NAV	5,283,515			
Life insurance cash surrender value	338,023			
Total investments	$ 63,211,934			
Beneficial interest in trusts	$ 3,848,265	$ -	$ -	$ 3,848,265

Common stocks and mutual funds are classified as Level 1 instruments, as they are actively traded on public exchanges. The cash and money market funds are classified as Level 1 instruments as they are held within the University's investment accounts and valued using broker quotes that utilize observable inputs. U.S. Government and federal agency and corporate fixed securities are classified as Level 1 instruments as there are quoted prices in active markets for identical assets.

The multi-strategy hedge funds have net asset values per share, or the equivalent. Of these funds, $5,330,490 cannot be redeemed in the near term by the University.

The beneficial interests in trusts are classified as Level 3 instruments because there is no active market for selling the University's interests. Further, the University's asset is the right to receive cash flows from the trusts, not the assets of the trusts themselves. Although the trust assets may be investments for which quoted prices in an active market are available, the University does not control those investments.

Note 11. Fair Value Measurements (Continued)

The following table presents a reconciliation of all Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2024 and 2023:

	Real Estate Funds	Beneficial Interest in Trusts
Balance, June 30, 2022	$ 4,677,235	$ 4,311,790
Sales/withdrawals	(775,000)	(203,920)
Transfers	(847,356)	-
Settlement	-	(853,945)
Investment return/change in value	937,480	594,340
Balance, June 30, 2023	3,992,359	3,848,265
Sales/withdrawals	-	(332,674)
Transfers	(121,654)	-
Investment return/change in value	135,795	442,033
Balance, June 30, 2024	$ 4,006,500	$ 3,957,624

For fair value measurements categorized within Level 3 of the fair value hierarchy, the University is required to provide quantitative information about the significant unobservable inputs used in the fair value measurement. The following table provides the required information for the University:

Type	Fair Value June 30, 2024	Fair Value June 30, 2023	Valuation Technique	Unobservable Inputs	Range
Beneficial interest in trusts	$ 2,815,303	$ 2,633,145	Percentage of assets held by custodian	Market activity	N/A
Beneficial interest in trusts	924,881	1,005,520	Present value of future cash flows	Discount rate	5.50%
				Rate of return on assets	5.50%
Beneficial interest in trusts	217,440	209,600	Present value of remaining asset balance	Discount rate	3.74%
Multi-strategy hedge funds	4,006,500	3,992,359	Fair value NAV calculated based on valuation of underlying restate estate holdings	Value of real estate holdings	N/A
	$ 7,964,124	$ 7,840,624			

Note 11. Fair Value Measurements (Continued)

The following table provides additional attributes for investments measured at fair value as a practical expedient at June 30, 2024 and 2023, based on a net asset value per share:

	Fair Value		Unfunded	Redemption Frequency (If Currently	Redemption Notice
	June 30, 2024	June 30, 2023	Commitments	Eligible)	Period
Hedge Fund—Equity (a)	$ 4,702,718	$ 4,569,350	$ -	Not eligible	Not eligible
Hedge Fund—Debt and Equity (a)	627,772	714,165	305,622	Not eligible	Not eligible
	$ 5,330,490	$ 5,283,515			

(a) These funds pursue multiple strategies to diversify and reduce volatility. The funds invest in a diversified portfolio of private equity and debt investments. Investments in these funds are both domestic and international, and are in the retail, real estate, insurance, and energy industries. The fair value as a practical expedient of the investments has been estimated using net asset value per share of the investments.

Note 12. Endowment

The University's endowment consists of approximately 360 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments.

Interpretation of relevant law: The University is subject to the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restriction. The University's Board of Trustees has interpreted UPMIFA as requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the University considers a fund to be underwater if the fair value of the fund is less than the sum of: (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor of the gift instrument. The University has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

The University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the University and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the University; and the investment policies of the University.

Note 12. Endowment (Continued)

Endowment net assets consist of the following as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund	$ -	$ 48,687,043	$ 48,687,043
Board designated endowment fund	15,601,668	-	15,601,668
Total	$ 15,601,668	$ 48,687,043	$ 64,288,711

Endowment net assets consist of the following as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund	$ -	$ 46,010,690	$ 46,010,690
Board designated endowment fund	15,002,820	-	15,002,820
Total	$ 15,002,820	$ 46,010,690	$ 61,013,510

The purposes of endowments with donor restrictions as of June 30, 2024 and 2023, are as follows:

	2024	2023
Student scholarships	$ 31,778,386	$ 29,560,552
Student prizes	716,760	670,402
General operations	16,191,897	15,779,736
Total donor-restricted endowment fund	$ 48,687,043	$ 46,010,690

The purpose of endowments without donor restrictions is to fund general operations.

