

SAINT LEO UNIVERSITY, INC.
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
YEARS ENDED JUNE 30, 2024 AND 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAAconnect.com

**SAINT LEO UNIVERSITY, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
SCHEDULE OF FINANCIAL RESPONSIBILITY COMPOSITE RATIO SCORES	37
SCHEDULE OF FINANCIAL RESPONSIBILITY DATA	38
NOTES TO SCHEDULE OF FINANCIAL RESPONSIBILITY COMPOSITE RATIO SCORES	39



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Saint Leo University, Inc.
Saint Leo, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Saint Leo University, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saint Leo University, Inc., as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Saint Leo University, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Saint Leo University, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Saint Leo University, Inc.'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 Saint Leo University, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying schedule of financial responsibility composite ratio scores and schedule of financial responsibility data (the Schedules) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2024, on our consideration of Saint Leo University, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Saint Leo University, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Saint Leo University, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Tampa, Florida
August 26, 2024

SAINT LEO UNIVERSITY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,989,374	\$ 838,568
Short Term Investments	83,672	195,721
Student Accounts Receivable, Less Allowance for Credit Losses of \$1,658,398 in 2024 and \$564,389 in 2023	5,650,767	3,249,425
Grants Receivable	597,099	168,373
Accounts Receivable Other	1,067,186	1,118,103
Prepaid Assets	2,298,691	2,541,023
Contributions Receivable, Net	3,431,642	2,795,354
Investments	73,395,434	70,159,029
Beneficial Interest in Trusts	3,824,540	3,600,920
Debt Service Reserve Fund	4,998,904	4,759,728
Other Assets	2,910,813	3,299,162
Right-of-Use Assets	3,744,233	5,358,189
Land, Buildings, and Equipment, Net of Accumulated Depreciation	<u>136,701,004</u>	<u>144,721,689</u>
Total Assets	<u><u>\$ 240,693,359</u></u>	<u><u>\$ 242,805,284</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 290,816	\$ 273,127
Line of Credit	13,000,000	10,000,000
Accrued Expenses and Other Liabilities	2,774,449	2,829,323
Accrued Compensation	3,428,013	3,757,776
Deposits Held in Custody for Others	175,306	248,139
Deferred Revenue	1,472,631	1,508,557
Federal and State Grants/Loans Refundable	137,962	149,883
Lease Liabilities	3,865,455	5,568,288
Bonds and Notes Payable, Net	<u>74,226,857</u>	<u>76,730,430</u>
Total Liabilities	99,371,489	101,065,523
NET ASSETS		
Without Donor Restrictions	113,349,464	116,860,208
With Donor Restrictions:		
Restricted by Purpose or Time	12,963,039	10,449,923
Restricted in Perpetuity	<u>15,009,367</u>	<u>14,429,630</u>
Total Net Assets	<u>141,321,870</u>	<u>141,739,761</u>
Total Liabilities and Net Assets	<u><u>\$ 240,693,359</u></u>	<u><u>\$ 242,805,284</u></u>

See accompanying Notes to Financial Statements.

SAINT LEO UNIVERSITY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	June 30, 2024			June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT						
Tuition and Fees (Net of University Funded Scholarship Allowances of \$31,238,357 and \$32,797,779 for 2024 and 2023, Respectively)	\$ 82,244,421	\$ -	\$ 82,244,421	\$ 90,468,626	\$ -	\$ 90,468,626
Sales of Auxiliary Enterprises	20,063,303	-	20,063,303	20,901,678	-	20,901,678
Contributions	43,607	3,499,332	3,542,939	142,010	2,129,881	2,271,891
Government Grants	1,603,886	321,887	1,925,773	1,307,001	369,699	1,676,700
Investment Return, Net	-	-	-	-	-	-
Other Revenues	736,133	413,348	1,149,481	1,118,936	395,466	1,514,402
Endowment Appropriation	3,358,042	-	3,358,042	-	-	-
Total Revenue and Gains	108,049,392	4,234,567	112,283,959	113,938,251	2,895,046	116,833,297
Net Assets Released from Restrictions	2,473,717	(2,473,717)	-	3,331,090	(3,331,090)	-
Total Revenue, Gains and Other Support	110,523,109	1,760,850	112,283,959	117,269,341	(436,044)	116,833,297
EXPENSES						
Educational and General:						
Instructional	30,275,681	-	30,275,681	34,253,291	-	34,253,291
Academic Support	7,928,798	-	7,928,798	9,650,558	-	9,650,558
Student Services	27,905,702	-	27,905,702	29,364,245	-	29,364,245
Institutional Support	28,346,494	-	28,346,494	32,051,385	-	32,051,385
Auxiliary Enterprises	17,517,831	-	17,517,831	17,174,526	-	17,174,526
Total Expenses	111,974,506	-	111,974,506	122,494,005	-	122,494,005
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(1,451,397)	1,760,850	309,453	(5,224,664)	(436,044)	(5,660,708)
UNREALIZED GAINS (LOSSES) ON INVESTMENTS, NET	4,489,049	667,952	5,157,001	6,787,577	2,285,581	9,073,158
INVESTMENT RETURN, NET	812,621	442,857	1,255,478	(2,591,791)	(720,659)	(3,312,450)
ENDOWMENT APPROPRIATION	(3,358,042)	-	(3,358,042)	-	-	-
CHANGE IN VALUE OF SPLIT INTEREST AGREEMENTS	-	221,194	221,194	-	171,560	171,560
OTHER NON-OPERATING GAINS (LOSSES)	(4,002,975)	-	(4,002,975)	-	-	-
REORGANIZATION EXPENSES	-	-	-	(2,280,402)	-	(2,280,402)
CHANGE IN NET ASSETS	(3,510,744)	3,092,853	(417,891)	(3,309,280)	1,300,438	(2,008,842)
Net Assets - Beginning of Year	116,860,208	24,879,553	141,739,761	120,169,488	23,579,115	143,748,603
NET ASSETS - END OF YEAR	<u>\$ 113,349,464</u>	<u>\$ 27,972,406</u>	<u>\$ 141,321,870</u>	<u>\$ 116,860,208</u>	<u>\$ 24,879,553</u>	<u>\$ 141,739,761</u>

See accompanying Notes to Financial Statements.

SAINT LEO UNIVERSITY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (417,891)	\$ (2,008,842)
Adjustments to Change in Net Assets to Net Cash		
Used by Operating Activities		
Provision for Credit Losses	1,980,743	2,460,155
Depreciation and Amortization	7,630,451	8,183,557
Amortization of Bond Premium	(252,269)	(333,949)
Reduction in Carrying Amount of ROU Assets	1,246,661	3,045,916
Net Realized and Unrealized (Gains) Losses on Investments	(6,428,315)	(3,747,188)
(Gain) Loss on Disposal of Plant Assets	2,778,783	(1,031,263)
Contributions Restricted for Long-Term Investments	(269,879)	(262,919)
Receipt of Agency Funds	62,533,752	72,085,227
Disbursement of Agency Funds	(62,533,752)	(72,085,227)
Change in Value of Beneficial Interests in Trusts	(223,620)	(173,699)
Change in Operating Assets and Liabilities:		
Student Accounts Receivable	(4,382,085)	(1,827,257)
Grants Receivable	(428,726)	290,276
Contributions Receivable	(636,288)	(89,163)
Other Assets, Including Prepaid Assets and Other		
Accounts Receivable	681,598	(35,308)
Operating Lease Liabilities	(1,333,740)	(3,229,905)
Accounts Payable	17,689	109,612
Accrued Expenses and Other Liabilities	(459,968)	(2,482,829)
Accrued Compensation	(329,763)	(734,469)
Deposits Held in Custody for Others	(72,833)	19,149
Deferred Revenue	(35,926)	(164,618)
Federal and State Grants/Loans Refundable	(11,921)	(34,375)
Net Cash Used by Operating Activities	<u>(947,299)</u>	<u>(2,047,119)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Land, Buildings, and Equipment	(1,588,456)	(2,355,739)
Purchases of Investments	(27,832,546)	(38,281,834)
Proceeds from Sales and Maturities of Investments	30,897,329	36,445,333
Proceeds from Sale of Land, Buildings, and Equipment	-	3,145,024
Net Cash Provided (Used) by Investing Activities	<u>1,476,327</u>	<u>(1,047,216)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Principal on Long-Term Debt and Finance		
Lease Obligations	(1,649,093)	(1,591,855)
Borrowings on Line of Credit	23,000,000	16,000,000
Repayment of Line of Credit	(20,000,000)	(15,900,000)
Proceeds from Notes Payable	-	5,000,000
Repayment of Principal on Notes Payable	(999,008)	(1,247,442)
Contributions Restricted for Long-Term Investments	269,879	262,919
Net Cash Provided by Financing Activities	<u>621,778</u>	<u>2,523,622</u>
CHANGE IN CASH AND CASH EQUIVALENTS	1,150,806	(570,713)
Cash and Cash Equivalents - Beginning of Year	<u>838,568</u>	<u>1,409,281</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,989,374</u></u>	<u><u>\$ 838,568</u></u>

See accompanying Notes to Financial Statements.

