

ST. MARY'S COLLEGE OF MARYLAND

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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**ST. MARY'S COLLEGE OF MARYLAND
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
St. Mary's College of Maryland
St. Mary's City, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of St. Mary's College of Maryland (the College), a component unit of the state of Maryland, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the College, as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of St. Mary's College of Maryland and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter— Change in Accounting Principle

As discussed in Note two to the financial statements, effective July 1, 2021, the College adopted new accounting guidance for Subscription-Based Information Technology Arrangements (SBITA). This Statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Correction of a Misstatement

As discussed in Note two to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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 St. Mary's College of Maryland's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

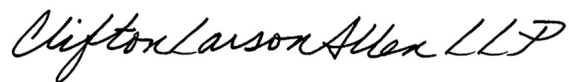
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of St. Mary's College of Maryland'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 St. Mary's College of Maryland's ability to continue as a going concern for a reasonable period of time.

Board of Trustees
St. Mary's College of Maryland

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions for the Pension Plan and Schedule of Contributions for the Other Postemployment Benefits Plan as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



CliftonLarsonAllen LLP

Baltimore, Maryland
January 15, 2024

**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30. 2023 AND 2022**

Overview of the Financial Statements and Financial Analysis

St. Mary's College of Maryland (the College) is pleased to present its financial statements for fiscal years 2023 and 2022, and 2021 prior-year data for comparative purposes. There are three financial statements presented for each fiscal year: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and Statements of Cash Flows.

The discussion and analysis of the College's financial statements provide an overview of its financial activities for the year. This discussion has been prepared by management. The discussion and analysis is designed to focus on current activities and current known facts.

Statements of Net Position

The Statements of Net Position present the assets, deferred outflows, liabilities, deferred inflows and net position of the College as of the end of each fiscal year. The purpose of the Statements of Net Position is to present to the readers of the financial statements a financial snapshot of the College. The Statements of Net Position present end-of-year data concerning assets and deferred outflows (current and noncurrent), liabilities and deferred inflows (current and noncurrent), and net position (fund balances). From the data presented, readers of the Statements of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors (accounts payable), investors (bonds payable) and banks (notes payable). Finally, the Statements of Net Position provide a picture of the net position and the availability for expenditure by the College.

**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Condensed Statements of Net Position (in thousands of dollars)

	As of		
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Assets:			
Current Assets	\$ 27,203	\$ 45,455	\$ 47,775
Noncurrent Assets, Net	<u>261,572</u>	<u>236,115</u>	<u>214,382</u>
Total Assets	288,776	281,570	262,157
Deferred Outflow of Resources:			
Deferred Outflows Related to Pensions	4,297	4,598	4,227
Deferred Charge on Refunding	<u>1,306</u>	<u>1,410</u>	<u>1,514</u>
Total Assets and Deferred Outflows of Resources	294,378	287,578	267,898
Liabilities:			
Current Liabilities	10,842	12,502	12,959
Noncurrent Liabilities	<u>51,439</u>	<u>49,353</u>	<u>56,297</u>
Total Liabilities	62,281	61,855	69,256
Deferred Inflow of Resources:			
Deferred Inflows Related to Pensions	<u>1,343</u>	<u>5,987</u>	<u>1,733</u>
Net Position:			
Net Investment in Capital Assets	222,166	204,697	184,001
Restricted - Nonexpendable	1,000	1,000	1,000
Restricted - Expendable	110	110	109
Unrestricted	<u>7,479</u>	<u>13,929</u>	<u>11,799</u>
Total Net Position	<u>\$ 230,755</u>	<u>\$ 219,736</u>	<u>\$ 196,909</u>

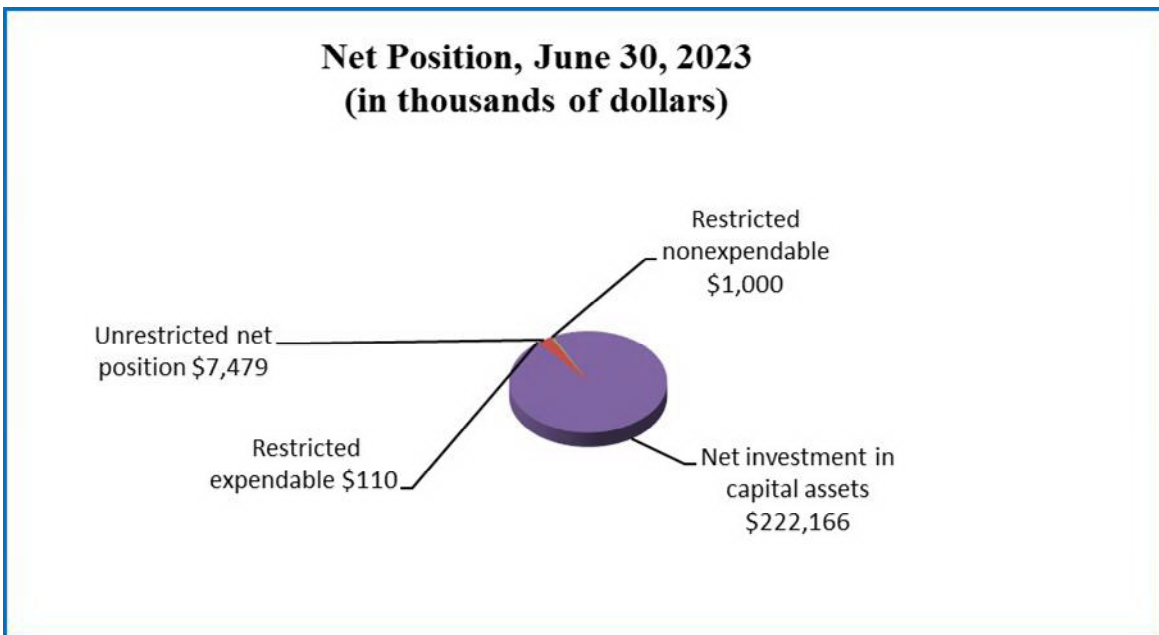
**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Statements of Net Position (continued)

The total assets and deferred outflows of the College increased by \$6.8 million in 2023 from 2022. This increase was primarily due to an increase of \$25.5 million in noncurrent assets noncurrent assets, primarily related to State funded Capital Assets. The total liabilities and deferred inflows for the year decreased by \$4.2 million. This combination of an increase in total assets and deferred outflows of \$6.8 million and an decrease in total liabilities and deferred inflows of \$4.2 million resulted in an increase in total net position of \$11.0 million.

The total assets and deferred outflows of the College increased by \$19.6 million in 2022 from 2021. This increase was primarily due to an increase of \$21.7 million in noncurrent, primarily related to prefunding of Capital projects, by the State (PAYGO) as well as an increase in State funded Capital Assets. The total liabilities and deferred inflows for the year decreased by \$3.1 million. This combination of an increase in total assets and deferred outflows of \$19.6 million and an decrease in total liabilities and deferred inflows of \$3.1 million resulted in an increase in total net position of \$22.8 million.

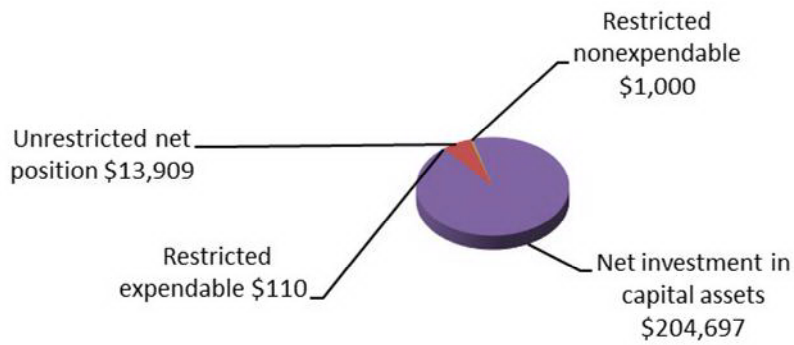
Net position is divided into three major categories. The first category, net investment in capital assets, includes the College's equity in property, plant and equipment owned by the College. The next category is restricted, which is divided into two subcategories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for use by the College but must be spent only for purposes specified by donors. The final category is unrestricted net position, which is available to be expended for any lawful purpose of the College. The following graphs detail net position by category held by the College as of June 30, 2023, 2022, and 2021, respectively.



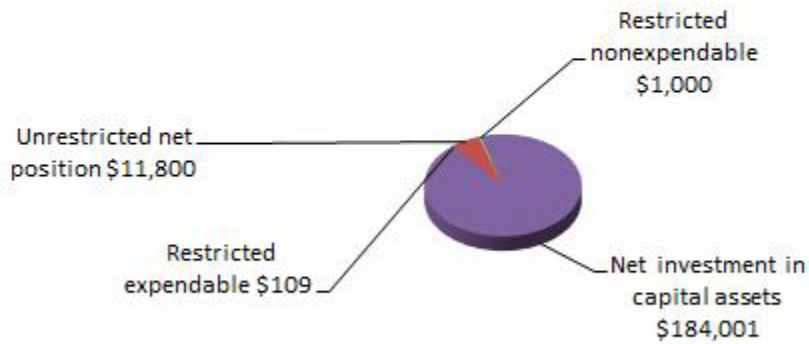
**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Statements of Net Position (continued)

**Net Position, June 30, 2022
(in thousands of dollars)**



**Net Position, June 30, 2021
(in thousands of dollars)**



**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Statements of Net Position (continued)

The breakdown of unrestricted net position with comparisons to the last two previous years is shown below:

Breakdown of Unrestricted Net Position (in thousands of dollars)

	As of June 30		
	2023	2022	2021
Encumbrances and Carryovers for General Operating Purposes	\$ 2,061	\$ 2,399	\$ 1,921
Encumbrances for Capital Projects	10,002	10,963	452
Funds Designated for Current Plant Projects	1,999	2,428	1,515
Funds Designated for Future Plant Projects	1,575	1,436	1,453
Funds Functioning as Endowments	4,342	4,081	4,187
Unrestricted Funds for General Operating Purposes	1,903	2,594	17,054
Net Pension Liability and Related Deferred Outflows/Inflows	<u>(14,403)</u>	<u>(9,972)</u>	<u>(14,782)</u>
Total Unrestricted Net Position	<u>\$ 7,479</u>	<u>\$ 13,929</u>	<u>\$ 11,800</u>

Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the Statements of Net Position are based on the activity presented in the Statements of Revenues, Expenses, and Changes in Net Position. The purpose of the statements is to present the revenues received by the College, both operating and nonoperating, and the expenses paid by the College, operating and nonoperating, and any other revenues, expenses, gains, and losses received or incurred by the College.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Nonoperating revenues are generated by incidental activities, gifts and subsidies. The financial reporting model classifies State appropriations and gifts to the College as nonoperating revenues. Public higher education's dependency on State aid results in an operating deficit. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation. Depreciation indicates that the College is "using up" long-term assets, such as buildings, over time.

**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Condensed Statements of Revenue, Expenses, and Changes in Net Position (in thousands of dollars):

	For the Years Ended		
	June 30, 2023	June 30, 2022	June 30, 2021
Operating Revenues:			
Tuition and Fees, Less Scholarships and Waivers	\$ 18,349	\$ 17,915	\$ 17,034
Grants and Contracts	4,323	1,879	376
Sales and Services of Educational Departments	960	366	140
Auxiliary Enterprises	17,762	17,065	11,925
Other Operating Revenues	150	173	79
Total Operating Revenues	<u>41,544</u>	<u>37,399</u>	<u>29,554</u>
Operating Expenses	<u>86,281</u>	<u>76,518</u>	<u>70,598</u>
Operating Loss	(44,737)	(39,119)	(41,044)
Nonoperating Revenues:			
State Appropriations	33,485	30,159	27,505
Other Nonoperating Revenues (Expenses)	3,632	4,699	12,134
Net Nonoperating Revenues	<u>37,117</u>	<u>34,858</u>	<u>39,639</u>
Loss Before Other Revenues, Expenses, Gains, and Losses	(7,620)	(4,262)	(1,405)
Capital Appropriations	<u>18,639</u>	<u>27,088</u>	<u>29,228</u>
Increase in Net Position	11,019	22,826	27,823
Net Position - Beginning of Year	<u>219,736</u>	<u>196,910</u>	<u>169,087</u>
Net Position - End of Year	<u>\$ 230,755</u>	<u>\$ 219,736</u>	<u>\$ 196,910</u>

Summary of Statements of Revenues, Expenses, and Changes in Net Position

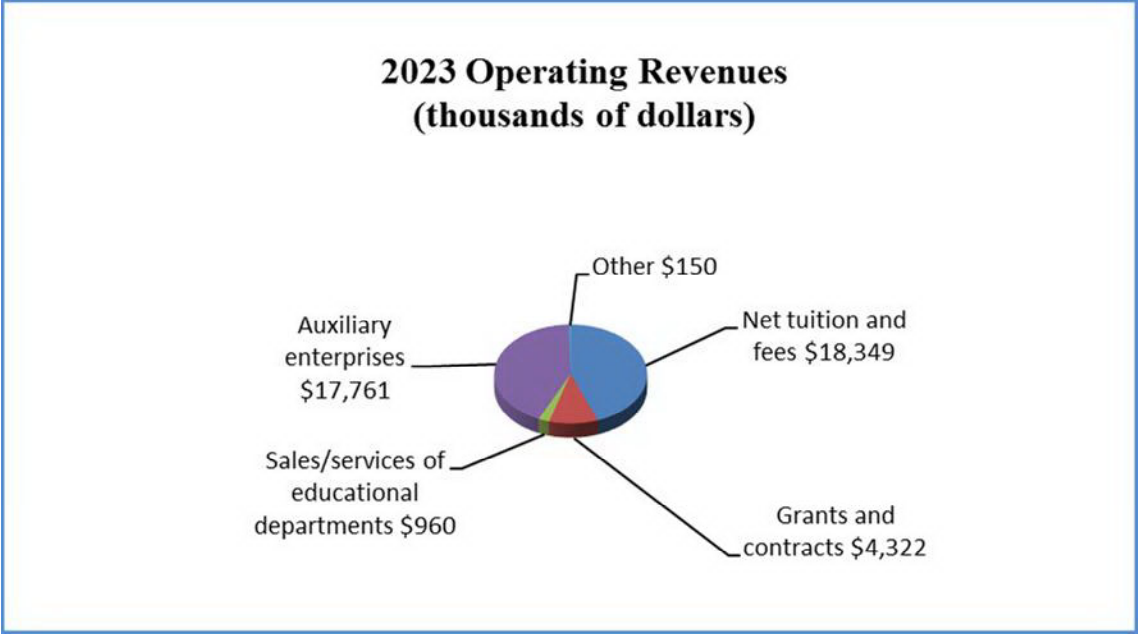
Net position increased by \$11 million, or 5.0%, for 2023. The increase resulted primarily from increased operating revenues and state appropriations. Operating expenses increased by \$9.8 million, nonoperating and capital state appropriation decreased by \$8.4 million. Additionally, \$2.6 million in direct assistance provided by the St. Mary's College of Maryland Foundation to College departments has been included in nonoperating revenue in 2022.