Changes in endowment net assets for the year ended June 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 15,002,820	$ 46,010,690	$ 61,013,510
Transfer from other permanently restricted net assets	-	(65,683)	(65,683)
Transfer from restricted net assets	16,210	(26,371)	(10,161)
Change in donor intent	-	-	-
Investment gains	1,497,350	3,838,315	5,335,665
Contributions/additions	-	825,018	825,018
Spending allocation	(672,134)	(1,894,926)	(2,567,060)
Endowment administrative fees	(242,578)	-	(242,578)
Endowment net assets, end of year	$ 15,601,668	$ 48,687,043	$ 64,288,711

Note 12. Endowment (Continued)

Changes in endowment net assets for the year ended June 30, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 14,280,687	$ 44,921,757	$ 59,202,444
Transfer from other permanently restricted net assets	-	117,869	117,869
Transfer from restricted net assets	13,477	-	13,477
Change in donor intent	450,000	(450,000)	-
Investment gains	1,159,275	2,711,532	3,870,807
Contributions/additions	-	637,944	637,944
Spending allocation	(664,492)	(1,928,412)	(2,592,904)
Endowment administrative fees	(236,127)	-	(236,127)
Endowment net assets, end of year	$ 15,002,820	$ 46,010,690	$ 61,013,510

As of June 30, 2024 and 2023, the University's endowment assets consist primarily of an invested portfolio, as well as contributions receivable. See Note 4 for additional details on the composition of the investments.

Return objectives, risk parameters and strategies: The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the real value of the endowment assets. Endowment assets include those assets of donor-restricted funds and board-designated funds. The University relies on a total return strategy under which investment returns are achieved through capital appreciation (realized and unrealized) and yield (interest and dividends). Investments are diversified by asset class with a focus on achieving long-term objectives with prudent risk constraints.

Spending policy and how the investment objective relates to spending policy: The Endowment Committee of the Board of Trustees reviews the University's endowment spending policy on an annual basis. For fiscal years 2024 and 2023, the Endowment Committee approved the appropriation for distribution of 5% of its endowment funds' average market value using the prior three years through December 31, in which the distribution is planned. Based on this formula and a return factor of 5% in 2024 and 2023, the total distribution income for the years ended June 30, 2024 and 2023, amounted to $2,567,060 and $2,592,904, respectively. Accordingly, the University expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional growth will be provided through new gifts and any excess investment returns. In the event of a deficiency within a fund sourced with donor restricted funds, such amounts are accounted for within that category. The University's policy is not to draw from funds that are in deficiency status relative to its normal spending policy.

Note 13. Net Tuition, Sales and Services of Auxiliary Enterprises and Grant Revenues

Tuition revenue and discounts: Tuition and fees for instruction, net of scholarships, are substantially billed and collected prior to the end of each semester. Revenues are earned and recognized over the course of each semester as educational services are delivered. Accounts and notes receivable from students for services provided from contracts are disclosed in Note 2 of the financial statements. The portion of tuition revenue for the summer terms that is earned after the years ended June 30, 2024 and 2023, is treated as deferred revenue and is included with deposits, deferred revenue, and other liabilities on the accompanying consolidated statements of financial position. The amount of deferred revenue for these summer terms is immaterial to the financial statements.

Student financial aid in the form of scholarships is reflected as contra-tuition revenue in the consolidated statements of activities.

Disaggregated information concerning tuition and fees by type of student as of June 30, 2024 and 2023, is as follows:

	2024	2023
Undergraduate (net of scholarships (2024—$53,104,222; 2023—$52,109,801))	$ 25,521,495	$ 25,687,315
Graduate (net of scholarships (2024—$335,110; 2023—$537,141))	6,247,704	5,447,720
Seminary (net of scholarships (2024—$432,170; 2023—$416,917))	4,245,280	3,892,631
Total tuition and fees (net of scholarships 2024—$53,871,502; 2023—$53,063,859))	$ 36,014,479	$ 35,027,666

Room and board and sales and services of auxiliary enterprises: Room and board revenue consists of goods and services to the campus community related to residence and dining halls. The University's sales and services of auxiliary enterprises consists principally of other goods and services to the campus community, such as bookstore operations, cemetery sales, facility rental and use. Revenues and expenses from room and board and auxiliary enterprises are reported as changes in net assets without donor restrictions.

Charges to students for campus residence and dining services are billed and collected prior to the end of each semester. Associated revenues are earned and recognized over the course of each semester as these services are delivered.

Government grants: Grants for basic research and other sponsored programs are generally subject to restrictions and conditions that must be met before the University is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. The University recognizes revenues on grants for basic research and other sponsored programs as the awards for such programs are expended and conditions are met.

Note 14. Liquidity and Availability

Financial assets available for general expenditure within one year of June 30, 2024 and 2023, were as follows:

	2024	2023
Total assets	$ 220,523,503	$ 210,804,985
Less nonfinancial assets:		
Property and equipment, net	102,214,495	92,882,713
Prepaid expenses	3,038,903	2,503,281
Right-of-use assets	4,902,781	5,364,925
Less assets unavailable for general expenditure within one year:		
Funds restricted for capital expenditures	17,691,290	11,127,199
Donor endowment funds, annuities, cash surrender life insurance and other illiquid investments	51,463,525	49,644,903
Contributions and grants receivable, greater than one year	1,006,294	3,427,328
Beneficial interest in trusts	3,957,624	3,848,265
Bond proceeds whose use is limited	6,469,702	6,520,054
Loans to students, net	395,851	585,188
Financial assets available within one year	$ 29,383,038	$ 34,901,129

As of June 30, 2024, the University has $29,383,038 of financial assets that are available within one year of the consolidated statement of financial position date to meet cash needs for general expenditure consisting of cash of $10,798,244, accounts receivable of $3,547,945, contributions and grants receivable, less than one year $926,728, and board designated quasi-endowment assets of $14,110,121.