SAINT LEO UNIVERSITY, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 4,018,259</u>	<u>\$ 3,000,099</u>
Right-of-Use Assets Acquired Under Finance Leases	<u>\$ -</u>	<u>\$ 56,858</u>
Right-of-Use Assets Acquired Under Operating Leases	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 ORGANIZATION

Saint Leo University, Inc. (the University) is a nonprofit organization that provides higher education through its Donald R. Tapia College of Business, College of Arts, Sciences, and Allied Services, College of Computing, Artificial Intelligence, Robotics, and Data Science (CARDS) and the College of Health Professions. A conventional on-campus university education is provided to students, as well as certain customary auxiliary services such as housing, food, and wellness services. The School of Continuing Education (the Centers) is engaged in extension programs, including continuing education courses that are provided at military bases and other locations. The University also provides educational opportunities through its studies abroad program, online classes through its Center for Online Learning (COL) and the Center for Alternative Pathway Programs (CAPPs).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Basis of Presentation and Accounting

The accompanying financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the University as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as either: Without Donor Restrictions or With Donor Restrictions.

- *Net Assets without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the University. These net assets may be used at the discretion of University management and the Board of Trustees.
- *Net Assets with Donor Restrictions* – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature, which will be met by actions of the University or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the original gift corpus be maintained in perpetuity.

Contributions received are measured at their fair values on the date of receipt and are reported as increases in net assets based on the existence or absence of donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Income and net realized and unrealized gains and losses on investments are reported as follows:

- As changes in net assets with donor restrictions if the terms of the gift impose restrictions on the use of the income or the terms of the gift or the Board of Trustees interpretation of relevant state law require that they be added to the principal of a permanent gift.
- As changes in net assets without donor restrictions in all other cases.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Operating Measure

The change in net assets from operating activities in the accompanying statements of activities and changes in net assets represents the revenue, gains, and other support designated to operate the University, less expenses and other costs associated with the University's operating activities. Non-operating activities are limited to the University's unrealized gains and losses related to its investment activities, net return on investments, fair value changes related to split interest agreements, and other activities considered to be of a more unusual or nonrecurring nature.

Availability and Liquidity

Assets are presented in the statements of financial position according to their nearness of conversion to cash. Liabilities are presented according to the nearness of their maturity and resulting use of cash.

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The University has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, as well as a \$15,000,000 line of credit available to meet cash flow needs.

In addition to financial assets available to meet general expenditures over the next 12 months, the University anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The University's Board of Trustees has designated a portion of its net assets without donor restrictions for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board of Trustees. At June 30, 2024 and 2023, the following amounts were designated for specific purposes by the Board of Trustees:

	<u>2024</u>	<u>2023</u>
Quasi Endowment Funds	\$ 53,248,230	\$ 51,177,675

The table below presents financial assets available for general expenditures within one year at June 30:

	<u>2024</u>	<u>2023</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 1,989,374	\$ 838,568
Short-Term Investments	83,672	195,721
Student Accounts Receivable, Net	5,650,767	3,249,425
Grants and Contributions Receivable, Net	4,028,741	2,963,727
Other Receivables	1,067,186	1,118,103
Investments, Including Beneficial Interest in Trust	77,219,974	73,759,949
Debt Service Reserve Fund	4,998,904	4,759,728
Endowment appropriation	3,800,000	-
Total Financial Assets	<u>\$ 98,838,618</u>	<u>\$ 86,885,221</u>

**SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Availability and Liquidity (Continued)

	<u>2024</u>	<u>2023</u>
Less Amounts Not Available to be Used Within One Year:		
Debt Service Reserve Fund	\$ 4,998,904	\$ 4,759,728
Contributions Receivable-for Restricted Gifts	3,431,642	2,795,354
Beneficial Interest in Trust	3,824,540	3,600,920
Investments Held for Quasi-Endowments	49,448,230	51,177,675
Donor-Restricted Endowments	<u>19,013,058</u>	<u>18,147,633</u>
Financial Assets not Available for General Expenditures	<u>80,716,374</u>	<u>80,481,310</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 18,122,244</u></u>	<u><u>\$ 6,403,911</u></u>

Cash Equivalents

The University considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents.

Short Term Investments and Investments

Short-term investments include cash, cash equivalents, and investments that are liquid in nature and are used as part of managing the University's short-term cash flow needs. Investments in equity securities that have readily determinable fair values and all investments in debt securities are stated at fair value. Investments in commingled funds are measured at net asset value (NAV) or its equivalent. All real property is reported at cost at the date of acquisition. The University owns one parcel of residential real property, which is recorded at fair value, classified as unrestricted investments, and held for sale. All other investments are recorded at estimated fair value at the date of receipt if acquired by gift. All gains and losses arising from the sale, collection, or other disposition of investments are recorded as operating revenue.

Beneficial Interest in Trusts

The University has a beneficial interest in one perpetual trust. The trust is held by a third party who manages the assets and makes payments to the beneficiaries in accordance with the terms of the underlying trust agreement.

The University's beneficial interest is recorded at the fair value of the underlying assets of the perpetual trust as net assets with donor restrictions. Annual distributions from the perpetual trust are reported as investment income that increases net assets with donor restrictions. Changes in fair value of the perpetual trust are reported as a change in value of split interest agreements within net assets with donor restrictions.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Other Assets

Other assets primarily include the investments of the 457(b) Deferred Compensation Plan (Note 14) and artwork.

Accounts Receivable and Allowance for Credit Losses

Accounts Receivable, which represent unsecured financing arrangements for student tuition and fees, are stated net of an allowance for credit losses. The University estimates the allowance for credit losses based on a combination of historical loss experience, current economic conditions, and forward-looking information. The University also performs an analysis of specific students, taking into consideration the age of past due accounts and an assessment of the student's ability to pay. Accounts are considered past due when payments due are not made in accordance with the terms of the contract. Accounts are written off upon management's determination that such amounts are uncollectible.

A summary of the changes in the allowance for credit losses follows:

	2024	2023
Beginning Balance	\$ (564,389)	\$ (596,233)
Current Year Credit Loss Provision	(2,181,671)	(2,738,945)
Write Off of Accounts, Net of Recoveries	1,087,662	2,770,789
Ending Balance	<u>\$ (1,658,398)</u>	<u>\$ (564,389)</u>

No adjustment to the credit loss provision for 2024 and 2023 was recorded by management as the impact of the current expected credit loss methodology did not identify a change in the methodology for changes in operating environment and collectability of future accounts receivable during the year ended June 30, 2024.

Land, Buildings, and Equipment

Land, buildings, improvements, furniture and equipment, computer equipment, library books, and construction-in-progress are stated at cost or, if contributed, at estimated fair value at the date of gift. Interest is capitalized in connection with the construction of major facilities. The capitalized interest is recorded as a component of the asset to which it relates and is depreciated over the asset's estimated useful life. Capitalized interest was \$-0- for the years ended June 30, 2024 and 2023.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on a straight-line basis when the asset is placed in service. Furniture and equipment are depreciated over lives ranging from 3 to 20 years, computer equipment is depreciated over a life of three years, buildings and improvements are depreciated over lives ranging from 15 to 50 years, and library books are depreciated over 7 years.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Impairment of Long-Lived Assets

The University evaluates the recoverability of its land, buildings, and equipment whenever adverse events or changes in the business climate indicate that the expected undiscounted future cash flows from the related asset may be less than previously anticipated. If the net book value of the related asset exceeds the undiscounted future cash flows of the asset, the carrying amount would be reduced to the present value of its expected future cash flows and an impairment loss would be recognized. Saint Leo University impaired a capital work in process project – Anthology during the year ended June 30, 2024.

Leases

The University determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset and the University has the right to control the asset. Operating lease right-of-use (ROU) assets are disclosed on the statements of financial position as right of use assets. The related operating lease liabilities are also disclosed on the statements of financial position as lease liabilities. Finance lease ROU assets are also included as right of use assets, along with the corresponding finance lease liabilities, on the statements of financial position.

ROU assets represent the University's right to use an underlying asset for the lease term, and lease liabilities represent the University's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease agreements may include options to extend or terminate the lease. When it is reasonably certain that the University will exercise an extension option, the terms of the extension are included in the recognized values of ROU assets and lease liabilities are also disclosed on the statements of financial position as lease liabilities. Finance lease ROU assets are also included as right of use assets, along with the corresponding finance lease liabilities, on the statements of financial position; rather lease expense is recognized in accordance with the terms of the arrangement over the lease term.

