ST. LAWRENCE UNIVERSITY

**ST. LAWRENCE UNIVERSITY**
**AND SUBSIDIARIES**

**Consolidated Financial Statements as of**
**June 30, 2024 and 2023**
**Together with**
**Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

Bonadio & Co., LLP
Certified Public Accountants

# INDEPENDENT AUDITOR'S REPORT

October 30, 2024

To the Board of Trustees of
St. Lawrence University:

## Report on the Audit of the Financial Statements

***Opinion***

We have audited the accompanying consolidated financial statements of St. Lawrence University (a New York not-for-profit corporation) and Subsidiaries (collectively, the University), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

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

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

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

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**INDEPENDENT AUDITOR'S REPORT**
(Continued)

***Auditor's Responsibility for the Audit of the Financial Statements***
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 the University's internal control. Accordingly, no such opinion is expressed.

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

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

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

**Other Reporting Required by *Government Auditing Standards***
In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of the University'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 the University'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 the University's internal control over financial reporting and compliance.

Bonadio & Co., LLP

## ST. LAWRENCE UNIVERSITY AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
### JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 5,334,742 | $ 6,370,025 |
| Accounts receivable, net of allowance for credit losses of $696,224 and $779,031 in 2024 and 2023, respectively | 4,084,820 | 2,948,249 |
| Inventories | 1,561,490 | 1,557,835 |
| Prepaid expenses and other assets | 2,694,272 | 2,472,903 |
| Contributions receivable, net | 60,365,748 | 59,591,077 |
| Limited use assets | 20,551,601 | 35,123,073 |
| Investments | 419,959,693 | 392,168,741 |
| Funds held for deferred giving | 6,749,131 | 7,017,173 |
| Property and equipment, net | 166,840,470 | 151,562,947 |
| Total assets | $ 688,141,967 | $ 658,812,023 |
| **LIABILITIES AND NET ASSETS** | | |
| LIABILITIES: | | |
| Accounts payable and accrued expenses | $ 17,491,869 | $ 12,765,325 |
| Deferred revenues | 1,679,177 | 1,728,227 |
| Conditional asset retirement obligations | 5,971,024 | 5,896,226 |
| Annuities and deferred giving obligations | 3,597,746 | 3,544,900 |
| Accrued postretirement benefits | 2,809,502 | 3,232,342 |
| Debt obligations, net | 143,061,625 | 135,534,428 |
| Total liabilities | 174,610,943 | 162,701,448 |
| NET ASSETS: | | |
| Without donor restrictions: | | |
| Board designated for endowment | 80,154,423 | 73,732,857 |
| Undesignated | 17,809,972 | 30,867,848 |
| Total without donor restrictions | 97,964,395 | 104,600,705 |
| With donor restrictions | 415,566,629 | 391,509,870 |
| Total net assets | 513,531,024 | 496,110,575 |
| Total liabilities and net assets | $ 688,141,967 | $ 658,812,023 |

The accompanying notes are an integral part of these statements.

## ST. LAWRENCE UNIVERSITY AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**
**FOR THE YEAR ENDED JUNE 30, 2024**
(With Comparative Totals for 2023)

| | Without Donor Restrictions | With Donor Restrictions | Total 2024 | Total 2023 |
|---|---|---|---|---|
| OPERATING REVENUES: | | | | |
| Student revenues - | | | | |
| Tuition and fees, net of scholarships and grants of $86,012,936 and $83,831,510 in 2024 and 2023, respectively | $ 44,211,343 | $ - | $ 44,211,343 | $ 47,761,164 |
| Room and board | 30,211,944 | - | 30,211,944 | 30,100,575 |
| Net student revenues | 74,423,287 | - | 74,423,287 | 77,861,739 |
| Auxiliary enterprises | 8,729,813 | - | 8,729,813 | 8,877,412 |
| Government grants | 2,919,617 | - | 2,919,617 | 4,280,740 |
| Private gifts | 10,989,933 | 2,370,577 | 13,360,510 | 10,933,759 |
| Investment income allocated to operations | 17,245,143 | 2,480,740 | 19,725,883 | 18,797,114 |
| Other | 2,979,129 | - | 2,979,129 | 2,471,360 |
| Net assets released from restrictions | 3,120,321 | (3,120,321) | - | - |
| Total operating revenues | 120,407,243 | 1,730,996 | 122,138,239 | 123,222,124 |
| OPERATING EXPENSES: | | | | |
| Instruction and research | 43,906,632 | - | 43,906,632 | 43,258,890 |
| Auxiliary enterprises | 30,798,361 | - | 30,798,361 | 29,265,761 |
| Student services | 25,832,043 | - | 25,832,043 | 24,743,850 |
| Institutional support | 22,458,050 | - | 22,458,050 | 20,991,836 |
| Academic support | 15,513,074 | - | 15,513,074 | 15,024,675 |
| Public service | 2,697,083 | - | 2,697,083 | 2,595,118 |
| Total operating expenses | 141,205,243 | - | 141,205,243 | 135,880,130 |
| Changes in net assets from operating activities | (20,798,000) | 1,730,996 | (19,067,004) | (12,658,006) |
| NONOPERATING ACTIVITIES: | | | | |
| Investment income, net of amounts allocated to operations | 5,378,570 | 23,270,716 | 28,649,286 | 21,115,993 |
| Contributions for capital and long-term investments | 648,190 | 8,681,467 | 9,329,657 | 8,743,718 |
| Gain on bond refinance | - | - | - | 1,962,134 |
| Change in funded status of postretirement plan | (961,113) | - | (961,113) | (40,602) |
| Net periodic postretirement benefit gains (costs), net of service costs | (521,778) | - | (521,778) | 188,964 |
| Other | 164,733 | (173,332) | (8,599) | (249,790) |
| Net assets released from restrictions | 9,453,088 | (9,453,088) | - | - |
| Changes in net assets from nonoperating activities | 14,161,690 | 22,325,763 | 36,487,453 | 31,720,417 |
| CHANGES IN NET ASSETS | (6,636,310) | 24,056,759 | 17,420,449 | 19,062,411 |
| NET ASSETS - beginning of year | 104,600,705 | 391,509,870 | 496,110,575 | 477,048,164 |
| NET ASSETS - end of year | $ 97,964,395 | $ 415,566,629 | $ 513,531,024 | $ 496,110,575 |

The accompanying notes are an integral part of these statements.