As of June 30, 2023, the University has $34,901,129 of financial assets that are available within one year of the consolidated statement of financial position date to meet cash needs for general expenditure consisting of cash of $18,076,591, accounts receivable of $2,402,888, contributions and grants receivable, less than one year $854,619, and board designated quasi-endowment assets of $13,567,031.

The University manages its financial assets for availability when its operating expenditures, liabilities and other obligations come due. In addition, the University invests cash in excess of daily requirements in short-term investments or fixed income securities. To supplement working capital and investment commitments, the University had a line of credit available totaling $4,990,000, with no outstanding borrowings under this agreement as of June 30, 2024 and 2023.

Note 15. Commitments and Contingencies

The University is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the University's financial position, results of activities or liquidity.

As of June 30, 2024, the University has in place employment agreements with certain administrators and head coaches.

The University has multiple construction contracts outstanding for various construction contracts. Contract commitments outstanding at June 30, 2024 and 2023, totaled approximately $6,835,000 and $10,196,000, respectively.

Note 15. Commitments and Contingencies (Continued)

U.S. federal grants: The University receives grants from various agencies of the U.S. government. Such grants are subject to audit under the provisions of Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for the Federal Awards* (Uniform Guidance). The ultimate determination of amounts received under the U.S. government grants is based upon the allowance of costs reported to and accepted by the U.S. government as a result of the audits. Until such audits have been accepted by the U.S. government, there exists a potential contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Note 16. Line of Credit

The University maintains a line of credit with a local financial institution. As of June 30, 2024, the maximum amount of the line of credit was $5,000,000 with an expiration date of June 30, 2025. The University has an outstanding letter of credit of $10,000 issued under the line of credit as of June 30, 2024 and 2023. During the years ended June 30, 2024 and 2023, the University did not draw on the line of credit. Availability under the line as of both June 30, 2024 and 2023, was $4,990,000.

Note 17. Non-Recourse Obligation

In September 2017, the University entered into a contingent payment performance contract with a third-party vendor to upgrade infrastructure including building controls, heating, air conditioning and lighting. Under the terms of the agreement, the University received infrastructure improvements plus construction period interest. The project was completed during the year ended June 30, 2019. Upon installation, the University recognized an asset and a non-recourse obligation with a fixed interest rate of 5.15% as set out in the contract. As of June 30, 2024, the University has recorded the infrastructure improvements as additions to property and equipment along with a non-recourse obligation of $6,375,450 based on the approximate installations completed as of June 30, 2024. The third-party has guaranteed the savings in utilities will exceed the payments required to pay off the non-recourse obligation annually over a 15-year period. Upon completion of installation, the following summarizes principal payments due over the next five years and thereafter as follows:

Years ending June 30:	
2025	$ 227,360
2026	253,183
2027	280,706
2028	310,028
2029	341,250
Thereafter	4,962,923
	$ 6,375,450

Note 18. Related-Party Transactions

The University has contributions receivable from members of its Board of Trustees totaling approximately $1,294,000 and $1,335,000 as of June 30, 2024 and 2023, respectively.

The University's Board of Trustees and management team includes representatives and/or relationships with both private industries and public sector organizations. During the years ended June 30, 2024 and 2023, the University conducted business with some of these entities under terms that were consistent with those offered to unrelated customers. Total aggregate activity (payments) to or from these entities during the years ended June 30, 2024 and 2023, was $1,759,032 and $550,017, respectively.

Note 19. Conditional Grants

The University has been awarded conditional grants that have amounts still to be recognized as of June 30, 2024 and 2023, once barriers and/or rights of return have been satisfied. The unrecognized amounts during the years ended June 30, 2024 and 2023, total approximately $21,116,606 and $7,003,575, respectively, with barriers consisting mainly of incurring allowable expenditures.

Note 20. Financial Responsibility Information

The Department of Education's financial responsibility ratio requirements (34 CFR 668.172) require that certain information necessary to calculate the financial responsibility ratio be provided and referenced to the financial statements or the footnotes. The schedule requires presentation of property and equipment, net both pre-implementation of the requirements and post-implementation. The University's pre-implementation of property and equipment (as of June 30, 2019), less disposals and accumulated depreciation through June 30, 2024, is $83,233,467. The University's post-implementation property and equipment, less disposals and accumulated depreciation through June 30, 2024, is $1,979,135, excluding construction in progress of $15,509,517. All post-implementation property and equipment is without outstanding debt for acquisition.

RSM

RSM US LLP

Independent Auditor's Report

Board of Trustees
Mount Saint Mary's University

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Mount Saint Mary's University (the University), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 18, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the University failed to comply with the terms, covenants, provisions or conditions of sections Section 7.1 of the 2009 Series Bond documents dated December 1, 2009, with the Town of Emmitsburg, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters might have come to our attention regarding the University's noncompliance with the above-referenced terms, covenants, provisions or conditions of Section 7.1 of the 2009 Series Bond documents dated December 1, 2009, with the Town of Emmitsburg, insofar as they relate to accounting matters.