The University has lease agreements with lease and nonlease components which are accounted for as separate lease components for all asset classes. In the statements of activities and changes in net assets, lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Payments for nonlease components are expensed in the period in which the obligation for the payment was incurred. For finance leases, interest expense is recognized on the lease liability, and the ROU asset is amortized over the lease term.

Federal and State Grants/Loans Refundable

Federal and state grants/loans refundable include funds the University advances to students that will be reimbursed by the U.S. government, state of Florida, or other states. Student loans and grants are subject to restrictions.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Bond Issuance Costs and Premiums

Bond issuance costs are amortized as an increase to interest expense over the life of the related debt using the straight-line method, which approximates the effective interest method. The unamortized balance of debt issuance costs was \$685,683 and \$713,387 at June 30, 2024 and 2023, respectively.

Premiums on debt are amortized as a reduction to interest expense over the life of the related debt using the effective interest method. The unamortized balance of bond premiums was \$6,492,253 and \$6,744,809 at June 30, 2024 and 2023, respectively.

Revenue Recognition

Revenue is recognized as it is earned and when it is realizable. A significant portion of the University's revenue is derived from contracts with customers (students). This includes tuition, housing, and meal plan revenue, all of which are contractual in nature and include performance obligations. Revenue from such contracts impose performance obligations on the University, and revenue is recognized as the related performance obligations are satisfied. These arrangements give rise to contract assets which the University records as student accounts receivable when performance obligations have been met, and contract liabilities, which the University records as deferred revenue when consideration has been received in advance of the satisfaction of the related performance obligations.

Government Grants/Assistance

Funding from federal and state governments is received for the benefit of certain eligible students attending the University. For most of these funds, the University acts in an agent capacity; accordingly, such amounts are not recorded as revenue and expenses in the accompanying statements of activities and changes in net assets. Only the financial aid revenue for which the University has the ability to determine individual awards to students is included in the accompanying statements of activities and changes in net assets.

Income Taxes

The University is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Internal Revenue Code, as amended. Management does not consider federal income taxes associated with the University's unrelated business income to be significant.

FASB Accounting Standards Codification ASC Subtopic 740-10, *Income Taxes – Overall*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, and disclosure. The University believes that it has appropriate support for its tax positions taken and as such, does not have any uncertain tax positions that could result in material impact to the accompanying financial statements.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Use of Estimates

Management of the University has made several estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities at year-end, and the recognition of revenues and expenses during the reporting period to prepare the accompanying financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Actual results could differ from those estimates.

Adoption of New Accounting Standards

The University has adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets effective June 1, 2023, utilizing the probability of default/loss given default method. The adoption of this standard did not have a material impact on the University's financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Due in One Year or Less	\$ 875,288	\$ 508,977
Due in One to Five Years	673,046	100,000
Due in Greater than Five Years	<u>2,009,300</u>	<u>2,268,894</u>
Total Contributions Receivable	3,557,634	2,877,871
Less:		
Allowances for Uncollectible Contributions	(25,912)	(71,564)
Discount for Present Value Discounted at Rates		
Ranging from 0.01% to 0.16%	<u>(100,080)</u>	<u>(10,953)</u>
Total	<u><u>\$ 3,431,642</u></u>	<u><u>\$ 2,795,354</u></u>

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 INVESTMENTS

Investments, including those considered short term, at June 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Short-Term Cash Fund	\$ 8,405,945	\$ 8,093,075
Mutual Funds Invested in:		
Common Stocks	39,346,076	39,762,329
Fixed Income Securities	22,972,676	16,483,126
Alternative Investments:		
Commingled Funds:		
Hedge Funds	-	115,349
Emerging Markets Funds	-	3,218,676
Real Estate	2,749,409	2,677,195
Real Estate	5,000	5,000
Total Investments	<u>\$ 73,479,106</u>	<u>\$ 70,354,750</u>

NOTE 5 LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment are summarized as follows at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 5,390,092	\$ 5,390,092
Buildings	147,959,342	147,959,342
Improvements	54,397,680	54,397,680
Furniture and Equipment	19,693,090	19,168,953
Computer Equipment	27,012,421	26,652,192
Library Books	6,789,080	6,788,485
Construction in Progress	1,936,703	3,606,897
Total	263,178,408	263,963,641
Less: Accumulated Depreciation	<u>(126,477,404)</u>	<u>(119,241,952)</u>
Total Land, Buildings, and Equipment, Net	<u>\$ 136,701,004</u>	<u>\$ 144,721,689</u>

Construction in progress at June 30, 2024 consisted of Institutional Technology system project, Benedictine Hall nursing suite buildout project, and various other small projects. Depreciation expense on property and equipment for the years ended June 30, 2024 and 2023 was \$7,304,506 and \$7,824,097, respectively.

Land, buildings, and equipment is summarized as follows for the purpose of complying with the U.S. Department of Education's (ED) standards of financial responsibility, as set forth in 34 CFR 668.171-2.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 LAND, BUILDINGS, AND EQUIPMENT (CONTINUED)

The required ratios utilize the following financial data of the University, which are not otherwise presented in the financial statements or other notes to the financial statements, as of and for the year ended June 30, 2024:

Pre-Implementation Land, Buildings, and Equipment, Net	\$ 98,282,881
Post Implementation Land, Buildings, and Equipment, Net with Long-Term Related Debt	25,968,132
Post Implementation Land, Buildings, and Equipment, Net without Long-Term Related Debt	10,513,288
Post Implementation Construction in Progress with Long-Term Related Debt	-
Post Implementation Construction in Progress without Long-Term Related Debt	1,936,703
Total Land, Buildings, and Equipment, Net	<u><u>\$ 136,701,004</u></u>

NOTE 6 DEBT OBLIGATIONS

Bonds and notes payable at June 30 consist of the following:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Key Government Finance notes payable: zero interest rate; secured by equipment purchased; semi-annual principal payments of \$498,721 beginning April 1, 2020 through October 1, 2023	\$ 287	\$ 499,008
First National Bank of Pasco note payable; principal payments of \$250,000 due semi-annually, interest due semi-annually at the prime rate (8% as of June 30, 2024); secured by investments, maturity in 2032	4,250,000	4,750,000
HEFFA Series 2019 Bonds. Fixed 5% interest rate; required annual principal repayments beginning March 1, 2021; interest due in semi-annual installments through March 1, 2049	<u>64,170,000</u>	<u>65,450,000</u>
Total Principal Outstanding	68,420,287	70,699,008
Less: Unamortized Bond Issuance Costs	(685,683)	(713,387)
Add: Unamortized Premium on Bonds	<u>6,492,253</u>	<u>6,744,809</u>
Bonds and Notes Payable, Net	<u><u>\$ 74,226,857</u></u>	<u><u>\$ 76,730,430</u></u>

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 DEBT OBLIGATIONS (CONTINUED)

On July 22, 2023, the University entered into a 10-year term loan and security agreement with First National Bank of Pasco (FNBP) in the amount of \$5,000,000 for general liquidity, working capital, and other purposes of the University. Repayment terms include semi-annual payments of \$250,000 and accrued interest at the prime rate beginning January 30, 2023, through maturity on July 30, 2032. The loan is secured by certain investments of the University.

The University's debt obligations include certain financial covenants, one of which is a debt service coverage ratio requirement related to the note payable with First National Bank of Pasco (FNBP). Management is not aware of noncompliance with any of the covenants contained in its financing agreements at June 30, 2024 and 2023.

On May 16, 2019, the Higher Educational Facilities Financing Authority (HEFFA) issued its Revenue Refunding Bonds, Series 2019 in the amount of \$68,935,000 on behalf of the University. The proceeds of the bonds were loaned to the University and will be applied together with other available resources of the University to: (a) finance and refinance a portion of the cost of the 2019 project, (b) refinance the 2012 A&B Series Bonds, (c) capitalize a portion of interest on the Series 2019 Bonds, and (d) pay costs of issuance related to the Series 2019 Bonds. The bonds bear interest at a fixed rate of 5% and were issued with a bond premium in the amount of \$8,060,343 that results in a net effective interest rate of 4.11% and are payable in semi-annual installments through March 2049. The debt exceeds 12 months and was used to fund capitalized assets. The bonds were issued under the University's Master Trust Indenture (MTI) and are bound by the terms of the MTI. The MTI requires the University to maintain a debt service reserve fund in an amount as defined in the MTI. At June 30, 2024 and 2023, \$4,998,904 and \$4,614,847, respectively, of short-term investments was held in the debt service reserve fund as required. There were no funds restricted for capital expenditure as of June 30, 2024 and 2023.