Net position increased by \$22 million, or 12%, for 2022. The increase resulted primarily from increased operating revenues and state appropriations. Operating expenses increased by \$6.6 million, nonoperating and capital state appropriation decreased by \$1.1 million. Additionally, \$2.4 million in direct assistance provided by the St. Mary's College of Maryland Foundation to College departments has been included in nonoperating revenue in 2022.

**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30. 2023 AND 2022**

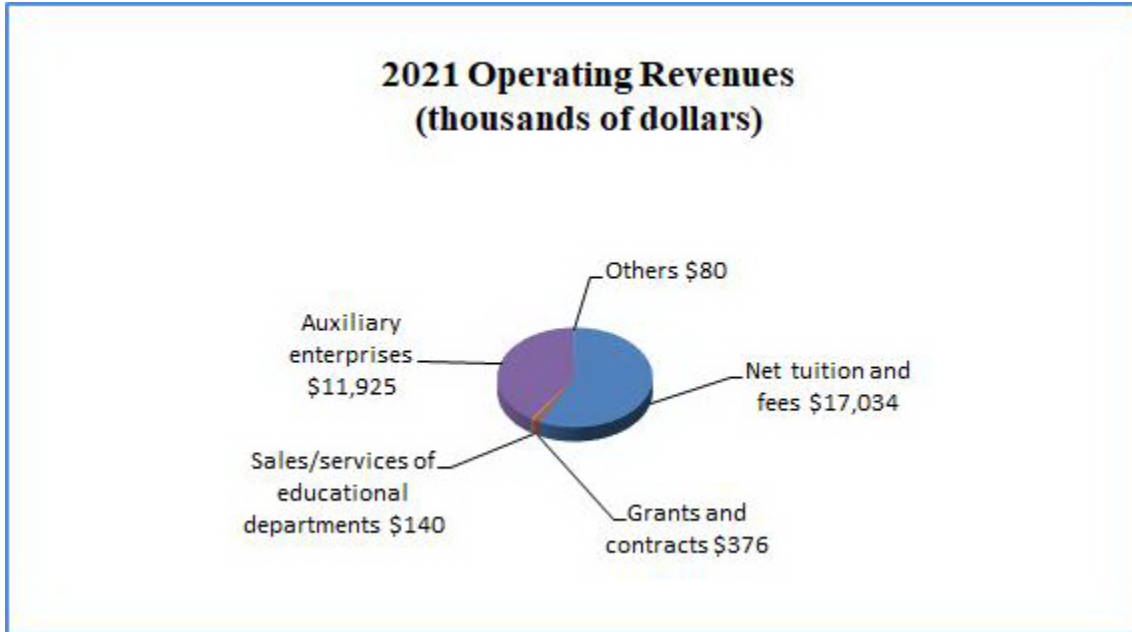
Operating Revenues

Total operating revenues for fiscal year 2023, were \$41.5 million. The graphs below show comparisons of operating revenues for fiscal years 2023, 2022, and 2021:



**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30. 2023 AND 2022**

Operating Revenues (continued)



Tuition and Fees

Tuition and fees, less scholarships and waivers, of \$18.3 million, accounted for 44% of total operating revenue and increased 2% from 2022 to 2023, primarily due to an increase in the number of students and increased scholarship discount. Scholarships provided to students with College funds are often referred to as a tuition discount, or simply as discounting.

Tuition and fees, less scholarships and waivers, of \$17.9 million, accounted for 48% of total operating revenue and increased 5% from 2021 to 2022, primarily due to an increase in the number of students and increased scholarship discount. Scholarships provided to students with College funds are often referred to as a tuition discount, or simply as discounting.

Grants and Contracts

This category includes all restricted revenues made available by government agencies as well as private agencies. Grant revenues are recorded only to the extent that a claim to resources has been established.

**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30. 2023 AND 2022**

Auxiliary Enterprises

Auxiliary enterprises consist of various departments that exist primarily to furnish goods or services to students, faculty, staff, or the general public and charge a fee directly related to the cost of those goods or services. They are intended to be self-supporting. The College's largest auxiliary enterprises include residence halls, dining services, and the campus store. The operating expenses for auxiliary enterprises include depreciation and utilities. Auxiliary Enterprise revenues for 2021 were impacted by the COVID-19 pandemic. The College re-opened successfully for the academic year 2021 with students having the choice to live on campus and attend classes either in-person or remotely. Some students chose to participate in on-line classroom activities and not live on campus leading to lower than normal residential operations.

Sales and Services of Educational Activities

Other operating revenues consist of sales and services of educational activities totaling \$1 million and \$.366 million in 2023 and 2022, respectively. Examples of educational activity include conferences and study abroad fees. Study abroad activity was largely prohibited due to COVID 19 restrictions.

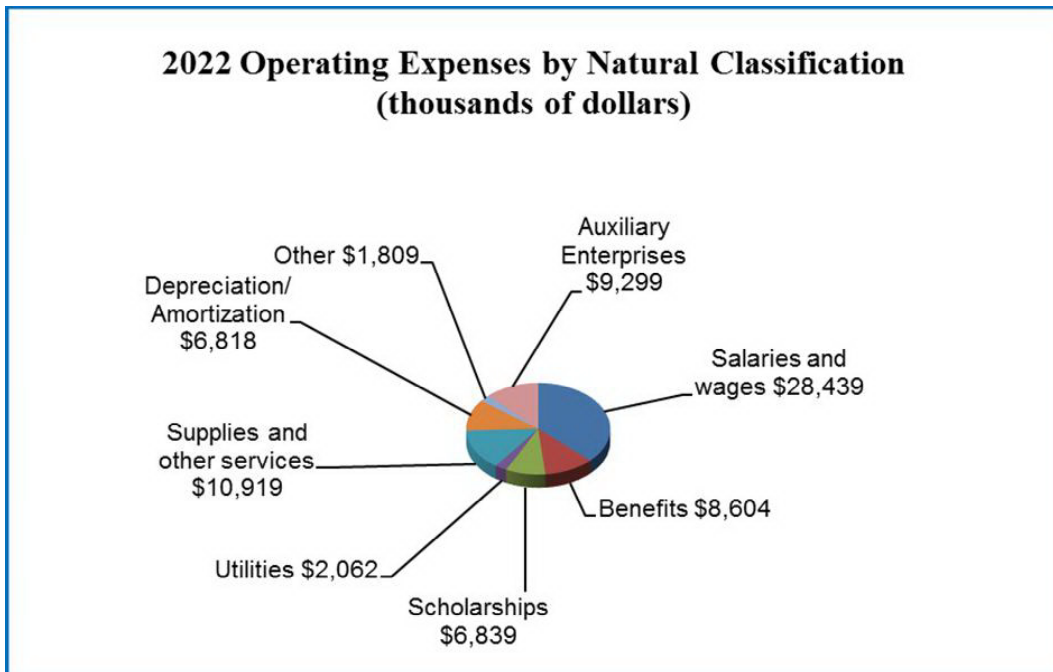
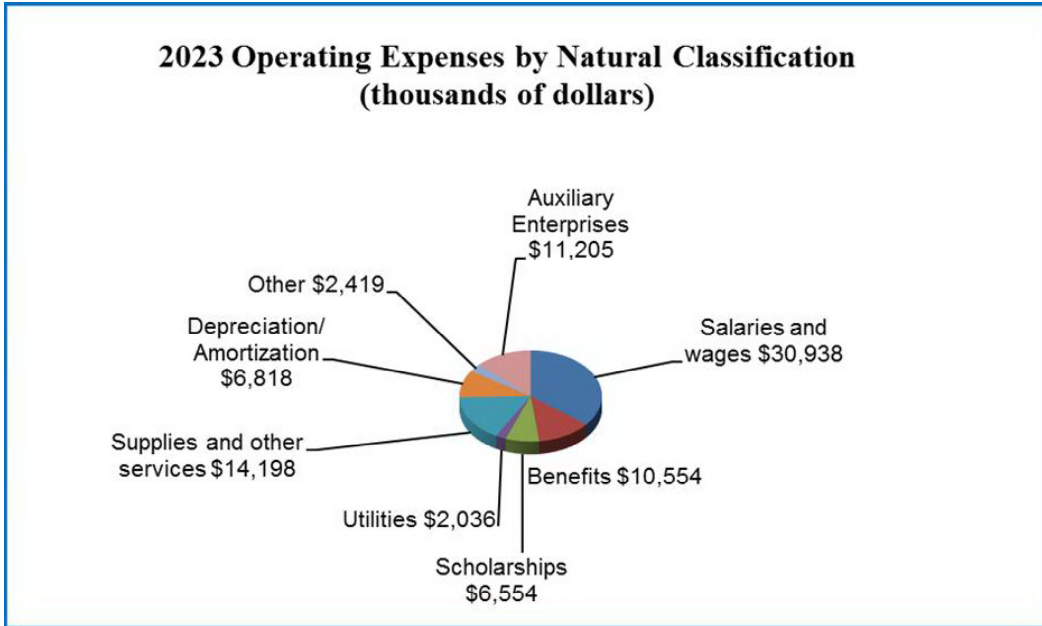
Operating Expenses

Operating expenses for 2023, totaled \$86.3 million, of which \$21.4 million or 25% was for instruction. Operating expenses include salaries and benefits of \$41.5 million, scholarships and grants of \$6.5 million, nonauxiliary utilities of \$2.0 million, supplies and other services of \$14.1 million, and depreciation and amortization of \$8.4 million. Depreciation of capital goods is carried as an accounting item; however, it does not require any cash outlay on behalf of the College. Depreciation indicates how much of the College's physical plant is being "consumed" each year.

Operating expenses for 2022, totaled \$76.5 million, of which \$19.3 million or 25% was for instruction. Operating expenses include salaries and benefits of \$37 million, scholarships and grants of \$6.8 million, nonauxiliary utilities of \$2.1 million, supplies and other services of \$11.1 million, and depreciation and amortization of \$8 million. Depreciation of capital goods is carried as an accounting item; however, it does not require any cash outlay on behalf of the College. Depreciation indicates how much of the College's physical plant is being "consumed" each year.

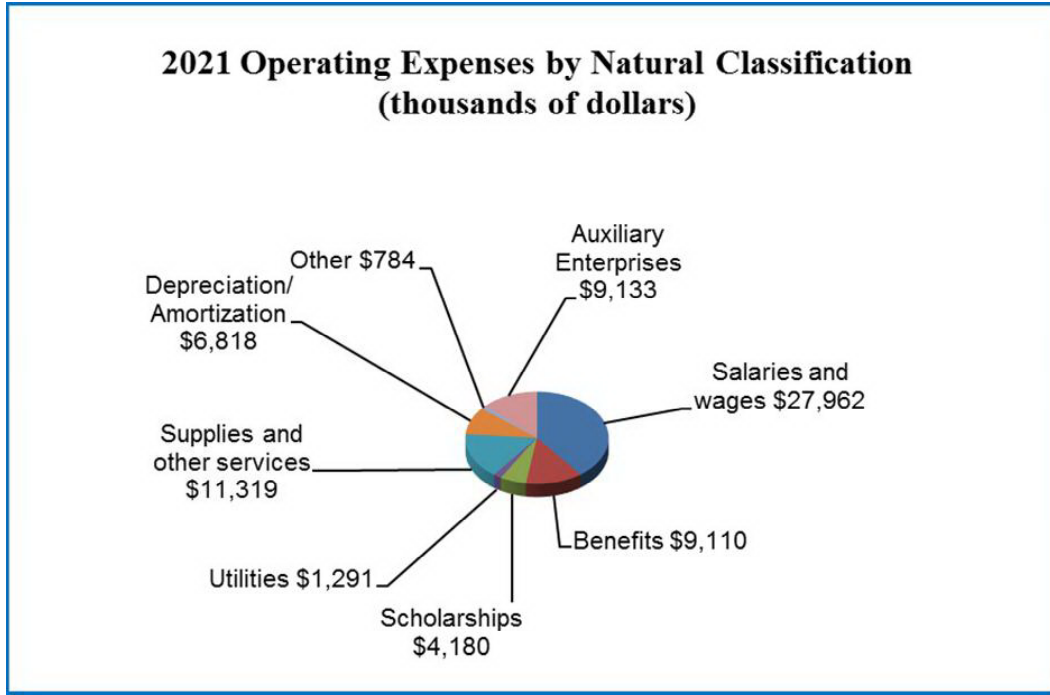
**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Operating Expenses (continued)



**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30. 2023 AND 2022**

Operating Expenses (continued)



State Appropriation

The largest inflow in the noncapital financing activities group is the state appropriation of \$33.5 million and \$30.2 million in 2023 and 2022, respectively. The legislation governing the provision of state support to St. Mary's College of Maryland, Annotated Code of Maryland 14-405 (b)(2)(ii), requires the governor of Maryland to submit an appropriation request to the legislature equal to the prior year's budgeted amount plus an amount equal to the implicit price deflator for state and local government. In recent years, the implicit price deflator has provided an increase to the College's appropriation that has ranged between 1.0 - 2.5%. Additionally, adjustments for health insurance cost changes for state supported positions as well as 50% of COLA related wage changes are provided. The state appropriation provides approximately 40% of the operating budget for the College. The College has received additional state funding from time to time. Such funding was provided in 2017 and 2016 for two strategic IT investment projects to enhance wireless networking on campus and to replace an obsolete Enterprise Resource System.

Investment Income, Net

Included in investment gains/losses and interest income (investment income, net) are the earnings from pooled cash held at the state, funds functioning as endowment investments, other investments, and the unrealized gains and losses on those investments. These funds will be used to support future needs as determined by the board of trustees.

**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Statements of Cash Flows

The financial statements presented by St. Mary's College of Maryland include the Statements of Cash Flows. One important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they mature. The College's cash and cash equivalents provide the day-to-day resources to pay for a variety of expenses.

The Statements of Cash Flows present detailed information about the cash activity of the College during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from noncapital financing activities. This section includes the cash activity resulting from state appropriations, grant activity, and other nonoperating cash flows. The third section deals with the cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital assets and related items. The fourth section reflects the cash flows from investing activities including the interest received from investing activities. The final section reconciles the net cash used in operations to the operating income or loss reflected on the Statements of Revenues, Expenses, and Changes in Net Position. Below is a condensed version of the four sections of the Statements of Cash Flow.

Condensed Statements of Cash Flows-Direct Method (in thousands of dollars)

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Cash and Cash Equivalents from:			
Operating Activities	\$ (38,367)	\$ (31,612)	\$ (34,569)
Noncapital Financing Activities	36,859	36,608	33,273
Capital and Related Financing Activities	(6,105)	(7,846)	16,897
Investing Activities	<u>(10,539)</u>	<u>354</u>	<u>406</u>
Net Change in Cash and Cash Equivalents	(18,152)	(2,496)	16,007
Cash and Cash Equivalents - Beginning of Year	<u>43,951</u>	<u>46,447</u>	<u>30,440</u>
Cash and Cash Equivalents - End of Year	<u>\$ 25,799</u>	<u>\$ 43,951</u>	<u>\$ 46,447</u>

Campus Enrollment

Declining demographics with fewer graduating high school students over the past decade and market preferences continue to challenge College enrollment levels over the past few years. However, in Maryland the number of graduating high school seniors is expected to increase through 2025. The College is engaged in a variety of proactive initiatives to increase enrollment that include changes in personnel, changes in marketing and recruitment activities, and revising our educational programs to become more attractive to the market. In fact, the college matriculated the largest entering class in a decade in Fall 2023.

**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Capital Assets and Debt Administration

Capital additions totaled \$21.9 million in fiscal year 2023. Capital additions were primarily comprised of the purchase of equipment and construction in progress. Current year capital additions were funded primarily with State capital appropriations of \$17.7 million, student paid facility fee revenues, and unrestricted net position which are designated for capital purposes. The principal balance of revenue bond and notes payable decreased by \$2.6 million, for the year ended June 30, 2023.

Capital additions totaled \$29 million in fiscal year 2022. Capital additions were primarily comprised of the purchase of equipment and construction in progress. Current year capital additions were funded primarily with State capital appropriations of \$28 million, student paid facility fee revenues, and unrestricted net position which are designated for capital purposes. The principal balance of revenue bond and notes payable decreased by \$2.4 million, for the year ended June 30, 2022.

For additional information concerning capital assets and debt administration, see notes 8 through 9 in the notes to the financial statements.

Factors and Events Impacting Future Periods

The COVID-19 pandemic impact on operations has ameliorated with residential operating counts for the Fall 2022 semester recovering to pre-pandemic levels. Recruiting goals for the 22/23 fiscal year were met and showed increased levels of applications and acceptances over each of the prior two years.

The level of state support, employee and retiree benefits, student fee increases, holding student tuition flat for four (4) consecutive years, enrollment trends and unstable energy costs impact the College's ability to expand programs, undertake new initiatives, and meet its ongoing operational needs. Enrollment and recruiting new students is increasingly competitive in our market segment. The number of students admitted for Fall 2022 is higher than Fall 2021 reflecting increased success in recruitment efforts.

A crucial element to the College's future will continue to be our relationship with the State of Maryland, as we work to manage tuition to make it competitive while providing an outstanding honors college education for our students.

There is also a direct relationship between the growth of State support and the College's ability to control tuition growth, as declines in State appropriations generally result in increased tuition levels. The Maryland State appropriation contributed \$57.9 million in 2023 in non-operating revenues. The level of support is therefore one of the key factors influencing the College's financial condition. During the 2018 Legislative session, the College was able to reset its funding formula to include funds for health insurance costs and 50% of cost of living adjustments (COLA) for state supported employees through the passage of House Bill 556. House Bill 556 also expresses legislative intent to provide funds to the College to moderate undergraduate resident tuition increases if the State provides such funds to other public four-year institutions. Additionally, with legislation passed during the 2022 legislative session, the College now receives 100% of any state-supported cost of living adjustment (COLA).

**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30. 2023 AND 2022**

Factors and Events Impacting Future Periods

The WIFI piece of this initiative is complete, the ERP vendor Campus Management is the vendor, and implementation of the project is expected to take approximately three years starting in January of 2019.

Priority needs and requirements for support of academic programs, faculty and staff compensation, facility infrastructure renewal, and new technology remain significant challenges facing the College in the years to come. Additionally, implementation of the Anthology Enterprise Resource Planning (ERP) system continues, with Phase 1 of the Finance, Human Resources, and Payroll module completed in 2023. We anticipate additional costs associated with the student information system implementation, and associated customization requirements in the future.

This financial report is designed to provide a general overview of St. Mary's College finances for all those with an interest in the Colleges finances. Questions concerning any additional information should be addressed to the Assistant Vice President for Finance, St. Mary's College of Maryland, 18952 E. Fisher Road, St. Mary's City, MD 20686-3001; or mkgrube@smcm.edu.

ST. MARY'S COLLEGE OF MARYLAND
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022 (As Restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 21,283,939	\$ 27,844,301
Restricted Cash and Cash Equivalents	4,514,604	16,106,194
Accounts Receivable, Net	1,113,789	1,216,636
Inventories	261,125	253,412
Prepaid Expenses and Other Assets	30,024	34,914
Total Current Assets	27,203,481	45,455,457
NONCURRENT ASSETS		
Endowment Investments	4,342,257	4,080,890
Other Investments	11,979,636	-
Notes Receivable, Net	94,481	103,616
Capital Assets, Net	245,155,800	231,930,959
Total Noncurrent Assets	261,572,174	236,115,465
Total Assets	288,775,655	281,570,922
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding	1,305,766	1,409,812
Deferred Outflows Related to Pensions	4,297,055	4,598,048
Total Assets and Deferred Outflows of Resources	294,378,476	287,578,782
LIABILITIES, DEFERRED INFLOWS OF RESOURCES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	5,069,735	7,583,728
Accrued Vacation Costs	1,383,411	1,070,682
Accrued Workers' Compensation, Current Portion	46,050	66,300
Bonds and Notes Payable, Current	2,535,294	2,506,216
Lease Liability, Current	340,672	93,102
Subscription Liability, Current	525,512	275,280
Unearned Revenue	941,062	907,577
Total Current Liabilities	10,841,736	12,502,885
NONCURRENT LIABILITIES		
Bonds and Notes Payable	35,747,664	38,282,956
Accrued Workers' Compensation	260,950	375,700
Lease Liability	607,791	251,120
Subscription Liability	404,787	450,796
Federal Perkins Funds	14,490	20,568
Net Pension Liability	14,403,360	9,971,647
Total Noncurrent Liabilities	51,439,042	49,352,787
Total Liabilities	62,280,778	61,855,672
DEFERRED INFLOWS OF RESOURCES		
Total Liabilities and Deferred Inflows of Resources Related to Pensions	\$ 1,342,599	\$ 5,986,687
Total Liabilities and Deferred Inflows of Resources Related to Pensions	63,623,377	67,842,359
NET POSITION		
Net Investment in Capital Assets	222,166,089	204,697,056
Restricted Nonexpendable:		
Scholarships and Fellowships	1,000,117	1,000,117
Restricted Expendable:		
Loans	90,194	90,335
Scholarships and Fellowships	19,894	19,894
Unrestricted	7,478,805	13,929,021
Total Net Position	\$ 230,755,099	\$ 219,736,423

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND
STATEMENTS OF FINANCIAL POSITION
ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC. – COMPONENT UNIT
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 1,211,245	\$ 2,770,028
Investments	46,083,335	41,067,132
Investments - Gift Annuity	1,141,849	1,118,866
Accrued Interest Receivable	126,894	99,519
Other Assets	221,076	213,887
Promises to Give, Net	3,274,470	2,455,513
Property and Equipment, Net	<u>1,201</u>	<u>1,201</u>
Total Assets	<u>\$ 52,060,070</u>	<u>\$ 47,726,146</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 138,474	\$ 113,423
Gift Annuity	<u>726,273</u>	<u>734,898</u>
Total Liabilities	864,747	848,321
NET ASSETS		
Without Donor Restriction	1,644,656	1,401,512
With Donor Restriction	<u>49,550,667</u>	<u>45,476,313</u>
Total Net Assets	<u>51,195,323</u>	<u>46,877,825</u>
Total Liabilities and Net Assets	<u>\$ 52,060,070</u>	<u>\$ 47,726,146</u>

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND
STATEMENTS OF FINANCIAL POSITION
ST. MARY'S COLLEGE OF MARYLAND BOAT FOUNDATION, INC. – COMPONENT UNIT
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
Cash	\$ 331,604	\$ 70,863
Prepaid Expenses	2,262	-
Property and Equipment, Net	264,831	328,367
Boats and Marine Equipment Held for Sale	1,900	501,345
Total Assets	\$ 600,597	\$ 900,575
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 6,513	\$ 6,249
NET ASSETS		
Without Donor Restriction	594,084	894,326
Total Liabilities and Net Assets	\$ 600,597	\$ 900,575

See accompanying Notes to Financial Statements.

ST. MARY'S COLLEGE OF MARYLAND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022 (As Restated)
OPERATING REVENUES		
Student Tuition and Fees (Less Scholarships and Waivers of \$7,496,426 in 2023 and \$7,362,195 in 2022)	\$ 18,348,839	\$ 17,915,126
Grants and Contracts:		
Federal	130,179	160,600
State	2,189,127	1,573,913
Other	2,003,361	144,530
Sales and Services	960,395	366,085
Auxiliary Enterprises:		
Residence Facilities, Net of Waivers of \$122,063 and \$113,276	10,680,915	10,427,757
Dining Services, Net of Waivers of \$42,672 and \$41,020	6,076,332	5,576,933
Bookstore	928,063	1,044,305
Other Auxiliary Enterprises Revenue	76,234	16,158
Other Operating Revenues	150,157	173,202
Total Operating Revenues	41,543,602	37,398,609
OPERATING EXPENSES		
Instruction	21,409,849	19,324,235
Research	626,627	416,641
Public Service	177,066	(2,273)
Academic Support	1,528,121	1,890,510
Student Services	11,041,883	9,458,509
Institutional Support	18,729,738	16,254,590
Operations of Plant	15,404,659	12,334,652
Scholarships and Fellowships	3,915,534	5,219,202
Auxiliary Enterprises	13,447,541	11,622,848
Total Operating Expenses	86,281,018	76,518,914
OPERATING LOSS	(44,737,416)	(39,120,305)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	33,485,435	30,158,654
Gifts and Grants	20,000	1,879,273
Pell, Cares Act, and HEERF Grants	3,354,041	4,569,949
Investment Gains and Losses	261,272	(364,950)
Interest Income	1,440,327	180,170
Interest on Indebtedness	(1,443,773)	(1,563,795)
Net Nonoperating Revenues	37,117,302	34,859,301
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	\$ (7,620,114)	\$ (4,261,004)
OTHER REVENUES, EXPENSES, GAINS, AND LOSSES		
Capital State Appropriations	18,638,790	27,088,095
Total Other Revenues	18,638,790	27,088,095
CHANGE IN NET POSITION	11,018,676	22,827,091
Net Position - Beginning of Year (as restated)	219,736,423	196,909,332
NET POSITION - END OF YEAR	\$ 230,755,099	\$ 219,736,423

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND
STATEMENT OF ACTIVITIES
ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC. – COMPONENT UNIT
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 257,887	\$ 5,896,283	\$ 6,154,170
Donated Services	1,790,268	-	1,790,268
Event Revenue	174,934	-	174,934
Investment Income, Net	-	8,190	8,190
Other Revenue	194,416	1,734,197	1,928,613
Net Assets Released from Restrictions	3,564,316	(3,564,316)	-
Total Support and Revenue	<u>5,981,821</u>	<u>4,074,354</u>	<u>10,056,175</u>
EXPENSES			
Program Services:			
Scholarships	363,167	-	363,167
Academic Chair	94,752	-	94,752
Alumni Activities	175,117	-	175,117
College Department/Division Support	1,530,424	-	1,530,424
Center for Study of Democracy	1,085,043	-	1,085,043
Total Program Services	<u>3,248,503</u>	<u>-</u>	<u>3,248,503</u>
Supporting Services:			
Management and General	1,238,618	-	1,238,618
Fundraising	1,251,556	-	1,251,556
Total Supporting Services	<u>2,490,174</u>	<u>-</u>	<u>2,490,174</u>
Total Expenses	<u>5,738,677</u>	<u>-</u>	<u>5,738,677</u>
CHANGE IN NET ASSETS	243,144	4,074,354	4,317,498
Net Assets - Beginning of Year	<u>1,401,512</u>	<u>45,476,313</u>	<u>46,877,825</u>
NET ASSETS - END OF YEAR	<u>\$ 1,644,656</u>	<u>\$ 49,550,667</u>	<u>\$ 51,195,323</u>

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND
STATEMENT OF ACTIVITIES
ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC. – COMPONENT UNIT
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 296,458	\$ 3,648,375	\$ 3,944,833
Donated Services	1,681,377	-	1,681,377
Event Revenue	151,380	-	151,380
Investment Income, Net	3,935	15,410	19,345
Other Revenue	(531,296)	(3,288,315)	(3,819,611)
Net Assets Released from Restrictions	2,619,498	(2,619,498)	-
Total Support and Revenue	<u>4,221,352</u>	<u>(2,244,028)</u>	<u>1,977,324</u>
EXPENSES			
Program Services:			
Scholarships	152,928	-	152,928
Academic Chair	64,563	-	64,563
Alumni Activities	148,678	-	148,678
College Department/Division Support	1,042,634	-	1,042,634
Center for Study of Democracy	1,087,031	-	1,087,031
Total Program Services	<u>2,495,834</u>	<u>-</u>	<u>2,495,834</u>
Supporting Services:			
Management and General	1,263,616	-	1,263,616
Fundraising	1,140,091	-	1,140,091
Total Supporting Services	<u>2,403,707</u>	<u>-</u>	<u>2,403,707</u>
Total Expenses	<u>4,899,541</u>	<u>-</u>	<u>4,899,541</u>
CHANGE IN NET ASSETS	(678,189)	(2,244,028)	(2,922,217)
Net Assets - Beginning of Year	<u>2,079,701</u>	<u>47,720,341</u>	<u>49,800,042</u>
NET ASSETS - END OF YEAR	<u>\$ 1,401,512</u>	<u>\$ 45,476,313</u>	<u>\$ 46,877,825</u>

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND
STATEMENTS OF ACTIVITIES
ST. MARY'S COLLEGE OF MARYLAND BOAT FOUNDATION, INC. – COMPONENT UNIT
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
SUPPORT AND REVENUE		
Donated Vessels	\$ 3,500	\$ 6,000
Donated Services and Facilities	67,816	70,865
Loss on Sale of Vessels/Impairment	<u>(77,445)</u>	<u>(550,050)</u>
Total Support and Revenue	(6,129)	(473,185)
 EXPENSES		
Program Services:		
Depreciation Expense	67,037	121,765
Transfers of Funds to College	25,097	60,878
Insurance	22,576	20,678
Storage Fees	364	5,810
Consultants	10,500	10,500
Fees and Licenses	26	200
Broker Fees	96,500	1,304
Boat Repairs and Maintenance	-	-
Travel	-	-
Miscellaneous	931	1,987
Total Program Services	<u>223,031</u>	<u>223,122</u>
 Management and General Expenses:		
Donated Services and Facilities	30,446	31,846
Professional Fees	<u>3,266</u>	<u>3,266</u>
Total Management and General Expenses	33,712	35,112
 Fundraising Expenses:		
Donated Services and Facilities	<u>37,370</u>	<u>40,019</u>
Total Fundraising Expenses	<u>37,370</u>	<u>40,019</u>
 Total Expenses	<u>294,113</u>	<u>298,253</u>
 CHANGE IN NET ASSETS	(300,242)	(771,438)
 Net Assets - Beginning of Year	<u>894,326</u>	<u>1,665,764</u>
 NET ASSETS - END OF YEAR	<u><u>\$ 594,084</u></u>	<u><u>\$ 894,326</u></u>

See accompanying Notes to Financial Statements.

ST. MARY'S COLLEGE OF MARYLAND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees (Net of All Scholarships and Grants)	\$ 11,891,059	\$ 10,855,265
Grants and Contracts	4,322,667	1,879,043
Salaries and Benefits	(41,122,132)	(37,860,838)
Payments to Suppliers	(21,168,072)	(14,511,092)
Loans Issued to Students		
Collection of Student Loans	9,135	3,923
Sales - Auxiliary Enterprises	17,761,545	17,065,153
Expenses - Auxiliary Enterprises	(11,188,111)	(9,388,586)
Direct Lending Student Proceeds	6,620,271	5,854,115
Direct Lending Student Disbursements	(6,620,271)	(5,854,115)
Other Receipts	1,126,549	310,106
Net Cash Used by Operating Activities	(38,367,360)	(31,647,026)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	33,485,435	30,158,654
Noncapital Gifts and Grants	3,374,041	6,449,222
Net Cash Provided by Noncapital Financing Activities	36,859,476	36,607,876
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital State Appropriations	18,638,790	26,088,095
Purchases of Capital Assets	(19,853,319)	(28,722,731)
Principal Paid on Long-Term Debt	(3,446,457)	(3,588,448)
Interest Paid on Long-Term Debt	(1,443,773)	(1,588,728)
Net Cash Used by Capital and Related Financing Activities	(6,104,759)	(7,811,812)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	1,440,327	178,669
Purchases of Investments	(11,979,636)	-
Proceeds from Sales of Investments	-	175,768
Net Cash Provided by Investing Activities	(10,539,309)	354,437
NET CHANGE IN CASH AND CASH EQUIVALENTS	(18,151,952)	(2,496,525)
Cash and Cash Equivalents - Beginning of Year	43,950,495	46,447,020
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 25,798,543	\$ 43,950,495

See accompanying Notes to Financial Statements.

ST. MARY'S COLLEGE OF MARYLAND
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Expense Paid During the Year	<u>\$ (1,443,773)</u>	<u>\$ (1,588,728)</u>
Assets Purchased with SBITA's	<u>\$ 717,150</u>	<u>\$ -</u>
Assets Purchased with Leases	<u>\$ 1,755,687</u>	<u>\$ 41,572</u>
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	\$ 21,283,939	\$ 27,844,301
Restricted Cash and Cash Equivalents	<u>4,514,604</u>	<u>16,106,194</u>
Total Cash and Cash Equivalents	<u>\$ 25,798,543</u>	<u>\$ 43,950,495</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (44,737,416)	\$ (39,120,305)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Noncash Expenses:		
Depreciation and Amortization	8,377,088	8,512,869
Effect of Changes of Noncash Operating Assets and Liabilities:		
Receivables, Net	96,771	(209,221)
Notes Receivable, Net	9,135	(7,509)
Inventories	(7,713)	29,519
Prepaid Expenses and Other Assets	4,890	2,551
Accounts Payable and Accrued Expenses	(2,648,993)	414,988
Accrued Vacation	312,729	6,458
Unearned Revenue	33,485	(348,163)
Net Pension Liability and Related Deferred Inflows/Outflows	192,664	(928,213)
Net Cash Used by Operating Activities	<u>\$ (38,367,360)</u>	<u>\$ (31,647,026)</u>

See accompanying Notes to Financial Statements.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 ORGANIZATION AND PURPOSE

Organization

St. Mary's College of Maryland (the College) is an undergraduate liberal arts institution located in St. Mary's City in southern Maryland. The College was authorized in 1964 by the state legislature as a four-year liberal arts college. The campus has been an educational site since 1840. The College is governed by its board of trustees (Board), a 26-member board, which consists of 23 voting trustees who are appointed by the governor of Maryland, a student trustee, and two ex-officio. The College is considered a component unit of the state of Maryland for financial reporting purposes and is included in the financial statements of the state of Maryland.

In fiscal year 1992, the state legislature enacted, and the Governor signed, a law that changed the nature of the College's relationship with the state, primarily by granting to the College authority, which was previously vested in state-controlled agencies. The significant effects of this law were the stabilization of the College's general fund support and the empowerment of the College's Board with regard to budget establishment and management, human resources functions, procurement of goods and services, and investment management of the College's endowment fund. Under the new governance structure, the College and its Board are held accountable to the citizens and officials of the State, primarily through oversight provided by the Maryland Higher Education Commission.

Discretely Presented Component Units of the College

As required by accounting principles generally accepted in the United States of America, (GAAP) these financial statements present the College and its component units.

In October 1971, St. Mary's College of Maryland Foundation, Inc. (the Foundation) was organized exclusively for charitable, religious, educational and scientific purposes. The Foundation's purposes further include, but are not restricted to, receiving and administering funds to enhance, improve, develop and promote St. Mary's College of Maryland and to benefit the College, its students and faculty. The Foundation meets the criteria as a component unit of the College; therefore, the activities of the Foundation are shown on these financial statements as a discretely presented component unit. The Foundation is a private, nonprofit organization that reports under the standards of the Financial Accounting Standards Board (FASB). No modifications have been made to the Foundation's financial information in the College's financial reporting for any differences between GASB and FASB standards.

In March 1998, the St. Mary's College of Maryland Boat Foundation, Inc. (the Boat Foundation), was established to coordinate the donation of boats, use of boats, and use of boat sales to support the mission of the St. Mary's College of Maryland and its waterfront programs. The Boat Foundation meets the criteria as a component unit of the College; therefore, the activities of the Boat Foundation are shown on these financial statements as a discretely presented component unit. The Boat Foundation is a private, nonprofit organization that reports under the standards of the Financial Accounting Standards Board (FASB). No modifications have been made to the Boat Foundation's financial information in the College's financial reporting for any differences between GASB and FASB standards.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Discretely Presented Component Units of the College

During the years ended June 30, 2023 and 2022, the Foundation distributed \$2,605,455 and \$2,413,212, respectively, to the College for both restricted and unrestricted purposes.

During the years ended June 30, 2023 and 2022, the Boat Foundation distributed \$29,846 and \$60,878, respectively, to the College for both restricted and unrestricted purposes.

The College performs various accounting, personnel, and public safety functions for Historic St. Mary's City (the City). The College is paid a fee for these services. The College does not exercise control over the City; therefore, the activities of the City are not reflected or consolidated in these financial statements.

Measurement Focus and Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government agency engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

Current and Noncurrent

Current assets are defined as cash and other assets or resources commonly identified as those which are reasonably expected to be realized in cash or consumed during a normal operating cycle of business, usually one year or less, without interfering with the normal business operation. They can consist of cash, inventories, accounts receivable, notes receivable, marketable securities, and prepaid expenses which meet the conditions stated above. Current liabilities are defined as obligations whose liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets, or the creation of other current liabilities. Other assets and liabilities which extend past the one-year period are classified as noncurrent.

Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value, which is determined using selected bases, in accordance with the fair value hierarchy. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net position.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and charges for auxiliary enterprises services provided to students, faculty and staff, the majority of each residing in the state of Maryland. Accounts receivable also include amounts due from Federal, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Notes Receivable

Notes receivable consist of notes initiated through the federal Perkins loan program. Based on the criteria of the Perkins loan program, individuals are not required to initiate their repayments until leaving the College. The federal Perkins loan program has ended and no new loans are being initiated.

Inventories

Inventories are valued at cost and are accounted for under the first-in, first-out method, which is not in excess of net realizable value.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000, or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements with a cost of \$50,000, or more, and that significantly increase the value or extend the useful life of the structure, are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation and Amortization is computed using the straight-line method over estimated useful lives of the assets, generally 40 years for buildings, 20 years for building improvements, 16 to 25 years for infrastructure, 7 years for library books, and 3 to 12 years for capital equipment.

Works of art and historical collections have not been capitalized or depreciated. Under College policy, works of art and historical collections are held for public exhibition, education, or research in furtherance of public service rather than financial gain. They are protected, cared for, and preserved, and the proceeds from sales of the collection are used to acquire other items for the collection.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. A deferred inflow of resources represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

The College recognizes deferred outflows and inflows for changes in actuarial assumptions, the difference between projected and actual experience and earnings on pension plan investments, proportionate share of contributions, and contributions made subsequent to the measurement date related to pensions. The college also recognizes deferred outflows related to deferred amounts on bond refundings.

Unearned Revenue

Unearned revenue includes amounts received for tuition and fees, certain auxiliary activities, and grant proceeds prior to the end of the fiscal year but related to the subsequent accounting period.

Accrued Vacation Costs

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statement of net position, and as a component of expense in the statement of revenues, expenses, and changes in net position. Accrued vacation payable is estimated by assuming that the proportion of the accrued vacation that will be used during the next year will be the same as the proportion that was used this year, as such all costs were considered current liabilities.

Leases and Subscription Liability

The College is a lessee for noncancellable leases of information technology arrangements, equipment and real estate. The College recognizes a lease or subscription liability and an intangible right-to-use lease asset (lease asset) in the Statement of Net Position. The College recognizes lease or subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the College initially measures the lease or subscription liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases – Lessee (Continued)

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease or subscription assets are reported with other capital assets and lease or subscription liabilities are reported with long-term liabilities on the statement of net position.

Income Taxes

The College, as a political subdivision of the state of Maryland, is exempt from federal income taxes under Section 1 of the Internal Revenue Code (IRC), as amended.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Maryland State Retirement and Pension System (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets – This represents the College's net investment in capital assets net of accumulated depreciation and amortization and outstanding debt obligations related to those capital assets.

Restricted Net Position – Expendable – Restricted expendable net position represents resources which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted Net Position – Nonexpendable – Nonexpendable restricted net position represent endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted Net Position – Unrestricted net position represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the direction of the governing board to meet current expenses for any purpose. Auxiliary enterprises are substantially self-supported activities that provide services for students, faculty, staff, or the local community.

When both restricted and unrestricted resources are available for use, it is the Colleges' policy to use restricted resources first, then unrestricted resources as needed.

Revenue Recognition and Classification of Revenues and Expenses

Revenue is recognized when earned, and on an accrual basis with the establishment of corresponding accounts receivable. Tuition receivables are uncollateralized obligations of students resulting from course registration. The allowance method for accounts receivable is used to measure bad debts, which include account charge-offs. The allowance for doubtful accounts is determined based upon aging analysis and management's estimation of collectability of such accounts.

The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues – Operating revenues and expenses are generated by the typical activities of a College, such as teaching and research, and include: (1) student tuition and fees, (2) sales and services of auxiliary enterprises, and (3) grants that support research and instruction.

Nonoperating Revenues – Nonoperating revenues and expenses are generated by incidental activities, gifts, and subsidies, and include investment income, gifts, state appropriations, and interest income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the published charge for goods and services provided by the College, and the amount that is actually paid by students or third parties making payments on the students' behalf. To the extent that the College's unrestricted funds are used to award scholarships, grants, and waivers, the College reports a scholarship discount and allowance.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Foundation and Boat Foundation

The financial statement presentation for the Foundation and Boat Foundation follows generally accepted accounting principles for nonprofit organizations. Complete financial statements of the Foundations may be requested from Jackie Wright, Development Office – Calvert Hall Room 102, St. Mary's College of Maryland, 18952 E. Fisher Road, St. Mary's City, MD 20686.

Unconditional Promises to Give – Foundation and Boat Foundation

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

The discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. Contributions received are recorded as net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions.

Net Assets – Foundation and Boat Foundation

The Foundations' net assets are classified 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 an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed 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.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes – Foundation and Boat Foundation

The Foundations are exempt from income taxes, except for taxes on unrelated business income, under Section 501(c)(3) of the IRC and related state statutes. The Foundations did not have any unrelated business income for the years ended June 30, 2023 and 2022.

Revenue and Revenue Recognition – Foundation and Boat Foundation

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions – Foundation and Boat Foundation

Volunteers contribute significant amounts of time to Foundation 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 GAAP. The College has allowed the Foundation to utilize office space on its campus. The utilities, water, and the space provided at no cost to the Foundation are not deemed significant. There are no amounts for utilities, water, and the space reflected in the financial statements. Contributed goods are recorded at fair value at the date of donation. The Foundation records donated professional services at the respective fair values of the services received.

Property and Equipment – Boat Foundation

The Boat Foundation capitalizes property and equipment when acquisition cost of fair value as of the date of the contribution is in excess of \$1,500 and has an estimated useful life of greater than one year. Depreciation is computed using the straight-line basis over each asset's estimated useful life which ranges from three to ten years for boats and marine equipment. Depreciation expense for the years ended June 30, 2023 and 2022 was \$67,037 and \$121,765, respectively.

Functional Expenses – Foundation and Boat Foundation

The costs of providing various programs and other 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. Those expenses include the Foundations' office staff and certain College personnel donated services. The financial statements also report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Donated services are allocated based on estimates of time and effort. Other expenses are charged directly to program services, general and administrative, or fundraising based on specific identification.

**ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The College adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the earliest comparative period presented. There was no impact on beginning net position for the fiscal year ended June 30, 2022.

Correction of a Misstatement

The College restated its 2022 financial statements to correct a misstatement related to the receipt and accounting related to State Capital Appropriations which resulted in changes to the following balances:

	2022 (as previously reported)	Adjustment	2022 (As reported)
Cash	\$ 50,357,301	\$ (22,513,000)	\$ 27,844,301
Unearned Revenue	14,805,947	(13,898,370)	907,577
Net Position	228,351,053	(8,614,630)	219,736,423
Capital State Appropriations	35,702,725	(8,614,630)	27,088,095

NOTE 3 CASH AND CASH EQUIVALENTS

As of June 30, cash and cash equivalents consisted of the following:

	2023	2022
Deposits in State of Maryland Cash Pool	\$ 20,533,888	\$ 27,180,648
Petty Cash	2,700	2,700
Money Market Funds	4,514,604	16,106,194
Cash Deposits	747,351	660,953
Total Cash and Cash Equivalents	<u>\$ 25,798,543</u>	<u>\$ 43,950,495</u>

Deposits in State of Maryland Cash Pool

As of June 30, 2023 and 2022, the College had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (Treasurer) in the amount of \$20,533,888 and \$27,180,648, respectively. The Treasurer has statutory responsibility for the state's cash management activities.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

The amount due from the Treasurer is part of the state's internal investment pool and is not separately identified as to specific types of securities for individual agencies within the state. The Treasurer maintains these and other state agency funds on a pooled basis in accordance with state statutes.

Cash Deposits

As of June 30, 2023 and 2022, the College has cash on deposit with other local banks in the amount of \$800,943 and \$763,233, respectively. The College has statutory responsibility for the management of these funds. As of June 30, 2023 and 2022, \$300,943 and \$263,233, respectively, of the College's cash deposits was exposed to custodial risk as they were uncollateralized.

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by pledging financial institutions' trust department or agent but not in the College's name.

The College does not have a formal deposit policy for custodial credit risk but follows the Treasurer's policy which states that the Treasurer may deposit in a financial institution in the state, any unexpended or surplus money in which the Treasurer has custody.

NOTE 4 INVESTMENTS

Endowment and other investments held by the College as of June 30 were as follows:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 358,388	\$ 372,178
Debt Securities:		
U.S. Treasury	12,247,672	364,087
U.S. Agencies	145,756	208,908
Mortgage-Backed Securities	46,161	55,461
Corporate Bonds	<u>1,812,361</u>	<u>1,520,751</u>
Total Debt Securities	14,251,950	2,149,207
Equity Securities	<u>1,711,555</u>	<u>1,559,505</u>
Total	<u>\$ 16,321,893</u>	<u>\$ 4,080,890</u>

Endowment fund investments are made in accordance with the investment policy of the College, adopted by consent of the board of trustees of the College, which authorizes the College to invest in domestic equities, international equities, fixed income or cash equivalents, and real estate investment trusts, within the proportions defined by the policy. Mutual funds, convertible preferred stocks, and convertible bonds may be used. Unexpended bond funds are invested in short-term S&P AAA rated, Wells Fargo Advantage Government Money Market Fund, Fannie Mae Guaranteed Securities, Notes, and Federal Home Loan Bank Notes.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 INVESTMENTS (CONTINUED)

The College categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Transactions are recorded on the trade date. Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses, and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis.

The College had the following recurring fair value measurements as of June 30:

	2023			
	Level 1	Level 2	Level 3	Total
U.S. Treasury	\$ -	\$ 12,247,672	\$ -	\$ 12,247,672
U.S. Agencies	-	145,756	-	145,756
Mortgage-Backed Securities	-	46,161	-	46,161
Corporate Bonds	1,812,361	-	-	1,812,361
Equity Securities	1,711,555	-	-	1,711,555
Total	<u>\$ 3,523,916</u>	<u>\$ 12,439,589</u>	<u>\$ -</u>	<u>\$ 15,963,505</u>

	2022			
	Level 1	Level 2	Level 3	Total
U.S. Treasury	\$ -	\$ 364,087	\$ -	\$ 364,087
U.S. Agencies	-	208,908	-	208,908
Mortgage-Backed Securities	-	55,461	-	55,461
Corporate Bonds	1,520,751	-	-	1,520,751
Equity Securities	1,559,505	-	-	1,559,505
Total	<u>\$ 3,080,256</u>	<u>\$ 628,456</u>	<u>\$ -</u>	<u>\$ 3,708,712</u>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 INVESTMENTS (CONTINUED)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy generally requires that fixed income securities may consist of obligations with average durations of seven years or less.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's investment policy requires that the quality rating of bonds be BBB or better. The quality rating of commercial paper must be A-1 or better.

As of June 30, the College had the following ratings and maturities of underlying fixed income investments:

Investment Type	Ratings (S and P)	2023 Investment Maturities (in Years)					Total
		<1	1 to 5	6 to 10	11 to 15	>15	
U.S. Government Securities	AAA	\$ 40,041	\$ 1,247,245	\$ 10,857,534	\$ 28,739	\$ 74,113	\$ 12,247,672
U.S. Agency and Other Asset-Backed Securities	AAA	-	88,624	54,110	25,292	23,891	191,917
Corporate Bonds	AAA	-	53,004	-	34,625	-	87,629
Corporate Bonds	AA-	-	36,202	56,446	-	-	92,648
Corporate Bonds	A+	24,869	93,216	74,047	-	75,508	267,640
Corporate Bonds	A	24,775	108,518	79,097	-	29,092	241,482
Corporate Bonds	A-	29,016	185,030	79,200	70,765	-	364,011
Corporate Bonds	BBB+	-	236,507	104,270	48,827	56,073	445,677
Corporate Bonds	BBB	24,947	79,057	116,833	23,072	69,365	313,274
Total		<u>\$ 143,648</u>	<u>\$ 2,127,403</u>	<u>\$ 11,421,537</u>	<u>\$ 231,320</u>	<u>\$ 328,042</u>	<u>\$ 14,251,950</u>

Investment Type	Ratings (S and P)	2022 Investment Maturities (in Years)					Total
		<1	1 to 5	6 to 10	11 to 15	>15	
U.S. Government Securities	AAA	\$ 76,241	\$ 160,356	\$ -	\$ 15,284	\$ 112,206	\$ 364,087
U.S. Agency and Other Asset-Backed Securities	AAA	396	55,247	3,852	15,987	34,985	110,467
U.S. Agency and Other Asset-Backed Securities	AA+	-	141,850	12,052	-	-	153,902
Corporate Bonds	AAA	-	-	-	35,926	-	35,926
Corporate Bonds	AA-	-	36,730	57,534	-	-	94,264
Corporate Bonds	A+	-	94,627	20,539	-	30,875	146,041
Corporate Bonds	A	25,036	106,878	28,402	-	-	160,316
Corporate Bonds	A-	39,903	203,144	81,507	31,839	41,917	398,310
Corporate Bonds	BBB+	-	233,158	73,719	79,923	36,352	423,152
Corporate Bonds	BBB	-	115,642	68,415	23,664	-	207,721
Corporate Bonds	NR	-	-	55,021	-	-	55,021
Total		<u>\$ 141,576</u>	<u>\$ 1,147,632</u>	<u>\$ 401,041</u>	<u>\$ 202,623</u>	<u>\$ 256,335</u>	<u>\$ 2,149,207</u>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 INVESTMENTS (CONTINUED)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College's investment policy implies that the investments in the debt securities of any one company may not exceed 10% of the portfolio. As of June 30, 2023 and 2022, there were no investments in excess of 5%.

Custodial Credit Risk – For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the College's name. The College does not have a policy for custodial credit risk. The College's investments are subject to custodial credit risk because they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the College's name.

Foreign Currency Risk – is the risk that changes in the exchange rate of investments will adversely affect the fair value of an investment. The College was not exposed to foreign currency risk as of June 30, 2023 and 2022, as the College did not have any investments denominated in foreign currencies.

The Foundation's investments consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Equities	\$ 16,147,628	\$ 16,727,576
Fixed Income	8,943,342	11,857,711
Cash Equivalents	9,259,701	1,483,850
Interest in Trust	1,483,314	1,428,098
Alternative Investment	11,391,199	10,688,763
Total Investments	<u>\$ 47,225,184</u>	<u>\$ 42,185,998</u>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 INVESTMENTS (CONTINUED)

During 2000, the Foundation became a named beneficiary to one-fourth of a trust held by a third party. The trust is restricted to scholarships. Under the terms of the trust, the Foundation will receive a distribution each year of approximately one-fourth of 5% of the value of the trust, even if the 5% is to be paid from the principal. The Foundation records one-fourth of the annual changes in market value of the trust as investment income. The value of the Foundation's share of the trust was \$1,483,314 and \$1,428,098 as of June 30, 2023 and 2022, respectively. The Foundation received a distribution of \$70,000 from the Trust for each of the years ended June 30, 2023 and 2022, respectively.

In determining the appropriate levels, the Foundation performs a detailed analysis of the assets and liabilities that are subject to the fair value disclosures.

	2023			
	Level 1	Level 2	Level 3	Total
Equities	\$ 16,147,628	\$ -	\$ -	\$ 16,147,628
Cash and Money Market Funds	9,259,701	-	-	9,259,701
Fixed Income Securities:				
U.S. Corporate Bonds	8,860,640	-	-	8,860,640
Fixed Income	82,702	-	-	82,702
Total Fixed Income Securities	8,943,342	-	-	8,943,342
Alternative Instruments:				
Hedge Funds	147,264	-	-	147,264
Real Estate	43,067	-	-	43,067
Hard Assets	1,112,336	-	-	1,112,336
Total Alternative Instruments	1,302,667	-	-	1,302,667
Interest Held in Perpetual Trust	-	-	1,483,314	1,483,314
Total Assets	<u>\$ 35,653,338</u>	<u>\$ -</u>	<u>\$ 1,483,314</u>	37,136,652
Investments Measured at Fair Value				
Using Net Asset Value per Share				<u>10,088,532</u>
Total Investments				<u>\$ 47,225,184</u>
Gift Annuity Liability				<u>\$ 726,273</u>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 INVESTMENTS (CONTINUED)

	2022			Total
	Level 1	Level 2	Level 3	
Equities	\$ 16,727,576	\$ -	\$ -	\$ 16,727,576
Cash and Money Market Funds	1,483,850	-	-	1,483,850
Fixed Income Securities:				
U.S. Corporate Bonds	11,774,529	-	-	11,774,529
Fixed Income	83,182	-	-	83,182
Total Fixed Income Securities	11,857,711	-	-	11,857,711
Alternative Instruments:				
Hedge Funds	167,165	-	-	167,165
Real Estate	746,708	-	-	746,708
Hard Assets	1,439,879	-	-	1,439,879
Total Alternative Instruments	2,353,752	-	-	2,353,752
Interest Held in Perpetual Trust	-	-	1,428,098	1,428,098
Total Assets	\$ 32,422,889	\$ -	\$ 1,428,098	33,850,987
Investments Measured at Fair Value				8,335,011
Using Net Asset Value per Share				\$ 42,185,998
Total Investments				\$ 42,185,998
Gift Annuity Liability				\$ 734,898

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial assets for the years ended June 30:

	2023	2022
Balance - Beginning of Year	\$ 1,428,098	\$ 1,746,347
Distributions	(70,000)	(70,000)
Change in Value of Perpetual Trust	125,216	(248,249)
Balance - End of Year	\$ 1,483,314	\$ 1,428,098

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial liabilities for the years ended June 30:

	2023	2022
Balance - Beginning of Year	\$ 734,898	\$ 735,144
Additions to Gift Annuity Liabilities	18,306	27,174
Change in Value of Gift Annuity Liabilities	(26,931)	(27,420)
Balance - End of Year	\$ 726,273	\$ 734,898

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 INVESTMENTS (CONTINUED)

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) for the years ended June 30 are as follows:

	Net Asset Value 2023	Net Asset Value 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Grosvenor Alternative Investments	\$ 1,616,952	\$ 2,054,857	N/A	Quarterly	70 Days
SOF XII Private Investors Offshore	112,967	100,000	\$ 400,000	Illiquid	10 Year Investment Horizon
EQT Infrastructure V Private	708,144	459,173	306,141	Illiquid	12 Year Investment Horizon
GSO Private Investors Offshore II	38,769	46,667	219,296	Illiquid	5 Year Investment Horizon
KKR Asian Fund II Private Investors	215,455	311,270	-	Illiquid	5 Year Investment Horizon
HPS Corporate Lending (HLEND)	1,017,902	-	-	Quarterly	35 Days
PEG GLOBAL PRIVATE EQUITY X	216,497	-	775,891	Illiquid	7-10 Year Investment Horizon
PEG GLOBAL PRIVATE EQUITY IX Offshore Special L.P.	687,331	471,484	435,367	Illiquid	7-10 Year Investment Horizon
PEG Global Private Equity Institutional Investors VIII Offshore Special L.P.	951,311	837,113	269,169	Illiquid	7-10 Year Investment Horizon
PEG Global Private Equity Institutional Investors VI Offshore Special L.P.	1,053,974	1,111,272	109,455	Illiquid	7-10 Year Investment Horizon
PEG Global Private Equity Institutional Investors V Offshore Special L.P.	1,439,355	1,800,235	30,269	Illiquid	7-10 Year Investment Horizon
CPI (Carlyle Property)	962,141	-	-	Quarterly	95 Days
Clarion Private Investors, LLC	1,067,734	1,142,940	N/A	Quarterly	95 Days
Total	<u>\$ 10,088,532</u>	<u>\$ 8,335,011</u>			

Hedge funds, real estate, and private investments use a variety of strategies, including hedged equity, global trading, market neutral, long and short biased, event driven, and global asset allocation. Hedge funds, real estate, and private investments can invest in a wide variety of both public and private securities including equities, fixed income, commodities, private placements, currencies, real estate, derivatives, and special situation investments.

NOTE 5 ENDOWMENTS

The College records endowment income as unrestricted, nonoperating income. Endowment income not expended for restricted scholarships or other allowable purposes during the fiscal year is included in funds functioning as endowments.

The spending rate of general endowment funds (quasi and pure), as adopted by the Board, is 4% of the average market value of total funds as of the last day of the previous three calendar years. The spending rate applies to endowment funds for both unrestricted and restricted purposes and is applied in accordance with the designation of each endowment.

The difference between the calculated amount and the actual realized endowment income is recorded as a nonmandatory transfer from or to the quasi-endowment fund in accordance with the above spending policy. The objectives of the spending rule are to preserve the purchasing power of the principal and attain a minimum of 1% real growth.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 ENDOWMENTS (CONTINUED)

The endowment net assets are reported as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Restricted Spendable and Nonspendable - Scholarship and Fellowships	\$ 1,020,011	\$ 1,020,011
Unrestricted Net Assets	<u>3,322,246</u>	<u>3,060,879</u>
Total Endowment Net Assets	<u>\$ 4,342,257</u>	<u>\$ 4,080,890</u>

NOTE 6 ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Student Tuition and Fees	\$ 869,611	\$ 692,035
Campus Store	19,525	32,515
Travel Advances	17,130	7,849
Federal, State and Private Grants and Contracts	<u>325,580</u>	<u>624,042</u>
Total	1,231,846	1,356,441
Less: Allowance for Doubtful Accounts	<u>118,057</u>	<u>139,805</u>
Net Accounts Receivable	<u>\$ 1,113,789</u>	<u>\$ 1,216,636</u>

NOTE 7 INVENTORIES

Inventories consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Health Center	\$ 13,303	\$ 1,586
Housekeeping	11,086	11,086
Central Stores	5,876	7,523
Campus Stores	<u>230,860</u>	<u>233,217</u>
Total Inventories	<u>\$ 261,125</u>	<u>\$ 253,412</u>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 CAPITAL ASSETS

Following are the changes in capital assets for the years ended June 30, 2023 and 2022:

	Balance June 30, 2022 (as restated)	Additions	Reductions	Balance June 30, 2023
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 5,947,437	\$ -	\$ -	\$ 5,947,437
Construction in-Progress	75,095,757	16,377,243	-	91,473,000
Total Capital Assets Not Being Depreciated	<u>81,043,194</u>	<u>16,377,243</u>	<u>-</u>	<u>97,420,437</u>
Capital Assets Being Depreciated:				
Infrastructure	21,768,826	3,455,641	-	25,224,467
Building and Building Improvements	226,751,264	-	-	226,751,264
Furniture, Fixtures, and Equipment	14,797,757	-	(287,781)	14,509,976
Assets Purchased through Notes Payable	85,506	-	-	85,506
Library Collections	13,771,936	404,716	-	14,176,652
Total Assets Being Depreciated	<u>277,175,289</u>	<u>3,860,357</u>	<u>(287,781)</u>	<u>280,747,865</u>
Right-to-Use Assets:				
Equipment and Vehicles	464,678	1,038,537	-	1,503,215
Subscription Assets	1,879,584	717,150	(147,966)	2,448,768
Total Right-to-Use Assets	<u>2,344,262</u>	<u>1,755,687</u>	<u>(147,966)</u>	<u>3,951,983</u>
Less: Accumulated Depreciation:				
Infrastructure	8,214,110	1,042,669	-	9,256,779
Building and Building Improvements	93,593,981	5,853,594	-	99,447,575
Furniture, Fixtures, and Equipment	13,516,804	261,526	-	13,778,330
Assets Purchased through Notes Payable	21,255	-	-	21,255
Library Collections	12,608,489	323,719	-	12,932,208
Total Accumulated Depreciation	<u>127,954,639</u>	<u>7,481,508</u>	<u>-</u>	<u>135,436,147</u>
Less: Accumulated Amortization:				
Equipment and Vehicles	127,497	320,966	-	448,463
Subscription Assets	549,650	574,614	(44,389)	1,079,875
Total Accumulated Amortization	<u>677,147</u>	<u>895,580</u>	<u>(44,389)</u>	<u>1,528,338</u>
Total Capital Assets Being Depreciated and Amortized, Net	<u>150,887,765</u>	<u>(2,761,044)</u>	<u>(391,358)</u>	<u>147,735,363</u>
Capital Assets, Net	<u>\$ 231,930,959</u>	<u>\$ 13,616,199</u>	<u>\$ (391,358)</u>	<u>\$ 245,155,800</u>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2021 (as restated)	Additions	Reductions	Balance June 30, 2022
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 5,947,437	\$ -	\$ -	\$ 5,947,437
Construction in-Progress	51,520,832	23,574,926	-	75,095,757
Total Capital Assets Not Being Depreciated	<u>57,468,269</u>	<u>23,574,926</u>	<u>-</u>	<u>81,043,194</u>
Capital Assets Being Depreciated:				
Infrastructure	16,867,221	4,901,605	-	21,768,826
Building and Building Improvements	226,751,264	-	-	226,751,264
Furniture, Fixtures, and Equipment	14,524,415	273,342	-	14,797,757
Assets Purchased through Notes Payable	170,916	-	(85,410)	85,506
Library Collections	13,567,327	204,609	-	13,771,936
Total Assets Being Depreciated	<u>271,881,143</u>	<u>5,379,556</u>	<u>(85,410)</u>	<u>277,175,289</u>
Right-to-Use Assets:				
Equipment and Vehicles	428,537	41,572	(5,431)	464,678
Subscription Assets	1,879,584	-	-	1,879,584
Total Right-to-Use Assets	<u>2,308,121</u>	<u>41,572</u>	<u>(5,431)</u>	<u>2,344,262</u>
Less: Accumulated Depreciation:				
Infrastructure	7,184,341	1,029,769	-	8,214,110
Building and Building Improvements	87,426,099	6,167,882	-	93,593,981
Furniture, Fixtures, and Equipment	13,211,245	305,559	-	13,516,804
Assets Purchased through Notes Payable	21,255	-	-	21,255
Library Collections	12,246,393	362,096	-	12,608,489
Total Accumulated Depreciation	<u>120,089,333</u>	<u>7,865,306</u>	<u>-</u>	<u>127,954,639</u>
Less: Accumulated Amortization:				
Equipment and Vehicles	35,015	97,913	(5,431)	127,497
Subscription Assets	-	549,650	-	549,650
Total Accumulated Amortization	<u>35,015</u>	<u>647,563</u>	<u>(5,431)</u>	<u>677,147</u>
Total Capital Assets Being Depreciated and Amortized, Net	<u>154,064,916</u>	<u>(3,091,741)</u>	<u>(85,410)</u>	<u>150,887,765</u>
Capital Assets, Net	<u>\$ 211,533,185</u>	<u>\$ 20,483,185</u>	<u>\$ (85,410)</u>	<u>\$ 231,930,959</u>

Depreciation and Amortization expense was \$8,377,088 and \$7,998,235 for the years ended June 30, 2023 and 2022, respectively.

NOTE 9 LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2023 and 2022, were as follows:

	Balance June 30, 2022 (as restated)	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Bonds:					
Revenue Bonds Payable	\$ 39,865,000	\$ -	\$ (2,330,000)	\$ 37,535,000	\$ 2,420,000
Unamortized Premium/Discount	785,265	-	(93,195)	692,070	93,196
Total Bonds	<u>40,650,265</u>	<u>-</u>	<u>(2,423,195)</u>	<u>38,227,070</u>	<u>2,513,196</u>
Other Liabilities:					
Notes Payable	138,907	-	(83,019)	55,888	22,098
Workers' Compensation	442,000	-	(135,000)	307,000	46,050
Accrued Vacation Costs	1,070,682	1,585,406	(1,272,677)	1,383,411	1,383,411
Lease Liability	344,222	1,038,537	(434,296)	948,463	340,672
Subscription Liability	726,076	717,150	(512,927)	930,299	525,512
Federal Loan Program Refundable	20,568	-	(6,078)	14,490	-
Net Pension Liability	9,971,647	4,431,713	-	14,403,360	-
Total Other Liabilities	<u>12,714,102</u>	<u>7,772,806</u>	<u>(2,443,997)</u>	<u>18,042,911</u>	<u>2,317,743</u>
Total Long-Term Obligations	<u>\$ 53,364,367</u>	<u>\$ 7,772,806</u>	<u>\$ (4,867,192)</u>	<u>\$ 56,269,981</u>	<u>\$ 4,830,939</u>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

	Balance June 30, 2021 (as restated)	Additions	Reductions	Balance June 30, 2022 (as restated)	Amounts Due Within One Year
Bonds:					
Revenue Bonds Payable	\$ 42,135,000	\$ -	\$ (2,270,000)	\$ 39,865,000	\$ 2,330,000
Unamortized Premium/Discount	878,461	-	(93,196)	785,265	93,196
Total Bonds	43,013,461	-	(2,363,196)	40,650,265	2,423,196
Other Liabilities:					
Notes Payable	220,077	-	(81,170)	138,907	83,020
Workers' Compensation	452,000	-	(10,000)	442,000	66,300
Accrued Vacation Costs	1,055,724	1,405,577	(1,390,619)	1,070,682	1,070,682
Lease Liability	394,744	34,619	(85,141)	344,222	93,102
Subscription Liability	1,879,584	-	(1,153,508)	726,076	275,280
Federal Loan Program Refundable	32,000	-	(11,432)	20,568	-
Net Pension Liability	14,782,397	-	(4,810,750)	9,971,647	-
Total Other Liabilities	18,816,526	1,440,196	(7,542,620)	12,714,102	1,588,384
Total Long-Term Obligations	<u>\$ 61,829,987</u>	<u>\$ 1,440,196</u>	<u>\$ (9,905,816)</u>	<u>\$ 53,364,367</u>	<u>\$ 4,011,580</u>

The College restated beginning balance for the implementation of GASB Statement No. 87 *Leases* and have included \$428,537 of lease liability.

Academic Fees and Auxiliary Facilities Fees Revenue Bonds and Notes

Revenue bonds and notes consisted of the following as of June 30:

	2023	2022
2012 Subordinate Revenue Bonds, Series A	\$ 6,685,000	\$ 7,530,000
2018 Subordinate Revenue Bonds, Series A	10,850,000	12,335,000
2020 Series A Notes	20,000,000	20,000,000
Total Revenue Bonds	37,535,000	39,865,000
Unamortized Premium/Discount	692,070	785,266
Total	<u>\$ 38,227,070</u>	<u>\$ 40,650,266</u>

The 2012 Series A subordinate revenue bonds are dated June 6, 2012 and bear interest rates from 2.000% to 4.000%. Annual maturities will increase from 2012 until the payment of \$740,000 becomes due in 2032. The bonds maturing after September 1, 2022 are callable at no premium.

The 2018 Series A Bonds were issued on July 28, 2018 to refinance the Series 2005A, 2006A, 2014A, and partial refunding of Series 2012A bonds under a current refunding. The difference between the cash flows required to service the old debt and the cash flow required to service the new debt and complete the refunding was \$2,103,031. The reacquisition price exceeded the net carrying value of the old debt by \$1,076,289 on July 28, 2018. This amount is deferred and being amortized to interest expense over 20 years, which is the remaining life of the debt. The unamortized balance of \$809,918 and \$863,913 as of June 30, 2023 and 2022, respectively, and is reported as a deferred financing outflows.

The 2020 Series A Notes were issued on February 5, 2021 at \$20,000,000 and bear an interest rate of 3.96%. The notes were issued to improve infrastructure, upgrading technology infrastructure, and developing facilities initiatives.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Academic Fees and Auxiliary Facilities Fees Revenue Bonds and Notes (Continued)

All of the aforementioned bonds are limited obligations of the College payable solely from, and secured by, the gross revenues derived from academic fees and auxiliary facilities fees. The trust agreements related to these subordinate revenue bonds establish several covenants with which the College must comply. Those covenants address the payment of bonds, operation and maintenance of facilities, and transfers of facilities, among other matters. The covenants also require the College to fix, revise, charge, and collect auxiliary facilities and academic fees with respect to each fiscal year in amounts sufficient to make all the payments on the bonds as required by the trust agreement.

Cash and investments totaling \$16,494,240 and \$16,106,194 for 2023 and 2022, respectively, are comprised of certain funds to be held and invested by the Trustee. As such, the use of these funds is limited to the bond project issue cost, capitalized interest, or reserve fund purposes.

In-Substance Defeasance

The 2012 Series A bonds were issued on June 6, 2012 to refinance the Series A 2002 and 2003 bonds. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding was \$2,618,781. The reacquisition price exceeded the net carrying value of the old debt by \$1,048,983, on June 6, 2012. This amount was deferred and being amortized to interest expense over 22 years, which is the remaining life of the debt. The unamortized balance was \$495,848 and \$545,833 as of June 30, 2023 and 2022, respectively, and is reported as a deferred financing outflow.

Principal and Interest Payments

Future principal and interest payments of outstanding revenue bonds and notes payable as of June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,420,000	\$ 1,366,841	\$ 3,786,841
2025	2,150,000	1,279,035	3,429,035
2026	1,950,000	1,203,579	3,153,579
2027	1,900,000	1,132,529	3,032,529
2028	1,980,000	1,061,054	3,041,054
2029 to 2032	6,065,000	4,575,889	10,640,889
2033 to 2037	12,385,000	2,965,025	15,350,025
2038 to 2042	8,685,000	524,997	9,209,997
Total	<u>\$ 37,535,000</u>	<u>\$ 14,108,949</u>	<u>\$ 51,643,949</u>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Notes Payable – Equipment

In January 2018, the College entered into an agreement through the State of Maryland Equipment Purchase Agreement for science equipment in the amount of \$263,930 with an interest rate of 2.53% per year. In May 2020, the College entered into another agreement through the State of Maryland Equipment Purchase Agreement in the amount of \$99,084 with an interest rate of 1.53% per year. The capital assets acquired through notes payable are as follows:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 85,499	\$ 85,499
Less: Accumulated Depreciation	(85,499)	(85,499)
Total	<u>\$ -</u>	<u>\$ -</u>

Future principal and interest lease payments for the notes payable were as follows as of June 30, 2023:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative Fees</u>	<u>Total</u>
2024	\$ 22,099	\$ 773	\$ 56	\$ 22,928
2025	22,439	432	32	22,903
2026	11,349	87	6	11,442
Total	<u>\$ 55,887</u>	<u>\$ 1,292</u>	<u>\$ 94</u>	<u>\$ 57,273</u>

Lease Liability

The College leases vehicles and equipment for various terms under long-term, non-cancelable lease agreements. See note 8 for the related assets and amortization for right to use assets. A summary of the lease terms are listed below:

<u>Type</u>	<u>Annual Installments</u>	<u>Interest Rates</u>	<u>Due Dates</u>
Vehicle	\$6,539	3.960%	June 18, 2026
Equipment	\$104 to \$376	0.040%	February 29, 2023 to October 19, 2026

Future minimum lease payments under the lease agreements for the years ending June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 340,672	\$ 25,061	\$ 365,733
2025	285,258	15,633	300,891
2026	215,441	6,497	221,938
2027	106,732	318	107,050
2028	360	7	-
Total	<u>\$ 948,463</u>	<u>\$ 47,516</u>	<u>\$ 995,979</u>

**ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Subscription Liability

The College has entered into subscription-based information technology arrangements for software for various terms under long-term, non-cancelable agreements. A summary of the terms are listed below:

<u>Type</u>	<u>Annual Installments</u>	<u>Interest Rates</u>	<u>Due Dates</u>
Software	\$14,071 to \$61,678	3.960%	June 1, 2026 to April 1, 2028
Software	\$180,368	0.360%	July 1, 2021- February 29, 2028

Future minimum subscription payments under the agreements for the years ending June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 525,512	\$ 15,725	\$ 541,237
2025	354,772	3,783	358,555
2026	24,003	1,676	25,679
2027	26,012	695	26,707
Total	<u>\$ 930,299</u>	<u>\$ 21,879</u>	<u>\$ 952,178</u>

NOTE 10 RETIREMENT PLANS

Maryland State Retirement and Pension System

Employees of the College participate in the Maryland State Retirement and Pension System (the System), established by the state to provide pension benefits for state employees and employees of 123 participating entities within the state. The System is a cost-sharing, multiple employer, public employee retirement system and no separate valuation is performed for the College and the College's only obligation to the plan is its required annual contributions.

Plan Description

The System, which is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland (the Article), consists of the several plans that are managed by the board of trustees for the System. All state employees hired into positions that are permanently funded and employees of the participating entities are eligible for coverage by the plans. Teachers employed by the College are provided with pensions through the Teachers' Pension System of the State of Maryland (TPS)—a cost-sharing multiple employer defined benefit pension plan administered by the System. Certain employees of the College are provided with pensions through the Employees Retirement System of the State of Maryland (ERS)—a cost-sharing multiple employer defined benefit pension plan administered by the System.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 RETIREMENT PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of TPS and ERS to MSRPS board of trustees. MSRPS issues a publicly available financial report that can be obtained at www.sra.state.md.us/Agency/Downloads/CAFR/.

Benefits Provided

A member of either the Teachers' or Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's Average Final Compensation (AFC) multiplied by the number of years of accumulated creditable service.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998.

With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' or Employees' Pension System.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 RETIREMENT PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

Early Service Retirement

A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' or Employees' Retirement System member is 30%.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pension System is 30%.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after five years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating five years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 RETIREMENT PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

Contributions

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 6% - 7% of their annual pay, depending on which system the employee belongs. The state of Maryland is responsible for the net pension liability of TPS. The College's required contribution is for the normal cost and does not include any contribution for past service cost. As such, the state of Maryland is responsible for 100% of the net pension liability related to TPS and qualifies as a special funding situation. The state of Maryland did not make contributions on behalf of the College for the years ended June 30, 2023 and 2022.

The College's contractually required contribution for the years ended June 30, 2023 and 2022, was \$2,057,711 and \$1,692,515, respectively, actuarially determined as an amount that, when combined with the state of Maryland and employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (state only).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2023 and 2022, the College reported a liability of \$14,403,360 and \$9,971,647, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and June 30, 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2023 and 2022, the College's proportion was .072% and 0.066%, respectively, a change of .006% from the prior year. As of June 30, 2022 and 2021, the College's proportion was .066% and .066% respectively, which represented no change from the prior year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the years ended June 30, 2023 and 2022, the College recognized pension expense of \$88,619 and \$928,213, respectively. As of June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources from the following sources:

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 RETIREMENT PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual		
Earnings on Plan Investments	\$ 236,611	\$ -
Change in Actuarial Assumptions	1,467,582	132,145
Change in Proportion and Proportionate Share	535,151	276,834
Change in Experience	-	933,620
Contributions Made Subsequent to the Measurement Date	2,057,711	-
Total	\$ 4,297,055	\$ 1,342,599

The \$2,057,711 as of June 30, 2023, reported as deferred outflows of resources resulting from the College's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Net Difference Between Projected and Actual Earnings	Change in Proportion and Proportionate Share	Change in Actuarial Assumptions	Change in Experience	Change in Actuarial Assumptions	Change in Proportionate Share
Year Ending June 30,						
2024	\$ (95,744)	\$ 503,652	\$ 419,983	\$ 249,003	\$ 78,565	\$ 244,378
2025	(165,212)	11,609	419,983	239,776	53,580	13,052
2026	(437,396)	9,354	419,983	217,361	-	13,002
2027	934,963	7,058	207,633	167,582	-	6,402
2028	-	3,478	-	59,898	-	-
Total	\$ 236,611	\$ 535,151	\$ 1,467,582	\$ 933,620	\$ 132,145	\$ 276,834

As of June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net Difference Between Projected and Actual		
Earnings on Plan Investments	\$ -	\$ 4,572,661
Change in Actuarial Assumptions	1,905,295	210,710
Change in Proportion and Proportionate Share	1,000,238	629,074
Change in Experience	-	574,242
Contributions Made Subsequent to the Measurement Date	1,692,515	-
Total	\$ 4,598,048	\$ 5,986,687

**ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

Deferred outflows of resources of \$1,692,515 related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ending June 30, 2024.

Year Ending June 30,	Deferred Outflows of Resources		Deferred Inflows of Resources			
	Change in Actuarial Assumptions	Change in Proportion and Proportionate Share	Change in Actuarial Assumptions	Change in Experience	Net Difference Between Projected and Actual Earnings	Change in Proportionate Share
2023	\$ 437,713	\$ 496,797	\$ 78,565	\$ 186,617	\$ 1,069,422	\$ 352,240
2024	419,983	496,594	78,565	127,479	1,030,707	244,378
2025	419,983	4,551	53,580	118,252	1,100,174	13,052
2026	419,983	2,296	-	95,837	1,372,358	13,002
2027	207,633	-	-	46,057	-	6,402
Total	<u>\$ 1,905,295</u>	<u>\$ 1,000,238</u>	<u>\$ 210,710</u>	<u>\$ 574,242</u>	<u>\$ 4,572,661</u>	<u>\$ 629,074</u>

Actuarial Assumptions

The total pension liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2023	2022
Valuation Date	June 30, 2022	June 30, 2021
Inflation - General	2.25%	2.25%
Inflation - Wage	2.75%	2.75%
Salary Increases	2.75% to 11.25%, Including Inflation	3.1% to 11.6%, Including Inflation
Investment Rate of Return	6.80%	6.80%
Mortality Rates	Pub-2010 Mortality Tables with Projected Generational Mortality Improvements Based on the MP-2018 Fully Generational Mortality Improvement Scale	Pub-2010 Mortality Tables with Projected Generational Mortality Improvements Based on the MP-2018 Fully Generational Mortality Improvement Scale

The economic and demographic actuarial assumptions used in the June 30, 2022 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2014-2018, after completion of the June 30, 2018 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the Board for the first use in the actuarial valuation as of June 30, 2019. As a result, an investment return assumption of 6.80% and an inflation assumption of 2.25% were used in the June 30, 2022 valuation.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(s).