## ST. LAWRENCE UNIVERSITY AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**
**FOR THE YEAR ENDED JUNE 30, 2023**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| OPERATING REVENUES: | | | |
| Student revenues - | | | |
| Tuition and fees, net of scholarships and grants of $83,831,510 | $ 47,761,164 | $ - | $ 47,761,164 |
| Room and board | 30,100,575 | - | 30,100,575 |
| Net student revenues | 77,861,739 | - | 77,861,739 |
| Auxiliary enterprises | 8,877,412 | - | 8,877,412 |
| Government grants | 4,280,740 | - | 4,280,740 |
| Private gifts | 6,191,003 | 4,742,756 | 10,933,759 |
| Investment income allocated to operations | 17,810,923 | 986,191 | 18,797,114 |
| Other | 2,471,360 | - | 2,471,360 |
| Net assets released from restrictions | 4,024,289 | (4,024,289) | - |
| Total operating revenues | 121,517,466 | 1,704,658 | 123,222,124 |
| OPERATING EXPENSES: | | | |
| Instruction and research | 43,258,890 | - | 43,258,890 |
| Auxiliary enterprises | 29,265,761 | - | 29,265,761 |
| Student services | 24,743,850 | - | 24,743,850 |
| Institutional support | 20,991,836 | - | 20,991,836 |
| Academic support | 15,024,675 | - | 15,024,675 |
| Public service | 2,595,118 | - | 2,595,118 |
| Total operating expenses | 135,880,130 | - | 135,880,130 |
| Change in net assets from operating activities | (14,362,664) | 1,704,658 | (12,658,006) |
| NONOPERATING ACTIVITIES: | | | |
| Investment income, net of amounts allocated to operations | 3,912,923 | 17,203,070 | 21,115,993 |
| Contributions for capital and long-term investments | 2,624,416 | 6,119,302 | 8,743,718 |
| Gain on bond refinance | 1,962,134 | - | 1,962,134 |
| Change in funded status of postretirement plan | (40,602) | - | (40,602) |
| Net periodic postretirement benefit costs, net of service costs | 188,964 | - | 188,964 |
| Other | (86,456) | (163,334) | (249,790) |
| Net assets released from restrictions | 263,069 | (263,069) | - |
| Change in net assets from nonoperating activities | 8,824,448 | 22,895,969 | 31,720,417 |
| CHANGE IN NET ASSETS | (5,538,216) | 24,600,627 | 19,062,411 |
| NET ASSETS - beginning of year | 110,138,921 | 366,909,243 | 477,048,164 |
| NET ASSETS - end of year | $ 104,600,705 | $ 391,509,870 | $ 496,110,575 |

## ST. LAWRENCE UNIVERSITY AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

| | 2024 | 2023 |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Change in net assets | $ 17,420,449 | $ 19,062,411 |
| Adjustments to reconcile change in net assets to net cash flow from operating activities: | | |
| Depreciation and accretion expense | 11,115,695 | 11,349,509 |
| Gain on bond refinance | - | (1,962,134) |
| Amortization of deferred financing costs and bond premiums, net | (192,296) | (236,508) |
| Realized and unrealized gain on investments, net | (46,933,625) | (38,569,902) |
| Contributions for capital and long-term investments | (9,329,657) | (8,743,718) |
| Change in value of deferred gifts | 713,133 | (39,870) |
| Gain on disposal of property and equipment | 8,599 | - |
| Changes in: | | |
| Accounts receivable, net | (1,136,571) | (768,044) |
| Inventories | (3,655) | (66,544) |
| Prepaid expenses and other assets | (221,369) | (290,002) |
| Contributions receivable, net | (774,671) | 2,216,990 |
| Accounts payable and accrued expenses | 4,726,544 | (304,583) |
| Deferred revenue | (49,049) | (64,927) |
| Accrued pension and postretirement benefits | (422,840) | (38,125) |
| Net cash flow from operating activities | (25,079,313) | (18,455,447) |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Proceeds received for deferred gifts | - | 52,770 |
| Proceeds from sales of property and equipment | 108,859 | - |
| Purchases of property and equipment | (26,435,879) | (5,157,415) |
| Purchases of investments | (9,715,385) | (51,340,014) |
| Proceeds from sales and maturities of investments | 28,858,057 | 58,244,455 |
| Net cash flow from investing activities | (7,184,348) | 1,799,796 |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Contributions for long-term investments | 8,404,768 | 4,890,791 |
| Contributions for long-lived assets | 924,889 | 3,852,927 |
| Payments of annuities to beneficiaries, net | (392,244) | (382,430) |
| Proceeds from issuance of debt obligations | 9,237,643 | 50,336,098 |
| Payments on debt obligations | (1,444,782) | (13,875,468) |
| Payment of deferred financing costs | - | (895,586) |
| Net cash flow from financing activities | 16,730,274 | 43,926,332 |
| CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | (15,533,387) | 27,270,681 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - beginning of year | 41,493,098 | 14,222,417 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - end of year | $ 25,959,711 | $ 41,493,098 |
| SUPPLEMENTAL DISCLOSURES: | | |
| Interest expense paid | $ 6,035,047 | $ 4,323,696 |
| Property and equipment acquired but not yet paid for | $ 2,757,465 | $ 312,974 |
| Gifts in kind | $ 30,020 | $ 553,278 |
| Stock gifts | $ 2,321,759 | $ 1,235,088 |

The accompanying notes are an integral part of these statements.

## 1. THE ORGANIZATION

St. Lawrence University (the University) was chartered by the Legislature of the State of New York (the State) in 1856 and is the oldest continuously operated coeducational institution of higher learning in the State. The University is committed to excellence in the undergraduate liberal arts studies and graduate studies in education. The University's enrollment is approximately 2,100 full-time students, who come from approximately forty different U.S. states and approximately eighty other countries.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**
The accompanying consolidated financial statements of the University have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and include the accounts of Laurentian Properties, LLC (Laurentian Properties), St. Lawrence University (USA) London Programme; and Laurentian Remote, LLC (Laurentian Remote), all wholly owned subsidiaries of the University. All material balances and transactions between the University and its subsidiaries have been eliminated.

**Recently Adopted Accounting Guidance**
Accounting Standards Codification (ASC) Topic 326, *Financial Instruments – Credit Losses*, requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The estimated credit loss is required to be based on historical information, current conditions, and forecasts that could impact the collectability of the amounts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

Effective July 1, 2023, the University adopted ASC 326 using the modified retrospective approach for all financial assets measured at amortized cost and off-balance sheet credit exposures. The new accounting pronouncement did not have a material impact on the financial statements. Results for reporting periods beginning after July 1, 2023 are presented under CECL while prior period amounts continue to be reported and disclosed in accordance with previously applicable accounting standards.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial Reporting**
The University classifies its activities into the following net asset categories:

- Net assets without donor restrictions are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.

- Net assets with donor restrictions are limited by donors by either a specific time, purpose or perpetual restriction, and also include investment earnings on perpetually restricted endowment funds not yet appropriated by the Board of Trustees. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is met, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

**Operations**
The statements of activities and changes in net assets present the changes in net assets of the University from operating activities and non-operating activities. Operating revenues and expenses relate primarily to educational programs provided by the University, contributions without donor restrictions or with donor restrictions related to the University's educational programs, and auxiliary sales and service revenue. Utilization of endowment investment income under the University's spending policy is considered operating revenue.