Line of Credit

During the years ended June 30, 2024 and 2023, the University had an available line of credit up to \$15,000,000 with a financial institution. The line of credit provides for general liquidity, working capital, and other purposes. Interest is charged at LIBOR rate plus margin (6.94% at June 30, 2024). The University is required to have a minimum of \$36 million of collateral held in the securities account and maintain a minimum of \$30 million in net assets without donor restrictions. There were outstanding borrowings of \$13,000,000 and \$10,000,000, respectively, as of June 30, 2024 and 2023.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 DEBT OBLIGATIONS (CONTINUED)

Line of Credit (Continued)

Maturities of bonds and notes payable for years subsequent to June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Bonds</u>	<u>Notes</u>
2025	\$ 1,345,000	\$ 500,287
2026	1,415,000	500,000
2027	1,485,000	500,000
2028	1,555,000	500,000
2029	1,635,000	500,000
Thereafter	56,735,000	1,750,000
Total	<u>\$ 64,170,000</u>	<u>\$ 4,250,287</u>

Interest expense (including accruals) was \$4,043,376 and \$3,718,151, respectively, for the years ended June 30, 2024 and 2023.

NOTE 7 LEASE LIABILITIES

The University is a party to certain operating leases and finance leases as the lessee. The discount rate used for leases is the stated rate for the lease or the U.S. Treasury rate using a period comparable with the lease term. The options to renew the leases were not considered when assessing the value of the right-of-use assets of the University as it is not reasonably certain that the University will assert its option to renew the leases.

Lease Cost

The components of lease cost for operating and finance leases for the years ended June 30 as follows:

	<u>2024</u>	<u>2023</u>
Operating Lease Cost	\$ 1,316,941	\$ 1,860,038
Finance Lease Cost:		
Amortization of ROU Assets	367,295	384,026
Interest on Lease Liabilities	3,795	4,450
Total Finance Lease Cost	<u>371,090</u>	<u>388,476</u>
Total Lease Cost	<u>\$ 1,688,031</u>	<u>\$ 2,248,514</u>

Cash paid for amounts included in the measurement of lease liabilities:

	<u>2024</u>	<u>2023</u>
Operating Cash Flows	\$ 1,404,019	\$ 1,907,392
Financing Cash Flows	372,889	430,510

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 LEASE LIABILITIES (CONTINUED)

Lease Cost (Continued)

Right-of-use assets obtained in exchange for new lease liabilities:

	<u>2024</u>	<u>2023</u>
Operating Leases	\$ -	\$ -
Financing Leases	-	56,858

Lease Position

Lease-related assets and liabilities recorded in the statements of financial position at June 30 are as follows:

Operating Leases:	<u>2024</u>	<u>2023</u>
Operating Lease ROU Assets	\$ 3,199,324	\$ 4,445,985
Total Operating Lease Liabilities	3,446,856	4,780,596
Finance Leases:		
Land, Land Improvements, Buildings, and Equipment	\$ 1,900,397	\$ 1,900,397
Less: Accumulated Depreciation	1,355,488	988,193
Finance Lease Assets, Net	<u>\$ 544,909</u>	<u>\$ 912,204</u>
Total Finance Lease Liabilities	\$ 418,599	\$ 787,692

Lease Terms and Discount Rates

The University utilizes a risk-free rate in determining the present value of lease payments unless the implicit rate is readily determinable. Lease terms and discounts rates as of and for the year ended June 30, 2024 are as follows:

Weighted-Average Remaining Lease Term (Years):	<u>2024</u>	<u>2023</u>
Operating Leases	2.70	3.64
Finance Leases	1.71	2.38
Weighted-Average Discount Rate:		
Operating Leases	1.65%	3.64%
Finance Leases	0.71%	0.62%

Maturities

The maturities of lease liabilities at June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2025	\$ 1,439,704	\$ 262,176
2026	1,157,576	134,575
2027	923,185	12,385
2028	-	6,193
2029	-	-
Thereafter	-	-
Total Future Undiscounted Lease Payments	3,520,465	415,329
Less: Interest	(73,609)	3,270
Present Value of Lease Liabilities	<u>\$ 3,446,856</u>	<u>\$ 418,599</u>

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 LEASE LIABILITIES (CONTINUED)

Maturities (Continued)

On July 12, 2024, the University signed a lease amendment, effective August 1, 2024, for one of the education center locations. This amendment reduced the base rent payable by \$16,042 per month and reduced the square footage by 8,500 square feet or 52%.

NOTE 8 NET ASSETS WITHOUT DONOR RESTRICTIONS

	2024	2023
Net Assets without Donor Restrictions	\$ 113,349,464	\$ 116,860,208
Less: Land, Buildings, and Equipment, Net	(136,701,004)	(144,721,689)
Add: Plant-Related Debt, Including Premium	70,662,540	72,693,817
Net Assets Without Donor Restrictions Excluding Plant and Related Debt	<u>\$ 47,311,000</u>	<u>\$ 44,832,336</u>

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Donor restrictions related to purpose or passage of time consist of the following at June 30:

	2024	2023
Gifts and Other Unexpended Revenue and Gains Available for:		
Comprehensive Capital Campaign	\$ 167,264	\$ 1,900,856
Donor-Supported Scholarship Aid	3,920,170	3,486,333
Student Athletics	1,165,904	884,281
Funds Held in Trusts by Others	1,079,228	1,017,827
Other Grants and Programs	6,630,473	3,160,626
Restricted Related to Purpose or Passage of Time	<u>\$ 12,963,039</u>	<u>\$ 10,449,923</u>

Donor restrictions restricted in perpetuity consist of the following at June 30:

	2024	2023
Endowment Funds	\$ 11,202,660	\$ 10,828,710
Beneficial Interest in Trusts	3,806,707	3,600,920
Total	<u>\$ 15,009,367</u>	<u>\$ 14,429,630</u>

Investment earnings on donor-restricted contributions are expended per donor restrictions. When no donor restrictions exist, the earnings are used to fund scholarships.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 REVENUE FROM CONTRACTS WITH STUDENTS

Revenue from contracts with customers comprises revenue from students for tuition, fees, housing, and meal plans. For purposes of reporting revenue from contracts with customers under U.S. GAAP, the University refers to customers as students. Transaction prices are based on a standard University fee schedule. In some cases, transaction prices for tuition are reduced by tuition discounts in the form of institutional financial aid awards that vary by student based on merit, need, or other qualifications. Revenue is recognized and presented in the financial statements net of any such tuition discounts.

The revenue from contracts with students presented in the financial statements is further disaggregated by student type or performance obligation in the following table:

	<u>2024</u>	<u>2023</u>
Tuition and Fees, Net of Scholarship Allowances:		
Campus	\$ 30,982,394	\$ 31,498,560
Graduate	24,825,979	27,954,185
Centers	4,810,821	7,691,526
Online	<u>21,625,227</u>	<u>23,324,355</u>
Total Tuition and Fees, Net of Scholarship Allowance	82,244,421	90,468,626
Auxiliary Revenues:		
Campus Housing	10,872,703	11,410,142
Student Meal Plans	<u>6,917,892</u>	<u>7,518,745</u>
Total Auxiliary Revenue from Contracts with Students	<u>17,790,595</u>	<u>18,928,887</u>
Total Revenue from Contracts with Students	<u><u>\$ 100,035,016</u></u>	<u><u>\$ 109,397,513</u></u>

Campus housing and student meal plan revenue is included in sales of auxiliary enterprises in the accompanying statements of activities and changes in net assets, in addition to other auxiliary revenue not associated with contracts with students of \$2,272,708 and \$1,972,791 for the years ended June 30, 2024 and 2023, respectively.

Contract assets, which the University presents as student accounts receivable in the accompanying statements of financial position, represent amounts due to the University when performance obligations have been satisfied. Performance obligations are satisfied as services are delivered. The University has the following performance obligations arising from contracts with students:

<u>Revenue Category</u>	<u>Performance Obligation</u>
Tuition and related fees	The University is obligated to deliver academic curriculum to students consistent with course descriptions.
Campus housing	The University is obligated to deliver campus housing to students consistent with housing contracts.
Student meal plans	The University is obligated to deliver food services to students consistent with meal plan contracts.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 REVENUE FROM CONTRACTS WITH STUDENTS (CONTINUED)

Contract assets arise when performance obligations have been met but payment has not yet been received. Contract liabilities arise when payment is received in advance of the satisfaction of performance obligations. As of June 30, 2024 and 2023, the University had contract assets receivable from students for academic terms that are complete, and all performance obligations are satisfied, but for which consideration has yet to be received from students. The University also had contract liabilities to students, reported as deferred revenue, comprising deposits and prepayments for future academic terms and services for which performance obligations have not yet been satisfied. The balances of contract assets and contract liabilities arising from contracts with students as of June 30, 2024 and 2023 are presented as follows:

	<u>2024</u>	<u>2023</u>
Contract Assets:		
Student Accounts Receivable, Net of Allowance	\$ 5,650,767	\$ 3,249,425
Contract Liabilities:		
Deferred Revenue, Student Deposits, and Prepayments	\$ 1,472,632	\$ 1,508,557

Contract assets are presented in the accompanying statements of financial position as student accounts receivable net of allowance for doubtful accounts.

