



COLLEGE OF
Saint Benedict

Inspired Learning. *Inspiring Lives.*

Independent Auditor's Report and Financial Statements

June 30, 2022 and 2021

College of Saint Benedict

June 30, 2022 and 2021

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College of Saint Benedict

Highlights (Unaudited)

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Student Body		
Fall FTE, Campus	1,551	1,657
Applications, Acceptances, Enrollments and Graduates		
Applications	1,703	1,845
Acceptances	1,564	1,550
Percent accepted	91.8%	84.0%
Enrolled	389	400
Percent enrolled to accepted	24.9%	25.8%
ACT	24	25
Graduates	372	456
Faculty and Staff		
Total employment (FTE)	406	423
Total faculty (FTE)	134	138
Number of full-time faculty	122	132
Tenured faculty	90	89
Tuition and Fees Per Student		
Tuition	\$ 48,990	\$ 47,332
Room (average double room)	5,744	5,630
Board	5,830	5,716
Technology fee	300	294
Health fee	338	330
Campus center fee	498	488
	<u>61,700</u>	<u>59,790</u>
Total tuition and fees per student	\$ <u>61,700</u>	\$ <u>59,790</u>
Financial Aid		
Grants/scholarships		
College	\$ 39,881,421	\$ 40,595,245
MPCC/special/endowed	3,530,755	3,157,297
Tuition waivers	2,441,476	2,865,754
Federal	2,024,176	2,133,478
State	2,720,304	2,850,220
Private	2,251,532	2,509,610
Total grants/scholarships	<u>52,849,664</u>	<u>54,111,604</u>
Loans	12,998,036	12,998,100
Student employment	2,542,238	2,525,270
	<u>68,389,938</u>	<u>69,634,974</u>
Total financial aid	\$ <u>68,389,938</u>	\$ <u>69,634,974</u>
Number of Students Receiving Financial Aid		
	1,568	1,670
Endowment (at fair value)		
Net assets with donor restrictions that are permanent in nature	\$ 71,398,275	\$ 65,892,625
Net assets with donor restrictions that are temporary in nature	21,071,567	33,191,060
Underwater endowments	(74,908)	(10,669)
Board designated net assets (without donor restrictions)	9,758,213	11,004,330
Funds held in trust in perpetuity	836,357	1,019,133
	<u>102,989,504</u>	<u>111,096,479</u>
Total endowment	\$ <u>102,989,504</u>	\$ <u>111,096,479</u>
Total return	<u>(8.5)%</u>	<u>27.0%</u>
Private Gifts and Grants		
Without donor restrictions	\$ 482,869	\$ 575,401
With donor restrictions	11,271,413	6,215,645
	<u>11,754,282</u>	<u>6,791,046</u>
Total gifts and grants	\$ <u>11,754,282</u>	\$ <u>6,791,046</u>

Independent Auditor's Report

Board of Trustees
College of Saint Benedict
Saint Joseph, Minnesota

Opinion

We have audited the financial statements of College of Saint Benedict (College), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

The "Highlights" on page 1 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FORVIS,LLP

Indianapolis, Indiana
November 21, 2022

College of Saint Benedict
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 22,555,048	\$ 20,935,153
Receivables		
Student receivables, net of allowance for doubtful accounts of \$65,000 and \$130,000, respectively	408,050	359,790
Other	399,711	378,044
Inventories	395,356	291,748
Short-term investments	8,189,719	6,864,139
Funds held by trustees, including unspent bond proceeds	2,172,379	2,251,267
Prepaid expenses and other	1,809,553	1,729,984
Student loan receivables, net	1,770,219	2,393,649
Contributions receivable, net	5,317,690	5,874,833
Long-term investments	106,446,365	116,271,511
Beneficial interest in trusts	1,279,165	1,455,143
Right of use asset	494,602	773,839
Property and equipment	109,543,510	112,288,057
Total assets	\$ 260,781,367	\$ 271,867,157
Liabilities		
Accounts payable	\$ 784,571	\$ 1,021,891
Accrued payroll and benefits	4,200,040	3,950,640
Other liabilities	559,422	842,185
Refundable advance	1,470,240	1,361,433
Funds held for others	590,522	478,140
Operating lease liability	494,602	773,839
Annuities payable	442,886	470,285
Government grants repayable - Federal Perkins Loan Program	2,476,594	3,143,923
Bonds payable and mortgage note payable, net	39,901,298	41,715,555
Asset retirement obligation	1,630,489	1,606,453
Total liabilities	52,550,664	55,364,344
Net Assets		
Without donor restrictions	103,694,727	104,968,127
With donor restrictions	104,535,976	111,534,686
Total net assets	208,230,703	216,502,813
Total liabilities and net assets	\$ 260,781,367	\$ 271,867,157