**Cash, Cash Equivalents and Restricted Cash**
Cash and cash equivalents include demand deposit accounts and short-term, highly liquid investments with an original maturity of three months or less when purchased except for cash equivalents included in investment pools, which are included in investments in the accompanying statements of financial position. At times, cash balances may exceed federally insured limits. The University has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

The following is a summary of amounts reported in the statements of financial position that are reported as cash, cash equivalents, and restricted cash shown in the accompanying statements of cash flows at June 30:

| | 2024 | 2023 |
|---|---|---|
| Cash and cash equivalents | $ 5,334,742 | $ 6,370,025 |
| Limited use assets | 20,551,601 | 35,123,073 |
| | $ 25,886,343 | $ 41,493,098 |

**Inventories**
Inventories consist of books and related items and are stated at the lower of cost, determined by the first-in, first-out method, or net realizable value.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Student Revenues and Receivables

Revenue from contracts with students is recognized in the fiscal year in which the academic programs are delivered. The University recognizes tuition and fees and room and board revenues in the period in which performance obligations are satisfied by providing services to students. The University's performance obligation relative to tuition and fees is a bundled obligation to provide instruction for students over the stated period of the contract (i.e., the academic term), along with any additional services as outlined in academic programs. The University establishes tuition and fees and room and board contracts with students upon the earliest of receipt of their enrollment deposit to secure a place in a future academic term, registration for classes, a signed financial responsibility agreement, or similar consent by the student.

Students who withdraw completely within the first 60% of the academic term may receive a full or partial refund in accordance with the University's refund policy. Refunds issued reduce the amount of revenue recognized. For the years ended June 30, 2024 and 2023, due to the timing of each academic semester, there was no variable consideration recorded related to refunds.

Payments for tuition and fees and room and board are due approximately two to three weeks prior to the start of the academic term. Revenue related to room and board is recognized at the amount to which the University expects to be entitled, and this transaction price (i.e., the term rate) is allocated to the bundled service. Each student resident pays a semester-based rate based on the elected meal plan and room type. Each academic term, the performance obligation is satisfied and room and board revenue is recognized as the benefit of the services are consumed.

The transaction price is based on the University's published rates, less University-funded financial aid awarded, net of withdrawals to/from the University (i.e., tuition contract modification or termination). All scholarships and grants awarded to students are applied to tuition first, up-to the amount of tuition for the student, with the remaining amount, if any, to be applied to room and board.

Student revenues are charged and collected on a term-by-term basis. The University expects to collect established payments due under student contracts, less any University-funded student financial aid. Amounts that remain uncollected at the end of the term are included as student accounts receivable. The University records an allowance for credit losses based on prior collection experience, current and future economic conditions and review of existing receivables. Accounts for which no payments have been received for a period of time, which varies by the nature of the receivable, are considered delinquent and written-off or sent to collections, as appropriate.

Revenue from net tuition and fees accounted for approximately 36% and 39% of the University's operating revenues in 2024 and 2023, respectively. Revenue from room and board accounted for approximately 25% and 24% of the University's operating revenues in fiscal 2024 and 2023, respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Deferred Revenue**
Revenues related to summer sessions that span across fiscal years are recognized to the extent that the performance obligations have been met. Unearned revenue relating to summer sessions is deferred to the next fiscal year. As of June 30, 2024 and 2023, there were no remaining performance obligations under open service contracts related to summer sessions.

The University also receives and defers student deposits and prepayments for upcoming fall semesters. As of June 30, 2024, there was $1,602,285 of remaining performance obligations under open service contracts, which is included in deferred revenues in the accompanying statements of financial position. These amounts are expected to be recognized in operating revenues during the year ending June 30, 2025. As of June 30, 2023, there was $1,458,776 of deferred revenue related to remaining performance obligations, which was recognized as tuition revenues during the year ended June 30, 2024.

The remaining deferred revenue balance is related to various grant funding received in advance, with grantor conditions not yet met in order to be recognized as revenue.

**Auxiliary Enterprises**
The University's auxiliary enterprises consist principally of the University's hotel operations, intercollegiate athletics and other enterprises that provide goods and services to the campus community. Associated revenues are earned and recognized over the course of the year as these services are delivered.

**Government Grants**
Revenue from government grants is recognized when conditions from the grantor are met and there are no barriers to be overcome. Amounts received in advance of such conditions being met are reported as deferred revenues.

**Contributions and Private Gifts**
The University records contributions and private gifts, including unconditional promises to give, as revenues when donors' commitments are received or conditions have been satisfied. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Unconditional promises to give are recognized at the estimated net present value, net of an allowance for uncollectible amounts, and are classified as with donor restrictions. Gifts whose restrictions are met in the same fiscal year as their receipt are reported as contributions and private gifts without donor restrictions.

**Limited Use Assets**
Limited use assets represent construction and debt service reserves and are held in bank demand deposit accounts that are stated at cost. At times, such deposits may exceed federally insured limits. The University has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to limited use assets. At June 30, 2024, limited use assets consisted of $20,523,389 for construction reserves and $28,212 for debt service. At June 30, 2023, limited use assets consisted of $30,741,817 for construction reserves and $4,381,256 for debt service.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Investments

Investments, except for cash surrender value of life insurance and real estate, consist of various types of investment securities, which are stated at fair value. Unrealized gains or losses on such securities result from differences between the cost and fair value of securities on a specified valuation date. Interest, dividends, and realized gains and losses are included as increases or decreases in net assets without donor restrictions, unless their use is restricted by donor stipulation or by law.

Investment securities are exposed to various risks that include, but are not limited to, interest rate, market, currency, geopolitical, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

### Endowment

The University's endowment consists of individual funds established for a variety of purposes in support of the University's mission. The endowment includes both endowment funds with donor restrictions and funds designated by the Board of Trustees to function as endowment. As required by U.S. GAAP, 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.

### Fair Value Measurement – Definition and Hierarchy

The University uses various valuation techniques in determining fair value. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the University. Unobservable inputs are inputs that reflect the University's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 – Valuations are based on quoted prices in active markets for identical assets or liabilities that the University has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

- Level 2 – Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

- Level 3 – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Fair Value Measurement – Definition and Hierarchy (Continued)**

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the University in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**Funds Held for Deferred Giving Arrangements**

The University's deferred giving arrangements consist primarily of gift annuities and pooled life income funds and consist of various types of investment securities, which are stated at fair value. Deferred giving assets are managed by external investment managers. University management monitors investment performance achieved by the respective investment managers.

Contribution revenues are recognized at the date the trusts are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets and changes in the estimated present value of future cash outflows and other changes in the estimates of future benefits. The annuities and deferred giving obligations represent the net present value of future cash outflows over the beneficiary's life expectancy as required by the deferred gift agreements. Discount rates used to calculate the net present value of the obligations are commensurate with the life expectancy of the beneficiary.

**Property and Equipment**

Property and equipment is recorded at cost at the date of acquisition or, in the case of gifts, at fair value at the date of donation, less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of buildings (50 years), building and land improvements (10-20 years), and equipment and books (3-10 years). Property and equipment equal to or greater than $5,000, which have a useful life greater than two years are capitalized. Interest expense is capitalized during periods of construction. Art collections are stated at cost at the date of acquisition or, in the case of gifts, at fair value at the date of donation; however, these items are not depreciated. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as nonoperating restricted resources. The University regularly assesses all of its long-lived assets for impairment and has determined that no impairment loss need be recognized in the periods reported.

**Conditional Asset Retirement Obligations (AROs)**

The University recognizes a liability when a legal obligation exists to perform an asset retirement or renovation in which the timing or method of settlement is conditional on a future event that may or may not be under the control of the University. AROs are recognized at net present value with a corresponding increase in the carrying amount of the long-lived asset to which the ARO relates. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability recorded. The capitalized asset cost is depreciated over the useful life of the related long-lived asset.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Accrued Postretirement Benefits**
The University recognizes the over-funded or under-funded status of its postretirement plan as an asset or liability in the statements of financial position, and changes in the funded status in the year in which the changes occur through changes in net assets without donor restrictions.

