

Maryville University

Independent Auditor's Report and Financial Statements

May 31, 2024 and 2023



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Independent Auditor's Report

Board of Trustees
Maryville University
St. Louis, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Maryville University (University), which comprise the statements of financial position as of May 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Maryville University, as of May 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying U.S. Department of Education Financial Responsibility Supplemental Schedule and the Schedule of Bonds Payable – 2024 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 U.S. Department of Education Financial Responsibility Supplemental Schedule 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 schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Schedule of Bonds Payable - 2024 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Forvis Mazars, LLP

**St. Louis, Missouri
October 17, 2024**

Maryville University
Statements of Financial Position
May 31, 2024 and 2023

ASSETS

| | 2024 | 2023 |
|---|-----------------------|-----------------------|
| Cash and cash equivalents | \$ 5,846,606 | \$ 25,299,490 |
| Accounts receivable, net of allowance; 2024 - \$9,172,149 2023 - \$6,096,609 | 16,153,158 | 12,996,695 |
| Grant reimbursements and other receivables | 5,116,407 | 6,146,671 |
| Prepaid expenses and other assets | 5,381,697 | 3,346,422 |
| Investment in equity investee | 4,232,408 | 3,324,940 |
| Investments | 81,008,823 | 74,396,738 |
| Contributions receivable, net | 7,789,174 | 5,735,890 |
| Deposits held by trustees | 6,238,661 | 6,140,258 |
| Right-of-use assets - operating leases | 729,378 | 1,261,919 |
| Right-of-use assets - finance leases | 35,319 | 103,249 |
| Property and equipment, net | 141,280,291 | 139,604,445 |
| Total assets | <u>\$ 273,811,922</u> | <u>\$ 278,356,717</u> |

LIABILITIES AND NET ASSETS

Liabilities

| | | |
|--|--------------------|--------------------|
| Accounts payable | \$ 2,640,708 | \$ 19,514,933 |
| Accrued expenses | 18,800,388 | 8,470,682 |
| Accrued interest payable | 871,702 | 910,926 |
| Deposits and deferred revenue | 21,035,702 | 24,114,823 |
| Refundable long-term advances - federal loan programs | 147,261 | 147,775 |
| Amounts held in trusts, including annuities and unitrust payables | 1,193,409 | 1,175,983 |
| Operating lease liabilities, net | 857,386 | 1,453,397 |
| Finance lease liabilities, net | 10,524 | 72,217 |
| Bonds payable, net | 58,989,290 | 61,465,504 |
| Total liabilities | <u>104,546,370</u> | <u>117,326,240</u> |

Net Assets

| | | |
|----------------------------------|-----------------------|-----------------------|
| Without donor restrictions | | |
| Undesignated | 81,650,390 | 83,588,510 |
| Board designated - for endowment | 49,704,354 | 42,286,493 |
| Total without donor restrictions | 131,354,744 | 125,875,003 |
| With donor restrictions | 37,910,808 | 35,155,474 |
| Total net assets | <u>169,265,552</u> | <u>161,030,477</u> |
| Total liabilities and net assets | <u>\$ 273,811,922</u> | <u>\$ 278,356,717</u> |

Maryville University
Statements of Activities
Years Ended May 31, 2024 and 2023

| | Year Ended May 31, 2024 | | | Year Ended May 31, 2023 | | |
|---|----------------------------|-------------------------|----------------|----------------------------|-------------------------|---------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Operating Revenue, Gains and Other Support | | | | | | |
| Tuition and fees, net of scholarship allowances; 2024 - \$43,584,446 2023 - \$42,174,338 | \$ 107,650,576 | \$ - | \$ 107,650,576 | \$ 90,832,323 | \$ - | \$ 90,832,323 |
| Auxiliary enterprises, net of scholarship allowances; 2024 - \$1,633,022 2023 - \$1,432,392 | 13,171,248 | - | 13,171,248 | 13,709,960 | - | 13,709,960 |
| Interest and dividend income | 1,574,211 | 383,293 | 1,957,504 | 1,253,015 | 321,497 | 1,574,512 |
| Private gifts and grants | 3,530,247 | 4,247,519 | 7,777,766 | 2,103,467 | 2,114,661 | 4,218,128 |
| Contributions of nonfinancial assets | - | - | - | - | 678,099 | 678,099 |
| Federal grants and contracts | 1,601,464 | - | 1,601,464 | 1,320,597 | - | 1,320,597 |
| Other revenue | 3,200,000 | - | 3,200,000 | - | - | - |
| Net assets released from restrictions | 5,360,717 | (5,360,717) | - | 2,745,195 | (2,745,195) | - |
| Total operating revenue, gains and other support | 136,088,463 | (729,905) | 135,358,558 | 111,964,557 | 369,062 | 112,333,619 |
| Operating Expenses | | | | | | |
| Instruction | 41,373,842 | - | 41,373,842 | 41,271,285 | - | 41,271,285 |
| Academic support | 10,405,398 | - | 10,405,398 | 8,908,097 | - | 8,908,097 |
| Student services | 16,285,584 | - | 16,285,584 | 16,048,474 | - | 16,048,474 |
| Auxiliary enterprises | 9,459,954 | - | 9,459,954 | 9,481,773 | - | 9,481,773 |
| General administration | 23,889,751 | - | 23,889,751 | 9,525,762 | - | 9,525,762 |
| General institutional | 16,926,854 | - | 16,926,854 | 14,995,982 | - | 14,995,982 |
| Plant operations and maintenance | 5,248,427 | - | 5,248,427 | 4,603,712 | - | 4,603,712 |
| Depreciation | 10,705,222 | - | 10,705,222 | 10,399,033 | - | 10,399,033 |
| Interest | 2,344,684 | - | 2,344,684 | 2,564,038 | - | 2,564,038 |
| Total operating expenses | 136,639,716 | - | 136,639,716 | 117,798,156 | - | 117,798,156 |
| Change in Net Assets From Operating Activities | (551,253) | (729,905) | (1,281,158) | (5,833,599) | 369,062 | (5,464,537) |

See Notes to Financial Statements

Maryville University
Statements of Activities
Years Ended May 31, 2024 and 2023

(Continued)

| | Year Ended May 31, 2024 | | | Year Ended May 31, 2023 | | |
|---|---------------------------------------|------------------------------------|-----------------------|---------------------------------------|------------------------------------|-----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Non-Operating Activities | | | | | | |
| Net investment return | \$ 6,897,635 | \$ 3,671,418 | \$ 10,569,053 | \$ (108,968) | \$ 533,781 | \$ 424,813 |
| Loss on investment in equity investee | (406,641) | - | (406,641) | (561,609) | - | (561,609) |
| Other non-operating activities | (500,000) | (650,000) | (1,150,000) | - | - | - |
| Private gifts and grants | 40,000 | 463,821 | 503,821 | 7,900 | 304,292 | 312,192 |
| Change in Net Assets From Non-Operating Activities | 6,030,994 | 3,485,239 | 9,516,233 | (662,677) | 838,073 | 175,396 |
| Change in Net Assets | 5,479,741 | 2,755,334 | 8,235,075 | (6,496,276) | 1,207,135 | (5,289,141) |
| Net Assets, Beginning of Year | 125,875,003 | 35,155,474 | 161,030,477 | 132,371,279 | 33,948,339 | 166,319,618 |
| Net Assets, End of Year | \$ 131,354,744 | \$ 37,910,808 | \$ 169,265,552 | \$ 125,875,003 | \$ 35,155,474 | \$ 161,030,477 |

Maryville University
Statements of Cash Flows
Years Ended May 31, 2024 and 2023

| | 2024 | 2023 |
|---|--------------------|---------------------|
| Operating Activities | | |
| Change in net assets | \$ 8,235,075 | \$ (5,289,141) |
| Items not requiring (providing) operating activities cash flows | | |
| Depreciation | 10,705,222 | 10,399,033 |
| Amortization | 18,787 | 18,788 |
| Loss on investment in equity investee | 406,641 | 561,609 |
| Loss on uncollectable contributions | 650,000 | - |
| Noncash operating lease expense | 532,541 | 572,243 |
| Change in fair value of interest rate swaps | (119,658) | (255,658) |
| Donation of investments | (394,416) | - |
| Net realized and unrealized gains on investments | (10,449,395) | (169,155) |
| Contributions restricted for long-term investments and long-lived assets | (503,821) | (312,192) |
| (Recoveries) write-offs of credit losses on accounts receivable | (40,000) | 1,646,000 |
| Change in value of split-interest agreements | 17,426 | (42,101) |
| Changes in | | |
| Receivables | (2,086,200) | (2,122,285) |
| Contributions receivable | (2,703,284) | (708,189) |
| Prepaid expenses and other assets | (1,842,136) | (590,207) |
| Accounts payable | (16,333,792) | 11,415,913 |
| Accrued expenses | 10,217,001 | 233,551 |
| Deposits and deferred revenue | (3,079,121) | 213,833 |
| Refundable long-term advances - federal loan programs | (514) | 2,371 |
| Operating lease liability | (596,011) | (626,060) |
| Net cash (used in) provided by operating activities | <u>(7,365,655)</u> | <u>14,948,353</u> |
| Investing Activities | | |
| Purchase of property and equipment | (12,919,679) | (6,248,706) |
| Proceeds from sale of property and equipment | 66,108 | - |
| Proceeds from disposition of investments | 7,600,849 | 40,112,121 |
| Purchase of investments | (3,369,123) | (30,060,501) |
| Investment in equity investee | (1,314,109) | (2,848,214) |
| (Increase) decrease in deposits held by trustees | 185,257 | (855,004) |
| Net cash (used in) provided by investing activities | <u>(9,750,697)</u> | <u>99,696</u> |
| Financing Activities | | |
| Proceeds from contributions restricted for acquisition of long- and investment in endowment | 503,821 | 312,192 |
| Payments on financing lease obligations | (61,693) | (59,278) |
| Borrowings from line-of-credit | 24,500,000 | 20,000,000 |
| Payments on line-of-credit | (24,500,000) | (20,000,000) |
| Principal payments on revenue bonds | (2,495,000) | (12,815,000) |
| Net cash used in financing activities | <u>(2,052,872)</u> | <u>(12,562,086)</u> |