Contract liabilities are presented in the accompanying statements of financial position as deferred revenue, in addition to other deferred revenue not related to contracts with students of \$-0- at June 30, 2024 and 2023.

Tuition and related student fees, and fees for housing and meal plans are generally due to the University at the start of the term or semester unless a student has entered into a formal payment plan with the University. While current registration payment plans defer the due date for a portion of student charges, at no point do they extend beyond the related academic term or semester. As such, substantially all contract assets that arise as a result of the satisfaction of performance obligations over an academic term or semester are collected by the end of that period. In accordance with the University's published catalog and academic calendar, students that withdraw from classes during the first week of an academic term or semester are entitled to a 100% refund, and certain student types are entitled to prorated refunds for periods extending beyond the first week of the term or semester.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 REVENUE FROM CONTRACTS WITH STUDENTS (CONTINUED)

Prepayments and deposits from students are generally received prior to the start of an academic term, consistent with the payment due date. This timing of payments gives rise to contract liabilities, or deferred revenue. As performance obligations are satisfied over the course of an academic term, the deferred revenue is recognized as revenue. At the completion of the academic term, when all performance obligations have been fully satisfied, all deferred revenue has been recognized for that academic term. Based on the University's academic calendar, contract liabilities presented in the accompanying statements of financial position as of the end of the fiscal year represent consideration received from students for which performance obligations have not yet been satisfied.

Tuition and fees and related expenses for programs and academic terms that extend over more than one fiscal year are recognized using the proration method whereby revenues are allocated between terms based on the number of days in each term that relate to each fiscal year.

The timing of cash inflows from contract assets is generally less than one year following the end of an academic term. Contract liabilities represent cash inflows for which future performance obligations exist and will generally be satisfied in less than one year. The value of contract assets and contract liabilities presented as of June 30, 2024 and 2023 differ based on the timing of the academic calendar in relation to the fiscal year, and the timing of payments received from students.

NOTE 11 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions as follows, during the years ended June 30, 2024 and 2023, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2024	2023
Purpose Restrictions Accomplished:		
Donor-Supported Scholarship Aid	\$ 721,384	\$ 1,316,078
Government Grants and Contracts	418,551	209,171
Student Athletics	892,668	760,368
Other	441,114	1,045,473
Total	<u>\$ 2,473,717</u>	<u>\$ 3,331,090</u>

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, grants receivable, other receivables, accounts payable, and deposits held in custody for others approximate fair value because of the short-term maturity of these financial instruments.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Contributions Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are met.

A reasonable estimate of the fair value of the receivables from students under government loan programs and grants refundable to the government for student loans could not be made because the notes receivable are not saleable and can only be assigned to the U.S. government or its designee.

U.S. GAAP defines fair value as the exit price that would be received to sell an asset or transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. U.S. GAAP also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Based on the inputs used to determine fair value, a three-level fair value hierarchy is used as follows:

Level 1 – Inputs that are observable, such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 – Inputs that are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the factors that market participants would consider in pricing the asset or liability developed based on the best information available in the circumstances.

Investments in commingled funds represent investments measured at net asset value (NAV) or its equivalent and consist of a hedge fund, emerging markets funds, fixed income fund, and private partnership funds. Estimates of fair value for real estate funds, emerging markets funds and private partnership funds are made using NAV per share or its equivalent as a practical expedient. Such fair values are not required to be categorized in the fair value hierarchy based on FASB ASU 2015-07, *Fair Value Measurement Disclosures for Investments in Certain Entities that Calculate NAV per Share (or its Equivalent)* (ASU 2015-07). The fair value amount attributed to these investments continues to be presented in the table below to permit reconciliation of the fair value hierarchy to the amount presented in the accompanying statements of financial position.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The University's hedge and fixed income funds are not exchange traded but do have readily determinable fair values and are typically redeemable at NAV under the terms of the investment agreements. The University's emerging markets fund and private partnership funds are not exchange traded, do not have a readily determinable fair value, and are typically redeemable at NAV under the terms of the investment agreements.

The following tables present financial instruments that are measured or disclosed at fair value in the accompanying statements of financial position as of June 30, 2024:

	2024			
	Valued Using			Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Assets:				
Recurring:				
Cash and Cash Equivalents	\$ 1,989,374	\$ -	\$ -	\$ 1,989,374
Investments:				
Short-Term Cash Fund	8,405,945	-	-	8,405,945
Common Stocks	39,346,076	-	-	39,346,076
Government Bonds and Fixed Income Securities	-	22,972,676	-	22,972,676
Real Estate	-	5,000	-	5,000
Investment Measured at NAV as a Practical Expedient:				
Real Estate	-	-	-	2,749,409
Hedge Funds	-	-	-	-
Emerging Markets Funds	-	-	-	-
Total Investments	47,752,021	22,977,676	-	73,479,106
Beneficial Interest in Trusts	-	-	3,796,115	3,796,115
Funds Held in Trust by Others	-	-	28,425	28,425
Total Recurring	49,741,395	22,977,676	3,824,540	79,293,020
Nonrecurring:				
Contributions Receivable, Net	-	-	3,431,642	3,431,642
Total	<u>\$ 49,741,395</u>	<u>\$ 22,977,676</u>	<u>\$ 7,256,182</u>	<u>\$ 82,724,662</u>
Liabilities:				
Recurring:				
Deposits Held in Custody for Others	\$ 175,306	\$ -	\$ -	\$ 175,306
Total	<u>\$ 175,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,306</u>

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables present financial instruments that are measured or disclosed at fair value in the accompanying statements of financial position as of June 30, 2023:

	2023			
	Valued Using			Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Assets:				
Recurring:				
Cash and Cash Equivalents	\$ 838,568	\$ -	\$ -	\$ 838,568
Investments:				
Short-Term Cash Fund	8,093,075	-	-	8,093,075
Common Stocks	39,762,329	-	-	39,762,329
Government Bonds and Fixed Income Securities	-	16,483,126	-	16,483,126
Real Estate	-	5,000	-	5,000
Investment Measured at NAV as a Practical Expedient:				
Real Estate	-	-	-	2,677,195
Hedge Funds	-	-	-	115,349
Emerging Markets Funds	-	-	-	3,218,676
Total Investments	47,855,404	16,488,126	-	70,354,750
Beneficial Interest in Trusts	-	-	3,574,922	3,574,922
Funds Held in Trust by Others	-	-	25,998	25,998
Total Recurring	48,693,972	16,488,126	3,600,920	74,794,238
Nonrecurring:				
Contributions Receivable, Net	-	-	2,795,354	2,795,354
Total	<u>\$ 48,693,972</u>	<u>\$ 16,488,126</u>	<u>\$ 6,396,274</u>	<u>\$ 77,589,592</u>
Liabilities:				
Recurring:				
Deposits Held in Custody for Others	\$ 248,139	\$ -	\$ -	\$ 248,139
Total	<u>\$ 248,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,139</u>

The University's accounting policy is to recognize transfers among levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers among the levels during the years ended June 30, 2024 and 2023.

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Short-Term Cash Fund – Short-term investments consisting of money market funds are measured at fair value using quoted market prices.

Common Stocks – Investments in equity securities are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Government Bonds and Fixed Income Securities – Investments in fixed income securities comprise U.S. Treasury notes, mortgage-backed securities, municipal bonds, and corporate bonds and notes. U.S. Treasury notes are classified as Level 1 if they trade with sufficient frequency and volume to enable the University to obtain pricing information on an ongoing basis. The remaining fixed income securities are classified as Level 2 based on multiple sources of information, which include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Real Estate – Investments in real estate are classified as Level 1 when they are actively traded and a reliable quote is observable. If the investment classified as Level 1 subsequently ceases to be actively traded, it is reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

Alternative Investments – The fair values of the following investments have been estimated using the net asset value per share of the investments as of June 30, 2024 and 2023.