**Use of Estimates and Assumptions**
The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates and assumptions.

**Taxes Collected and Remitted to Government Authorities**
The University presents sales net of taxes collected for auxiliary operations.

**Income Taxes**
The University has been recognized by the IRS as an organization exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The University has also been classified as an organization that is not a private foundation.

Laurentian Properties and Laurentian Remote are organized as limited liability companies; therefore, all income passes through to the University as their sole member. The University is subject to unrelated business income tax for income generated by Laurentian Properties.

## 3. LIQUIDITY

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. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The University maintains an endowment that consists of donor-restricted contributions and a Board designated quasi-endowment fund. The endowment consists of investments that are managed to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets. On an annual basis, the Board of Trustees has authorized the University to use a spending rate of 5.0% of the weighted average of the endowment investments over the prior 12 quarters. Although the University does not intend to spend more than the authorized spending rate, the Board of Trustees could authorize additional appropriations from the endowment if necessary.

## 3. LIQUIDITY (Continued)

A significant portion of the University's financial assets consist of investments. Approximately 9% and 12% of the University's investment portfolio consists of highly liquid investments as of June 30, 2024 and 2023, respectively, with the remainder of the investment portfolio invested in funds which are subject to constraints that limit the University's ability to withdraw capital. These constraints may limit the University's ability to respond quickly to changes in market conditions.

In the event of an unanticipated liquidity need, the University has revolving lines-of-credit in the amounts of $30,000,000 and $15,000,000 that could be drawn upon, as further discussed in Note 11.

The following financial assets could be made readily available to meet general expenditures within one year of the statements of financial position date at June 30:

| | 2024 | 2023 |
|---|---|---|
| Financial assets | $ 517,045,735 | $ 503,975,057 |
| Less: amounts not available to meet general expenditures within one year: | | |
| Contractual or donor-imposed restrictions: | | |
| Donor restricted endowment | (336,679,418) | (305,264,696) |
| Donor restricted for capital projects | (2,166,737) | (11,708,396) |
| Donor restricted for use in future periods | (73,554,442) | (71,581,776) |
| Funds held for deferred giving | (6,749,131) | (7,017,173) |
| Limited use assets | (20,551,601) | (35,123,073) |
| Other assets | (466,795) | (756,719) |
| Board designations: | | |
| Endowment | (80,154,423) | (73,732,857) |
| Spending policy appropriation in next fiscal year | 18,884,470 | 18,322,526 |
| | $ 15,607,658 | $ 17,112,893 |

## 4. NET ASSETS WITH DONOR RESTRICTIONS

The University's net assets with donor restrictions consisted of the following at June 30:

| | 2024 | 2023 |
|---|---|---|
| **Net Assets Restricted by Time or Purpose** | | |
| Contributions and charitable remainder trusts receivable | $ 42,375,348 | $ 41,919,590 |
| Annuities | 535,963 | 487,541 |
| Life income funds | 483,259 | 464,897 |
| Gifts and other unexpended revenues for capital projects | 2,166,737 | 11,708,396 |
| Gifts and other unexpended revenues for operations | 12,490,830 | 11,292,833 |
| Endowment earnings | 156,423,027 | 133,274,861 |
| Total net assets restricted by time or purpose | 214,475,164 | 199,148,118 |

## 4. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

| | | |
|---|---|---|
| **Net Assets With Perpetual Restrictions** | | |
| Contributions and charitable remainder trusts receivable | 17,990,806 | 17,671,894 |
| Annuity and life income funds | 2,146,810 | 2,002,565 |
| Loan funds | 697,458 | 697,458 |
| Endowment | 180,256,391 | 171,989,835 |
| Total net assets with perpetual restrictions | 201,091,465 | 192,361,752 |
| | $ 415,566,629 | $ 391,509,870 |

Net assets released from restrictions were as follows for the years ended June 30:

| | 2024 | 2023 |
|---|---|---|
| Contributions and charitable remainder trusts receivable | $ 2,063,467 | $ 2,968,736 |
| Gifts and other unexpended revenues for capital projects | 9,453,088 | 263,069 |
| Gifts and other unexpended revenues for operations | 1,056,854 | 1,055,553 |
| | $ 12,573,409 | $ 4,287,358 |

## 5. LAURENTIAN PROPERTIES

Laurentian Properties operates a hotel and restaurant facility in Canton, New York, adjacent to the University's campus. The following activity of Laurentian Properties is included in the statements of activities and changes in net assets as revenues and expenses of auxiliary enterprises for the years ended June 30:

| | 2024 | 2023 |
|---|---|---|
| Total Laurentian Properties revenues | $ 5,335,903 | $ 4,809,006 |
| Total Laurentian Properties expenses | (6,276,980) | (5,237,296) |
| Deficit of revenues over expenses | $ (941,077) | $ (428,290) |

Total Laurentian Properties assets of $2,970,680 and $3,650,265 and total Laurentian Properties liabilities of $2,201,536 and $1,952,808 as of June 30, 2024 and 2023, respectively, are included in the statements of financial position. All intercompany balances and transactions between the University and Laurentian Properties have been eliminated in the accompanying financial statements.

## 6. CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be received as follows for the years ending June 30:

| | 2024 | 2023 |
|---|---|---|
| Less than one year | $ 1,352,426 | $ 3,336,551 |
| One year to five years | 41,214,541 | 46,996,000 |
| Over five years | 32,361,714 | 25,510,070 |
| | 74,928,681 | 75,842,621 |
| Less: Allowance for uncollectible amounts | (12,070,241) | (2,482,365) |
| Less: Present value discount | (2,507,884) | (13,783,490) |
| | 60,350,556 | 59,576,766 |
| Charitable remainder trusts | 15,192 | 14,311 |
| | $ 60,365,748 | $ 59,591,077 |

The University uses discount rates to calculate present value ranging from 0.25% to 7.28%. As of June 30, 2024, the University had not recognized conditional promises to give and bequests with a value of approximately $53,800,000.

## 7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

| | 2024 | 2023 |
|---|---|---|
| Land | $ 2,662,483 | $ 2,662,483 |
| Land improvements | 25,370,494 | 25,012,924 |
| Buildings and improvements | 297,408,309 | 293,934,813 |
| Equipment, art, and books | 73,996,246 | 71,283,519 |
| | 399,437,532 | 392,893,739 |
| Less: Accumulated depreciation | (254,263,850) | (243,222,954) |
| | 145,173,682 | 149,670,785 |
| Construction in progress | 21,666,788 | 1,892,162 |
| | $ 166,840,470 | $ 151,562,947 |

Depreciation expense for the years ended June 30, 2024 and 2023 was approximately $11,040,897 and $10,737,000, respectively.

As of June 30, 2024, the University has construction commitments of approximately $2,000,000 which are expected to be satisfied in 2025.