Maryville University
Statements of Cash Flows
Years Ended May 31, 2024 and 2023

(Continued)

| | 2024 | 2023 |
|---|----------------------------|-----------------------------|
| Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash Equivalents | \$ (19,169,224) | \$ 2,485,963 |
| Cash, Cash Equivalents and Restricted Cash Equivalents, Beginning of Year | <u>27,963,622</u> | <u>25,477,659</u> |
| Cash, Cash Equivalents and Restricted Cash Equivalents, End of Year | <u><u>\$ 8,794,398</u></u> | <u><u>\$ 27,963,622</u></u> |
| Supplemental Cash Flows Information | | |
| Interest paid, net of capitalized interest | \$ 2,334,459 | \$ 2,464,603 |
| Property and equipment in accounts payable and accrued expenses | \$ 177,668 | \$ 718,100 |
| The following table provides a reconciliation of cash, cash equivalents and restricted cash equivalents reported within the statements of financial position to the statements of cash flows: | | |
| Cash and cash equivalents | \$ 5,846,606 | \$ 25,299,490 |
| Restricted cash equivalents - included in deposits held by trustees | <u>2,947,792</u> | <u>2,664,132</u> |
| Total cash, cash equivalents and restricted cash equivalents shown in the Statements of Cash Flows | <u><u>\$ 8,794,398</u></u> | <u><u>\$ 27,963,622</u></u> |

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Founded in 1872, Maryville University (the "University") is a nationally ranked, not-for-profit, private institution located in west St. Louis County, just 20 miles from downtown St. Louis, Missouri. With an enrollment of approximately 10,000 students from 50 states and 57 countries, Maryville offers more than 90 programs at the undergraduate, master's and doctoral levels.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Estimates that are particularly susceptible to significant change are the valuation of investments and receivables.

Cash, Cash Equivalents, and Restricted Cash Equivalents

The University considers all liquid investments used for operating purposes with original maturities of three months or less at the date of purchase to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts and assets limited as to use, are considered to be cash and cash equivalents. Deposit accounts restricted internally by the Board and/or externally by regulators are considered to be cash and cash equivalents. At May 31, 2024 and 2023, cash equivalents consisted primarily of money market funds.

At May 31, 2024, the University's cash accounts exceeded federally insured limits by approximately \$4,268,000.

Amounts included in restricted cash equivalents (included in deposits held by trustees) represent funds in money market funds held by a trustee under the terms of the University's indentures.

Investments and Net Investment Return

Investments are generally carried at fair value. Investments in private equity funds are recorded at net asset value (NAV) as a practical expedient. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments. Gains and losses on the sale of securities are recorded on the trade date and are determined using the average cost method. The University designates interest and dividend income to support current operations; the remaining investment return is retained to support operations of future years and to offset potential market declines.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The University maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated annually to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Investment in Equity Investee

Investments in equity investees involve significant risk, including the risk of loss of the entire investment if the equity investee is unable to successfully implement its business strategy. Potential liability to the University, if any, is limited to the investment made.

The University participates in a joint venture along with seven other investors and as of May 31, 2024 and 2023 holds a 44% and 48%, respectively, ownership in MyLifeTrek Network, Inc. MyLifeTrek Network, Inc. uses advanced data processing methods and artificial intelligence to gather and organize data for the purpose of creating a language of skills that will help universities understand the skill-based needs of an enterprise trying to keep pace with the digital world. The investment is accounted for under the equity method which includes the cost of the initial investment plus earnings or losses on the investment. The investment is recorded within the statements of financial position; and any earnings or losses are recorded within non-operating activities on the statements of activities.

Accounts Receivable

Accounts receivable are stated at the amount of consideration earned from students, of which the University has an unconditional right to receive plus any accrued and unpaid interest. The University provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. Accounts receivable are ordinarily due on payment due dates set by the University for each semester after issuance of the statement of account unless the student elects a payment plan. Accounts that are unpaid after the due date are charged a late fee. For those students who have not made other payment arrangements, accounts past due at semester-end are considered delinquent. Delinquent receivables are written off according to the University's policy with consideration given to specific student circumstances. During the years ended May 31, 2024 and 2023, credit loss write-offs (recoveries) related to accounts receivable, where collectability is not reasonably assured, was approximately \$(40,000) and \$1,646,000, respectively.

Deposits Held by Trustees

Deposits held by trustees represent the fair value of the University's cash and investments in trust accounts, required under the terms of the indentures.

Property and Equipment

Property and equipment are stated at cost as of the date of acquisition or at fair value as of the date of donation less accumulated depreciation. Property and equipment are depreciated on a straight-line basis over the following range of estimated useful lives: building 40 years; building improvements 20 years; improvements 10 years; equipment five years.

Long-Lived Asset Impairment

The University evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended May 31, 2024 and 2023.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the effective interest method.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets to be held as investments (quasi-endowment), used for debt service or used for future capital and maintenance projects.

Net assets with donor restrictions are subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the University either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

| Nature of the Gift | Value Recognized |
|--|---|
| <i>Conditional gifts, with or without restriction</i> | |
| Gifts that depend on the University overcoming a donor-imposed barrier to be entitled to the funds | Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met |
| <i>Unconditional gifts, with or without restriction</i> | |
| Received at date of gift – cash and other assets | Fair value |
| Received at date of gift – property, equipment, and long-lived assets | Estimated fair value |
| Expected to be collected within one year | Net realizable value |
| Collected in future years | Initially reported at fair value determined using the discounted present value of estimated future cash flows technique |

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is given are recorded as revenue and net assets without donor restrictions.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets are recognized as revenue at their estimated fair value only when the assets received create or enhance nonfinancial assets and the assets would need to be purchased if not donated. The University received in-kind contributions during 2023, with the majority of the impact relating to artwork received by the University. It is the policy of the University to record the estimated fair value of certain in-kind donations as expenditures in its financial statements and similarly increase contribution revenue by a like amount. This contribution is further described in Note 16.

Deposits and Deferred Revenue

Revenue from tuition, room and board and other fees that are billed in advance are deferred and recognized over the periods to which the fees relate.

Revenue and Expense Recognition

Revenue and expenses are recognized on the accrual basis of accounting.

Revenue from tuition and housing is recognized over the term of the semester as the University provides services to students. Revenue is reported at the amount of consideration which the University expects to be entitled in exchange for providing tuition and housing. The University determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided for scholarships and other price concessions provided to students.

Other revenues without donor restrictions and auxiliary services are recognized as earned either upon receipt or upon accrual. Expenditures of funds without donor restrictions and auxiliary services are recognized as expensed when expended or upon incurrence of the related liability.

Government Grants

Support funded by grants is recognized as the University meets the conditions prescribed by the grant agreement, by performing the contracted services or incurring outlays eligible for reimbursement. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

At May 31, 2024 and 2023, grants receivable primarily consist of the Federal Pell Grant Program and Federal Direct Loan Program which are awarded and approved on an annual basis.

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statements of activities. Tuition discounts and scholarships are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as SEOG grants, and other federal, state, or nongovernmental programs, are recorded as operating revenues in the University's financial statements. To the extent revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowance on tuition and fees and auxiliary enterprises for the years ended May 31, 2024 and 2023, were \$45,217,468 and \$43,606,730, respectively.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in Note 12 to the financial statements. Functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the auxiliary enterprises categories based on time expended, usage and other methods.

Fundraising

The University participates in various fundraising activities such as direct mail campaigns and special events. The expenses related to these fundraising activities are recorded in general administration and general institutional expenses and amounted to \$658,151 and \$839,417 in 2024 and 2023, respectively.

Income Taxes

The University is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income. The University files income tax returns in the U.S. federal jurisdiction and the state of Missouri.