	2024	2023	Redemption Frequency	Redemption Notice Period
Siguler Guff: Small Buyout Opportunities Fund IV (b)	\$ 1,032,873	\$ 956,260	Nonredeemable	Can only redeem with notice to close investment
Harbourvest Global Feeder Fund (c)	1,066,743	1,565,487	Nonredeemable	Can only redeem with notice to close investment
Landmark Equity Partners XIV Fund (d)	649,793	703,519	Nonredeemable	Can only redeem with notice to close investment
IIF Tax-Exempt (e)	-	2,677,195	Semi-Annual	March 31 or Sept 30 NAVs
SEG Partners Offshore, LTD. (f)	-	108,759	Quarterly	60 days
Total	<u>\$ 2,749,409</u>	<u>\$ 6,011,220</u>		

(a) The primary investment objective of the Siguler Guff Small Buyout Opportunities Fund IV is to maximize capital appreciation over the long term. The fund is primarily focused on buyout, recapitalization, and growth equity transactions. Portfolio investments typically involve direct or indirect securities of private companies doing business in the United States and Canada generally with less than \$150 million of revenue and \$15 million of EBITDA. The University views this asset as a long-term growth investment and expects to hold this asset for the foreseeable future.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

- (b) The primary investment objective of the HarbourVest Global Feeder Fund (HVPE) is to generate shareholder returns through long-term capital appreciation. HVPE is a single share class, quoted on the London Stock Exchange (LSE) in both sterling and U.S. dollars, (Ticker: HVPD). HVPE has a U.S. dollar-denominated NAV. HVPE invests in private market portfolios diversified by geography, strategy, stage of investment, vintage year, and sector. In June 2021, capital calls were split between buyout and venture strategies at 68% and 32%, respectively. The majority (71%) was from partnerships with a U.S. investment focus.
- (c) Landmark Equity Partners XIV Fund (Private Markets and Real Estate-PSERS) is a closed private equity fund managed by Landmark Partners. The Landmark strives to execute transactions primarily on a negotiated basis and acquire portfolios of interests in private equity funds and direct investments in companies through secondary market transactions. Primary Objectives in or der of priority are capital appreciation, income, aggressive income, and speculation. Valuations are performed on a quarterly basis in accordance with fair value and generally accepted accounting principles.

Real Estate – Investments in real estate are classified as Level 1 when they are actively traded and a reliable quote is observable. If the investment classified as Level 1 subsequently ceases to be actively traded, it is reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

Beneficial Interest in Trusts – The University's beneficial interest in trusts administered by a third party are classified as Level 3 as the fair values are based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). Since the University has an irrevocable right to receive the income earned from the trust's assets, the fair value of the University's beneficial interest is estimated to approximate the fair value of the trust's assets.

Funds Held in Trust by Others – The University's beneficial interest in irrevocable split-interest agreements held or controlled by a third party are classified as Level 3 as the fair values are based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). The fair values are measured at the present value of the future distributions the University expects to receive over the term of the agreements.

While the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following tables present a reconciliation of the statements of financial position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2024 and 2023.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	2024		
	Beneficial Interest in Perpetual Trust	Funds Held in Trust by Others	Total
Balance - Beginning of Year	\$ 3,574,922	\$ 25,998	\$ 3,600,920
Realized and Unrealized Gains (Losses), Net	221,193	2,427	223,620
Purchases, Issuances Sales, and Settlements:			
Purchases	-	-	-
Issuance	-	-	-
Sales	-	-	-
Settlements	-	-	-
Balance - End of Year	<u>\$ 3,796,115</u>	<u>\$ 28,425</u>	<u>\$ 3,824,540</u>

The Amount of Total Net Losses for the Period Included
in Change in Net Assets Attributable to the Change in
Unrealized Gains or Losses Relating to Level 3
Financial Instruments Still Held at June 30, 2024 \$ (223,620)

	2023		
	Beneficial Interest in Perpetual Trust	Funds Held in Trust by Others	Total
Balance - Beginning of Year	\$ 3,403,361	\$ 23,860	\$ 3,427,221
Realized and Unrealized Gains (Losses), Net	171,561	2,138	173,699
Purchases, Issuances Sales, and Settlements:			
Purchases	-	-	-
Issuance	-	-	-
Sales	-	-	-
Settlements	-	-	-
Balance - End of Year	<u>\$ 3,574,922</u>	<u>\$ 25,998</u>	<u>\$ 3,600,920</u>

The Amount of Total Net Gains for the Period Included
in Change in Net Assets Attributable to the Change in
Unrealized Gains or Losses Relating to Level 3
Financial Instruments Still Held at June 30, 2023 \$ (173,699)

There have been no changes in the valuation techniques used in determining Level 1, Level 2, or Level 3 classifications.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 13 ENDOWMENT

On July 1, 2012, the State of Florida enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result, the University implemented all requirements of UPMIFA, most notably the requirement that all donor-restricted endowment funds that are not classified as net assets with permanent donor restrictions be classified as net assets with temporary donor restrictions until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed in UPMIFA.

The University's endowment at June 30, 2024 and 2023 consists of 201 and 199 individual funds, respectively, established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowments classified as with donor restrictions restricted in perpetuity include (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation added to the fund. The remaining portion of the donor-restricted endowment fund is classified as with donor restrictions until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the UPMIFA.

The University considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

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

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 purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 13 ENDOWMENT (CONTINUED)

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The University has a policy of appropriating for distribution each year 4%-5% of the average of its endowment funds of the three preceding fiscal years in which the distribution is planned. In establishing this policy, the University considered the long-term expected return on its endowment. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term, as well as to provide additional real growth through new gifts and investment return.

At June 30, 2024, the endowment net asset composition by type of fund consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Funds	\$ -	\$ 22,837,598	\$ 22,837,598
Board-Designated Funds	23,248,230	-	23,248,230
Quasi-Endowed Funds	30,000,000	-	30,000,000
Total Funds	<u>\$ 53,248,230</u>	<u>\$ 22,837,598</u>	<u>\$ 76,085,828</u>

Changes in endowment net assets for the fiscal year ended June 30, 2024 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 51,177,675	\$ 21,748,553	\$ 72,926,228
Investment Income:			
Investment Return, Net	5,301,669	1,110,809	6,412,478
Contributions	-	269,879	269,879
Appropriation of Endowment Assets for Expenditures Donor and University Directed Reinvestment	(2,231,114)	(291,643)	(2,522,757)
	<u>(1,000,000)</u>	<u>-</u>	<u>(1,000,000)</u>
Endowment Net Assets - End of Year	<u>\$ 53,248,230</u>	<u>\$ 22,837,598</u>	<u>\$ 76,085,828</u>

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 13 ENDOWMENT (CONTINUED)

At June 30, 2023, the endowment net asset composition by type of fund consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Funds	\$ -	\$ 21,748,553	\$ 21,748,553
Board-Designated Funds	21,177,675	-	21,177,675
Quasi-Endowed Funds	30,000,000	-	30,000,000
Total Funds	<u>\$ 51,177,675</u>	<u>\$ 21,748,553</u>	<u>\$ 72,926,228</u>

Changes in endowment net assets for the fiscal year ended June 30, 2023 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 47,327,565	\$ 20,236,976	\$ 67,564,541
Investment Income:			
Investment Return, Net	4,196,135	1,736,483	5,932,618
Contributions	-	262,919	262,919
Appropriation of Endowment Assets for Expenditures	<u>(346,025)</u>	<u>(487,825)</u>	<u>(833,850)</u>
Endowment Net Assets - End of Year	<u>\$ 51,177,675</u>	<u>\$ 21,748,553</u>	<u>\$ 72,926,228</u>

During the years ended June 30, 2024 and 2023, the board undesignated \$-0- and \$10 million, respectively, of board designated funds into quasi-endowed funds.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. A donor-restricted endowment fund is considered to be underwater if the fair value of the fund is less than either the original gift amount or the amount required to be maintained by the donor or by law. At times, the University may have individual donor-restricted endowment funds that are underwater. The University has a policy that permits spending from underwater funds depending on the degree to which the fund is underwater, unless specifically prohibited by the donor or relevant laws and regulations. At June 30, 2024 and 2023, the amount by which funds were underwater were calculated as follows:

	2024	2023
Aggregate Original Gift Amount	\$ 5,214,329	\$ 4,913,561
Aggregate Fair Value	4,606,469	4,174,035
Aggregate Deficiency	<u>\$ 607,860</u>	<u>\$ 739,526</u>

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 14 RETIREMENT PLAN

The University offers an Internal Revenue Code Section 403(b) retirement plan (the Plan) covering most hourly and salaried employees. The Plan is administered by the Teachers Insurance Annuity Association-College Retirement Equities Fund (TIAA-CREF) and Corebridge. Employees of the University at the time the Plan was adopted were not required to contribute to participate; however, the Plan was subsequently amended to set minimum contributions from employees in order to participate. Currently, employees who meet eligibility requirements must contribute a minimum of 1% of their eligible compensation to participate. Effective January 1, 2023, the Plan was amended to modify the matching contribution formula from a pre-determined tiered formula to a discretionary matching contribution formula. Under this formula, we have discretion whether to make a matching contribution to the Plan. Since this matching contribution is discretionary, we may decide not to make a matching contribution for a given plan year. The matching contribution may be determined as a percentage of any employee salary contributions or as a uniform dollar amount. On January 9, 2023, the University announced that the matching contribution will be suspended for calendar years 2023 and 2024, and the University will continue to monitor and assess reinstatement of matching contributions.