## 7. PROPERTY AND EQUIPMENT (Continued)

**Conditional Asset Retirement Obligations (AROs)**

In the normal course of operations, the University performs maintenance, repairs, and renovations of its facilities. As part of these activities, the University has identified areas containing hazardous materials that legally require removal at some point in the future. The primary material identified was asbestos that was used in the initial construction of certain buildings at the University.

The following table details the University's conditional ARO activity for the years ended June 30:

| | 2024 | 2023 |
|---|---|---|
| Conditional AROs, beginning of year | $ 5,896,226 | $ 5,644,139 |
| Add: Current year accretion expense | 293,808 | 360,043 |
| Less: Settled obligations | (219,010) | (107,956) |
| Conditional AROs, end of year | $ 5,971,024 | $ 5,896,226 |

## 8. INVESTMENTS

Investments consisted of the following at June 30:

| | 2024 | 2023 |
|---|---|---|
| Cash and cash equivalents | $ 9,272,840 | $ 2,652,324 |
| Fixed income: | | |
| Mutual funds | 6,607,653 | 9,459,531 |
| U.S. government obligations | 6,851,341 | 9,275,832 |
| Equities: | | |
| Common stocks | 15,179,173 | 23,715,088 |
| Commingled funds | 274,926,436 | 248,125,502 |
| Hedge funds: | | |
| Long/short funds | 30,850,069 | 30,882,234 |
| Absolute return funds | 32,224,908 | 29,199,676 |
| Private equity funds: | | |
| Private capital funds | 38,380,856 | 33,157,473 |
| Private real estate fund | 575,566 | 639,019 |
| Real estate | 3,310,928 | 3,310,928 |
| Other: | | |
| Cash surrender value of life insurance | 1,779,923 | 1,751,134 |
| | $ 419,959,693 | $ 392,168,741 |

## 9. FAIR VALUE

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in valuation methodologies used at June 30, 2024 and 2023.

The University’s investments in cash and cash equivalents, fixed income mutual funds, U.S. government obligations, and common stocks are valued at the last reported sale price on the last business day of the fiscal year. Quoted market prices are obtained from the national securities exchanges or, in cases where securities are not listed on any of the exchanges, from brokerage firms.

The University’s investments in real estate are valued at the most recent appraised value of the property conducted by a qualified professional with knowledge of the relevant geographic location and/or property.

The University utilized the net asset value (NAV) reported by the equity commingled funds, hedge funds and private equity funds as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that the redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements.

Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and consequently, the fair value of the University's interests in the funds. Furthermore, the liquidity provisions of the funds may significantly change the fair value of the University's interest in the funds.

The University’s charitable remainder trusts are valued at the estimated present value of the funds to be received when the trust terminates using various assumptions with regard to the anticipated date of termination, appropriate rate of discount, and market returns.

The University’s common trust funds are valued using a pricing model that includes recently executed transactions and relevant market price quotations.

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 measurements. The University’s Investment Committee assesses these policies and procedures. At least annually, management (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

## 9. FAIR VALUE (Continued)

The following table sets forth by level, within the fair value hierarchy, the University's assets at fair value as of June 30, 2024:

| Investments | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash and cash equivalents | $ 9,272,840 | $ - | $ - | $ 9,272,840 |
| Fixed income: | | | | |
| Mutual funds | 6,607,653 | - | - | 6,607,653 |
| U.S. government obligations | 6,851,341 | - | - | 6,851,341 |
| Equities: | | | | |
| Common stocks | 15,179,173 | - | - | 15,179,173 |
| Total investments at fair value | $ 37,911,007 | $ - | $ - | 37,911,007 |
| Investments at NAV as practical expedient | | | | 376,957,835 |
| Investments not measured at fair value | | | | 5,090,851 |
| Total investments | | | | $ 419,959,693 |

| Contributions Receivable | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Charitable remainder trusts | $ - | $ 15,192 | $ - | $ 15,192 |

| Funds Held for Deferred Giving | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash and cash equivalents | $ 85,028 | $ - | $ - | $ 85,028 |
| Fixed income: | | | | |
| Mutual funds | 1,825,645 | - | - | 1,825,645 |
| Common trust funds | - | 1,120,645 | - | 1,120,645 |
| Equities: | | | | |
| Mutual funds | 2,613,965 | - | - | 2,613,965 |
| Common trust funds | - | 1,103,848 | - | 1,103,848 |
| | $ 4,524,638 | $ 2,224,493 | $ - | $ 6,749,131 |

The following table sets forth by level, within the fair value hierarchy, the University's assets at fair value as of June 30, 2023:

| Investments | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash and cash equivalents | $ 2,652,324 | $ - | $ - | $ 2,652,324 |
| Fixed income: | | | | |
| Mutual funds | 9,459,531 | - | - | 9,459,531 |
| U.S. government obligations | 9,275,832 | - | - | 9,275,832 |
| Equities: | | | | |
| Common stocks | 23,715,088 | - | - | 23,715,088 |
| Total investments at fair value | $ 45,102,775 | $ - | $ - | 45,102,775 |
| Investments at NAV as practical expedient | | | | 342,003,904 |
| Investments not measured at fair value | | | | 5,062,062 |
| Total investments | | | | $ 392,168,741 |

| Contributions Receivable | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Charitable remainder trusts | $ - | $ 14,311 | $ - | $ 14,311 |

## 9. FAIR VALUE (Continued)

| Funds Held for Deferred Giving | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash and cash equivalents | $ 244,450 | $ - | $ - | $ 244,450 |
| Fixed income: | | | | |
| Mutual funds | 1,872,502 | - | - | 1,872,502 |
| Common trust funds | - | 1,066,048 | - | 1,066,048 |
| Equities: | | | | |
| Mutual funds | 2,613,844 | - | - | 2,613,844 |
| Common trust funds | - | 1,220,329 | - | 1,220,329 |
| | $ 4,730,796 | $ 2,286,377 | $ - | $ 7,017,173 |

The objectives of the University's investments valued at NAV as a practical expedient are as follows:

- Equity Commingled Funds - seek to match the return of the S&P 500 Index.
- Long/Short Hedge Funds - seek to achieve above average returns primarily through investing and trading in securities of both domestic and foreign issuers. Additionally, the funds may engage in short sales and use this strategy to speculate, hedge or offset other long positions.
- Absolute Return Hedge Funds - seek to achieve long term appreciation with limited correlation to general market indices and limited volatility.
- Private Capital Funds - invests in common, preferred, and debt securities issued by private entities.
- Private Real Estate Funds - invests in fixed income securities, primarily mortgage-backed securities and other real estate funds, for generating attractive, risk-adjusted, absolute returns.