For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

Asset Class	2022		2021	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34.0 %	6.00 %	37.0 %	4.70 %
Private Equity	16.0	8.40	13.0	6.50
Rate Sensitive	21.0	1.20	19.0	(0.40)
Credit Opportunity	8.0	4.90	9.0	2.60
Real Assets	15.0	5.20	14.0	4.20
Absolute Return	6.0	3.50	8.0	2.00
Total	<u>100.0 %</u>		<u>100.0 %</u>	

The above was the System's Board-adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2022.

For the years ended June 30, 2023 and 2022, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was (-2.97%) and 26.69%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate

The single discount rate used to measure the total pension liability was 6.8% as of June 30, 2022 and 2021, respectively. This single discount rate was based on the expected rate of return on pension plan investments of 6.8% as of June 30, 2022 and 2021, respectively. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at <https://sra.maryland.gov/comprehensive-annual-financial-reports>.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The College's proportionate share of the net pension liability calculated using a single discount rate that is one percentage-point lower and one percentage-point higher as of June 30 was as following:

	2023		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
College's Proportionate Share	\$ 22,099,338	\$ 14,403,360	\$ 8,017,483
	2022		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
College's Proportionate Share	\$ 16,983,112	\$ 9,971,647	\$ 4,155,683

Optional Retirement Programs

In addition to the Retirement and Pension System, the College also offers defined contribution retirement programs for faculty and professional staff. The College contributes 7.25% of base salary into these plans. At this time, the employee is not required to contribute to the plan. The amounts contributed by the College were \$1,401,503 and \$1,194,149 for the years ended June 30, 2023 and 2022 respectively.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 RETIREMENT PLANS (CONTINUED)

Optional Retirement Programs (Continued)

Beginning in fiscal year 2006, a supplemental plan was introduced for certain employees whereby the College matched 100% (up to \$600) of all contributions made into the plan. There were no amounts matched for the years ended June 30, 2023 and 2022.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

State Employee and Retiree Health and Welfare Benefits Program of Maryland

Members of the State Retirement and Pension System of Maryland (the State System) and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (the Plan), which is administered by the Department of Budget and Management. The Plan is a single-employer defined benefit healthcare plan established by the State Personnel and Pensions Article, Section 2-501 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug, and dental insurance benefits to eligible state employees, retirees, and their dependents.

The Secretary of the Department of Budget and Management has the authority to establish/amend benefit terms. The state does not distinguish employees by employer/ state agency. Instead, the state allocates the postemployment healthcare costs to all participating employers. As such, the state has elected to maintain the entire net postemployment benefit liability as a liability of the general fund of the state and has not allocated any liability to state entities, including the College.

Plan Description

Eligibility for the Plan is determined by various factors, including date of hire. Generally, employees hired before July 1, 2011 may enroll and participate in the Plan if the employee left state service with at least 16 years of creditable service, retired directly from state service with at least five years of creditable service, left state service with at least 10 years of creditable service and within five years of normal retirement age, or retired directly from state service with a disability retirement. Employees hired on or after July 1, 2011 may enroll and participate in the Plan if the employee left state service with at least 25 years of creditable service, retired directly from state service with at least 10 years of creditable service, left state service with at least 10 years of creditable service and within five years of normal retirement age, or retired directly from state service with a disability retirement.

Funding Policy

The state subsidizes a portion of the covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance plan. Costs for postretirement benefits are for state retirees and primarily funded by the state. The percentage of contributions recognized by the College as related to the statutorily required employer contribution of covered-employee payroll is 5.43%, 4.69%, and 4.91%, respectively. The cost of retiree's health care benefits is expensed when paid and totaled \$1,669,040, \$1,465,263, and \$1,283,023 for the years ended June 30, 2023, 2022, and 2021, respectively.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 COMMITMENTS AND CONTINGENCIES

In the normal course of operations, certain claims have been brought against the College, which are in various stages of resolution. Management believes that the ultimate resolution of the claims will not have a material adverse effect on the College's financial position.

The College receives financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the College. The College's administration believes such disallowance, if any, would be immaterial.

As of June 30, 2023 and 2022, there was \$1,575,000 and \$1,435,684, respectively, of encumbrances and funds designated for future use reported in unrestricted net position. The College does not separately identify the reserve for encumbrances in unrestricted net position.

NOTE 13 RISK MANAGEMENT

The College is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illness of employees; and natural disasters. The College participates in the state's various self-insurance programs. The state is self-insured for general liability, property and casualty, workers' compensation, environmental and anti-trust liabilities, and certain employee health benefits.

The state allocates the cost of providing claims servicing and claims payment by charging a "premium" to the College based on a percentage of the College's estimated current-year payroll or based on the average loss experienced by the College. This charge considers recent trends in actual claims experience of the state as a whole and makes provisions for catastrophic losses.

The College records a liability when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal years ended June 30, 2023, 2022, and 2021.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 RISK MANAGEMENT (CONTINUED)

As of June 30, 2023 and 2022, the College has recorded \$307,000 and \$442,000, respectively, in liability associated with workers' compensation. The recorded amounts represent the actuary's allocation of the College's share of the state's overall liability under the workers' compensation program to the College. The workers' compensation liability activity for the years ended June 30, 2023 and 2022, were as follows:

	Beginning of Fiscal Year <u>Liability</u>	Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal <u>Year-End</u>	Amounts Due Within <u>One Year</u>
Year Ended June 30, 2023	\$ 442,000	\$ (86,146)	\$ (48,854)	\$ 307,000	\$ 46,050
Year Ended June 30, 2022	452,000	(5,968)	(4,032)	442,000	66,300

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 14 FUNCTIONAL CLASSIFICATIONS WITH NATURAL CLASSIFICATIONS

The financial statements show expenses by functional expense classification for the College. The following table reflects expenses for the years ended June 30, 2023 and 2022, by natural classification:

Natural Classification	Functional Classification Year Ended June 30, 2023									
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Total
Salaries and Wages	\$ 13,387,150	\$ 339,760	\$ 30,932	\$ 667,087	\$ 5,816,689	\$ 9,006,637	\$ 1,690,123	\$ -	\$ -	\$ 30,938,378
Benefits	4,383,559	36,527	619	203,465	2,044,178	3,166,303	719,496	-	-	10,554,147
Supplies and Others Services	2,812,000	226,516	145,275	644,497	2,280,996	6,144,536	1,941,698	-	-	14,195,518
Utilities	-	-	-	-	1,134	-	2,035,466	-	-	2,036,600
Scholarships and Grants	1,900	7,544	-	-	58,476	500	2,570,596	3,915,534	-	6,554,550
Auxiliary Enterprises	-	-	-	-	-	-	-	-	11,205,599	11,205,599
Other Operating Expenses	825,240	16,280	240	13,072	840,410	411,762	312,134	-	-	2,419,138
Depreciation/Amortization	-	-	-	-	-	-	6,135,146	-	2,241,942	8,377,088
Total Expenses	\$ 21,409,849	\$ 626,627	\$ 177,066	\$ 1,528,121	\$ 11,041,883	\$ 18,729,738	\$ 15,404,659	\$ 3,915,534	\$ 13,447,541	\$ 86,281,018

Natural Classification	Functional Classification Year Ended June 30, 2022 (As restated)									
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Total
Salaries and Wages	\$ 12,794,564	\$ 317,689	\$ 11,630	\$ 664,446	\$ 5,018,538	\$ 8,110,281	\$ 1,521,451	\$ -	\$ -	\$ 28,438,599
Benefits	3,970,942	32,014	472	210,549	1,443,900	2,345,971	600,583	-	-	8,604,431
Supplies and Others Services	2,106,418	52,211	(14,375)	1,008,431	2,405,750	5,332,190	28,354	-	-	10,918,979
Utilities	-	-	-	-	172	-	2,061,923	-	-	2,062,095
Scholarships and Grants	9,202	7,544	-	-	42,852	6,058	1,554,350	5,219,202	-	6,839,208
Auxiliary Enterprises	-	-	-	-	-	-	-	-	9,298,586	9,298,586
Other Operating Expenses	443,110	7,183	-	7,084	547,297	460,090	379,384	-	-	1,844,148
Depreciation/Amortization	-	-	-	-	-	-	6,188,607	-	2,324,262	8,512,869
Total Expenses	\$ 19,324,236	\$ 416,641	\$ (2,273)	\$ 1,890,510	\$ 9,458,509	\$ 16,254,590	\$ 12,334,652	\$ 5,219,202	\$ 11,622,848	\$ 76,518,915

**ST. MARY'S COLLEGE OF MARYLAND
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE MARYLAND STATE RETIREMENT AND PENSION SYSTEM
LAST TEN FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The College's Proportion Share of the Net Pension Liability	0.0720 %	0.0665 %	0.0657 %	0.0658 %	0.0711 %	0.0631 %	0.0630 %	0.0653 %
The College's Proportionate Share of the Net Pension Liability	\$ 14,403,360	\$ 9,971,647	\$ 14,782,397	\$ 13,515,853	\$ 15,363,945	\$ 12,860,838	\$ 13,993,622	\$ 12,765,491
The State and Other Agencies Proportionate Share of the Net Pension Liability	<u>18,637,390,085</u>	<u>13,924,856,420</u>	<u>21,077,742,614</u>	<u>19,271,734,708</u>	<u>19,658,670,252</u>	<u>20,377,342,874</u>	<u>22,159,462,781</u>	<u>19,523,567,189</u>
Total	<u>\$ 18,651,793,445</u>	<u>\$ 13,934,828,067</u>	<u>\$ 21,092,525,011</u>	<u>\$ 19,285,250,561</u>	<u>\$ 19,674,034,197</u>	<u>\$ 20,390,203,712</u>	<u>\$ 22,173,456,403</u>	<u>\$ 19,536,332,680</u>
The College's Covered Payroll	\$ 7,952,029	\$ 7,668,315	\$ 7,427,117	\$ 7,089,117	\$ 8,039,980	\$ 6,770,003	\$ 7,617,655	\$ 8,417,606
The College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	181 %	130 %	199 %	191 %	191 %	190 %	184 %	152 %
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76 %	82 %	71 %	71 %	71 %	69 %	66 %	66 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

See accompanying Notes to Required Supplementary Information.

**ST. MARY'S COLLEGE OF MARYLAND
SCHEDULE OF CONTRIBUTIONS FOR THE PENSION PLAN
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 2,057,711	\$ 1,692,515	\$ 1,581,573	\$ 1,437,173	\$ 1,351,566	\$ 1,460,178	\$ 1,449,233	\$ 1,340,082
Contributions in Relation to the Contractually Required Contribution	<u>(2,057,711)</u>	<u>(1,692,515)</u>	<u>(1,581,573)</u>	<u>(1,437,173)</u>	<u>(1,351,566)</u>	<u>(1,460,178)</u>	<u>(1,449,233)</u>	<u>(1,340,082)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's Covered Payroll	\$ 9,610,796	\$ 7,952,029	\$ 7,668,315	\$ 7,427,117	\$ 7,089,117	\$ 8,039,980	\$ 6,770,003	\$ 7,617,655
Contributions as a Percentage of Covered Payroll	21 %	21 %	21 %	19 %	19 %	18 %	21 %	18 %

The schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

See accompanying Notes to Required Supplementary Information.

ST. MARY'S COLLEGE OF MARYLAND
SCHEDULE OF CONTRIBUTIONS FOR THE OTHER POSTEMPLOYMENT BENEFITS PLAN
LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 1,669,040	\$ 1,465,263	\$ 1,283,023	\$ 1,262,795	\$ 1,314,194	\$ 1,089,176	\$ 1,471,022
Contributions in Relation to the Contractually Required Contribution	<u>(1,669,040)</u>	<u>(1,465,263)</u>	<u>(1,283,023)</u>	<u>(1,262,795)</u>	<u>(1,314,194)</u>	<u>(1,089,176)</u>	<u>(1,471,022)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's Covered Payroll	\$ 9,610,796	\$ 7,952,029	\$ 7,668,315	\$ 7,427,117	\$ 7,089,117	\$ 8,039,980	\$ 6,770,003
Contributions as a Percentage of Covered Payroll	17 %	18 %	17 %	17 %	19 %	18 %	21 %

The schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2017 is not available.

See accompanying Notes to Required Supplementary Information.

**ST. MARY'S COLLEGE OF MARYLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

NOTE 1 CHANGES IN BENEFIT TERMS

There were no benefit changes during the years 2015 through 2022.

NOTE 2 CHANGES IN ASSUMPTIONS

Inflation assumptions changed as follows:

June 30, 2022	2.25 %
June 30, 2021	2.25
June 30, 2020	2.60
June 30, 2019	2.60
June 30, 2018	2.60
June 30, 2017	2.65
June 30, 2016	2.70
June 30, 2015	2.70

Investment return assumption changed as follows:

June 30, 2022	6.80 %
June 30, 2021	6.80
June 30, 2020	7.40
June 30, 2019	7.40
June 30, 2018	7.45
June 30, 2017	7.50
June 30, 2016	7.55
June 30, 2015	7.65