College of Saint Benedict
Statement of Activities
Year Ended June 30, 2022
With Comparative Totals for 2021

	2022		Total	2021 Total
	Without Donor Restrictions	With Donor Restrictions		
Operating Revenue, Gains and Other Support				
Net tuition and fees	\$ 32,817,089	\$ -	\$ 32,817,089	\$ 34,248,261
Sales and services of auxiliary enterprises				
Residence halls	8,572,861	-	8,572,861	8,183,084
Food services	6,516,984	-	6,516,984	5,351,359
Other auxiliaries	2,007,636	-	2,007,636	1,422,141
Government grants				
Federal	5,446,795	-	5,446,795	3,760,704
State	367,452	-	367,452	256,073
Private gifts and grants	482,869	7,006,579	7,489,448	3,181,446
Long-term investment income and gains allocated to operations	339,026	3,383,395	3,722,421	3,464,420
Other investment income	103,428	6,425	109,853	86,416
Net gains (losses) on other investments	(351,559)	(143,127)	(494,686)	875,347
Other sources	1,365,758	21,732	1,387,490	494,168
	<u>57,668,339</u>	<u>10,275,004</u>	<u>67,943,343</u>	<u>61,323,419</u>
Net assets released from restrictions	8,978,388	(8,978,388)	-	-
Total operating revenues, gains and other support	<u>66,646,727</u>	<u>1,296,616</u>	<u>67,943,343</u>	<u>61,323,419</u>
Operating Expenses				
Program expenses				
Instruction	23,807,021	-	23,807,021	21,983,587
Academic support	7,383,583	-	7,383,583	7,036,562
Student services	11,655,301	-	11,655,301	9,625,985
Auxiliary enterprises				
Residence halls	4,184,570	-	4,184,570	3,839,305
Food services	5,357,436	-	5,357,436	4,615,817
Other auxiliaries	2,507,206	-	2,507,206	2,085,555
Support expenses				
Institutional support	9,290,746	-	9,290,746	9,288,882
Fundraising	2,644,169	-	2,644,169	2,464,766
Total operating expenses	<u>66,830,032</u>	<u>-</u>	<u>66,830,032</u>	<u>60,940,459</u>
Change in Net Assets Before Other Changes	(183,305)	1,296,616	1,113,311	382,960
Other Changes				
Long-term investment return in excess (deficit) of amounts allocated to operations	(1,246,116)	(12,332,672)	(13,578,788)	19,700,996
Private gifts and grants	-	4,264,834	4,264,834	3,609,600
Gain on disposal of equipment	156,021	-	156,021	125,700
Adjustment of actuarial and asset retirement liabilities	-	(227,488)	(227,488)	408,925
	<u>(1,273,400)</u>	<u>(6,998,710)</u>	<u>(8,272,110)</u>	<u>24,228,181</u>
Change in Net Assets	(1,273,400)	(6,998,710)	(8,272,110)	24,228,181
Net Assets, Beginning of Year	<u>104,968,127</u>	<u>111,534,686</u>	<u>216,502,813</u>	<u>192,274,632</u>
Net Assets, End of Year	<u>\$ 103,694,727</u>	<u>\$ 104,535,976</u>	<u>\$ 208,230,703</u>	<u>\$ 216,502,813</u>