Unfunded commitments and redemption provisions of investments valued at NAV as a practical expedient by major category are as follows at June 30, 2024:

| | NAV | Unfunded Commitments | Redemption Provisions | Expected Liquidation Terms |
|---|---|---|---|---|
| Equity commingled funds | $ 274,926,436 | $ - | Varies from 100% monthly with 6 days notice to 100% semi-annually with 15 days notice and some requiring up to 95 days notice | N/A |
| Long/short hedge funds | 30,850,069 | - | Varies from 100% quarterly with 30 days notice to no redemption period | N/A |
| Absolute return hedge funds | 32,224,908 | - | Varies from 100% quarterly with up to 90 days notice to no redemption period | N/A |
| Private capital fund | 38,380,856 | 33,470,111 | No redemption period | 3 to 10 years |
| Private real estate fund | 575,566 | 74,176 | No redemption period | 5 to 7 years |
| | $ 376,957,835 | $ 33,544,287 | | |

## 10. ENDOWMENT

### Interpretation of Relevant Law

On September 17, 2010, the State of New York adopted the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA). The University has interpreted NYPMIFA as requiring the preservation of the fair value of the original endowment gift as of the gift date absent explicit donor instructions to the contrary. As a result of this interpretation, the University classifies as net assets with donor restrictions (a) the original value of the gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accumulated earnings on the endowment fund are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the University to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. The University has a policy that permits spending from underwater endowment funds, unless specifically prohibited by the donor or relevant laws and regulations. At June 30, 2024, deficiencies of this nature existed in nine donor-restricted endowment funds, which had an original gift value of $1,443,836, current value of $1,415,532, and a deficiency of $28,304. At June 30, 2023, deficiencies of this nature existed in 17 donor-restricted endowment funds, which had an original gift value of $3,063,460, current value of $2,869,316, and a deficiency of $194,144. These deficiencies resulted from unfavorable market fluctuations that occurred during the year.

### Endowment Investment Policies

Endowment assets include donor-restricted funds that the University must hold in perpetuity or for a donor-specified period(s) as well as certain 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 preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets while assuming a moderate level of investment risk.

### Spending Policies and Related Investment Objectives

The University has a “total return” endowment investment spending policy. It is intended to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets. The amount of endowment investment return (yield and appreciation) used annually to support operations is equivalent to 5.0% of the weighted average of these investments over the prior twelve quarters for the years ended June 30, 2024 and 2023. The measurement date for the endowment investment return allocation to support operations is March 31 for the subsequent fiscal year which begins on July 1. Investment returns equal to the annual spending rate are reflected as operating revenues. Investment income (loss), net of the annual spending rate allocated to operations, is reflected as nonoperating revenue (expense) in the accompanying statements of activities. Spending in excess of investment return is reflected as a decrease in net assets without donor restrictions.

## 10. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of June 30, 2024 was as follows:

| | Without Donor Restrictions | With Donor Restrictions - Time/Purpose | With Donor Restrictions - Perpetual | Total |
|---|---|---|---|---|
| Donor-restricted funds | $ - | $ 156,423,027 | $ 180,256,391 | $ 336,679,418 |
| Board-designated funds | 80,154,423 | - | - | 80,154,423 |
| | $ 80,154,423 | $ 156,423,027 | $ 180,256,391 | $ 416,833,841 |

Endowment net asset composition by type of fund as of June 30, 2023 was as follows:

| | Without Donor Restrictions | With Donor Restrictions - Time/Purpose | With Donor Restrictions - Perpetual | Total |
|---|---|---|---|---|
| Donor-restricted funds | $ - | $ 133,274,861 | $ 171,989,835 | $ 305,264,696 |
| Board-designated funds | 73,732,857 | - | - | 73,732,857 |
| | $ 73,732,857 | $ 133,274,861 | $ 171,989,835 | $ 378,997,553 |

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

| | Without Donor Restrictions | With Donor Restrictions - Time/Purpose | With Donor Restrictions - Perpetual | Total |
|---|---|---|---|---|
| Endowment net assets, beginning of year | $ 73,732,857 | $ 133,274,861 | $ 171,989,835 | $ 378,997,553 |
| Contributions | 515,766 | - | 8,170,301 | 8,686,067 |
| Transfers | (15,220) | 55,534 | 96,255 | 136,569 |
| Net appreciation | 9,714,307 | 39,025,228 | - | 48,739,535 |
| Amount appropriated for expenditure | (3,793,287) | (15,932,596) | - | (19,725,883) |
| Endowment net assets, end of year | $ 80,154,423 | $ 156,423,027 | $ 180,256,391 | $ 416,833,841 |

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

| | Without Donor Restrictions | With Donor Restrictions - Time/Purpose | With Donor Restrictions - Perpetual | Total |
|---|---|---|---|---|
| Endowment net assets, beginning of year | $ 68,887,749 | $ 116,476,275 | $ 167,559,354 | $ 352,923,378 |
| Contributions | 794,030 | - | 4,297,865 | 5,091,895 |
| Transfers | (46,112) | 54,167 | 132,616 | 140,671 |
| Net appreciation | 7,753,230 | 31,885,494 | - | 39,638,723 |
| Amount appropriated for expenditure | (3,656,039) | (15,141,075) | - | (18,797,114) |
| Endowment net assets, end of year | $ 73,732,857 | $ 133,274,861 | $ 171,989,835 | $ 378,997,553 |

## 11. DEBT OBLIGATIONS

Debt obligations outstanding were as follows at June 30:

| | 2024 | 2023 |
|---|---|---|
| University: | | |
| Finance lease obligations (a) | $ 76,387 | $ 166,168 |
| St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds | | |
| 2012 Series (b) | 24,670,000 | 25,775,000 |
| 2016 Series (c) | 56,335,000 | 56,335,000 |
| 2022 Series (d) | 41,825,000 | 42,075,000 |
| Lines-of-credit | 15,764,275 | 6,600,000 |
| | 138,670,662 | 130,951,168 |
| Unamortized bond premiums | 6,358,355 | 6,622,094 |
| Unamortized deferred financing costs | (1,967,392) | (2,038,834) |
| | $ 143,061,625 | $ 135,534,428 |

a) The University has a finance lease obligation for laundry equipment. The original amount of the lease obligation was $616,896, which bears interest at 5.15%. Under the terms of the agreement, the lender has established liens on the related assets. The lease requires semiannual payments of $34,272 through February 2026.

b) In December 2012, the University issued $40,180,000 Series 2012A (Tax-Exempt) St. Lawrence Country Industrial Development Agency Civic Development Corporation Bonds and $4,265,000 Series 2012B (Taxable) St. Lawrence Country Industrial Development Agency Civic Development Corporation Bonds. The proceeds of the bonds were used to advance refund the Dormitory Authority of the State of New York (DASNY) St. Lawrence University Revenue Bonds, Series 2008 remarketed by DASNY on July 1, 2009 in the original principal amount of $46,795,000. The Series 2012A bonds are fixed rate term bonds bearing interest rates ranging from 4% to 5% and maturing in varying amounts through July 1, 2043. The Series 2012B bonds were fixed rate bonds bearing an interest rate of 2.75% and matured in varying amounts through July 1, 2021. The bonds are secured by a pledge of tuition revenues, which include tuition and fees charged by the University to students for academic instruction, and the right to receive such tuition and fees, in an amount equal to the maximum debt service payable on the bonds in any bond year.

The bonds are reported in the statements of financial position net of unamortized premiums of approximately $1,853,000 and $1,972,000 at June 30, 2024 and 2023, respectively, and unamortized deferred financing costs of approximately $267,000 and $281,000 at June 30, 2024 and 2023, respectively. The premium on the bonds is being amortized to reduce interest expense over the lives of the bonds. Imputed reduction on interest expense was approximately $116,000 and $181,000 for the years ended June 30, 2024 and 2023, respectively.