Note 2. Contributions Receivable

Contributions receivable at May 31, consisted of the following:

| | 2024 | | |
|----------------------|---------------------------------------|------------------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Amounts due in | | | |
| Less than one year | \$ 1,050,416 | \$ 680,073 | \$ 1,730,489 |
| One to five years | 2,815,000 | 629,127 | 3,444,127 |
| More than five years | 2,202,000 | 3,675,000 | 5,877,000 |
| Total | 6,067,416 | 4,984,200 | 11,051,616 |
| Less | | | |
| Unamortized discount | 1,226,271 | 2,036,171 | 3,262,442 |
| | <u>\$ 4,841,145</u> | <u>\$ 2,948,029</u> | <u>\$ 7,789,174</u> |
| | 2023 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Amounts due in | | | |
| Less than one year | \$ 1,541,532 | \$ 582,770 | \$ 2,124,302 |
| One to five years | 460,000 | 946,627 | 1,406,627 |
| More than five years | 1,305,000 | 3,785,000 | 5,090,000 |
| Total | 3,306,532 | 5,314,397 | 8,620,929 |
| Less | | | |
| Unamortized discount | 736,031 | 2,149,008 | 2,885,039 |
| | <u>\$ 2,570,501</u> | <u>\$ 3,165,389</u> | <u>\$ 5,735,890</u> |

Maryville University
Notes to Financial Statements
May 31, 2024 and 2023

The discount rate used was 4% for 2024 and 2023.

Note 3. Deposits Held by Trustees

Deposits held by trustees at May 31, consist primarily of money market funds and debt securities and are required as follows:

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Debt service reserve for bonds payable | \$ 3,537,037 | \$ 3,498,628 |
| Principal and interest reserve for bonds payable | 2,701,624 | 2,641,630 |
| | <u>\$ 6,238,661</u> | <u>\$ 6,140,258</u> |

Note 4. Property and Equipment

Property and equipment at May 31, consists of:

| | 2024 | 2023 |
|-------------------------------|-----------------------|-----------------------|
| Land and improvements | \$ 31,213,817 | \$ 30,621,490 |
| Buildings and improvements | 164,224,319 | 163,012,677 |
| Equipment | 80,469,552 | 75,527,057 |
| Construction in progress | 14,439,570 | 8,872,896 |
| | 290,347,258 | 278,034,120 |
| Less accumulated depreciation | <u>149,066,967</u> | <u>138,429,675</u> |
| | <u>\$ 141,280,291</u> | <u>\$ 139,604,445</u> |

Construction in progress at May 31, 2024 and 2023, consists of various capital improvements and initial design and architectural plans for future building projects.

During 2024, the University invested approximately \$5,900,000 in the development of certain software projects through third party providers, that is also included in construction in progress at May 31, 2024. Subsequent to year end, the University entered a sale-leaseback agreement to finance these costs, as well as an additional \$3,600,000 to be incurred in fiscal 2025. Monthly payments of approximately \$187,000 will be made through maturity at July 31, 2029. The University then has the option to purchase the assets for \$1. The bargain purchase option was determined to be a form of continuing involvement with the "sold" asset and resulted in a failed sale leaseback under accounting principles generally accepted in the United States of America.

Note 5. Annuities Payable and Unitrust Payable

Annuities Payable

The University has been the recipient of several gift annuities which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. The University has recorded a liability at May 31, 2024 and 2023, of \$401,855 and \$445,945, respectively, which represents the present value of the future annuity obligations. The liability has been determined using a discount rate ranging from 1.0% to 5.4% as determined on the date the gift annuity was received. Contribution revenue recognized under such agreements was \$44,090 and \$10,689 for the years ended May 31, 2024 and 2023, respectively.

Unitrust Payable

The University also administers a charitable remainder unitrust. A charitable remainder unitrust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the University's use. Assets held in charitable remainder unitrusts consisted of equities and fixed income securities and are recorded at fair value of \$882,066 and \$800,934 as of May 31, 2024 and 2023, respectively, and are included in investments in the University's statements of financial position.

The University has recorded a liability at May 31, 2024 and 2023 of \$780,787 and \$730,038, respectively, which represents the present value of the future obligations to make distributions to the designated beneficiaries. On an annual basis, the University revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate of 2.2% and applicable mortality tables.

The portion of the trust attributable to the future interest of the University is recorded in the statements of activities as contributions with donor restrictions in the period the trust is established. Contribution revenue recognized under such agreements was \$31,900 and \$39,080 for the years ended May 31, 2024 and 2023, respectively.

Note 6. Lines of Credit

The University has a \$10,000,000 revolving line of credit that is set to expire on January 13, 2025. At May 31, 2024 and 2023, there was \$0 borrowed against this line. The line is collateralized by the assets of the University. Interest varies with UMB Bank, N.A. Prime Rate less 2.1% with a floor of 1.25%.

Subsequent to year end the revolving line of credit was closed. The University opened a new revolving line of credit with another financial institution for \$10,000,000, which originally expired on September 30, 2024 and was extended to November 15, 2024. The line is collateralized by the assets of the University. Interest varies with Prime minus 2.2% with a floor of 3.25%.

During the year ended May 31, 2024, the University entered into a short term line of credit financing arrangement for \$4,000,000 that expired on March 19, 2024. The line was collateralized by the assets of the University. Interest varied with UMB Bank, N.A. Prime Rate.

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Note 7. Revenue Bonds Payable

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| Series 2010 Variable Rate Educational Facilities Revenue Bonds; maturing in varying amounts through 2032; interest varies based on 65% of USD-SOFR CME Term, as amended from 1-month LIBOR plus 1.65%, (3.47% at May 31, 2024 and 3.13% at May 31, 2023) | \$ 7,705,000 | \$ 8,490,000 |
| Series 2015 Educational Facilities Revenue Bonds; maturing in varying amounts through 2046; interest rates vary from 2.0% to 5.0% | 7,675,000 | 8,200,000 |
| Premium on 2015 bonds | 466,111 | 489,420 |
| Series 2015B Educational Facilities Revenue Bonds; maturing in varying amounts through 2031; interest rate fixed at 2.15% | 8,845,000 | 9,970,000 |
| Series 2019A Educational Facilities Revenue Bonds; maturing in varying amounts through 2046; interest rates vary from 3.625% to 5.0% | 14,525,000 | 14,525,000 |
| Premium on 2019A bonds | 331,297 | 347,863 |
| Series 2020A Educational Facilities Refunding Revenue Bonds; maturing in varying amounts through 2039; interest rate fixed at 4.0% | 9,330,000 | 9,330,000 |
| Premium on 2020A bonds | 514,449 | 551,195 |
| Series 2022A Educational Facilities Refunding Revenue Bonds; maturing in varying amounts through 2045; interest rates vary from 3.125% to 3.375% | 4,890,000 | 4,890,000 |
| Discount on 2022A bonds | (2,684) | (2,820) |
| Series 2022B Educational Facilities Refunding Revenue Bonds; maturing in varying amounts through 2034; interest rate fixed at 2.10% | 5,890,000 | 5,950,000 |
| | 60,169,173 | 62,740,658 |
| Less unamortized bond issuance costs | 1,179,883 | 1,275,154 |
| | <u>\$ 58,989,290</u> | <u>\$ 61,465,504</u> |

In March 2010, the Authority sold \$15,300,000 Series 2010 Variable Rate Educational Facilities Revenue Bonds ("Series 2010 Revenue Bonds"). Under the terms of the loan agreement, the Missouri Health and Educational Facilities Authority ("MOHEFA" or "Authority") lent the proceeds of the bonds to the University for purposes of financing the costs of acquisition, renovation, improvement, equipping, and furnishing of additional land and the improvements thereon. In return, the University issued a \$15,300,000 promissory note to the Authority which requires payments to be made at the time and in the amounts to be paid as principal and interest on the Series 2010 Revenue Bonds. The University has entered into a supplemental deed of trust, mortgage, security agreement, and fixture filing which they have pledged certain land as collateral for the bonds. On February 1, 2019, the University effected a second supplemental indenture of trust whereby extending the maturity date from June 1, 2030 to June 1, 2031. Unamortized bond issuance costs were \$149,078 and \$170,375 at May 31, 2024 and 2023, respectively.

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In April 2015, the Authority sold \$21,015,000 Series 2015 Educational Facilities Revenue Bonds ("Series 2015 Revenue Bonds"). Under the terms of the loan agreement, the Authority lent the proceeds of the bonds to the University for financing the costs of construction, equipping and furnishing a new residence hall on the University's campus. In return, the University issued a \$21,015,000 promissory note to the Authority which requires payments to be made at the time and in amounts to be paid as principal and interest on the Series 2015 Revenue Bonds. The University has entered into a supplemental deed of trust, mortgage, security agreement, and fixture filing which they have pledged certain land as collateral for the bonds. During March 2022, the Series 2015 Revenue Bonds were partially refinanced with Series 2022 (see Series 2022 description below). Unamortized bond issuance costs were \$284,597 and \$298,777 at May 31, 2024 and 2023, respectively.

In September 2015, the Authority issued Educational Facilities Revenue Bonds (Maryville University of Saint Louis), Series 2015B (the "Series 2015B Bonds") on behalf of the University to refinance \$15,110,000 of the Series 2006 Bonds. Funds were advanced under the Series 2015B Bonds on June 15, 2017 (the "Advance Date"), which was the first optional redemption date of the Series 2006 Bonds. The Series 2015B Bonds mature in the years 2020 through 2030. The Series 2015B Bonds were issued to achieve interest cost savings to the University. During 2020, the Series 2015B Bonds were refinanced to fix interest at 2.15%. Unamortized bond issuance costs were \$145,748 and \$170,039 at May 31, 2024 and 2023, respectively.