College of Saint Benedict
Statement of Activities
Year Ended June 30, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue, Gains and Other Support			
Net tuition and fees	\$ 34,248,261	\$ -	\$ 34,248,261
Sales and services of auxiliary enterprises			
Residence halls	8,183,084	-	8,183,084
Food services	5,351,359	-	5,351,359
Other auxiliaries	1,422,141	-	1,422,141
Government grants			
Federal	3,760,704	-	3,760,704
State	256,073	-	256,073
Private gifts and grants	500,401	2,681,045	3,181,446
Long-term investment income and gains allocated to operations	329,151	3,135,269	3,464,420
Other investment income	81,483	4,933	86,416
Net gains on other investments	490,705	384,642	875,347
Other sources	484,929	9,239	494,168
	<u>55,108,291</u>	<u>6,215,128</u>	<u>61,323,419</u>
Net assets released from restrictions	6,834,179	(6,834,179)	-
Total operating revenues, gains and other support	<u>61,942,470</u>	<u>(619,051)</u>	<u>61,323,419</u>
Operating Expenses			
Program expenses			
Instruction	21,983,587	-	21,983,587
Academic support	7,036,562	-	7,036,562
Student services	9,625,985	-	9,625,985
Auxiliary enterprises			
Residence halls	3,839,305	-	3,839,305
Food services	4,615,817	-	4,615,817
Other auxiliaries	2,085,555	-	2,085,555
Support expenses			
Institutional support	9,288,882	-	9,288,882
Fundraising	2,464,766	-	2,464,766
Total operating expenses	<u>60,940,459</u>	<u>-</u>	<u>60,940,459</u>
Change in Net Assets Before Other Changes	1,002,011	(619,051)	382,960
Other Changes			
Long-term investment return in excess of amounts allocated to operations	2,242,187	17,458,809	19,700,996
Private gifts and grants	75,000	3,534,600	3,609,600
Gain on disposal of equipment	125,700	-	125,700
Adjustment of actuarial liability	-	408,925	408,925
	<u>3,444,898</u>	<u>20,783,283</u>	<u>24,228,181</u>
Change in Net Assets	3,444,898	20,783,283	24,228,181
Net Assets, Beginning of Year	<u>101,523,229</u>	<u>90,751,403</u>	<u>192,274,632</u>
Net Assets, End of Year	<u>\$ 104,968,127</u>	<u>\$ 111,534,686</u>	<u>\$ 216,502,813</u>

College of Saint Benedict
Statement of Functional Expenses
Year Ended June 30, 2022
With Comparative Totals for 2021

	Program			Support Services			Total	2021 Total
	Program	Auxiliary	Total Program	Institutional Support	Fundraising	Total Support Services		
Salaries and wages	\$ 18,148,116	\$ 3,071,044	\$ 21,219,160	\$ 3,796,110	\$ 1,513,995	\$ 5,310,105	\$ 26,529,265	\$ 26,095,806
Employee benefits	5,190,373	1,105,317	6,295,690	1,289,292	315,103	1,604,395	7,900,085	7,662,758
Payroll taxes	1,317,675	180,916	1,498,591	282,087	117,422	399,509	1,898,100	1,822,125
Professional services	160,242	-	160,242	767,682	119,731	887,413	1,047,655	1,161,487
Advertising and promotion	97,395	12,956	110,351	179,257	109,129	288,386	398,737	365,512
Office expenses	475,691	216,165	691,856	27,743	86,467	114,210	806,066	1,283,786
Information technology	873,947	45,267	919,214	17,088	100,014	117,102	1,036,316	1,018,705
Occupancy	2,650,860	2,354,056	5,004,916	771,358	-	771,358	5,776,274	4,660,298
Travel	580,515	-	580,515	55,058	40,045	95,103	675,618	154,059
Conferences, conventions and meetings	20,764	-	20,764	38,477	210,882	249,359	270,123	353,728
Interest	1,002,963	228,968	1,231,931	309,938	-	309,938	1,541,869	1,598,550
Insurance	48,222	219,307	267,529	369,389	-	369,389	636,918	599,022
Training and development	157,607	148,878	306,485	206,010	12,581	218,591	525,076	379,290
Bookstore costs of goods sold	-	1,001,937	1,001,937	-	-	-	1,001,937	741,051
Cost of direct benefit to donors	-	-	-	1,596	18,800	20,396	20,396	2,787
Student programming	6,738,574	1,244,858	7,983,432	38,903	-	38,903	8,022,335	3,430,182
Repairs and maintenance	108,609	1,115,315	1,223,924	3,110	-	3,110	1,227,034	890,450
Depreciation and amortization	5,138,658	953,233	6,091,891	910,049	-	910,049	7,001,940	7,126,359
Bad debt expense	-	-	-	17,790	-	17,790	17,790	67,685
Other	135,694	150,995	286,689	209,809	-	209,809	496,498	1,526,819
Total	\$ 42,845,905	\$ 12,049,212	\$ 54,895,117	\$ 9,290,746	\$ 2,644,169	\$ 11,934,915	\$ 66,830,032	
2021 Total	\$ 38,646,134	\$ 10,540,677	\$ 49,186,811	\$ 9,288,882	\$ 2,464,766	\$ 11,753,648		\$ 60,940,459