## 11. DEBT OBLIGATIONS (Continued)

c) In May 2016, the University issued $56,335,000 of St. Lawrence County Industrial Development Agency Civic Development Corporation Revenue Bonds (St. Lawrence University Project), Series 2016. The bonds consist of $28,115,000 of Series 2016A (Tax-Exempt) Bonds and $28,220,000 of Series 2016B (Taxable) Bonds (collectively, the Series 2016 Bonds). Approximately $50,000,000 of the proceeds from the Series 2016 Bonds were used to fund an escrow held by a trustee and complete a legal defeasance of the University's 2001A and 2005 Bond Series. Part of the proceeds from the Series 2016 Bonds were also used to repay the entire outstanding balance on a construction term loan, in the amount of approximately $2,860,000. The Series 2016A (Tax-Exempt) Bonds bear interest ranging from 3% to 5% per annum through July 1, 2043, the date of maturity. Principal payments on the Series 2016A (Tax-Exempt) Bonds commence July 1, 2026. The Series 2016B (Taxable) Bonds bear interest at 4.429% per annum through July 1, 2056, the date of maturity. No principal payments are required on the taxable bonds prior to the maturity date. Interest payments on the Series 2016 Bonds are due semiannually on July 1 and January 1 through maturity. The bonds are secured by a pledge of tuition revenues.

   The bonds are reported in the statements of financial position net of unamortized premiums of approximately $2,929,000 and $3,020,000 at June 30, 2024 and 2023, respectively, and unamortized deferred financing costs of approximately $848,000 and $875,000 at June 30, 2024 and 2023, respectively. The premium on the bonds is being amortized to reduce interest expense over the lives of the bonds. Imputed reduction on interest expense was approximately $92,000 for the years ended June 30, 2024 and 2023.

d) In December 2022, the University issued $42,075,000 of St. Lawrence County Industrial Development Revenue Bonds (St. Lawrence University Project), series 2022. Approximately $12,310,000 of the proceeds from the Series 2022 Bond were used to partially retire certain of the Series 2012 Bonds. Approximately $29,765,000 of the proceeds from the Series 2022 Bond are to be used to fund construction projects of the University. Bond proceeds are held in an escrow account and are included in limited use assets on the accompanying statements of financial position. The Series 2022 Bond bears interest ranging from 5.00% to 5.25% per annum through July 2052, the date of maturity. Principal payments on the Series 2022 Bond commenced on July 1, 2023. Interest payments on the Series 2022 Bonds are due semiannually on July 1 and January 1 through maturity. The bonds are secured by a pledge of tuition revenues.

   The bonds are reported in the statements of financial position net of unamortized premiums of approximately $1,577,000 and $1,630,000 at June 30, 2024 and 2023, respectively, and unamortized deferred financing costs of approximately $852,000 and $883,000 at June 30, 2024 and 2023, respectively. The premium on the bonds is being amortized to reduce interest expense over the lives of the bonds. Imputed reduction on interest expense was approximately $56,000 for the years ended June 30, 2024 and 2023.

Deferred financing costs consist of legal, underwriting, and other fees for services rendered in connection with the issuance of long-term debt. Deferred financing costs are amortized through interest expense over the life of the related debt. Amortization was approximately $71,000 and $64,000 for the years ended June 30, 2024 and 2023, respectively.

## 11. DEBT OBLIGATIONS (Continued)

Future principal payment requirements are as follows for the years ending June 30:

| | |
|---|---|
| 2025 | $ 1,585,000 |
| 2026 | 1,665,000 |
| 2027 | 2,770,000 |
| 2028 | 2,910,000 |
| 2029 | 3,060,000 |
| Thereafter | 110,840,000 |
| | $ 122,830,000 |

Interest expense, net of amortization of bond premiums and including amortization of deferred financing costs, was approximately $5,569,000 and $4,936,000 for the years ended June 30, 2024 and 2023, respectively.

**Lines-of-Credit**
In June 2019, the University obtained a $15,000,000 uncollateralized revolving line-of-credit, which bears interest at a variable rate based on Secured Overnight Financing Rate (SOFR), as defined in the line-of-credit agreement (3.25% as of June 30, 2024). Outstanding balance under this credit facility, was $9,264,275 and $6,600,000 as of June 30, 2024 and 2023, respectively. In October 2020, the University obtained an additional $30,000,000 revolving line-of-credit, which matures in October 2025. There was $6,500,000 outstanding under this credit facility as of June 30, 2024. There were no outstanding balances under this credit facility as of June 30, 2023.

## 12. BENEFIT PLANS

The University has the following benefit plans:

(a) Faculty, administrative, and non-exempt employees are participants in retirement plans administered by the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF). The University's contributions under these plans were approximately $3,655,000 and $4,412,000 in fiscal 2024 and 2023, respectively.

(b) Previously, the University provided health and life insurance benefits for eligible retired employees and their dependents. Effective January 1, 2011, all nonunion retirees (current and future) under age 65 formerly in the self-insured plan administered by POMCO became covered by Excellus Healthy Blue, a fully insured, experience-rated plan. All nonunion retirees (current and future) over age 65 are no longer covered by the University's health plan and have the option of enrolling in a Medicare Advantage Plan. The measurement date of the plan is June 30 and information with respect to this plan is detailed below.

## 12. BENEFIT PLANS (Continued)

### Funded Status

A summary of the postretirement benefit plan's funded status and amounts recognized in the University's financial statements for the years ended June 30 were as follows:

| | 2024 | 2023 |
|---|---|---|
| Change in benefit obligation: | | |
| Benefit obligation at beginning of year | $ 3,232,342 | $ 3,270,467 |
| Service cost | 309,197 | 308,526 |
| Interest cost | 166,249 | 133,980 |
| Plan participants' contributions | 50,180 | 45,364 |
| Plan amendments | (1,148,617) | - |
| Special termination benefits | 650,718 | - |
| Benefits paid | (342,882) | (243,653) |
| Actuarial gains | (107,685) | (282,342) |
| Benefit obligation at end of period | $ 2,809,502 | $ 3,232,342 |

The actuarial gains in 2024 are primarily attributable to a change in the discount rate from 5.31% to 5.51%, which had an impact of approximately $44,000, and a demographic gain primarily driven by lower than expected claims, which had an impact of approximately $64,000.

| | 2024 | 2023 |
|---|---|---|
| Change in plan assets: | | |
| Fair value of assets, beginning of year | $ - | $ - |
| Employer contributions | 292,702 | 198,289 |
| Plan participants' contributions | 50,180 | 45,364 |
| Benefits paid | (342,882) | (243,653) |
| Fair value of assets, end of year | $ - | - |
| Funded status | $ (2,809,502) | $ (3,232,342) |

### Financial Statement Recognitions

As of June 30, the following amounts were recognized in the statements of financial position:

| | 2024 | 2023 |
|---|---|---|
| Accrued postretirement benefits | $ (2,809,502) | $ (3,232,342) |

Amounts recognized in the statements of activities and changes in net assets for the years ended June 30 consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| Net periodic benefit cost | $ 830,975 | $ 119,562 |
| Postretirement benefit related changes other than net periodic benefit cost | $ 961,113 | $ (40,602) |

Net periodic benefit cost consisted of the following for the years ended June 30:

| | 2024 | 2023 |
|---|---|---|
| Service costs | $ 309,197 | $ 308,526 |
| Other components: | | |
| Interest | 166,249 | 133,980 |
| Amortization of prior service credit | - | (33) |
| Amortization of net gain | (295,189) | (322,911) |
| Special termination benefit recognized | 650,718 | - |
| Net periodic benefit cost | $ 830,975 | $ 119,562 |

## 12. BENEFIT PLANS (Continued)

### Financial Statement Recognitions (Continued)

Net periodic benefit cost, net of service costs, is reported in nonoperating activities in the accompanying statements of activities and changes in net assets. The service cost portion of net period benefit cost is reported in salaries and benefits expense in the appropriate functional categories detailed in Note 15.