For employees hired prior to January 1, 2023, the employee becomes fully vested in both the employee and employer contributions to the Plan upon entering the Plan. Effective January 1, 2023, the Plan was amended to a vested schedule for employer match for those employees hired after January 1, 2023. Vesting schedule for the employer match for employees hired after January 1, 2023, of 0% (first year), 30% (second year), 60% (third year), 100% (fourth year) based on 12-month periods of service for each new employee's date of hire. For the years ended June 30, 2024 and 2023, the University's Plan contributions were \$-0- and \$1,622,574, respectively. The University's policy is to fund retirement costs accrued.

The University has a 457(b) Deferred Compensation Plan, limited to specific management and faculty positions. The deferred compensation is invested with TIAA-CREF or Corebridge and is considered University property until the employee withdraws the funds due to emergency, termination, or retirement. The participants' contributions are subject to the general creditors of the University. Accordingly, invested assets are recorded at fair value in other assets in the accompanying statements of financial position, with a corresponding liability in the amount of \$1,463,813 and \$1,700,995 recorded in accrued compensation at June 30, 2024 and 2023, respectively. The University does not record any related transaction activity as revenue or expense.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 15 EXPENSES

Expenses by natural classification were as follows for the years ended June 30:

	2024					
	Instructional	Academic Support	Student Services	Institutional Support	Auxiliary	Total
Salaries and Wages	\$ 20,716,515	\$ 3,956,981	\$ 9,160,557	\$ 13,076,190	\$ 2,549,042	\$ 49,459,285
Benefits	3,617,434	1,121,554	3,024,380	3,532,044	641,569	11,936,981
Contractual Services	217,933	211,459	1,256,785	2,892,368	125,216	4,703,761
Depreciation and Amortization	1,351,407	662,068	1,169,915	617,388	3,829,673	7,630,451
Interest	715,438	350,393	631,073	317,228	2,029,244	4,043,376
Occupancy, Utilities, and Maintenance	422,175	4,094	185,172	2,489,180	186,951	3,287,572
Plant Costs	1,118,268	547,683	986,401	492,733	3,168,995	6,314,080
Other Expenses	2,116,511	1,074,566	11,491,419	4,929,363	4,987,141	24,599,000
Total	<u>\$ 30,275,681</u>	<u>\$ 7,928,798</u>	<u>\$ 27,905,702</u>	<u>\$ 28,346,494</u>	<u>\$ 17,517,831</u>	<u>\$ 111,974,506</u>

	2023					
	Instructional	Academic Support	Student Services	Institutional Support	Auxiliary	Total
Salaries and Wages	\$ 23,338,908	\$ 5,429,391	\$ 10,163,225	\$ 14,252,721	\$ 2,478,318	\$ 55,662,563
Benefits	4,296,864	1,593,510	3,272,745	4,715,898	701,438	14,580,455
Contractual Services	367,451	212,616	1,279,835	2,369,658	135,292	4,364,852
Depreciation and Amortization	1,427,212	714,127	1,341,170	622,424	4,078,623	8,183,556
Interest	645,331	322,809	598,674	280,822	1,870,517	3,718,153
Occupancy, Utilities, and Maintenance	1,286,774	17,718	432,280	2,363,751	169,570	4,270,093
Plant Costs	963,728	482,078	894,051	416,738	2,789,395	5,545,990
Other Expenses	1,927,023	878,309	11,382,265	7,029,373	4,951,373	26,168,343
Total	<u>\$ 34,253,291</u>	<u>\$ 9,650,558</u>	<u>\$ 29,364,245</u>	<u>\$ 32,051,385</u>	<u>\$ 17,174,526</u>	<u>\$ 122,494,005</u>

Included in institutional support are fundraising expenses of \$888,459 and \$1,017,191 incurred by the University during the years ended June 30, 2024 and 2023, respectively.

The University operates a number of internal units that provide goods and services to other University departments. For financial statement presentation purposes, the internal revenue and expense generated by such transactions are eliminated. For the year ended June 30, 2024, such expenses totaling \$152,580, \$59,979, \$11,618, \$12,511, and \$48,585 were deducted from student services, institutional support, instructional, academic support, and auxiliary enterprises, respectively. For the year ended June 30, 2023, such expenses totaling \$157,985, \$67,368, \$21,138, \$15,275, and \$44,639 were deducted from student services, institutional support, instructional, academic support, and auxiliary enterprises, respectively.

Certain expenses are incurred which support multiple programs. Expenses for the administration, supervision, operation, maintenance, preservation, and protection of the University's physical plant, and depreciation expense is allocated based on square footage statistics for each functional category.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 15 EXPENSES (CONTINUED)

Expenses are categorized on a functional expenses basis as follows:

Instructional and Academic support include expense for all activities that are part of the University's instruction program such as expenses for academic, vocational, and technical instruction; remedial and tutorial instruction; regular, special and extension sessions, and academic support.

Student services are considered programmatic and include activities that, as their primary purpose, contribute to students emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. This category also includes expenses incurred for offices of admissions, student financial services, and the registrar.

Institutional support includes centralized expenses incurred to provide support services for the University's primary mission and program functions. This category includes the University's fundraising activities as well as executive management, fiscal operations, general administration, and central technology.

Auxiliary enterprises include all expenses related to the operation of the University's auxiliary activities, such as housing, food service, camps, and so forth.

NOTE 16 RELATED PARTIES

Contributions receivable include amounts pledged by various Board of Trustee members. At June 30, 2024 and 2023, gross pledges outstanding from such Trustees amounted to \$866,835 and \$120,000, respectively.

NOTE 17 CONTINGENCIES

The University receives significant financial assistance from federal and state agencies in the form of grants. Expenditures of funds under those programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the University. In the opinion of management such adjustments, if any, are not expected to materially affect the financial condition or changes in net assets of the University.

The University is party to various claims and legal actions arising in the ordinary course of business. Management does not believe that the outcome of such claims and legal actions will have a material adverse effect on the financial position or changes in net assets of the University. When management becomes aware of potential or actual claims and determines probable amounts, management will accrue such amounts if necessary. Such matters would be recorded in accounts payable or accrued expenses and other liabilities in the accompanying statements of financial position. To the extent such amounts cannot be estimated, amounts are not accrued.

SAINT LEO UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 18 SUBSEQUENT EVENTS

The University reviewed and evaluated events from June 30, 2024 through August 26, 2024, the date that the financial statements were available to be issued, and concluded that no subsequent events have occurred that require recognition in the financial statements or disclosure in the notes to the financial statements.

SAINT LEO UNIVERSITY, INC.
SCHEDULE OF FINANCIAL RESPONSIBILITY COMPOSITE RATIO SCORES
YEAR ENDED JUNE 30, 2024

Primary Reserve Ratio:				
Expendable Assets			\$ 58,721,521	
Total Expense			<u>111,974,506</u>	
				<u>0.5244</u>
Equity Ratio:				
Modified Net Assets			\$ 140,455,035	
Modified Assets			<u>239,826,524</u>	
				<u>0.5857</u>
Net Income Ratio:				
Change in Net Assets Without Donor Restrictions			\$ (3,510,744)	
Total Revenues Without Donor Restrictions			<u>115,012,158</u>	
				<u>(0.0305)</u>
Primary Reserve Ratio	0.5244	3.0000	40%	1.2000
Equity Ratio	0.5857	3.0000	40%	1.2000
Net Income Ratio	-0.0305	0.2369	20%	0.0474
Composite Score				<u>2.4</u>

See accompanying Notes to Schedule of Financial Responsibility Composite Ratio Scores.