In February 2019, the Authority issued \$14,525,000 Series 2019A Educational Facilities Revenue Bonds ("Series 2019 Revenue Bonds"). Under the terms of the loan agreement, the Authority lent the proceeds of the bonds to the University for financing the costs of the development of new athletic fields, and infrastructure improvements to the property of the University at its main campus including construction of new water lines. In return, the University issued a \$14,525,000 promissory note to the Authority which requires payments to be made at the time and in amounts to be paid as principal and interest on the Series 2019 Revenue Bonds. The University has entered into a supplemental deed of trust, mortgage, security agreement, and fixture filing which they have pledged certain land as collateral for the bonds. Unamortized bond issuance costs were \$308,636 and \$324,068 at May 31, 2024 and 2023, respectively.

In April 2020, the Authority issued Educational Facilities Refunding Revenue Bonds (Maryville University of Saint Louis), Series 2020A (the "Series 2020A Bonds") on behalf of the University to refinance the Series 2013B Revenue Bonds. Funds were advanced under the Series 2020A Bonds on April 29, 2020. The Series 2020A Bonds mature in the years 2032 through 2039. The Series 2020A Bonds were issued to achieve interest cost savings to the University. Unamortized bond issuance costs were \$255,681 and \$273,944 at May 31, 2024 and 2023, respectively.

In 2022, the Authority sold \$4,890,000 Series 2022A Educational Facilities Refunding Revenue Bonds and \$5,950,000 Series 2022B Educational Facilities Refunding Revenue Bonds (collectively "Series 2022 Revenue Bonds"). Under the terms of the loan agreement, the Authority lent the proceeds of the bonds to the University for purposes of refunding and redeeming a portion of the Series 2015 Revenue Bonds. In return, the University issued a \$10,840,000 promissory note to the Authority which requires payments to be made at the time and in the amounts to be paid as principal and interest on the Series 2022 Revenue Bonds. The University has entered into a supplemental deed of trust, mortgage, security agreement and fixture filing which they have pledged certain land as collateral for the bonds. Unamortized bond issuance costs were \$36,143 and \$37,951 at May 31, 2024 and 2023, respectively.

All of the bond indentures contain debt covenants, including the requirement to maintain a minimum liquidity and debt service coverage ratio. As of May 31, 2024, the University was in compliance with the financial covenants.

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Scheduled principal payments of bonds payable at May 31, 2024, are:

| | | |
|------------|----|-------------------|
| 2025 | \$ | 2,580,000 |
| 2026 | | 2,675,000 |
| 2027 | | 2,760,000 |
| 2028 | | 2,850,000 |
| 2029 | | 2,940,000 |
| Thereafter | | 45,055,000 |
| | \$ | <u>58,860,000</u> |

Variable-to-Fixed Interest Rate Swaps

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the University entered into an interest rate swap agreement on its Series 2010 Revenue Bonds. This swap matured on June 1, 2022. In 2019, the University entered into an additional forward starting interest rate swap agreement (the "Agreement") on the Series 2010 Revenue Bonds with an effective date of June 1, 2022 through June 1, 2031. The Agreement provides for the University to receive interest from the counterparty at 65% of USD-SOFR, as amended from 65% of 1-month LIBOR, and to pay interest to the counterparty at a fixed rate of 2.10% on a notional amount of \$7,705,000 and \$8,490,000 at May 31, 2024 and 2023, respectively. Under the Agreement, the University pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The Agreement is recorded at fair value.

The table below presents certain information regarding the University's interest rate swap agreement.

| | <u>2024</u> | <u>2023</u> |
|---|-----------------------------------|-----------------------------------|
| Fair value of interest swap agreement assets | \$ 193,139 | \$ 73,481 |
| Statement of financial position location of fair value amount | Prepaid expenses and other assets | Prepaid expenses and other assets |
| Change in fair value of interest rate swap agreements recognized in net assets without donor restrictions | \$ 119,658 | \$ 255,658 |
| Location of change in fair value of interest rate swap agreements recognized in change in net assets | Net investment return | Net investment return |
| Net monthly settlements paid | \$ 108,513 | \$ 11,078 |
| Statement of activities location of settlement expense | Interest expense | Interest expense |

Note 8. Net Assets With Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions at May 31 are restricted for the following purposes or periods:

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------------|-----------------------------|
| Endowments | | |
| Subject to appropriation and expenditure when a specified event occurs | | |
| Restricted by donors for | | |
| Student scholarships and educational expenses | \$ 29,520,968 | \$ 25,824,558 |
| Campus ministry expenses | 499,152 | 217,734 |
| Building improvements and maintenance | 667,157 | 568,627 |
| | <u>30,687,277</u> | <u>26,610,919</u> |
| Subject to expenditure for specified purpose | | |
| Student scholarships and educational expenses | 5,370,636 | 6,514,896 |
| Future periods' operations | 1,569,545 | 1,569,545 |
| Promises to give, the proceeds from which have been restricted by donors for student scholarships and educational expenses | 283,350 | 460,114 |
| | <u>7,223,531</u> | <u>8,544,555</u> |
| | <u><u>\$ 37,910,808</u></u> | <u><u>\$ 35,155,474</u></u> |

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Student scholarships | \$ 2,971,716 | \$ 953,007 |
| Instruction program activities | 1,980,387 | 1,107,760 |
| Academic support activities | 1,093 | 4,621 |
| Instructional support program activities | 407,521 | 679,807 |
| | <u>\$ 5,360,717</u> | <u>\$ 2,745,195</u> |

Note 9. Endowment

The University's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (quasi-endowment). In accordance with accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including quasi-endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University's governing body is subject to the State of Missouri Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing body of the University has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the University considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The University has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the University and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the University
7. Investment policies of the University

The composition of net assets by type of endowment fund at May 31, 2024 and 2023, was:

| | 2024 | | |
|----------------------------------|---------------------------------------|------------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | \$ - | \$ 20,746,760 | \$ 20,746,760 |
| Term endowment | - | 9,836,042 | 9,836,042 |
| Board-designated quasi-endowment | 49,704,354 | - | 49,704,354 |
| Total endowment fund | <u>\$ 49,704,354</u> | <u>\$ 30,582,802</u> | <u>\$ 80,287,156</u> |

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| | 2023 | | |
|----------------------------------|-----------------------------------|--------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | \$ - | \$ 20,244,939 | \$ 20,244,939 |
| Term endowment | - | 6,292,959 | 6,292,959 |
| Board-designated quasi-endowment | 42,286,493 | - | 42,286,493 |
| Total endowment fund | <u>\$ 42,286,493</u> | <u>\$ 26,537,898</u> | <u>\$ 68,824,391</u> |

Changes in endowment net assets for the year ended May 31, 2024 and 2023 were:

| | 2024 | | |
|---|-----------------------------------|--------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment Net Assets, Beginning of Year | \$ 42,286,493 | \$ 26,537,898 | \$ 68,824,391 |
| Investment return | | | |
| Investment income | 708,078 | 383,293 | 1,091,371 |
| Net appreciation | 6,724,218 | 3,639,968 | 10,364,186 |
| Total investment return | 7,432,296 | 4,023,261 | 11,455,557 |
| Contributions | 40,000 | 463,821 | 503,821 |
| Appropriation of endowment assets for expenditure | (54,435) | (442,178) | (496,613) |
| Endowment Net Assets, End of Year | <u>\$ 49,704,354</u> | <u>\$ 30,582,802</u> | <u>\$ 80,287,156</u> |

| | 2023 | | |
|---|-----------------------------------|--------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment Net Assets, Beginning of Year | \$ 41,719,085 | \$ 26,583,456 | \$ 68,302,541 |
| Investment return | | | |
| Investment income | 567,342 | 321,497 | 888,839 |
| Net appreciation | 29,061 | 16,468 | 45,529 |
| Total investment return | 596,403 | 337,965 | 934,368 |
| Contributions | 7,900 | 304,292 | 312,192 |
| Appropriation of endowment assets for expenditure | (36,895) | (687,815) | (724,710) |
| Endowment Net Assets, End of Year | <u>\$ 42,286,493</u> | <u>\$ 26,537,898</u> | <u>\$ 68,824,391</u> |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the University is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. There was no deficiency at May 31, 2024 or 2023.

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the University must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the University's policies, endowment assets are invested in a manner that is intended to

produce results that exceed 5% while assuming a moderate level of investment risk. The University expects its endowment funds to provide an average rate of return of approximately 7.0% to 7.5% annually over time. Actual returns in any given year may vary from this amount.

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 current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The University has a policy (the spending policy) of appropriating for expenditure each year 5% of its endowment fund's average fair value over the prior 12 quarters through the year-end preceding the year in which expenditure 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 1% annually. This is consistent with the University's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 10. Leases

Accounting Policies

The University determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The University determines lease classification as operating or finance at the lease commencement date.