Also in connection with our audits, nothing came to our attention that caused us to believe that the University failed to comply with the terms, covenants, provisions or conditions of the Section titled "Borrower Covenants" of the 2017A and 2017B Series Bond documents dated December 6, 2017 with Frederick Country, Maryland. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters might have come to our attention regarding the University's noncompliance with the above-referenced terms, covenants, provisions or conditions of the section titled "Borrower Covenants" of the 2017A and 2017B Series Bond documents dated December 6, 2017, with the Town of Emmitsburg, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Trustees and management of the University, trustees on the above debt obligations, Frederick County and the Town of Emmitsburg, the bond holders, lenders, and ratings agencies and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Gaithersburg, Maryland
December 18, 2024

Mount St. Mary's University
Debt Covenants - Series 2017A, 2009
Certified Ratio of Net Revenues Available for Debt Service
Fiscal year ended 6/30/2024

Debt Service Coverage Ratio

Required to maintain a debt service coverage ratio of at least 1.0 to 1

	6/30/2024
Net Revenues Available for Debt Service (as defined)	
Change in Unrestricted Net Assets	(2,925,625)
Adjustments:	
Unrealized (gain)/loss on investments	(586,368)
Interest expense	2,911,366
Depreciation	7,514,013
Amortization	(121,908)
Extraordinary Items:	
(Gain) loss on Asset Disposal	927,567
Net Revenues Available for Debt Service (as defined)	7,719,045
Maximum Annual Debt Service Requirements (as defined)	
Principal and interest on long term indebtedness	4,036,000
Capital lease obligation	84,532
Maximum Annual Debt Service (as defined)	4,120,532
Debt Service Coverage Ratio	1.87
Summary of Maximum Annual Debt Service	2025
Series 2009	13,125
2017A	4,022,875
Capital Leases	84,532
Total	4,120,532

Certified by:

William E. Davies
Vice President for Business and Finance

Compliance Certificate

PNCBANK

The undersigned hereby certifies that he or she is the Vice President for Business and Finance of Mount St. Mary's University, (the "**Borrower**") (or, if the undersigned is an individual, the undersigned is the Borrower), and is furnishing this Compliance Certificate on behalf of the Borrower pursuant to that certain Loan Agreement or Letter Agreement dated **June 22, 2018** (as amended and restated in the loan agreement, the "**Agreement**"), with **PNC BANK, NATIONAL ASSOCIATION** (the "**Bank**"). Initially capitalized words and terms used herein without definition shall have the respective meanings assigned to them in the Agreement or in the other agreements, instruments and documents executed in connection with the Agreement (the "**Loan Documents**"). The undersigned hereby represents and agrees as follows:

1. He or she is authorized to execute and deliver this Compliance Certificate on behalf of the Borrower for period ending **June 30, 2024**.

2. He or she is familiar with the provisions of the Loan Documents and the transactions contemplated thereby, and has reviewed the Loan Documents, had such discussions with the Borrower's management and employees and done such other investigation as necessary to support the statements made below.

3. No Event of Default exists under the Loan Documents and no event has occurred which with the passage of time, the giving of notice or both would constitute an Event of Default.

4. The Borrower has performed all of its obligations under the Loan Documents, and all of the representations and warranties made by the Borrower in the Loan Documents are true and correct as of the date hereof.

5. If applicable, attached hereto as **Exhibit "A"** are calculations in reasonable detail manifesting compliance as of the close of the period indicated with any and all financial covenants contained in the Loan Documents.

WITNESS the due execution hereof with the intent to be legally bound hereby as of this **19th** day of December 2024.

Mount St. Mary's University
(Corporation, Partnership, or other Entity)

By: ____________________

Print Name: William E. Davies, CPA

Title: Vice President for Business and Finance wtw

December 18, 2024

Mr. William E. Davies, CPA
Vice President for Business and Finance
Mount St. Mary's University
16300 Old Emmitsburg Road
Emmitsburg, MD 21727

RE: Bond Debt Compliance
Section 6.13 c - Loan Agreement: County Commissioners of Frederick County and Mount St. Mary's University

Please accept this letter as conformation that Mount Saint Mary's University continues to engage WTW on a fee for services basis for the November 1, 2024/25 term, to perform an annual review of the Commercial Property & Casualty insurance exposures. This review includes the University's Commercial insurance coverages in force, with the key objective to ensure that the University's insurable exposures continue to be properly addressed with the appropriate coverage's available in the current marketplace.

In addition we have conducted loss prevention evaluations and made recommendations where applicable including efforts to work with the University to assist with the implementation of recommendations where applicable. The University continues to evaluate and implement the recommendations made by WTW and the various insurance carriers, as part of our combined our comprehensive annual review. Finally, the University continues to conduct its own internal risk management evaluations via the measures taken as part of their formal Campus Wide Safety Committee that was implemented in 2011.

Jesse Koehler

Client Advocate

Willis Towers Watson
200 N. Warner Road, Suite 300
King of Prussia, PA 19406
USA

D 215-713-7656
E jesse.koehler@wtwco.com

wtw

As a result of the collective services, it is our professional opinion that the University's Commercial Property & Casualty Insurance Program meets comparable coverage placements for Universities of similar size and scope of insurable exposures. We have enclosed for your records, our formal Summary of Coverages Bound document for Mount St. Mary's University's Commercial Property & Casualty Program placements for the term of November 1, 2024/25.

Should you have any questions, please do not hesitate to contact us.

Best regards,

Jesse B. Koehler

Jesse Koehler
Client Advocate

Mount Saint Mary's University
November 01, 2024 to November 01, 2025

wtw

Prepared For: **Mount Saint Mary's University**
16300 Old Emmitsburg Road
Emmitsburg, MD 21727

Prepared By: **WTW**
225 Schilling Circle, Suite 150
Hunt Valley, MD 21031

Contacts:
Jesse Koehler, Client Advocate
jesse.koehler@wtwco.com
Erica Baker, Associate Client Advocate
erica.baker@wtwco.com

Coverage	Carrier | Policy Number			Deductible		Premium
Business Automobile Liability	Travelers Property Casualty Company of America	$1,000,000	Liability			$58,566.00
	810-8L603650-24-14-G	$5,000	Auto Medical Payments - Each Insured			
		$200	Towing and Labor Coverage - For each disablement.			
Commercial General Liability	Wright Specialty	$1,000,000	Each Occurrence		$0	$77,027.00
	American Southern Home Insurance Company	$1,000,000	Damage to Premises Rented to You Limit			
	7NA6CP0002209-00	$10,000	Medical Expense Limit			
		$1,000,000	Personal and Adverting Limit			
		$3,000,000	General Aggregate Limit			
		$3,000,000	Products / Completed Operations Aggregate Limit			
			Law Enforcement Liability Non-Monetary Relief (Claims Made)			
		11/1/2022	LEL Retro Date			
		$1,000,000	LEL Each Wrongful Acts			
		$3,000,000	LEL Annual Aggregate			
		$100,000	LEL Non-Monetary Relief Aggregate			
		$1,000,000 / $2,000,000	Abuse or Molestation Liability			
		$10,000	Special Supplementary Payment			
		$500,000 / $1,000,000	Abuse of Molestation Alleged Participant			
		Included	Liquor Liability		$0	
			Employee Benefits Liability (Claims Made)		$0	
		11/1/1994	EBL Retro Date			
		$1,000,000	EBL Each Employee			
		$2,000,000	EBL Annual Aggregate			
		$300,000	Crisis Management and Public Relations Expense - Aggregate			
		$300,000	Crisis Management Expense - Each Crisis Event			
		$50,000	Public Relations Expense Resulting from Adverse Event - Each Crisis Event			
		$25,000	Public Relations Expense Resulting from Adverse Event - Each Adverse Event		$25,000	
		$1,000,000 / $3,000,000	Counseling Professional Liability Coverage			
		Included	**Students as Healthcare Professionals (Claims Made)**			
		11/1/2002	SHP Retro Date			
		$1,000,000	SHP Each Claim			
		$3,000,000	SHP Aggregate			
		Per Form	Honor Roll Elite General Liability Enhancement		Per Form	
Commercial Property	Traveler Property Casualty Company of America	$353,926,879	Building and Your Business Personal Property		$25,000	$242,667.00
	Y-630-8L756423-TIL-24	$35,000,000	Business Income (& Extra Expense)	24 Hours		
		$25,000,000	Earthquake		$25,000	
		$25,000,000	Flood		$50,000	
		$25,000	Equipment Breakdown			
		$5,000,000	Utility Services		$10,000 / 24 Hours	
		$250,000	Building Coverage: Underground Wires, Pipes, Flues, or Drains			
Educator's Legal Liability	Wright Specialty		**Educators Legal Liability for Monetary Damages**			$55,563.00
	American Southern Home Insurance Company	$10,000,000	Each Wrongful Act or Offense		$50,000	
	7NA6CP0002209-00	$10,000,000	Aggregate			
		11/1/2002	Wrongful Acts Retro Date			
		Included	Employment Acts Coverage		$50,000	
		11/1/2002	Employee Acts Retro Date			
			Defense Expense for Injunctive or Declaratory Relief			
		$100,000	Each Action		$50,000	
		$300,000	Aggregate			
		Per Form	Honor Roll Elite		Per Form	
		Per Form	Breach of Fiduciary Duty		Per Form	
		11/1/2002	BFD Retro Date			
1st Excess Liability	Wright Specialty	$10,000,000	Each Occurrence Limit			$24,597.00
	American Family Home Insurance Company	$10,000,000	Aggregate Limit			
	7NA5FF0001000-03		**Underlying Limits**			
			Employer's Liability			
			Travelers Indemnity Company			
		$1,000,000	Bodily Injury by Accident - Each Accident			
		$1,000,000	Bodily Injury by Disease - Each Policy			
		$1,000,000	Bodily Injury by Disease - Each Employee			

Mount Saint Mary's University
November 01, 2024 to November 01, 2025

wtw

Prepared For:	**Mount Saint Mary's University** 16300 Old Emmitsburg Road Emmitsburg, MD 21727	Contacts: Jesse Koehler, Client Advocate jesse.koehler@wtwco.com Erica Baker, Associate Client Advocate erica.baker@wtwco.com
Prepared By:	**WTW** 225 Schilling Circle, Suite 150 Hunt Valley, MD 21031	

Coverage	Carrier | Policy Number			Deductible	Premium
			Commercial General Liability		
			American Family Insurance Company (Wright Specialty)		
		$1,000,000	Each Occurrence		
		$3,000,000	General Aggregate (Other Than Products Completed Operations)		
		$3,000,000	Products Completed Operations Aggregate		
		$1,000,000	Personal and Advertising Injury		
			Business Automobile Liability		
			Travelers		
		$1,000,000	Combined Single Limit		
			Foreign Liability		
			Hartofrd Insurance Group		
		$1,000,000	Each Occurrence		
		$2,000,000	Aggregate Limit		
			Police Professional Liability		
			American Family Insurance Company (Wright Specialty)		
		$1,000,000	Each Incident		
		$3,000,000	Aggregate Limit		
			Liquor Liability		
			American Family Insurance Company (Wright Specialty)		
		$1,000,000	Each Common Cause		
		$3,000,000	Aggregate		
			Limited Professional Liability		
			American Family Insurance Company (Wright Specialty)		
		$1,000,000	Each Claim		
		$3,000,000	Aggregate Limit		
			Abuse or Molestion Liability		
			American Family Insurance Company (Wright Specialty)		
		$1,000,000	Each Occurrence		
		$2,000,000	Aggregate Limit		
			Employee Benefits Liability		
			American Family Insurance Company (Wright Specialty)		
		$1,000,000	Each Employee		
		$2,000,000	Aggregate Limit		
			Counseling Professional Liability		
			American Family Insurance Company (Wright Specialty)		
		$1,000,000	Each Occurrence		
		$3,000,000	Aggregate Limit		
2nd Excess Liability	Wright / Lloyds PK1033124	$5,000,000	Each Occurrence		$31,071.29
		$5,000,000	Aggregate Limit		
			Underlying Limits		
		$10,000,000 Per Occurrence / $10,000,000 Aggregate	Umbrella Liability		
		$10,000,000 Per Claim / $10,000,000 Aggregate	School Board Legal Liability / EPL		
3rd Excess Liability	Evanston MKLV5EUE103470	$10,000,000	Each Occurrence		$30,878.41
		$10,000,000	Aggregate Limit		
		$5,000,000	Aggregate Sublimit, Sexual Abuse and Molestation		
Fire Arts	Aspen American Insurance Company	$1,500,000	While at Named Location(s), including Legal Liability	$1,000 Deductible for each loss, Permanent Collection Only While at Named Location(s)	$2,401.00
	IMAETFL24	$1,500,000	At Any Other Location, Worldwide	$0 Each Loss for Loan Object	
		$1,500,000	In Any One Transit, Worldwide		
		$1,500,000	Terrorism Risk Insurance as Defined by the Terrorism Risk Insurance Act, Per Occurrence		
		$1,500,000	In Any One Loss or Disaster, Either in Case of Partial Loss or Total Loss, or Salvage Charges or Expenses or All Combined		
Inland Marine	Y-630-8L756423-TIL-24 Travelers	$532,186	Total Limit for All Scheduled Equipment	$1,000	$1,604
		$100,000	Limit of Insurance for Any One Unscheduled Equipment		
		$627,186	Total Limit of Insurance for All Items of Equipment in Any One Occurrence		
International Package Property General Liability	The Hartford 30HIPFP4361		**Property**		$7,214.00
		$50,000	Miscellaneous Business Personal Property	$2,500	
			General Liability		