As of June 30, 2024, the following items included in net assets had not yet been recognized as components of benefits expense:

| | Prior Service Credit | Net Gain |
|---|---|---|
| Amounts to be reflected in future periods | $ 1,148,617 | $ 2,246,334 |

### Assumptions

Weighted average assumptions used to determine benefit obligations at June 30, were as follows:

| | 2024 | 2023 |
|---|---|---|
| Discount rate | 5.51% | 5.31% |
| Salary increases (faculty/administrative staff) | 2.00%/2.75% | 2.00%/2.75% |
| Health care cost trend rate assumed for next year | 6.37% | 6.75% |
| Prescription drug cost trend rate assumed for next year | 6.85% | 7.35% |
| Rate to which the cost trend rate is assumed to decline (the ultimate trend rate) | 4.00% | 4.00% |
| Year that the rate reaches the ultimate trend rate | 2048 | 2048 |

Weighted average assumptions used to determine net periodic benefit cost at June 30, were as follows:

| | 2024 | 2023 |
|---|---|---|
| Discount rate | 5.31% | 4.62% |
| Expected return on assets | N/A | N/A |
| Salary increases (faculty/administrative staff) | 2.75%/2.00% | 2.00%/1.00% |

The University consults with and considers the opinions of financial and other professionals in developing an appropriate expected rate of return.

Assumed mortality incidence is based on the Pri-2012 mortality tables with no collar adjustments, with separate rates for males/females, annuitants/non-annuitants and participants/surviving spouses, projected with generational improvement using scale MP-2021 at June 30, 2024 and 2023.

### Contributions

The University expects that there will be approximately $428,000 in contributions to the postretirement plan in 2025.

## 12. BENEFIT PLANS (Continued)

### Estimated Future Benefit Payments

The following approximate employer benefit payments, which reflect future service, are expected to be paid for the years ending June 30:

| | | |
|---|---|---|
| 2025 | $ | 428,000 |
| 2026 | $ | 324,000 |
| 2027 | $ | 333,000 |
| 2028 | $ | 330,000 |
| 2029 | $ | 324,000 |
| 2030 - 2034 | $ | 1,448,000 |

## 13. CONTINGENCIES

### Legal

The University is subject to various legal actions arising out of its operations. The University and legal counsel are unable to conclude as to the ultimate outcome of certain actions as the actions are in various stages of discovery. It is the opinion of the University's management that the ultimate liability, if any, resulting from these actions will not have a material impact on the University's financial position, activities, or cash flows.

## 14. INSURED RISKS

The University participates in the New York College and University Risk Management Group Trust (the Trust). The Trust pays claims and judgments relating to worker's compensation. The Trust charges the University an annual amount based upon the overall experience of the Trust, including University specific experience.

The University's liability for estimated workers' compensation claims was approximately $59,200 and $78,400 at June 30, 2024 and 2023, respectively. The liability is included in accounts payable and accrued expenses in the statements of financial position. The University has programs to insure other risks that include property, liability, and cyber-security in the commercial markets.

## 15. FUNCTIONAL EXPENSES

The University's expenses on both a natural and functional basis for the year ended June 30, 2024 were as follows:

| | Instruction and Research | Academic Support | Public Service | Student Services | Institutional Support | Auxiliary Enterprises | Total |
|---|---|---|---|---|---|---|---|
| Salaries and benefits | $ 30,621,527 | $ 7,872,921 | $ 1,745,734 | $ 13,167,043 | $ 13,398,493 | $ 8,069,397 | $ 74,875,115 |
| Interest expense | 1,394,554 | 477,045 | - | 768,978 | 992,456 | 2,216,662 | 5,849,695 |
| Plant, depreciation and accretion | 3,184,553 | 1,540,264 | - | 1,166,489 | 728,122 | 4,496,267 | 11,115,695 |
| Services and other | 8,705,998 | 5,622,844 | 951,349 | 10,729,533 | 7,338,979 | 16,016,035 | 49,364,738 |
| | $ 43,906,632 | $ 15,513,074 | $ 2,697,083 | $ 25,832,043 | $ 22,458,050 | $ 30,798,361 | $ 141,205,243 |

## 15. FUNCTIONAL EXPENSES (Continued)

The University's expenses on both a natural and functional basis for the year ended June 30, 2023 were as follows:

| | Instruction and Research | Academic Support | Public Service | Student Services | Institutional Support | Auxiliary Enterprises | Total |
|---|---|---|---|---|---|---|---|
| Salaries and benefits | $ 30,308,099 | $ 8,045,181 | $ 1,660,545 | $ 13,028,691 | $ 12,644,480 | $ 7,879,399 | $ 73,566,395 |
| Interest expense | 1,462,356 | 500,877 | - | 770,363 | 419,195 | 1,880,785 | 5,033,576 |
| Plant, depreciation and accretion | 3,227,646 | 1,561,107 | - | 1,182,275 | 821,370 | 4,557,110 | 11,349,509 |
| Services and other | 8,260,789 | 4,917,510 | 934,573 | 9,762,521 | 7,106,791 | 14,948,467 | 45,930,651 |
| | $ 43,258,890 | $ 15,024,675 | $ 2,595,118 | $ 24,743,850 | $ 20,991,836 | $ 29,265,761 | $ 135,880,130 |

In the above analysis, certain costs have been allocated across all functional expense categories to accurately reflect the full cost of those categories, using the following methodologies:

- Employee benefits are allocated based on the salary expense that has been direct charged.
- Plant, depreciation and accretion expenses are allocated based on square footage.
- Interest expense on long-term debt is allocated based on usage of the debt-financed space.

Expenses are reported in the statements of activities in categories recommended by the National Association of College and University Business Officers (NACUBO), which is also in accordance with U.S. GAAP.

The University's primary program is instruction. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of the primary program. Institutional support represents supporting services expenses. Fundraising expenses totaled approximately $5,373,000 and $6,238,000 for the years ended June 30, 2024 and 2023, respectively.

## 16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 30, 2024, which is the date the financial statements were issued.

Bonadio & Co., LLP
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

October 30, 2024

To the Board of Trustees of
St. Lawrence University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of St. Lawrence University (a New York not-for-profit corporation) and Subsidiaries (collectively, the University), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 30, 2024.

**Report on Internal Control over Financial Reporting**
In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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(Continued)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***
(Continued)

**Report on Compliance and Other Matters**
As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP