Financial Statements
June 30, 2024 and 2023

University of Mary

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Trustees
University of Mary
Bismarck, North Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the University of Mary, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, 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 the University of Mary as of June 30, 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 of the Audit of the Financial Statements section of our report. We are required to be independent of the University of Mary 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 these 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 of Mary's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of 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 of Mary'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 of Mary's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024, on our consideration of the University of Mary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University of Mary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Mary's internal control over financial reporting and compliance.

Eide Bailly LLP

Bismarck, North Dakota
November 22, 2024

	2024	2023
Assets		
Cash and cash equivalents	$ 15,033,050	$ 16,407,317
Student accounts, net of allowance for credit losses of $471,457 in 2024 and $435,850 in 2023	3,525,146	4,134,251
Interest receivable	-	-
Other receivables	8,439,101	7,572,548
Inventories	573,127	441,799
Prepaid and other assets	906,474	354,243
Promises to give, net	26,599,427	9,507,367
Student notes receivable	65,696	70,246
Property, plant and equipment, net	104,709,570	104,898,105
Right-of-use asset - financing lease	538,047	185,236
Right-of-use asset - operating lease	961,873	1,291,249
Investments	6,092,126	5,461,761
Investments held under split-interest agreements	6,687,315	6,422,309
Endowment investments	64,134,270	55,699,496
Restricted investments	3,201,828	3,136,335
Investment in cooperative	1,075,495	1,139,660
Total assets	$ 242,542,545	$ 216,721,922
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 1,775,646	$ 2,783,176
Deferred revenue	8,921,886	9,062,309
Accrued liabilities	4,642,003	4,647,766
Accrued interest payable	169,541	201,782
Grants payable	99,906	109,926
Student credit balances	51,301	41,194
Student deposits	318,850	488,685
Deposits held in custody for others	180,638	241,870
Lease liability - financing lease	441,724	172,967
Long-term debt, net	31,188,669	34,516,239
Lease liability - operating lease	965,405	1,294,132
Government grants refundable	1,564,692	1,606,683
Unitrust payments due grantors	1,063,836	936,258
Annuities payable	1,010,476	1,155,034
Total liabilities	52,394,573	57,258,021
Net Assets		
Without Donor Restrictions		
Undesignated	80,979,818	79,215,486
Board designated	4,943,972	4,801,936
	85,923,790	84,017,422
With Donor Restrictions	104,224,182	75,446,479
Total net assets	190,147,972	159,463,901
Total liabilities and net assets	$ 242,542,545	$ 216,721,922

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Revenue, Support, and Gains			
Tuition and fees	$ 68,711,384	$ -	$ 68,711,384
Contributions	852,784	29,893,783	30,746,567
Net investment return	630,925	6,623,245	7,254,170
Sales and services of auxiliary activities	13,355,199	-	13,355,199
Grant income	2,109,598	852,414	2,962,012
Other income	3,920,514	-	3,920,514
Actuarial loss on unitrusts	-	(4,975)	(4,975)
Actuarial gain (loss) on annuities payable	(24,728)	(79,041)	(103,769)
Net assets released from restrictions	8,507,723	(8,507,723)	-
Total revenue, support, and gains	98,063,399	28,777,703	126,841,102
Program and Supporting Services Expenses			
General administration	7,503,407	-	7,503,407
Academic affairs	2,510,273	-	2,510,273
Financial affairs	1,184,621	-	1,184,621
Student development	2,484,933	-	2,484,933
Enrollment services	8,466,453	-	8,466,453
Public affairs	4,536,850	-	4,536,850
General institutional	4,474,257	-	4,474,257
Academic divisions	23,507,308	-	23,507,308
Operation of educational plant	9,558,998	-	9,558,998
Student aid	22,655,107	-	22,655,107
Auxiliary activities	9,274,824	-	9,274,824
Total expenses	96,157,031	-	96,157,031
Change in Net Assets	1,906,368	28,777,703	30,684,071
Net Assets at Beginning of Year	84,017,422	75,446,479	159,463,901
Net Assets at End of Year	$ 85,923,790	$104,224,182	$190,147,972

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Revenue, Support, and Gains			
Tuition and fees	$ 64,457,897	$ -	$ 64,457,897
Contributions	649,285	8,705,941	9,355,226
Net investment return	383,005	5,157,985	5,540,990
Sales and services of auxiliary activities	11,679,141	-	11,679,141
Grant income	6,938,026	301,719	7,239,745
Other income	3,611,463	-	3,611,463
Actuarial loss on unitrusts	-	(22,247)	(22,247)
Actuarial gain (loss) on annuities payable	(30,390)	(132,172)	(162,562)
Net assets released from restrictions	6,481,914	(6,481,914)	-
Total revenue, support, and gains	94,170,341	7,529,312	101,699,653
Expenses			
General administration	7,271,034	-	7,271,034
Academic affairs	2,233,790	-	2,233,790
Financial affairs	1,167,218	-	1,167,218
Student development	2,742,654	-	2,742,654
Enrollment services	7,644,969	-	7,644,969
Public affairs	4,333,505	-	4,333,505
General institutional	5,367,324	-	5,367,324
Academic divisions	21,860,472	-	21,860,472
Operation of educational plant	9,359,637	-	9,359,637
Student aid	19,969,176	-	19,969,176
Auxiliary activities	9,868,716	-	9,868,716
Total expenses	91,818,495	-	91,818,495
Change in Net Assets	2,351,846	7,529,312	9,881,158
Net Assets at Beginning of Year	81,665,576	67,917,167	149,582,743
Net Assets at End of Year	$ 84,017,422	$ 75,446,479	$159,463,901

	2024			
	Program	Supporting Services		
	Instruction and Education	Management and General	Fundraising and Development	Total
Salaries	$ 27,356,392	$ 593,101	$ 1,399,102	$ 29,348,595
Payroll taxes and benefits	7,541,809	990,312	394,383	8,926,504
Contracted services	2,957,340	2,914,153	55,709	5,927,202
Scholarships and grants	23,553,877	293,864	-	23,847,741
Student activities and academic programming	1,543,972	140,608	507,648	2,192,228
Supplies, books and food	5,933,606	38,006	728,458	6,700,070
Repairs and maintenance	1,787,104	114,829	-	1,901,933
Utilities and communication	1,476,186	115,353	-	1,591,539
Interest, taxes and bad debts	53,820	1,796,200	-	1,850,020
Depreciation	4,799,203	1,030,612	-	5,829,815
Travel and meeting	2,017,175	70,519	18,567	2,106,261
Advertising and promotions	535,389	-	1,452,623	1,988,012
Contributed services	139,721	-	-	139,721
Other expenses	374,821	160,602	16,565	551,988
Legal fees	1,602	3,957	-	5,559
Accounting fees	-	122,350	-	122,350
Information and technology	257,594	1,562,927	-	1,820,521
Athletic and music	805,609	-	-	805,609
Rental and lease	417,848	83,515	-	501,363
	$ 81,553,068	$ 10,030,908	$ 4,573,055	$ 96,157,031

	2023			
	Program	Supporting Services		
	Instruction and Education	Management and General	Fundraising and Development	Total
Salaries	$ 26,037,401	$ 518,376	$ 1,236,459	$ 27,792,236
Payroll taxes and benefits	7,066,653	1,258,271	349,406	8,674,330
Contracted services	3,278,666	2,909,318	42,749	6,230,733
Scholarships and grants	20,327,234	497,216	-	20,824,450
Student activities and academic programming	1,194,030	160,550	596,203	1,950,783
Supplies, books and food	6,191,339	112,096	653,088	6,956,523
Repairs and maintenance	1,620,612	107,530	-	1,728,142
Utilities and communication	1,663,690	119,070	-	1,782,760
Interest, taxes and bad debts	45,473	2,479,147	-	2,524,620
Depreciation	4,523,835	960,691	-	5,484,526
Travel and meeting	1,925,762	101,038	34,522	2,061,322
Advertising and promotions	458,352	-	1,433,415	1,891,767
Contributed services	21,340	-	-	21,340
Other expenses	340,107	159,222	15,490	514,819
Legal fees	777	43,923	-	44,700
Accounting fees	-	670,912	-	670,912
Information and technology	236,487	1,304,164	-	1,540,651
Athletic and music	645,178	-	-	645,178
Rental and lease	398,220	80,483	-	478,703
	$ 75,975,156	$ 11,482,007	$ 4,361,332	$ 91,818,495

	2024	2023
Cash Flows from (used for) Operating Activities		
Change in net assets	$ 30,684,071	$ 9,881,158
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Contributions restricted for long-term investment	(3,017,360)	(3,589,575)
Depreciation	5,829,815	5,484,526
Interest expense attributable to amortization of debt issuance costs	40,353	40,352
Provision for credit losses	200,994	420,239
Realized and unrealized gain on investments	(5,036,397)	(3,526,614)
Change in cash surrender value of life insurance policies	(3,600)	(2,750)
Contributions of securities and property	523,042	1,022,714
Reinvested dividends from cooperatives	(8,883)	(66,366)
Loss on disposal of property, plant and equipment	27,968	-
Change in value of split-interest agreement liabilities	108,744	184,809
Changes in assets and liabilities:		
Student accounts	408,111	(1,190,129)
Promises to give	(17,092,060)	947,519
Other receivables	(866,553)	(5,343,314)
Inventories	(131,328)	3,466
Prepaid and other assets	(552,231)	588,963
Accounts payable	(1,007,530)	747,701
Deferred revenue and refundable advance	(140,423)	(1,192,536)
Accrued liabilities	(38,004)	(274,308)
Grants payable	(10,020)	100,000
Student deposits	(169,835)	184,565
Student credit balances	10,107	2,755
Deposits held in custody for others	(61,232)	(26,501)
Operating lease assets and liabilities	649	2,883
Government grants refundable	(41,991)	155,479
Net Cash from Operating Activities	9,656,407	4,555,036
Cash Flows from (used for) Investing Activities		
Proceeds from sales of investments	1,509,362	3,923,307
Purchases of investments	(6,388,045)	(7,099,662)
Collections of student notes receivable	4,550	7,057
Distributions received from investment in cooperatives	73,048	73,048
Purchase of property, plant and equipment	(5,513,824)	(6,591,044)
Net Cash used for Investing Activities	(10,314,909)	(9,687,294)

	2024	2023
Cash Flows from (used for) Financing Activities		
Contributions restricted for long-term investment	3,017,360	3,589,575
Payments to beneficiaries of split-interest agreements	(117,624)	(249,105)
Proceeds from establishment of split-interest agreements	(8,100)	-
Payments on financing leases	(239,478)	(132,838)
Principal payments on long-term debt	(3,367,923)	(2,533,667)
Net Cash from (used for) Financing Activities	(715,765)	673,965
Change in Cash and Cash Equivalents	(1,374,267)	(4,458,293)
Cash and Cash Equivalents, Beginning of Year	16,407,317	20,865,610
Cash and Cash Equivalents, End of Year	$ 15,033,050	$ 16,407,317
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest (net of $ - and $54,000 capitalized in 2024 and 2023, respectively)	$ 1,484,661	$ 1,624,741
Supplemental Disclosure of Non-cash Investing and Financing Activities		
Right-of-use assets obtained in exchange for operating lease liabilities	$ -	$ 322,896
Right-of-use assets obtained in exchange for financing lease liabilities	508,235	-

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The governing board of the University of Mary (the University) is comprised of twenty-eight members that represent the Benedictine Sisters of the Annunciation, B.M.V., a religious community (Mother-house Corporation), and representatives of the civic community (Board of Trustees or Board). The University is a private institution of higher education offering graduate and undergraduate degrees in a variety of academic areas which prepare students for professions with a liberal arts base.

Cash and Cash Equivalents

The University considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash and cash equivalents. Certificates of deposits with an original maturity of more than three months are classified as temporary cash investments.

Accounts and Notes Receivable and Allowance for Credit Policy

The University grants credit to students attending the University. Although the University's student base is geographically diverse, a substantial portion of the students' ability to repay their debts is dependent upon the economic conditions in the region and the professions which the students enter. Student accounts receivable and other receivables are non-interest bearing. The balance of the student accounts receivable, net, as of July 1, 2022, was $3,364,361.

The University has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages for different aging categories (current, 1 - 30 days past due, 31 - 60 days past due, 61 - 90 days past due, and more than 90 days past due). Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at June 30, 2024 and 2023, because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. At June 30, 2024 and 2023, the allowance was $471,457 and $435,850, respectively.

Changes in the allowance for credit losses for accounts receivables are as follows for the year ended June 30, 2024:

Allowance for Credit Losses, Beginning of Year	$	435,850
Provision for credit losses		200,994
Charge-offs		(169,726)
Recoveries		4,339
Allowance for Credit Losses, End of Year	$	471,457

Student notes receivable may continue to accrue interest throughout the life of the note. Student notes receivable are part of the Federal Nursing Student Loan Program and are unsecured. To the extent losses occur on loans associated with the Federal Nursing Student Loan Program, such losses are charged against the loan funds. The University has not established an allowance for credit loss for the student notes receivable.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2024 and 2023, the allowance was $2,193,871 and $704,219, respectively.

Inventories

Inventories of books, other merchandise and supplies are stated at the lower of cost (using, principally, the first-in, first-out method) or net realizable value.

Assets Held and Liabilities Under Split-Interest Agreements

Charitable Trusts
The University acts as trustee for various revocable and irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets to the University, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. If a trust is revocable, or if the maker of the trust reserves the right to replace the University as the beneficiary of the trust, the University records the assets placed in trust at fair value, with an equal offsetting liability until such time as the University receives distributions from the trust in accordance with its terms. If the trust is irrevocable, the trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution or is expended in satisfaction of the donor-restricted purpose stipulated by the trust agreement, or both, if any. At that time, net assets with donor-imposed time or purpose restrictions are released to net assets without restrictions, and net assets with donor restrictions that are perpetual in nature are transferred to the endowment. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the trust, the remaining liability is removed and recognized as income.

Charitable Gift Annuities
Under charitable gift annuity contracts, the University receives immediate and unrestricted title to contributed assets and agrees to make fixed, recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discounts rate designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

Investments

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Restricted investments consist of bond proceeds deposited in a reserve fund that will be applied to the Series 2016 Revenue Bonds when the bonds mature.

Investment in Cooperative

Investment in cooperative, Capital Electric Cooperative, is recorded at cost minus impairment, if any, plus the face value of equity received as patronage refunds. It is not practical to estimate the fair value of the investment in the cooperative due to having no established trading markets and due to the uncertainty as to the future cash flows that will be generated by this investment. The face value of the equity redeemed by the cooperative is deducted from the investment balance. The investment is not transferable. No cash is received until such time as it is redeemed at the discretion of the cooperative. Cooperative refunds and redemptions are recorded in the year they are received. Investments in the cooperative are considered annually for indicators of impairment. There was no impairment indicated for the years ended June 30, 2024 and 2023.

Property, Plant and Equipment

Property, plant and equipment are stated at cost at the date of acquisition, or at fair market value at the date of donation in the case of gifts. Additions, renewals and betterments are capitalized; whereas, expenditures for maintenance and repairs are charged to expense. The University capitalizes interest cost incurred on funds used to construct property, plant and equipment.

Depreciation is provided for property, plant and equipment over the estimated useful lives of the individual units of property using the straight-line method. The range of the estimated useful lives used in the computation of depreciation is as follows:

Land improvements	20 years
Buildings	29.5 - 50 years
Furniture and equipment	7 - 10 years
Leasehold improvements	4 - 10 years
Vehicles	4 - 6 years
Data network	5 years

The University reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment during the years ended June 30, 2024 and 2023.

Right-of-Use Leased Assets and Lease Liabilities

Right-of-use leased assets are recognized at the lease commencement date and represent the University's right to use an underlying asset for the lease term. Right-of-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-of-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method for operating leases or the same method amortizing the debt for finance leases. The amortization period varies from 3 to 5 years.

Lease liabilities represent the University's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on the rate implicit in the lease or an incremental borrowing rate determined by the University.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets 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 for board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed (or grantor-) 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 restrictions are perpetual in nature, where the donor stipulates that resources are to be maintained in perpetuity. The University reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a 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. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Revenue is recognized when earned. The performance obligation of delivering educational services and housing and food services is simultaneously received and consumed by the students before the revenue is recognized ratably over the course of the academic year. Contracts for tuition, room and board are combined into a single portfolio of similar contracts. Payment for tuition and room and board are normally required before the start of the academic year. All amounts received in advance, including enrollment deposits, are deferred to the applicable period in which the related services are performed, or expenditures are incurred. Other income consists mainly of revenue from events which is recognized as revenue when event occurs.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Grants and conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. The University's federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. At June 30, 2024 and 2023, the University were not aware of any conditional contributions.

Donated Services and In-Kind Contributions

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 18). Volunteers contribute time to the University's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which is a reasonable estimate of the effective interest method. Debt issuance costs are included within long-term debt in the statements of financial position. Amortization of debt issuance costs is included in interest expense in the accompanying statements of activities.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred, and were $1,988,012 and $1,891,797 for the years ended June 30, 2024 and 2023, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Payroll and other expenses are allocated on the basis of estimates of time and effort, except depreciation, which is based on square feet used. The statement of functional expenses presents the natural classification detail of expenses by function.

Income Tax Status

The University is a nonprofit organization and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3). The University is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that is unrelated to their exempt purposes. The University has determined it is subject to unrelated business income tax and has filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The University believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The entity would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Financial Instruments and Credit Risk

The University manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. The University maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2024 and 2023, the University had approximately $16,471,000 and $17,300,000 respectively, in excess of FDIC-insured limits. To date, the University has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the University's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the University.

Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at $10,000 of qualified wages through December 31, 2020.

The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit, extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at $7,000 per quarter. As a result of the changes to the credit, the maximum credit per employee increased from $5,000 in 2020 to $21,000 in 2021. During the year ended June 30, 2023, the University recorded a $5,806,591 benefit related to the credit which is presented in the statements of activities as grant income. The University has not received payment on the receivable as of June 30, 2024.

The University has elected to account for the credits by applying FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Under this method, the University records contribution revenue when the contribution is deemed to be unconditional, that is, when there is no longer a measurable performance or other barrier and a right of return or release from obligation to pay the contribution. Management has determined that the contribution is unconditional.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Adoption of New Accounting Standard

As of July 1, 2023, the University adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including accounts and notes receivables. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments.

The University adopted ASU 2016-13 using the modified retrospective review method for all financial assets measured at amortized cost. Results for reporting periods beginning after July 1, 2023, are presented under Topic 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP. The adoption of the new standard did not materially impact the University's statements of activities or statements of cash flows.

Subsequent Events

The University has evaluated subsequent events through November 22, 2024, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2024	2023
Cash and cash equivalents	$ 15,033,050	$ 16,407,317
Other receivables	6,879,409	6,017,360
Student accounts, net	3,525,146	4,134,251
Promises to give	4,870,059	6,120,488
Endowment spending-rate distributions and appropriations	2,250,000	2,250,000
	$ 32,557,664	$ 34,929,416

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The endowment of $57,047,909 as of June 30, 2024, is subject to an annual spending rate between 3.0 percent and 5.0 percent of its endowment fund's three-year moving average as described in Note 16. Although the University does not intend to spend from this endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), additional amounts could be made available, if necessary.

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, certificates of deposit and money market funds.

Note 3 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the University can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the University develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the University's assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the University's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The University invests in U.S. government obligations, pooled investment accounts, and real estate investment trusts. Those investments are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

The fair values of real estate properties held for investment by the University are determined by management using third-party valuation experts to reflect the assumptions market participants would use in pricing the underlying assets at the donation date. These are considered to be Level 3 measurements.

The University uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in hedge funds, as a practical expedient to estimate the fair values of certain hedge funds which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents assets measured at fair value on a recurring basis, except those measured at NAV per share as a practical expedient as identified in the following, at June 30, 2024:

		Fair Value Measurements at Report Date Using		
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
General investments				
Cash and money market funds	$ 943,506	$ 943,506	$ -	$ -
Cash surrender value of life insurance	141,227	-	141,227	-
Debt securities	340,653	-	340,653	-
Mutual funds	2,813,496	2,335,285	478,211	-
Other investments	4,190	-	4,190	-
At net asset value				
Hedge funds	310,515	-	-	-
	$ 4,553,587	$ 3,278,791	$ 964,281	$ -
Assets held under split-interest agreements				
Cash and money market funds	$ 771,735	$ 771,735	$ -	$ -
Debt securities	1,112,289	-	1,112,289	-
Mutual funds and equity securities	4,803,291	4,803,291	-	-
	$ 6,687,315	$ 5,575,026	$ 1,112,289	$ -
Endowment investments				
Cash and money market funds	$ 956,228	$ 956,228	$ -	$ -
Commodities	44,353	44,353	-	-
Debt securities	15,621,135	-	15,621,135	-
Mutual funds and equity securities	43,101,680	43,101,680	-	-
Real estate investment trusts	2,213,753	2,213,753	-	-
At net asset value				
Hedge funds	2,017,831	-	-	-
	$ 63,954,980	$ 46,316,014	$ 15,621,135	$ -
Restricted investments				
Money markets	$ 3,201,828	$ 3,201,828	$ -	$ -

The following table presents assets measured at fair value on a recurring basis, except those measured at NAV per share as a practical expedient as identified in the following at June 30, 2023:

Assets	Total	Fair Value Measurements at Report Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
General investments				
Cash and money market funds	$ 305,078	$ 305,078	$ -	$ -
Cash surrender value of life insurance	144,827	-	144,827	-
Debt securities	377,165	-	377,165	-
Mutual funds	2,649,916	1,701,794	948,122	-
Other investments	4,190	-	4,190	-
At net asset value				
Hedge funds	442,046	-	-	-
	$ 3,923,222	$ 2,006,872	$ 1,474,304	$ -
Assets held under split-interest agreements				
Cash and money market funds	$ 876,300	$ 876,300	$ -	$ -
Debt securities	1,084,547	-	1,084,547	-
Mutual funds and equity securities	4,444,282	4,444,282	-	-
At net asset value				
Hedge funds	17,180	-	-	-
	$ 6,422,309	$ 5,320,582	$ 1,084,547	$ -
Endowment investments				
Cash and money market funds	$ 1,377,592	$ 1,377,592	$ -	$ -
Debt securities	14,289,893	-	14,289,893	-
Mutual funds and equity securities	34,417,729	34,417,729	-	-
Real estate investment trusts	1,800,528	1,800,528	-	-
At net asset value				
Hedge funds	3,634,464	-	-	-
	$ 55,520,206	$ 37,595,849	$ 14,289,893	$ -
Restricted investments				
Money markets	$ 3,136,335	$ 3,136,335	$ -	$ -

The following tables include investments which were donated and initially recorded at fair value as a Level 3 investment. In subsequent years, the investments are held at the carrying value, and assessed for impairment annually, which will be the fair value of the investment on donation date as allowed for higher education institutions under ASC 958-325-35-1. There was no impairment indicated for the years ended June 30, 2024 and 2023.

The following tables present assets measured at fair value on donation date and assessed for impairment annually as of June 30, 2024 and 2023:

	2024			
		Fair Value Measurements at Donation Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-lived assets held for investment				
Real estate - general	$ 1,538,539	$ -	$ -	$ 1,538,539
Real estate - endowment	179,290	-	-	179,290
	$ 1,717,829	$ -	$ -	$ 1,717,829

	2023			
Long-lived assets held for investment				
Real estate - general	$ 1,538,539	$ -	$ -	$ 1,538,539
Real estate - endowment	179,290	-	-	179,290
	$ 1,717,829	$ -	$ -	$ 1,717,829

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2024 and 2023:

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
June 30, 2024					
Hedge funds	4	$ 2,328,346	$ -	Monthly to Annual	45 to 90 day notice
June 30, 2023					
Hedge funds	4	$ 4,093,690	$ -	Monthly to Annual	45 to 90 day notice

Hedge Funds – Funds that can invest long and short term, primarily in common stocks. Fund managers may invest in value, growth or event-driven equity opportunities, and typically are not restricted by market capitalization, industry sector or geography. Leverage may be utilized, which can magnify changes in the values of the underlying securities.

Note 4 - Net Investment Return

Net investment return consists of the following for the years ended June 30, 2024 and 2023:

	2024	2023
General investments		
Interest and dividends	$ 674,049	$ 590,890
Net realized and unrealized gain (loss)	310,990	161,105
	$ 985,039	$ 751,995
Endowment investments		
Interest and dividends	$ 1,543,724	$ 1,423,486
Net realized and unrealized gain (loss)	4,725,407	3,365,509
	$ 6,269,131	$ 4,788,995

Note 5 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2024 and 2023:

	2024	2023
Within one year	$ 5,430,688	$ 6,825,064
In one to five years	8,985,283	3,832,231
Over five years	19,863,149	346,127
	34,279,120	11,003,422
Less discount to net present value	(5,485,822)	(791,836)
Less allowance for uncollectible promises to give	(2,193,871)	(704,219)
	$ 26,599,427	$ 9,507,367

The allowance for uncollectible promises to give is based on the prior year's fundraising experience on a local and national level. The present value discount is based upon the estimated future cash flows using a discount rate of 4.375% at June 30, 2024 and 2023.

Note 6 - Credit Quality of Financing Receivables

The University’s financing receivables consist of revolving loan funds for the Federal Nursing Student Loan Program for which the University acts as an agent for the federal government.

The availability of funds for loans under the federal loan program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds held in the federal loan program of $65,696 and $70,246 at June 30, 2024 and 2023, respectively, are ultimately refundable to the government. Student notes under the federal loan program can be assigned to the government when no longer collectible; and, therefore, when they are written off, they reduce the amount refundable to the government.

Federal Nursing Student loans at June 30, 2024 and 2023, were collectively evaluated for impairment. There were no individual loans impaired during the years ended June 30, 2024 and 2023.

The credit quality indicator for all federal loans receivable at June 30, 2024 and 2023, was performing. For student notes receivable, the credit quality indicator is performance determined by delinquency status and origination and servicing of the loan. Delinquency status is updated monthly by the University's loan servicer. The federal loans that are originated and serviced properly under Department of Education regulations can be assigned to the Department of Education when deemed no longer collectible. The University is not aware of any material amount of loans not properly originated or serviced under Department of Education regulations.

Note 7 - Property, Plant and Equipment

Details pertaining to property, plant and equipment are as follows:

	2024	2023
Cost		
Academic		
Land improvements	$ 10,901,473	$ 10,678,903
Buildings	92,007,847	86,426,533
Furniture and equipment	7,396,096	7,281,039
Leasehold improvements	172,669	172,669
	110,478,085	104,559,144
Housing		
Buildings	52,157,517	50,683,331
Furniture and equipment	1,116,378	1,116,378
Leasehold improvements	508,913	508,913
	53,782,808	52,308,622
Construction in progress	3,900,677	6,271,910
Land	3,114,050	3,114,050
Vehicles	743,186	726,668
Data network	3,126,699	4,735,583
Total cost	175,145,505	171,715,977
Accumulated depreciation	70,435,935	66,817,872
	$ 104,709,570	$ 104,898,105

Depreciation expense totaled $5,829,815 and $5,484,526 for the years ended June 30, 2024 and 2023, respectively. Interest costs capitalized totaled $0 and $54,000 for the years ended June 30, 2024 and 2023, respectively.

Note 8 - Lines of Credit

The University has entered into an unsecured revolving line of credit agreement that provides for available borrowings of up to $5,000,000 as of June 30, 2024 and 2023. The line of credit agreement matures in April 2025. Upon maturity of the $5,000,000 agreement, the entire principal balance becomes due. Borrowings under the line of credit bear interest at a variable rate, which was 8.50% at June 30, 2024. At June 30, 2024 and 2023, there was $0 outstanding on the line of credit, respectively. The lender of the note is a related party.

Note 9 - Long-Term Debt

Payee	Collateral	Interest Rate and Final Maturity Date	2024	2023
Burleigh County, North Dakota Education Facilities Revenue Bonds Series 2016, net of unamortized debt issuance costs of $661,261 and $691,662 in 2024 and 2023, respectively	(1)	(1)	$ 22,748,739	$ 23,498,337
Bravera Bank	(2)	(2)	886,272	1,329,407
Public Finance Authority Revenue Bonds, net of unamortized debt issuance costs of $63,016 and $72,966 in 2024 and 2023, respectively	(3)	(3)	4,586,985	5,327,034
Bravera Bank	(4)	(4)	2,966,673	4,361,461
			$ 31,188,669	$ 34,516,239

(1) The Series 2016 bonds are $35,000,000 Education Facilities Revenue Bonds (University of Mary Project) issued by Burleigh County, North Dakota. The issuer loaned the proceeds of the Series 2016 Bonds to the University of Mary pursuant to a loan agreement dated September 1, 2016. The proceeds of the bonds were used to pay for or reimburse construction project costs for a new residence hall, an athletics and wellness center, a campus center, and renovations to provide student housing and office space. Interest on the bonds ranging from 4.375% to 5.200% (effective interest rate of 5.044%) is due on April 15 and October 15 of each year, commencing April 15, 2017. Principal on the bonds of $660,000 to $2,305,000 will be paid on April 15 of each year, commencing April 15, 2020, and maturing on April 15, 2046. The bonds are secured by a mortgage, security agreement, assignment of leases and rents, and fixture financing statement.

(2) The Bravera Bank note was issued to monetize future pledges for building project funds. The note provided for advances of up to $7,000,000, of which $4,433,813 was drawn down. Monthly interest only payments began on September 21, 2017, and two annual principal payments of $887,500 starting January 1, 2019, subsequent annual payments of $443,135 began on January 31, 2021, with one final payment of outstanding principal and interest due January 31, 2026. The note bears interest at a fixed rate of 4.00%. The note is secured by specific promises to give. The lender of the note is a related party.

(3) The Public Finance Authority bond is a $5,400,000 Revenue Bond issued by various counties in Wisconsin. The issuer loaned the proceeds of the bond to the University of Mary pursuant to a loan agreement dated November 29, 2020. Interest on the bond is 2.00% due on May 19 and November 19 of each year, commencing May 19, 2021. Principal on the bond in due on November 19, 2030 with early payment allowed without penalty. The note is secured by specific promises to give. The bondholder is a related party.

(4) The Bravera Bank note was issued for building project funds. The note provided for advances of up to $7,250,000, of which all was drawn down prior to 2021. Annual principal and interest payments of $1,572,980 began on September 29, 2021, with one final payment of outstanding principal and interest due September 29, 2025. The note bears interest at a rate which was 4.00%. The note is secured by all pledges. The lender of the note is a related party.

Future maturities of long-term debt, are as follows:

Years Ending June 30,	Amount
2025	$ 2,794,593
2026	2,870,854
2027	893,333
2028	942,500
2029	988,333
Thereafter	23,423,333
Debt issuance costs	(724,277)
	$ 31,188,669

Interest expense, net of capitalized interest, totaled $1,452,420 and $1,607,639, respectively, for the years ended June 30, 2024 and 2023.

Note 10 - Deferred Revenue

The following table provides information about significant changes in the deferred revenues for the years ending June 30, 2024 and 2023:

	2024	2023
Deferred revenue, beginning of year	$ 9,062,309	$ 9,587,013
Revenue recognized that was included in deferred tuition at the beginning of the year	(4,619,724)	(4,658,674)
Increase in deferred tuition due to cash received during the year	4,903,037	4,619,724
Revenue recognized that was included in contract liabilities at the beginning of the year	(423,736)	(485,754)
Deferred revenue, end of year	$ 8,921,886	$ 9,062,309

Note 11 - Government Grants Refundable

The University receives Nursing Loan funds from the Department of Health and Human Services that are available to be loaned to eligible students. The University collects loan repayments (principal and interest) from the students that are deposited back into the Nursing Loan fund and subsequently loaned to other eligible students. If the programs are cancelled by the University, the loan pool must be repaid to the federal government and, accordingly, is reflected as a liability in the financial statements. The University receives a small fee for administering some of the programs.

Note 12 - Unitrusts

The University has been named as trustee and beneficiary in certain irrevocably established charitable remainder unitrusts. The unitrusts were funded with initial contributions to the University from the grantors with the requirement that periodic payments are made to the grantors during their lifetime and, then, for an additional term to other recipients. The payments to the grantors or other recipients are based on a percentage of the trust value as of a specific date during the year. The present value of the payments due grantors was $1,063,836 and $936,258 as of June 30, 2024 and 2023, respectively.

Note 13 - Annuities Payable

The University has agreed to pay designated individuals during the term of their natural life annual annuity payments. In consideration of the execution of these charitable gift annuity agreements, the individuals contributed cash or other assets to the University. The present value of the total annuities payable was $1,010,476 and $1,155,034 as of June 30, 2024 and 2023, respectively.

Note 14 - Retirement Benefits

The University provides a defined contribution retirement plan for substantially all of its employees who wish to participate in such benefits. The University matches employee contributions to the funds based on a percentage of the participating employees' salaries to a maximum of 8%. The total retirement expense for the years ended June 30, 2024 and 2023, was approximately $1,751,000 and $1,631,000, respectively.

Note 15 - Restrictions on Net Assets

Net assets released from restrictions as of June 30, 2024 and 2023, were as follows:

	2024	2023
Satisfaction of purpose restrictions for operations, capital improvements, scholarships, athletics, and outside agencies	$ 8,507,723	$ 6,481,914

Donor-restricted net assets at year-end are available for the following purposes:

	2024	2023
Available for future periods	$ 34,005,294	$ 11,667,911
Unspent appreciation of endowment funds subject to appropriation and expenditure	13,170,979	9,667,918
Perpetual in nature, endowment funds restricted for scholorships	57,047,909	54,110,650
	$ 104,224,182	$ 75,446,479

Note 16 - Endowment

The University's endowment consists of approximately 361 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the University has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value as of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The composition of Endowment Net Assets by fund type as of June 30, 2024, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 70,218,888	$ 70,218,888
Board-designated endowment funds	4,943,972	-	4,943,972
	$ 4,943,972	$ 70,218,888	$ 75,162,860

The composition of Endowment Net Assets by fund type as of June 30, 2023, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 63,778,568	$ 63,778,568
Board-designated endowment funds	4,801,936	-	4,801,936
	$ 4,801,936	$ 63,778,568	$ 68,580,504

Changes in Endowment Net Assets for the years ending June 30, 2024, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,801,936	$ 63,778,568	$ 68,580,504
Investment return			
Investment income	28,834	1,514,890	1,543,724
Net realized and unrealized appreciation	144,429	4,580,978	4,725,407
Contributions	-	3,165,293	3,165,293
Change in allowance/discount	-	(147,933)	(147,933)
Actuarial change in value	-	(80,101)	(80,101)
Appropriation of endowment assets for expenditure	(31,227)	(2,592,807)	(2,624,034)
Endowment net assets, end of year	$ 4,943,972	$ 70,218,888	$ 75,162,860

Changes in Endowment Net Assets for the years ending June 30, 2023, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,787,320	$ 57,987,913	$ 62,775,233
Investment return			
Investment income	38,267	1,385,219	1,423,486
Net realized and unrealized depreciation	85,548	3,279,961	3,365,509
Contributions	-	4,313,119	4,313,119
Change in allowance/discount	-	(723,544)	(723,544)
Actuarial change in value	-	(124,468)	(124,468)
Appropriation of endowment assets for expenditure	(109,199)	(2,339,632)	(2,448,831)
Endowment net assets, end of year	$ 4,801,936	$ 63,778,568	$ 68,580,504

Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets. Those assets include donor-restricted funds that the University must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, at a minimum, it is the objective of the University to attempt to preserve the real principal value of its endowment through prudent investment of those funds under management, as well as the level of spending in real-dollar terms, over the longer term. It is believed that prudent investment management and continuing development efforts will enhance endowment growth beyond this minimum objective.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that normally places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The University has approved a policy to appropriate for a distribution of 3% of its endowment fund’s three-year moving average, with additional percentages to be available if requested and approved. The approved spending rate for 2024 and 2023 was 5% and 5%, respectively. In establishing this policy, the University considered the long-term expected return on its endowment. Such a policy will allow for greater predictability of spendable income for budgeting purposes, for a gradual, steady growth of the endowment's support of the University's operation, and will minimize the probability of invading endowment principal over the long term. This is consistent with the University’s objective to maintain the purchasing power of the 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 17 - Transactions with Related Parties

The University obtains banking services from a bank that employs a current Board member. The cash held at the bank as of June 30, 2024 and 2023, was $14,612,809 and $15,988,909, respectively. The investments held at the bank or related entities as of June 30, 2024 and 2023, was approximately $6,585,000 and $5,160,000, respectively.

During the years ended June 30, 2024 and 2023, the University participated in transactions with certain parties who are related through common board oversight. Such transactions have been included in the University's financial statements for the years then ended, and are summarized as follows:

	Costs	
	2024	2023
Benedictine Sisters of the Annunciation, B.M.V.		
Contributed services	$ 2,422	$ 2,000
CHI St. Alexius Medical Center		
Tuition, consultations, supplies, materials	422,812	405,744
Northland Management Services		
Maintenance and repairs	1,581	1,505
	$ 426,815	$ 409,249

During the year, the University received pledges from various members of the Board. As of June 30, 2024 and 2023, $3,713,816 and $4,438,186, respectively, were included as promises to give from Board members.

Note 18 - In-Kind Donations

For the years ended June 30, 2024 and 2023, in-kind contributions recognized within the statements of activities included the following:

	2024	2023
Equipment	$ 67,063	$ 46,045
Leased vehicles	58,500	31,000
Foods	46,400	40,040
Improvements (road repairs)	32,584	8,194
Other	45,702	12,607
	$ 250,249	$ 137,886

Contributed food, supplies, and other items are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed food and supplies are used in program services.

During the years ended June 30, 2024 and 2023, the University received various equipment and improvements which were valued using estimated U.S. wholesale prices (principal market) for identical equipment or value of the services received for improvements. The University uses the equipment and improvements for program services. The University also receives donation of the right-to-use leased vehicles and those are valued based on the estimated lease expense for similar type assets.

Note 19 - Commitments and Contingencies

Food Service Contract

The University entered into a food service contract with Chartwell for 15 years in May 2018 with agreed-upon rates for the number and type of meals served.

Construction Commitments

As of June 30, 2024, construction was in progress on various properties in property, plant and equipment. As of June 30, 2024, the University had project commitments of approximately $3,100,000, of which $2,645,000 has been paid, leaving approximately $455,000 remaining. Projects will be funded with cash on hand or receipt of grant income.

Employee Retention Credit

The University's credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2028. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

Note 20 - Leases

The University leases certain building space and equipment for various terms under long-term, non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2029 and provide for renewal options ranging from one year to five years. The University included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Also, the agreements generally require the University to pay real estate taxes, insurance and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the University estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the University's applicable borrowing rates and the contractual lease term.

The University has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The University elected the practical expedient to not separate lease and non-lease components for a real estate and equipment leases.

Total lease costs for the years ended June 30, 2024 and 2023, were as follows:

	2024	2023
Operating lease cost	$ 369,930	$ 366,202
Finance lease cost:		
Interest expense	21,564	8,863
Amortization of right-of-use assets	171,777	61,836

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

	16-Jul	2023
Weighted-average remaining lease term:		
Operating leases	4.33 Years	4.9 Years
Finance leases	3.01 Years	2.1 Years
Weighted-average discount rate:		
Operating leases	3.65%	3.65%
Finance leases	4.02%	3.69%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2024.

For Years Ended June 30:	Operating	Finance
2025	$ 317,836	$ 181,520
2026	234,137	150,451
2027	177,569	133,370
2028	172,448	-
2029	53,520	-
Thereafter	87,121	-
Total lease payments	1,042,631	465,341
Less interest	(77,226)	(23,617)
Present value of lease liabilities	$ 965,405	$ 441,724