The University combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings and vehicles. The University applies a portfolio approach to effectively account for certain operating and finance lease ROU assets and liabilities.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The University uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the University uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. Incremental borrowing rates used to determine the present value of lease payments were derived by reference to the University's secured-debt yields corresponding to the lease commencement date.

The lease term may include options to extend or to terminate the lease that the University is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

Nature of Leases

The University has entered into the following lease arrangements:

Finance Leases

These leases consist of vehicles for the use of the University. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

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Operating Leases

The University leases space and equipment that expire in various years through 2026. Termination of the leases is generally prohibited unless there is a violation under the lease agreement. A portion of the leased space is subleased under a lease expiring in 2026.

Future sublease income at May 31, 2024, is as follows:

| | | |
|------|----|----------------|
| 2025 | \$ | 240,812 |
| 2026 | | 123,697 |
| | | <u>123,697</u> |
| | \$ | <u>364,509</u> |

Short-Term Leases

The University leases certain equipment with lease terms that are less than 12 months. Total expenses included in operating expenses for the years ended May 31, 2024 and 2023, was \$28,880 and \$20,169, respectively.

All Leases

The University has no material related party leases.

The University's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended May 31, 2024 and 2023, were:

| | <u>2024</u> | <u>2023</u> |
|--|-------------------|-------------------|
| Lease cost | | |
| Finance lease cost | | |
| Amortization of right-of-use asset | \$ 135,860 | \$ 67,930 |
| Interest on lease liabilities | 1,766 | 4,181 |
| Operating lease cost | 757,763 | 641,152 |
| Sublease income | (226,102) | (173,391) |
| Short-term lease cost | <u>28,880</u> | <u>20,169</u> |
| Total lease cost | <u>\$ 698,167</u> | <u>\$ 560,041</u> |
| Other information | | |
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash flows from finance leases | \$ 1,766 | \$ 4,181 |
| Financing cash flows from finance leases | \$ 61,693 | \$ 59,278 |
| Operating cash flows from operating leases | \$ 786,643 | \$ 661,321 |
| Weighted-average remaining lease term | | |
| Finance leases | 0.16 years | 1.17 years |
| Operating leases | 1.36 years | 2.35 years |
| Weighted-average discount rate | | |
| Finance leases | 4.00% | 4.00% |
| Operating leases | 1.25% | 1.25% |

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Future minimum lease payments and reconciliation to the statement of financial position at May 31, 2024, are as follows:

| | Operating Leases | Finance Leases |
|--|-----------------------------|---------------------------|
| 2025 | \$ 599,514 | \$ 10,577 |
| 2026 | 294,859 | - |
| Total future undiscounted lease payments | 894,373 | 10,577 |
| Less imputed interest | 36,987 | 53 |
| Lease liabilities | <u>\$ 857,386</u> | <u>\$ 10,524</u> |

Note 11. Insurance Coverage

The University participates in the College and University Risk Management Association of Missouri ("CURMA"), which provides the property and liability insurance. The University also participates in the College and University Trust Association ("CUTA"), which provide workers' compensation coverage. Both CURMA and CUTA are self-insured risk pools in which approximately 15 Missouri institutions of higher education participate. Should actual insurance losses exceed CURMA's and CUTA's estimates, the University could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall financial position or operations of the University.

Note 12. Functional Expenses

Certain operating expenses as reported in the statements of activities are allocated to these functional expenses for the years ended May 31, 2024 and 2023, are as follows:

| | 2024 | | | | |
|---|---------------------------------|---|-----------------------------------|---|-----------------------|
| | Program Services | | | Support Services | |
| | Academic Instruction | Student Services & Auxiliary Enterprises | Total Program Services | Administrative and Institutional Support | Total |
| Salaries, wages and benefits | \$ 43,727,620 | \$ 10,136,236 | \$ 53,863,856 | \$ 13,646,934 | \$ 67,510,790 |
| Supplies, services and other | 8,051,620 | 15,609,302 | 23,660,922 | 29,212,415 | 52,873,337 |
| Plant operations and maintenance | 1,409,754 | 684,647 | 2,094,401 | 1,111,283 | 3,205,684 |
| Depreciation | 4,707,804 | 2,286,344 | 6,994,148 | 3,711,074 | 10,705,222 |
| Interest expense | 564,392 | 1,712,591 | 2,276,983 | 67,700 | 2,344,683 |
| Total expenses included in the expense section on the statement of activities | <u>\$ 58,461,190</u> | <u>\$ 30,429,120</u> | <u>\$ 88,890,310</u> | <u>\$ 47,749,406</u> | <u>\$ 136,639,716</u> |

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| | 2023 | | | | |
|---|----------------------|--|------------------------|--|-----------------------|
| | Program Services | | | Support Services | |
| | Academic Instruction | Student Services & Auxiliary Enterprises | Total Program Services | Administrative and Institutional Support | Total |
| Salaries, wages and benefits | \$ 44,163,746 | \$ 10,439,222 | \$ 54,602,968 | \$ 11,840,105 | \$ 66,443,073 |
| Supplies, services and other | 6,378,619 | 14,563,634 | 20,942,253 | 14,731,024 | 35,673,277 |
| Plant operations and maintenance | 1,356,464 | 690,141 | 2,046,605 | 672,130 | 2,718,735 |
| Depreciation | 5,188,409 | 2,639,758 | 7,828,167 | 2,570,866 | 10,399,033 |
| Interest expense | 622,035 | 1,942,003 | 2,564,038 | - | 2,564,038 |
| Total expenses included in the expense section on the statement of activities | <u>\$ 57,709,273</u> | <u>\$ 30,274,758</u> | <u>\$ 87,984,031</u> | <u>\$ 29,814,125</u> | <u>\$ 117,798,156</u> |

Note 13. Retirement Plans

The University has a voluntary contributory defined contribution retirement plan covering substantially all full-time employees. Under terms of the plan, the University will match up to a certain percentage of employees' eligible compensation, which was 8.5% for the years ended May 31, 2024 and 2023, respectively. The University's contributions for the years ended May 31, 2024 and 2023, were \$3,432,511 and \$3,517,279, respectively. In addition, the president, vice presidents and deans may contribute to a Section 457(b) plan up to the same limit allowed for the Section 403(b) plan.

Note 14. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at May 31, 2024 and 2023:

Maryville University
Notes to Financial Statements
May 31, 2024 and 2023

| | Fair Value Measurements Using | | | | |
|---------------------------------|-------------------------------|---|---|--|--|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Investments Measured at NAV ^(A) |
| 2024 | | | | | |
| Assets | | | | | |
| Investments | | | | | |
| Mutual funds | | | | | |
| Equities | | | | | |
| Large blend | \$ 55,689,054 | \$ 55,689,054 | \$ - | \$ - | \$ - |
| Fixed income securities | 7,785,500 | 139,153 | 7,646,347 | - | - |
| Real estate | 1,971,000 | - | - | 1,971,000 | - |
| Alternative strategies | 15,563,269 | - | - | - | 15,563,269 |
| Total investments | 81,008,823 | 55,828,207 | 7,646,347 | 1,971,000 | 15,563,269 |
| Deposits held by trustees | | | | | |
| Money market funds | 2,947,792 | 2,947,792 | - | - | - |
| Fixed income securities | 1,766,098 | 1,766,098 | - | - | - |
| Corporate bonds | 234,438 | - | 234,438 | - | - |
| Government agency bonds | 1,290,333 | - | 1,290,333 | - | - |
| Total deposits held by trustees | 6,238,661 | 4,713,890 | 1,524,771 | - | - |
| Interest rate swap agreements | 193,139 | - | 193,139 | - | - |
| Total assets | \$ 87,440,623 | \$ 60,542,097 | \$ 9,364,257 | \$ 1,971,000 | \$ 15,563,269 |
| 2023 | | | | | |
| Assets | | | | | |
| Investments | | | | | |
| Mutual funds | | | | | |
| Equities | | | | | |
| Large blend | \$ 47,140,026 | \$ 47,140,026 | \$ - | \$ - | \$ - |
| Income funds | 6,365,333 | 6,365,333 | - | - | - |
| Fixed income securities | 5,514,477 | 2,844,606 | 2,669,871 | - | - |
| Real estate | 1,971,000 | - | - | 1,971,000 | - |
| Alternative strategies | 13,405,902 | - | - | - | 13,405,902 |
| Total investments | 74,396,738 | 56,349,965 | 2,669,871 | 1,971,000 | 13,405,902 |
| Deposits held by trustees | | | | | |
| Money market funds | 2,664,132 | 2,664,132 | - | - | - |
| Fixed income securities | 2,772,748 | 2,772,748 | - | - | - |
| Government agency bonds | 703,378 | - | 703,378 | - | - |
| Total deposits held by trustees | 6,140,258 | 5,436,880 | 703,378 | - | - |
| Interest rate swap agreements | 73,481 | - | 73,481 | - | - |
| Total assets | \$ 80,610,477 | \$ 61,786,845 | \$ 3,446,730 | \$ 1,971,000 | \$ 13,405,902 |

(A) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended May 31, 2024. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments and Deposits Held by Trustees

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 investments.

Alternative Investments

Investments in certain entities measured at fair value using the NAV per share as a practical expedient consist of the following:

| 2024 | | | | |
|--------------------------|-------------------|-----------------------------|-----------------------------|---------------------------------|
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Private equity funds (A) | \$ 15,563,269 | \$ 8,181,857 | Illiquid | No redemption rights |
| 2023 | | | | |
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Private equity funds (A) | \$ 13,405,902 | \$ 4,640,175 | Illiquid | No redemption rights |

(A) This category includes five limited partnerships that pursue long-term returns through investments in a diversified portfolio of private equity partnership investments. Partnerships may terminate and be dissolved upon one-year after all of the investments in the portfolio have been liquidated or any other event causing dissolution of the Partnership under the Cayman Limited Partnership Law; provided that the General Partner may extend the term of the Partnership with the consent of a majority of the unaffiliated interests of the limited partners. In addition, the General Partner may terminate and orderly liquidate any Sector or Class at any time with at least 30 days' prior written notice to the limited partners of such Sector or Class. As of the date of the financial statements were available to be issued, the Partnerships were still in existence. Currently, there is no stated redemption feature for these funds and the only opportunity for liquidity is distributions paid to partners as the underlying investments are monetized.

Interest Rate Swap Agreement

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data and, therefore, is classified within Level 2 of the valuation hierarchy.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

| | Real Estate |
|---|----------------------------|
| Balance, June 1, 2022 | \$ 1,597,000 |
| Total unrealized gain included in change in net assets | <u>374,000</u> |
| Balance, May 31, 2023 | <u><u>\$ 1,971,000</u></u> |

There was no change in the fair value of Real Estate during the year ended May 31, 2024.

Unobservable (Level 3) Inputs

The University utilizes a periodic appraisal sales comparison approach as a valuation technique. Unobservable inputs included a lack of liquidity in the following 12 month period.

Note 15. Revenue from Contracts with Students

Revenue from contracts with students for tuition and auxiliary services is reported at the amount that reflects the consideration to which the University expects to be entitled in exchange for providing instruction and related services. These amounts are due from students, third-party payers and others and includes variable consideration for discounts, scholarships, and financial aid.

Revenue is recognized as performance obligations are satisfied, which is ratably over the academic term. Generally, the University bills students prior to the beginning of the semester, and student accounts receivable are due on payment due dates set by the University for each semester unless the student elects a payment plan.

If a student withdraws within the first week of the beginning of the academic term, the student is entitled to a full refund. If a student withdraws within two weeks of the beginning of the academic term, the student is entitled to a 75% refund. If a student withdraws within three weeks of the beginning of the academic term, the student is entitled to a 50% refund. No refunds are awarded after the end of the third week of the academic term. Online graduate nursing students have the first week to add or drop at no charge. The charge is 100% of tuition and fees beginning the first day of the second week and beyond. Additionally, some states dictate proration requirements differently than those listed above. The University adjusts student accounts at year-end based on actual experience subsequent to year-end.

Tuition and auxiliary service revenue are considered to be separate contracts. The fees charged to students for tuition, housing and other services are based on standalone charges to students for tuition and those services.

During 2024, the University renegotiated contracts with online program managers. As a result, responsibilities and related revenue sharing under the contracts changed, and the University recorded additional tuition revenue and additional academic support and general administrative expenses in 2024. In addition, the University accrued a contract liability, measured at present value, of \$10,889,686. The contract liability will be paid in equal installments over the next 4 years. The related expense is presented as general administrative expense on the face of the 2024 statement of activities. Finally, the University expects to earn an inducement payment of \$16,200,000 over the next 5 years. The inducement is contingent upon contractual requirements and is therefore recorded annually as it is earned. As of May 31, 2024, \$3,200,000 has been earned and is presented as other revenue in the 2024 statement of activities.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

The University has identified performance obligations associated with the provision of its educational instruction and other educational services, housing services, and other academic related services and used the output measure for recognition as the period of time over which the services are provided to its students. The University maintains an institutional tuition refund policy, which provides for all or a portion of tuition to be refunded if a student withdrew during certain limited, stated refund periods. If a student withdraws at a time when only a portion, or none of the tuition is refundable, then in accordance with its revenue recognition policy, the University continues to recognize the tuition that is not refunded pro-rata over the applicable period of instruction. The University does not record revenue on amounts that may be refunded. Because all of the University's performance obligations relate to contracts with a duration of less than one year, the University has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transactions price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied performance obligations referred to above are primarily related to providing instruction to students. The performance obligations for these contracts are generally completed when the academic term is completed.

During the years ended May 31, 2024 and 2023, the University recognized revenue of \$22,766,873 and \$23,210,911, respectively, that was recorded as deposits and deferred revenue at the beginning of the year.

At May 31, 2024 and 2023, the University deferred tuition and housing revenue of \$19,894,892 and \$22,766,873, respectively, that it expects to recognize subsequent to the respective year end when the summer and fall academic terms are completed.

Significant Judgments

The University determines the transaction price based on standard charges for services provided net of scholarship allowances in accordance with the University's policy.

The University estimates the transaction price for students based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any scholarship allowances. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of change. Subsequent changes that are determined to be the result of an adverse change in the student's ability to pay are recorded as bad debt expense. The University has determined that the primary nature, amount, timing, and uncertainty of revenue and cash flows are affected by the timing of repayment, the student's demographics and their ability to pay for the services.

Disaggregation of Revenue

The composition of net tuition and fees and auxiliary enterprises revenue for the years ended May 31, 2024 and 2023, are as follows.

| | 2024 | 2023 |
|-----------------------------|----------------|---------------|
| Tuition and fees, net | \$ 107,650,576 | \$ 90,832,323 |
| Auxiliary enterprises, net | | |
| Room and board | \$ 10,551,703 | \$ 10,478,994 |
| Other auxiliary enterprises | \$ 2,619,545 | \$ 3,230,966 |

Note 16. Contributed Nonfinancial Assets

For the year ended May 31, 2023, contributed nonfinancial assets recognized within the Statement of Activities included a pledge of artwork of \$650,000 and other personal property of \$28,099.

The nonfinancial assets listed above were recognized within donor restricted revenue during 2023. The contributed nonfinancial assets are restricted for the purpose of future periods' operations.

During 2024, the contributed artwork of \$650,000 was returned to the donor and the restricted contribution receivable was written off. The loss on uncollectable contributions is recorded within other non-operating activities within the Statement of Activities.

Note 17. Liquidity and Availability of Resources

As of May 31, 2024 and 2023, financial assets available for general expenditure within one year of the statement of financial position date are as follows:

| | <u>2024</u> | <u>2023</u> |
|---|-----------------------------|-----------------------------|
| Cash and cash equivalents | \$ 5,846,606 | \$ 25,299,490 |
| Accounts receivable and other receivables | 21,269,565 | 19,143,366 |
| Contributions receivable (without donor restrictions) | 1,010,015 | 1,482,083 |
| Short-term investments | <u>6,453,507</u> | <u>11,654,706</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$ 34,579,693</u></u> | <u><u>\$ 57,579,645</u></u> |

The University's cash flows have seasonal variations during the year primarily attributable to tuition billing cycles. To manage liquidity, the University invests cash in excess of daily requirements in short-term investments and money market funds. To help manage unanticipated liquidity needs, the University has additional availability of \$10,000,000 at May 31, 2024, under the revolving line of credit (Note 6), which it could draw upon.

As of May 31, 2024 and 2023, the University had an additional \$49,704,354 and \$42,286,493, respectively, in funds functioning as endowment, which is available for general expenditure with Board approval.

Note 18. U.S. Department of Education Financial Responsibility Ratio Information

The following information is required by the U.S. Department of Education for the years ended May 31, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|--|------------------------------|------------------------------|
| Property and equipment, net of accumulated depreciation - pre-implementation | \$ 101,829,645 | \$ 108,069,288 |
| Property and equipment, net of accumulated depreciation - post implementation without outstanding debt for original purchase | 25,011,076 | 22,662,261 |
| Construction in progress | <u>14,439,570</u> | <u>8,872,896</u> |
| Total property and equipment, net - May 31 | <u><u>\$ 141,280,291</u></u> | <u><u>\$ 139,604,445</u></u> |
| Long-term debt obtained for long-term purposes - pre-implementation | \$ 49,391,857 | \$ 51,903,478 |
| Long-term debt obtained for long-term purposes - post-implementation | <u>10,777,316</u> | <u>10,837,180</u> |
| Total long-term debt - May 31 | <u><u>\$ 60,169,173</u></u> | <u><u>\$ 62,740,658</u></u> |
| Total revenues, gains, other support without donor restriction | <u><u>\$ 142,119,457</u></u> | <u><u>\$ 111,301,880</u></u> |

Note 19. General Litigation

The University is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the University. Events could occur that would change this estimate materially in the near term.

Note 20. Subsequent Events

Subsequent events have been evaluated through October 17, 2024, which is the date the financial statements were issued.

Supplementary Information

Maryville University
Schedule of Bonds Payable - Unaudited
May 31, 2024

| Maturing in Fiscal Year | 2010 Bond | | 2015 Bond | | 2015B Bond | | 2019A Bond | | 2020A Bond | | 2022A Bond | | 2022B Bond | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2025 | \$ 820,000 | \$ 231,922 | \$ 540,000 | \$ 342,569 | \$ 1,160,000 | \$ 177,698 | \$ - | \$ 661,813 | \$ - | \$ 373,200 | \$ - | \$ 156,788 | \$ 60,000 | \$ 123,060 |
| 2026 | 860,000 | 205,052 | 560,000 | 325,650 | 1,190,000 | 152,435 | - | 661,813 | - | 373,200 | - | 156,788 | 65,000 | 121,748 |
| 2027 | 895,000 | 177,011 | 575,000 | 308,625 | 1,225,000 | 126,474 | - | 661,813 | - | 373,200 | - | 156,788 | 65,000 | 120,383 |
| 2028 | 930,000 | 147,773 | - | 300,000 | 1,260,000 | 99,760 | - | 661,813 | - | 373,200 | - | 156,788 | 660,000 | 112,770 |
| 2029 | 970,000 | 117,391 | - | 300,000 | 1,300,000 | 72,240 | - | 661,813 | - | 373,200 | - | 156,788 | 670,000 | 98,805 |
| 2030 | 1,015,000 | 85,705 | - | 300,000 | 1,335,000 | 43,914 | - | 661,813 | - | 373,200 | - | 156,788 | 690,000 | 84,525 |
| 2031 | 1,107,500 | 51,562 | - | 300,000 | 1,375,000 | 14,781 | - | 661,813 | - | 373,200 | - | 156,788 | 705,000 | 69,878 |
| 2032 | 1,107,500 | 2,946 | - | 300,000 | - | - | - | 661,813 | 1,090,000 | 351,400 | - | 156,788 | 720,000 | 54,915 |
| 2033 | - | - | - | 300,000 | - | - | 130,000 | 659,456 | 1,045,000 | 308,700 | - | 156,788 | 740,000 | 39,585 |
| 2034 | - | - | - | 300,000 | - | - | 140,000 | 654,563 | 1,085,000 | 266,100 | - | 156,788 | 750,000 | 23,940 |
| 2035 | - | - | - | 300,000 | - | - | 150,000 | 649,213 | 1,125,000 | 221,900 | - | 156,788 | 765,000 | 8,033 |
| 2036 | - | - | - | 300,000 | - | - | 145,000 | 643,500 | 1,175,000 | 175,900 | 790,000 | 144,444 | - | - |
| 2037 | - | - | - | 300,000 | - | - | 160,000 | 637,400 | 1,220,000 | 128,000 | 810,000 | 119,444 | - | - |
| 2038 | - | - | - | 300,000 | - | - | 165,000 | 630,900 | 1,270,000 | 78,200 | 835,000 | 93,741 | - | - |
| 2039 | - | - | - | 300,000 | - | - | 170,000 | 624,200 | 1,320,000 | 26,400 | 865,000 | 67,178 | - | - |
| 2040 | - | - | 945,000 | 276,375 | - | - | 1,675,000 | 587,300 | - | - | - | 53,663 | - | - |
| 2041 | - | - | 990,000 | 228,000 | - | - | 1,750,000 | 518,800 | - | - | - | 53,663 | - | - |
| 2042 | - | - | 1,040,000 | 177,250 | - | - | 1,820,000 | 447,400 | - | - | - | 53,663 | - | - |
| 2043 | - | - | 1,095,000 | 123,875 | - | - | 1,905,000 | 363,375 | - | - | - | 53,663 | - | - |
| 2044 | - | - | 1,150,000 | 67,750 | - | - | 2,000,000 | 265,750 | - | - | - | 53,663 | - | - |
| 2045 | - | - | 780,000 | 19,500 | - | - | 2,105,000 | 163,125 | - | - | 380,000 | 47,250 | - | - |
| 2046 | - | - | - | - | - | - | 2,210,000 | 55,250 | - | - | 1,210,000 | 20,419 | - | - |
| Totals | <u>\$ 7,705,000</u> | <u>\$ 1,019,362</u> | <u>\$ 7,675,000</u> | <u>\$ 5,469,594</u> | <u>\$ 8,845,000</u> | <u>\$ 687,301</u> | <u>\$ 14,525,000</u> | <u>\$ 12,194,731</u> | <u>\$ 9,330,000</u> | <u>\$ 4,169,000</u> | <u>\$ 4,890,000</u> | <u>\$ 2,485,450</u> | <u>\$ 5,890,000</u> | <u>\$ 857,640</u> |

Maryville University
U.S. Department of Education Financial
Responsibility Supplemental Schedule
Year Ended May 31, 2024

| Ratio Element | Reference to Financial Statements and/or Notes | 2024 |
|---|---|----------------|
| Primary Reserve Ratio | | |
| Expendable Net Assets | | |
| Net assets without donor restrictions | Statement of Financial Position | \$ 131,354,744 |
| Net assets with donor restrictions | Statement of Financial Position | 37,910,808 |
| Net assets with donor restrictions - restricted in perpetuity | Note 9 | 20,746,760 |
| Term endowments with donor restrictions | Note 9 | 9,836,042 |
| Property and equipment, net of accumulated depreciation - pre-implementation | Note 18 | 101,829,645 |
| Property and equipment , net of accumulated depreciation - post-implementation without outstanding debt for original purchase | Note 18 | 25,011,076 |
| Construction in progress | Note 4 | 14,439,570 |
| Total property and equipment, net | Statement of Financial Position | 141,280,291 |
| Long-term debt obtained for long-term purposes - pre-implementation | Note 18 | 49,391,857 |
| Long-term debt obtained for long-term purposes - post-implementation | Note 18 | 10,777,316 |
| Total Expenses and Losses | | |
| Total expenses without donor restrictions | Statement of Activities | 136,639,716 |
| Equity Ratio | | |
| Modified Net Assets | | |
| Net assets without donor restrictions | Statement of Financial Position | 131,354,744 |
| Net assets with donor restrictions | Statement of Financial Position | 37,910,808 |
| Modified Assets | | |
| Total assets | Statement of Financial Position | 273,811,922 |
| Net Income Ratio | | |
| Change in net assets without donor restrictions | Statement of Activities | 5,479,741 |
| Total revenue and gains without donor restrictions | Statement of Activities | 142,119,457 |

Updates to

Appendix A

Of Official Statement

For

Fiscal Year Ending

5/31/2024

Debt Service Coverage and Other Financial Ratios

The following table sets forth the historical and pro forma Debt Service Coverage Ratio for the 3 Fiscal Years ended **May 31** for the Institution.

Maryville University of Saint Louis Historical and Pro Forma Debt Service Coverage

| | Fiscal Years Ended May 31 ⁽¹⁾ | | |
|---|--|------------------|-------------------|
| | 2022 | 2023 | 2024 |
| Change in unrestricted net assets | (7,946,930) | (6,496,276) | 5,479,741 |
| Adjustment for Unrealized Gains and Losses on Investments | 3,429,868 | (352,839) | (6,759,917) |
| Adjustment for Unrealized Gains and Losses on Swap | (677,207) | (255,658) | (119,658) |
| Depreciation, amortization and interest expense | 13,098,783 | 12,963,068 | 13,049,906 |
| Net Revenues Available for Debt Service | <u>7,904,514</u> | <u>5,858,295</u> | <u>11,650,072</u> |
| Historical Maximum Annual Debt Service ⁽²⁾ | 4,815,521 | 4,815,521 | 4,815,521 |
| Historical Maximum Annual Debt Service Coverage Ratio | <u>1.641</u> | <u>1.217</u> | <u>2.419</u> |
| Pro Forma Maximum Annual Debt Service ⁽³⁾ | 4,815,521 | 4,815,521 | 4,815,521 |
| Pro Forma Maximum Annual Debt Service Coverage Ratio ⁽³⁾ | <u>1.641</u> | <u>1.217</u> | <u>2.419</u> |

(1) Derived from the Institution's audited financial statements

(2) Based on existing long-term indebtedness for the then-current fiscal year

(3) Based on existing long-term indebtedness, excluding refunding indebtedness for the Refunded Bonds and including indebtedness for the Bonds

The following table sets forth the historical Liquidity (Days Cash on Hand) Ratio for the 3 Fiscal Years ended **May 31** for the Institution.