College of Saint Benedict
Statement of Functional Expenses
Year Ended June 30, 2021

	Program			Support Services			Total
	Program	Auxiliary	Total Program	Institutional Support	Fundraising	Total Support Services	
Salaries and wages	\$ 18,234,177	\$ 2,975,882	\$ 21,210,059	\$ 3,387,024	\$ 1,498,723	\$ 4,885,747	\$ 26,095,806
Employee benefits	5,129,918	1,003,265	6,133,183	1,203,674	325,901	1,529,575	7,662,758
Payroll taxes	1,300,650	166,236	1,466,886	239,700	115,539	355,239	1,822,125
Professional services	124,945	5,080	130,025	987,936	43,526	1,031,462	1,161,487
Advertising and promotion	14,737	2,129	16,866	310,419	38,227	348,646	365,512
Office expenses	692,414	222,395	914,809	83,601	285,376	368,977	1,283,786
Information technology	789,741	31,142	820,883	102,627	95,195	197,822	1,018,705
Occupancy	2,290,682	1,673,884	3,964,566	695,732	-	695,732	4,660,298
Travel	128,208	3,062	131,270	14,634	8,155	22,789	154,059
Conferences, conventions and meetings	58,960	2,612	61,572	281,154	11,002	292,156	353,728
Interest	1,018,482	250,038	1,268,520	330,030	-	330,030	1,598,550
Insurance	25,208	230,011	255,219	327,475	16,328	343,803	599,022
Training and development	108,501	37,957	146,458	209,103	23,729	232,832	379,290
Bookstore costs of goods sold	-	737,986	737,986	-	3,065	3,065	741,051
Cost of direct benefit to donors	-	-	-	2,787	-	2,787	2,787
Student programming	2,378,238	1,020,755	3,398,993	31,189	-	31,189	3,430,182
Repairs and maintenance	103,059	785,581	888,640	1,810	-	1,810	890,450
Depreciation and amortization	5,235,704	917,007	6,152,711	973,648	-	973,648	7,126,359
Bad debt expense	-	-	-	67,685	-	67,685	67,685
Other	1,012,510	475,655	1,488,165	38,654	-	38,654	1,526,819
	<u>\$ 38,646,134</u>	<u>\$ 10,540,677</u>	<u>\$ 49,186,811</u>	<u>\$ 9,288,882</u>	<u>\$ 2,464,766</u>	<u>\$ 11,753,648</u>	<u>\$ 60,940,459</u>

College of Saint Benedict
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ (8,272,110)	\$ 24,228,181
Items not requiring (providing) cash		
Depreciation, amortization and accretion	7,262,027	7,364,944
Losses (gains) on investments	10,164,778	(24,624,480)
Actuarial adjustment of annuities payable	51,088	96,535
Loan cancellations and write-offs	-	223,268
Contributions restricted for plant and long-term investment	(4,246,950)	(3,534,600)
Loss (gain) on disposal of equipment	12,780	(125,700)
Changes in		
Student receivables	(48,260)	27,574
Other receivables	(21,667)	1,346,613
Contributions receivable	557,143	1,942,448
Inventories	(103,608)	52,899
Prepaid expenses	(79,569)	(43,366)
Accounts payable	10,829	(267,900)
Accrued payroll and benefits	249,400	(626,773)
Other liabilities	(282,763)	(149,319)
Refundable advance	108,807	(1,756,887)
Funds held for others	112,382	80,907
Net cash provided by operating activities	5,474,307	4,234,344
Investing Activities		
Purchases of property, plant and equipment	(4,847,760)	(1,971,994)
Net change in money market accounts	(489,417)	1,823,447
Purchases of investments	(56,455,503)	(45,676,210)
Sales and maturities of investments	55,534,574	43,900,331
Loan payments from students	605,546	711,771
Net cash used in investing activities	(5,652,560)	(1,212,655)
Financing Activities		
Contributions received restricted for plant and long-term investment	4,264,834	3,534,600
Payment of principal on bonds payable, mortgage and notes payable	(1,720,870)	(1,668,052)
Decrease in refundable government grants	(667,329)	(941,077)
Payment of annuity obligations	(78,487)	(80,404)
Net cash provided by financing activities	1,798,148	845,067
Net Increase in Cash and Cash Equivalents	1,619,895	3,866,756
Cash and Cash Equivalents, Beginning of Year	20,935,153	17,068,397
Cash and Cash Equivalents, End of Year	\$ 22,555,048	\$ 20,935,153
Supplemental Cash Flows Information		
Interest paid, net of amount capitalized	\$ 1,665,400	\$ 1,717,698
Capital related items included in accounts payable	122,773	370,922

College of Saint Benedict

Notes to Financial Statements

June 30, 2022 and 2021

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

Nature of Operations

College of Saint Benedict (the College) is a liberal arts higher education institution. The College, an all-female institution, operates in coordination with St. John's University, an all-male institution, sharing academic programs, facilities and staff. The College's primary sources of support include student tuition and fees, private contributions and investment return.

The College is an affiliated organization of the Sisters of the Order of Saint Benedict of St. Joseph, Minnesota (the Order). The Order is the founding organization of the College of Saint Benedict. Certain members of the Order are employees of the College and certain members of the Board of Trustees of the College are also members of the Order.

Use of Estimates

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

Cash and Cash Equivalents

The College considers all liquid investments, except for those held for long-term investment, with original maturities of three months or less to be cash equivalents. Certain cash held by the College is restricted for the Federal Perkins Loan Program and is considered to be cash and cash equivalents. At June 30, 2022 and 2021, cash equivalents consisted primarily of money market accounts.

At June 30, 2022, the College's cash accounts exceeded federally insured limits by approximately \$8,290,000.

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and realized and unrealized gains and losses on investments.

The College also invests in certain real estate, venture capital, private equity and hedge funds, natural resource and distressed debt funds, which are primarily held through limited partnerships. As discussed later in these notes, the College uses net asset value as a practical expedient to estimate the fair value of these funds. Because these investments are not readily marketable and may be subject to withdrawal restrictions, their estimated value is subject to uncertainty and therefore, may materially differ from the value that would have been used had a ready market for such investment existed.

College of Saint Benedict

Notes to Financial Statements

June 30, 2022 and 2021

The College invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

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

Student Receivables

Student receivables are stated at the amount of consideration from students and others, of which the College has an unconditional right to receive plus any accrued and unpaid fees, less an estimate made for doubtful accounts which is based on review of all outstanding amounts. A student receivable is considered to be delinquent if any portion of the receivable balance is outstanding for more than 90 days after the billing date. A service charge is charged on student receivables that are outstanding for more than 30 days after the billing date. Delinquent receivables are written off when deemed uncollectible.

Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Student receivables are written off when deemed uncollectible. Recoveries of student accounts previously written off are recorded when received. Receivables are generally unsecured.

Student Loan Receivables

Student loans receivable consists primarily of loans under the Perkins Federal Loan (Perkins) program. Under the program, the College is required to match a certain level of government advances to provide loans to qualifying students. Generally, Perkins loans carry a fixed rate of interest rates and are payable over a ten-year period. Related government advances of \$2,476,594 and \$3,143,923 are included in the statements of financial position at June 30, 2022 and 2021, respectively.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

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The estimated useful lives for each major depreciable classification of property and equipment are as follows:

	Years
Land and improvements	10
Buildings	15 to 50
Furniture and equipment	4 to 10
Software	3
Library books	20
Utility distribution system	20

The College capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. No interest was capitalized during 2022 or 2021.