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Contacts:
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Coverage	Carrier | Policy Number			Deductible	Premium
Business Auto Liability		$1,000,000	Each Occurrence Limit		
Employers Responsibility		$1,000,000	Damage to Premises Rented to You Limit		
Business Travel Accident		$50,000	Medical Expenses Limit		
Kidnap, Ransom, and Extortion		$1,000,000	Personal and Advertising Injury Limit		
		$2,000,000	General Aggregate (Other the Products Completed Operations)		
		$2,000,000	Products-Completed Operations Aggregate Limit		
			Employee Benefits Liability		
		$1,000,000	Each Claim Limit		
		$2,000,000	Aggregate Limit		
		11/1/2011	Retroactive Date		
			Business Auto Liability		
		$1,000,000	Liability (Symbol 8,9)		
		$50,000	Medical Payments (Symbol 8)		
		$60,000	Hired Car Physical Damage Limit (Symbol 8)	$1,000	
			Employers Responsibility		
			Foreign Voluntary Workers' Compensation Insurance		
		State of Hire	U.S. National / Canadian Nationals		
		Country of Hire	Local Nationals		
		Country of Hire	Third Country Nationals		
			Employers Liability Limits		
		$1,000,000	Bodily Injury by Accident (Each Accident)		
		$1,000,000	Bodily Injury by Disease (Policy Limit)		
		$1,000,000	Bodily Injury by Disease (Each Employee)		
			Medical Relocation & Repatriation Expenses		
		$1,000,000	Per Employee Limit		
		$1,000,000	Annual Aggregate Limit		
			Emergency Political, Security or Natural Disaster Relocation and Repatriation Expenses		
		$250,000	Per Employee Limit		
		$1,000,000	Annual Aggregate Limit		
			Business Travel Accident		
			Accidental Death and Dismemberment		
		$25,000 Benefit Amount $250,000 Accident Aggregate Limit	Limit of Insurance		
		$10,000	**Medical Expenses Limit**		
		$1,500,000	**Business Travel Accident Annual Aggregate Limit**		
			Kidnap, Ransom, and Extortion		
		$1,000,000	Kidnap, Ransom, and Extortion		
		$1,000,000	Expenses		
		$25,000 per Insured Person	Medical Services		
		$25,000 per Insured Person	Rest and Rehabilitation		
		$1,000,000	Crisis Response Expenses		
		$1,000,000	Custody and Delivery		
		$1,000,000	Personal Incidental Loss		
		Maximum $100,000	100% of Loss Limit Loss of Life Loss of Extremity Loss of Sight in Two Eyes 50% of Loss Limit Loss of Sight in One Eye Loss of Speech / Hearing Loss of Use		
		$5,000,000	Per Event Maximum Limit		
		$10,000,000	Annual Aggregate Limit		
Internship & Professional Liability	United Educators A11-02A	$3,000,000	Limit of Liability (Per Claim)	$0	$5,908.00
		$6,000,000	Annual Aggregate		
Storage Tank Liability	ACE American Insurance Company (Chubb) UST G24545787 014	$1,000,000	Per Storage Tank Incident Limit of Liability (Claims and Remediation Costs)	$25,000 per Storage Tank Incident	$4,258.00
		$2,000,000	Aggregate Limit of Limit of Liability (Claims and Remediation Costs) for all Storage Tanks Incidents		
		$1,000,000	Aggregate Limit of Limit of Liability for all Legal Defense Expenses for all Storage Tank Incidents		
		$3,000,000	Total Policy Aggregate Limit of Liability for all Storage Tank Incidents		
Workers' Compensation	The Travelers Indemnity Company	$1,000,000	Bodily Injury by Accident (Each Accident)		$113,927

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Coverage	Carrier | Policy Number			Deductible	Premium
	UB-8L600637-24-14-G	$1,000,000	Bodily Injury by Disease (Policy Limit)		
		$1,000,000	Bodily Injury by Disease (Each Employee)		
		MD, NY	States Covered		
		See Policy	Other States		
		$36,203,352	Payroll		
Cyber Liability *Primary Policy*	Coalition Insurance Services, Inc. C-4MX3-024636-CYBER-2024	$5,000,000	Aggregate Policy Limit of Liability		$81,158.72
			Third Party Liability Coverages		
		$5,000,000	Network and Information Security Liability	$50,000	
		$5,000,000	Regulatory Defense and Penalties	$50,000	
		$5,000,000	Multimedia Content Liability	$50,000	
		$5,000,000	PCI Fines and Assessments	$50,000	
			First Party Coverages		
		$5,000,000	Breach Response	$50,000	
		$5,000,000	Crisis Management and Public Relations	$50,000	
		$5,000,000	Cyber Extortion	$50,000	
		$5,000,000	Business Interruption and Extra Expenses	$50,000 Waiting Period: 8 Hours Enhanced Waiting Period: 8 Hours	
		$3,000,000	Digital Asset Restoration	$50,000	
			Coverages by Endorsement		
		$5,000,000	Breach Response Separate Limit *Limit is Separate from and in Addition to the Aggregate Policy Limit of Liability*	$50,000	
		$5,000,000	Computer Replacement Endorsement	$50,000	
		$250,000	Service Fraud	$20,000	
		$5,000,000	Reputational Harm Loss	Waiting Period: 14 Days	
		$25,000	Criminal Reward Coverage		
		$3,000,000	Reputation Repair	$50,000	
		$5,000	**Pre-Claim Assistance**		
		Full Prior Acts Coverage	**Retroactive Date**		
		11/1/2022	**Continuity Date**		
Executive Risk Package	Travelers Casualty and Surety Company of America 105703115		**Fiduciary Liability**		$13,462.00
		$5,000,000	Limit of Liability	$0	
		$250,000	Settlement Program Limit of Liability		
		$1,500,000	HIPAA Limit of Liability		
		11/1/2011	**Prior and Pending Proceeding Date**		
		11/1/2011	**Continuity Date**		
			Crime		
			Fidelity		
		$3,000,000	1. Employee Theft	$25,000	
		$3,000,000	2. ERISA Fidelity	$0	
		$3,000,000	3. Employee Theft of Client Property	$25,000	
		$3,000,000	**Forgery or Alteration**	$25,000	
		$3,000,000	**On Premises**	$25,000	
		$3,000,000	**In Transit**	$25,000	
		$3,000,000	**Money Orders and Counterfeit Money**	$25,000	
			Computer Crime		
		$3,000,000	1. Computer Fraud	$25,000	
		$3,000,000	**Funds Transfer Fraud**	$25,000	
		$25,000	**Claim Expense**	$0	