Maryville University of Saint Louis
Historical Liquidity Ratio

| | Fiscal Years Ended May 31⁽¹⁾ | | |
|---|--|--------------|--------------|
| | 2022 | 2023 | 2024 |
| Unrestricted Net Assets & Available Temp | | | |
| Restricted Net Assets | 151,423,666 | 145,843,570 | 153,576,824 |
| Less: Net Property, Plant and Equipment Less Long-Term Debt | (81,929,399) | (80,744,445) | (84,998,469) |
| Numerator (A) | 69,494,267 | 65,099,125 | 68,578,355 |
| Long-Term Debt | 61,355,000 | 58,860,000 | 56,280,000 |
| Less: Debt Service Reserve Fund | (3,407,518) | (3,498,628) | (3,537,037) |
| Denominator (B) | 57,947,482 | 55,361,372 | 52,742,963 |
| Historical Liquidity Ratio (A) / (B) | 1.20 | 1.18 | 1.30 |

(1) Derived from the Institution's audited financial statements

STUDENT ENROLLMENT

| <u>Fall</u> | <u>HEAD COUNT ⁽¹⁾</u> | | | <u>FULL-TIME EQUIVALENTS ⁽²⁾</u> | | |
|-------------|----------------------------------|-----------------|--------------|---|-----------------|--------------|
| | <u>Undergraduate</u> | <u>Graduate</u> | <u>TOTAL</u> | <u>Undergraduate</u> | <u>Graduate</u> | <u>TOTAL</u> |
| 2020 | 5,504 | 5,475 | 10,979 | 4,135 | 2,572 | 6,707 |
| 2021 | 5,684 | 4,915 | 10,599 | 4,185 | 2,322 | 6,507 |
| 2022 | 5,809 | 4,150 | 9,959 | 4,300 | 2,003 | 6,303 |
| 2023 | 6,063 | 3,821 | 9,884 | 4,426 | 1,774 | 6,200 |
| 2024 | 5,692 | 3,569 | 9,261 | 4,335 | 1,736 | 6,071 |

⁽¹⁾ Head count measures the actual number of students registered for one or more for-credit courses, including part-time students and non-degree seeking students.

⁽²⁾ Full-time equivalent is calculated as FTE = full-time plus 1/3 part-time

The following table sets forth the breakdown of the University's undergraduate and graduate enrollment between on campus and online students for each of the most recent five years.

ON CAMPUS AND ONLINE UNDERGRADUATE AND GRADUATE ENROLLMENT*

| <u>Fall</u> | <u>On Campus</u> <u>Undergraduate Students</u> | <u>Online Undergraduate</u> <u>Students</u> | <u>On Campus</u> <u>Graduate Students</u> | <u>Online Graduate</u> <u>Students</u> | <u>TOTAL</u> |
|--------------------|---|--|--|---|---------------------|
| 2020-21 | 3,185 | 2319 | 733 | 4,742 | 10,979 |
| 2021-22 | 2,967 | 2717 | 660 | 4,255 | 10,599 |
| 2022-23 | 2,937 | 2,872 | 594 | 3,556 | 9,959 |
| 2023-24 | 3,039 | 3,024 | 613 | 3,208 | 9,884 |
| 2024-25 | 3,161 | 2,531 | 614 | 2,955 | 9,261 |

* Students who are simultaneously enrolled in one or more on-campus classes and one or more online classes are categorized as either "on campus" or "online" students based upon how they enrolled at the University and whether a majority of their classes are held on campus or online.

FTE ON CAMPUS AND ONLINE UNDERGRADUATE AND GRADUATE ENROLLMENT*

| <u>Fall</u> | <u>On Campus Undergraduate Students</u> | <u>Online Undergraduate Students</u> | <u>On Campus Graduate Students</u> | <u>Online Graduate Students</u> | <u>TOTAL</u> |
|--------------------|--|---|---|--|---------------------|
| 2020-21 | 2,956 | 1179 | 490 | 2,082 | 6,707 |
| 2021-22 | 2,771 | 1414 | 437 | 1,885 | 6,507 |
| 2022-23 | 2,794 | 1,506 | 401 | 1,602 | 6,303 |
| 2023-24 | 2,878 | 1,549 | 432 | 1,341 | 6,200 |
| 2024-25 | 3,056 | 1,279 | 430 | 1,306 | 6,071 |

* Students who are simultaneously enrolled in one or more on-campus classes and one or more online classes are categorized as either "on campus" or "online" students based upon how they enrolled at the University and whether a majority of their classes are held on campus or online.

FRESHMEN, FIRST TIME IN COLLEGE

| Applications for Admission | | | | | | |
|----------------------------|------------|----------|----------|-----------------------|-------------------|-------------------|
| Fall | Applicants | Accepted | Enrolled | Matriculation Rate | Attrition Rate | Retention Rate |
| 2020 | 2,503 | 2,375 | 720 | 30% | 17% | 83% |
| 2021 | 3,114 | 2,925 | 834 | 29% | 18% | 82% |
| 2022 | 4,175 | 3,664 | 870 | 24% | 17% | 83% |
| 2023 | 3,916 | 3,669 | 847 | 23% | 17% | 83% |
| 2024 | 4,412 | 4,194 | 956 | 23% | 15% | 85% |

WEEKEND/EVENING ON CAMPUS ENROLLMENT

| <u>Fall</u> | <u>Applicants</u> | <u>Accepted</u> | <u>Enrolled</u> |
|-------------|-------------------|-----------------|-----------------|
| 2020 | 35 | 30 | 26 |
| 2021 | 52 | 45 | 14 |
| 2022 | 45 | 44 | 28 |
| 2023 | 44 | 42 | 24 |
| 2024 | 55 | 48 | 14 |

FIRST-TIME FRESHMEN ACT SCORES

| <u>Fall</u> | <u>University Mean</u> | <u>Missouri Mean*</u> | <u>National Mean*</u> |
|-------------|------------------------|-----------------------|-----------------------|
| 2020 | 23 | 20.8 | 20.7 |
| 2021 | 23** | 20.7 | 20.6 |
| 2022 | 22 | 20.2 | 19.8 |
| 2023 | 23 | 19.8 | 19.5 |
| 2024 | 22 | 19.8 | 19.4 |

*All high school graduating seniors who took the ACT. Based on data from ACT, Inc. available at <http://www.act.org>

**Approximately 37.3% of first-time freshman supplied ACT scores; approximately 50% of first-time, full-time freshman supplied ACT scores.

TUITION

| <u>Academic Year</u> | <u>Full Time Graduate and Undergraduate</u> | <u>Part-Time Per Credit Hour</u> | | | | |
|--------------------------|---|----------------------------------|------------------------|----------------|---------------------------------------|------------------|
| | | <u>Day/Evening</u> | <u>Weekend College</u> | <u>Masters</u> | <u>Online Adult Undergraduate</u> | <u>Doctorate</u> |
| 2019-2020 | \$26,070 | \$781 | \$622 | \$797 | \$500 | \$897 |
| 2020-2021 | \$24,766 | \$781 | \$622 | \$797 | \$500 | \$897 |
| 2021-2022 | \$24,766 | \$781 | \$622 | \$797 | \$500 | \$897 |
| 2022-2023 | \$24,766 | \$781 | \$622 | \$800 | \$525 | \$922 |
| 2023-2024 | \$24,766 | \$781 | \$622 | \$825 | \$540 | \$947 |

UNDERGRADUATE FINANCIAL AID

| <u>Academic Year</u> | <u>Percentage of Students Receiving Financial Aid</u> |
|----------------------|---|
| 2019-2020 | 95.0% |
| 2020-2021 | 92.6% |
| 2021-2022 | 97.0% |
| 2022-2023 | 98.6% |
| 2023-2024 | 98.7% |

Financial aid applicants are considered for aid from every program for which they are eligible including:

- Grants and scholarships - awards that do not require repayment or service.
- Long-term loans - awards that require repayment including principal and interest over period of several years after completion of study at the University.
- Work-study - awards that require the student to work part-time during the academic year.

ENDOWMENT INVESTMENTS

| | Fiscal Years Ended May 31 | | | | |
|---------------------------------------|----------------------------------|--------------------|--------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Market Value of Endowment Investments | \$48,848,298 | \$68,159,885 | \$65,042,817 | \$65,554,205 | \$77,725,862 |
| Endowment Total Return % | -4.4% | 33.9% | -4.9% | 2.2% | 16.2% |
| Effective Spending Rate % | 4.4% | 1.9% | 1.2% | 1.4% | 1.0% |

FUNDRAISING RESULTS

| | Fiscal Years Ended May 31, | | | | |
|--|----------------------------|-------------|-------------|-------------|-------------|
| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Annual Giving ⁽¹⁾ | \$2,400,000 | \$1,800,000 | \$1,200,000 | \$2,800,000 | \$1,229,104 |
| Cash & In-kind ⁽²⁾ | \$1,700,000 | \$5,600,000 | \$4,600,000 | \$3,200,000 | \$3,365,011 |
| Total Revenue ⁽³⁾ | \$4,000,000 | \$3,500,000 | \$5,300,000 | \$4,500,000 | \$8,300,000 |
| Alumni Giving ⁽⁴⁾ | 20.0% | 11.7% | 18.6% | 20.0% | 17.2% |
| Duchesne Society Members/ Maryville Forward Members ⁽⁵⁾ | 491 | 450 | 36 | 199 | 196 |

⁽¹⁾ Total cash gifts or pledges that are not "restricted" or directed to an endowment or capital project.

⁽²⁾ Total new cash gifts and cash payments on previous pledge commitments, including in-kind gifts.

⁽³⁾ The sum of new cash gifts, new planned gifts, capital gifts and any other new pledge commitments.

⁽⁴⁾ Percentage of alumni who made a gift to the University during the year.

⁽⁵⁾ The Duchesne Society is a donor club reserved for those who give gifts of \$1,000 or more during the year.

Note that in FY22, the University is now tracking "Maryville Forward" members as the Duschene Society has sunsetted