SAINT LEO UNIVERSITY, INC.
SCHEDULE OF FINANCIAL RESPONSIBILITY DATA
YEAR ENDED JUNE 30, 2024

Location in Financial Statements or Related Notes	Financial Statement	GAAP Financial Statement Line Item or Disclosure	Amount Used as Ratio Input
Primary Reserve Ratio: Expendable Net Assets:			
Statement of Financial Position	Net Assets without Donor Restrictions	\$ 113,349,464	\$ 113,349,464
Statement of Financial Position	Net Assets with Donor Restrictions	27,972,406	27,972,406
Note 16, Related Parties	Unsecured Related Party Receivable	866,835	866,835
Statement of Financial Position	Property, Plant, and Equipment (PPE), Net	136,701,004	-
Note 5, Land Buildings, and Equipment	PPE, Pre-Implementation	-	98,282,881
Note 5, Land Buildings, and Equipment	PPE Post Implementation with Outstanding Debt for Original Purchase	-	25,968,132
Note 5, Land Buildings, and Equipment	PPE Post Implementation, without Outstanding Debt for Original Purchase	-	10,513,288
Note 5, Land Buildings, and Equipment	Construction in Progress (CIP) Post Implementation With Long-Term Related Debt	-	-
Note 5, Land, Buildings, and Equipment	CIP Post Implementation without Long-Term Debt	-	1,936,703
Statement of Financial Position	Lease Right-of-Use Asset, Net	3,744,233	3,744,233
NA	Post Employment and Pension Liabilities	-	-
Statement of Financial Position	Bonds and Notes Payable, Net	74,226,857	-
NA	Capital Lease Liability	-	-
Statement of Financial Position Annuities	Annuities with Donor Restrictions	-	-
Note 6, Debt Obligations	Long-Term Debt - for Long-Term Purposes - Pre-Implementation - Total Principal Outstanding	-	64,170,000
Note 6, Debt Obligations	Long-Term Debt - for Long-Term Purposes - Pre-Implementation - Unamortized Premium	-	6,492,253
Note 6, Debt Obligations	Long-Term Debt - for Long-Term Purposes - Pre-Implementation - Unamortized Issuance Costs	-	(685,683)
Note 6, Debt Obligations	Long-Term Debt - for Long-Term Purposes - Post Implementation - Used to Fund Capital Expenditures	-	287
Note 6, Debt Obligations	Long-Term Debt - for Long-Term Purposes - Post Implementation - Not Used to Fund Capital Expenditures	-	4,250,000
Note 6, Debt Obligations	Short-Term Debt - Line of Credit	13,000,000	-
Statement of Financial Position	Liability Related to Right-of-Use Asset	3,865,455	3,744,233
NA	Pre-Implementation Right-of-Use Asset Liability	-	-
NA	Post Implementation Right-of-Use Asset Liability	-	-
NA	Annuities with Donor Restrictions	-	-
NA	Term Endowments with Donor Restrictions	-	-
NA	Life Income Funds with Donor Restrictions	-	-
Statement of Financial Position	Net Assets with Donor Restrictions: Restricted in Perpetuity	15,009,367	15,009,367
Primary Reserve Ratio: Expenses and Losses:			
Statement of Activities and Changes in Net Assets	Total Expenses without Donor Restrictions	\$ 111,974,506	\$ 111,974,506
NA	Losses without Donor Restrictions	-	-
Equity Ratio: Modified Net Assets:			
Statement of Financial Position	Net Assets without Donor Restrictions	\$ 113,349,464	\$ 113,349,464
Statement of Financial Position	Net Assets with Donor Restrictions	27,972,406	27,972,406
NA	Intangible Assets	-	-
Note 16, Related Parties	Unsecured Related Party Receivable	866,835	866,835
Equity Ratio: Modified Assets:			
Statement of Financial Position	Total Assets	\$ 240,693,359	\$ 240,693,359
NA	Intangible Assets	-	-
Note 16, Related Parties	Unsecured Related Party Receivable	866,835	866,835
Net Income Ratio:			
Statement of Activities	Change in Net Assets without Donor Restrictions	\$ (3,510,744)	\$ (3,510,744)
Statement of Activities	Total Revenue, Gains, and Other Support without Donor Restrictions	115,012,158	115,012,158

See accompanying Notes to Schedule of Financial Responsibility Composite Ratio Scores.

SAINT LEO UNIVERSITY, INC.
NOTES TO SCHEDULE OF FINANCIAL RESPONSIBILITY COMPOSITE RATIO SCORES
JUNE 30, 2024

NOTE 1 BACKGROUND

Section 498(c) of the Higher Education Act of 1965, as amended, requires for-profit and nonprofit institutions to annually submit audited financial statements to the U.S. Department of Education (the Department) to demonstrate whether they are maintaining the standards of financial responsibility necessary to participate in Title IV programs as determined by the Department. One of many standards which the Department utilizes to determine the financial responsibility of an institution is a composite of three ratios derived from an institution's audited financial statements. The three ratios consist of a primary reserve ratio, an equity ratio, and a net income ratio. These ratios measure the fundamental elements of the financial health of an institution, not the educational quality of an institution.

The Schedule of Financial Responsibility Composite Ratio Scores (the Schedule) is prepared and submitted to the State of Florida Department of Education and U.S. Department of Education and is prepared pursuant to Appendix B of 34 CFR Part 668 – Subpart L, *Ratio Methodology for Private Non-Profit Institutions* (U.S. Department of Education) (the Code). The Schedule contains only the financial responsibility composite ratio scores required by the Code and are not intended to present the financial position or the results of operations of Saint Leo University, Inc. (the University) for the year ended June 30, 2024, in accordance with U.S. generally accepted accounting principles. The Schedule of Financial Responsibility Data shows the various inputs used to calculate the various ratios.

NOTE 2 FINANCIAL RESPONSIBILITY COMPOSITE SCORES

The Schedule of Financial Responsibility Composite Ratio Scores is prepared pursuant to the Code. The composite score calculated reflects the overall relative financial health of institutions along a scale from negative 1.0 to positive 3.0.

The composite score includes the following required ratios, strength factors, and weight factors:

Ratios

Primary Reserve Ratio

Represents expendable net assets over total expenses.

Expendable net assets represent net assets without donor restrictions, plus net assets with donor restrictions, less net assets with donor restrictions restricted in perpetuity, less annuities, term endowments, and life income funds that are with donor restrictions related to purpose or passage of time, less intangible assets, less net property, plant, and equipment, plus postemployment and defined benefit pension liabilities, plus all debt obtained for long-term purposes, not to exceed total net property, plant and equipment, less unsecured related party receivables.

SAINT LEO UNIVERSITY, INC.
NOTES TO SCHEDULE OF FINANCIAL RESPONSIBILITY COMPOSITE RATIO SCORES
JUNE 30, 2024

NOTE 2 FINANCIAL RESPONSIBILITY COMPOSITE SCORES (CONTINUED)

Ratios (Continued)

Primary Reserve Ratio (Continued)

Total expenses represent all expenses and losses without donor restrictions from the statement of activities and changes in net assets less any losses without donor restrictions on investments, postemployment and defined benefit pensions plans, and annuities.

Equity Ratio

Represents modified net assets over modified assets.

Modified net assets represent net assets without donor restrictions, plus net assets with donor restrictions, less intangible assets and unsecured related party receivables.

Modified assets represent total assets less intangible assets and unsecured related party receivables.

Net Income Ratio

Represents change in net assets without donor restriction over total revenue without donor restrictions and gains without donor restrictions.

Change in net assets without donor restrictions represents the change in net assets without donor restrictions taken directly from the audited financial statements.

Total revenue without donor restrictions and gains without donor restrictions are taken directly from the audited financial statements and includes net assets released from restrictions during the fiscal year plus total gains. With regard to gains, investment returns are reported as a net amount (interest, dividends, unrealized and realized gains, losses net of external and direct internal expenses, e.g. spending from funds functioning as endowment, and remaining net investment return as a nonoperating item without restriction). Accordingly, these two amounts are aggregated to determine whether there is a net investment gain or a net investment loss.

Strength Factors

The strength factor for each ratio is calculated as follows:

Primary Reserve Ratio

10 x Primary Reserve Ratio result

Equity Ratio

6 x Equity Ratio result

SAINT LEO UNIVERSITY, INC.
NOTES TO SCHEDULE OF FINANCIAL RESPONSIBILITY COMPOSITE RATIO SCORES
JUNE 30, 2024

NOTE 2 FINANCIAL RESPONSIBILITY COMPOSITE SCORES (CONTINUED)

Strength Factors (Continued)

Net Income Ratio

1 + (50 x Net Income Ratio result) for positive Net Income Ratio results
1 + (25 x Net Income Ratio result) for negative Net Income Ratio results

If the strength factor score for any ratio is greater than or equal to 3, the strength factor score for that ratio is 3.

If the strength factor score for any ratio is less than or equal to -1, the strength factor score for that ratio is -1.

Weight Factors

The weight factor for each ratio is as follows:

Primary Reserve Ratio

40%

Equity Ratio

40%

Net Income Ratio

20%



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.