Mount Saint Mary's University
Annual Report as Required by Continuing Disclosure Agreement - Series 2017
As of June 30, 2024

Admissions and Enrollment

The following table reflects actionable applications, acceptances and enrollments for first year students for the five academic years indicated:

Table A-2 of disclosure agreement

Fall	Applications	Acceptances	Matriculates*	% Accepted	% Enrolled
2024	6,041	4,459	545	73.8%	12.2%
2023	5,437	3,896	482	71.7%	12.4%
2022	4,346	3,458	459	79.6%	13.3%
2021	4,620	3,777	532	81.8%	14.1%
2020	6,442	5,221	647	81.0%	12.4%

*Matriculates are the number of students who are enrolled each September on the date used for filing the official enrollment of record with the Department of Education.

Student Quality

The average SAT and ACT scores for entering first year students are provided below.

Table A-3 of disclosure agreement

Entering Fall	Math	Evidenced based reading and writing	Mean Total SAT	ACT Comp Average	% Submitting ACT*
2024	572	594	1162	22.7	2.2%
2023	560	586	1142	23.2	1.0%
2022	563	581	1155	23.2	2.4%
2021	563	580	1141	23.5	2.6%
2020	537	550	1085	22.1	0.9%

*The University went test score optional beginning with the Fall 2020 admissions cycle.

Enrollment

Table A-4 of disclosure agreement

	Undergraduate		GR School of Business		GR School of Education		Seminary		GR College of Liberal Arts		of Natural Science and Mathemati		GR School of Health Professions		GR Non-degree		MSMU	
Fall	Total	FTE	Total	FTE	Total	FTE	Total	FTE	Total	FTE	Total	FTE	Total	FTE	Total	FTE	Total	FTE
2024	1830	1735	188	127	146	71	133	133	6	3	33	22	60	38	12	5	2408	2134
2023	1873	1774	182	139	157	93	177	177	3	1	38	28	64	41	5	2	2499	2255
2022	1896	1815	179	140	112	68	163	162	1	0	39	24	63	38	3	1	2456	2248
2021	2055	1965	172	123	101	61	168	168	3	3	71	47					2570	2367
2020	2072	1983	176	130	100	66	173	172	3	2	37	26					2561	2379

(a) The undergraduate figure includes students enrolled in the Continuing Studies program.
Calculation of Full-Time Equivalent (FTE):
Undergraduate: FT Headcount + PT Credit Hrs/15
Graduate and Seminary: FT Headcount + PT Credit Hrs/9

Retention and Graduation Rates

Table A-6 of disclosure agreement

Grad Class	First Year Students #	Fresh/Soph	4-Yr Retention	4-Yr Attrition	4-Yr Graduates	4-Yr Graduates	5-Year + Graduates
2027	480	71%					
2026	459	71%					
2025	532	68%					
2024	647	77%	64%	36%	362	56%	
2023	513	75%	62%	38%	289	56%	
2022	549	79%	65%	35%	340	62%	64%
2021	524	74%	58%	42%	257	49%	56%
2020	417	76%	65%	35%	250	60%	64%

Tuition & Fees

The following is a history of the tuition and fees assessed by the University:

Table A-8 of disclosure agreement

Year	Tuition & Fees	Undergraduate Room	Undergraduate Board	MPAS per Credit	MAT MED per Credit	MBA per Credit
2024-2025	$48,630	$7,650	$7,400	$610	$610	$710
2023-2024	$47,240	$7,500	$7,250	$600	$600	$700
2022-2023	$45,870	$7,290	$7,030	$594	$594	$694
2021-2022	$44,750	$7,110	$6,850	$585	$585	$685
2020-2021	$43,650	$6,940	$6,690	$540	$585	$650
2019-2020	$42,590	$6,780	$6,550	$530	$565	$670

Liquidity

Table A-15 of disclosure agreement

	Balance Sheet information as of				
	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Cash	22,147,838	23,698,608	23,400,302	29,203,790	28,489,534
Less donor restricted funds for capital	(15,192,541)	(15,816,822)	(17,412,496)	(10,026,627)	(17,691,290)
Undrawn working capital line of credit	4,990,000	4,990,000	4,990,000	4,990,000	4,990,000
Unrestricted endowment	13,938,843	16,249,643	14,280,687	15,002,820	15,601,668
Total	25,884,140	29,121,429	25,258,493	39,169,983	31,389,912

	Income Statement information as of				
	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Operating expenses	69,224,297	72,053,250	79,550,960	83,334,026	86,698,756
Depreciation and Amortization	(6,727,134)	(6,938,858)	(7,165,100)	(7,253,330)	(7,392,105)
Total	62,497,163	65,114,392	72,385,860	76,080,696	79,306,651
Daily Expenses	171,225	178,396	198,317	208,440	217,278
Days Liquidity	151	163	127	188	144

As required by the loan document, the University is required to maintain no less than 60 days' cash on hand (days of liquidity as defined) as of June 30 of each year.