Long-Lived Asset Impairment

The College evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2022 and 2021.

Net Assets

Net assets with donor restrictions are those whose use by the College has been limited by donors to a specific time period of purpose or to be maintained by the College in perpetuity.

Tuition and Fees and Auxiliary Revenue

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

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Contributions

Contributions are provided to the College either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions.

The value recorded for each contribution is recognized as follows:

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

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

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

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

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

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Contributed Services

Contributed services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

Inventory

Inventories consist of bookstore and food service items. Costs of inventories are determined using the first-in, first-out (FIFO) method. FIFO inventories are stated at the lower of cost or net realizable value.

Deferred Revenue

Revenue from fees for summer courses and programs is deferred and recognized over the periods to which the fees relate. Students are typically billed for courses and programs prior to the start of the course or program.

Government Grants

Support funded by grants is recognized as the College performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Deferred Debt Acquisition Costs

The acquisition costs of bond issuances are deferred and amortized over the term of the related indebtedness. The unamortized balance is included as a reduction to long-term debt on the statements of financial position.

Income Taxes

The College is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the College is subject to federal income tax on any unrelated business taxable income. The College files tax returns in the U.S. federal jurisdiction.

Leases

Upon the adoption of Accounting Standards Update (ASU) 2016-02, the College determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right of use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The College determines lease classification as operating or finance at the lease commencement date.

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

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

The College allocates the consideration to the lease and nonlease components using their relative standalone values. In addition, for certain equipment leases, the College applies a portfolio approach to effectively account for the operations lease ROU assets and liabilities.

The College has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories.

Revisions

Certain immaterial revisions have been made to the 2021 financial statements to present the gross purchases and sales and maturities of investments on the statement of cash flows. These revisions did not impact the cash used in investing activities.

Subsequent Events

Subsequent events have been evaluated through November 21, 2022, which is the date the financial statements were issued.

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Note 2: Revenue From Contracts With Students

Tuition revenues consisted primarily of tuition, net of scholarships, and fees derived from courses taught by the College. Tuition revenue is recognized pro-rata over the applicable period of instruction. A contract is entered into with a student and covers a course or semester. Revenue recognition occurs once a student starts attending a course. Auxiliary revenues includes housing, meal plans with unlimited number of meals, and fee revenues that were recognized over the period the services were provided. Auxiliary revenues also includes revenues from sales and services such as books and merchandise, as well as sales from the College’s cafeteria for individuals without meal plans or meal plans including specific meal restrictions, as revenue occurred or services were performed as these services were transferred at a point in time. Other source revenues includes fine arts programming, transportation, information technology and other fee revenues that were recognized as revenue occurred or services were performed as these services were transferred at a point in time.

The College’s net tuition and fees are comprised of the following components at June 30:

	2022	2021
Tuition and fees	\$ 76,690,035	\$ 78,327,519
Scholarships and grants	(43,872,946)	(44,079,258)
	\$ 32,817,089	\$ 34,248,261

Performance Obligations

The College has identified performance obligations associated with the provision of its educational instruction and other educational services, housing services, and other academic related services and used the output measure for recognition as the period of time over which the services are provided to students. The College has also identified performance obligations such as book sales or certain merchandise sales and other ancillary activities and recognized revenue at the point in time goods or services are provided to its customers. The College maintains an institutional tuition refund policy, which provides for all or a portion of tuition to be refunded if a student withdraws during certain limited, stated refund periods. If a student withdraws at a time when only a portion, or none of the tuition is refundable, then in accordance with its revenue recognition policy, the College continued to recognize the tuition that is not refunded pro-rata over the applicable period of instruction. The College does not record revenue on amounts that may be refunded. However, for students that take out financial aid to pay their tuition and for which a return of such money to the Department of Education under Title IV is required as a result of his or her withdrawal, the College reassessed collectability for these students each semester for the estimated revenue that will be returned and recognized the revenue in future periods when payment was received, if any. The College’s education programs have starting and ending dates that do not significantly differ from its fiscal year-end. Therefore, at the end of each fiscal year, all tuition and fees revenues from these programs were recognized.

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Transaction Price

Because all of its performance obligations relate to contracts with a duration of less than one year, the College has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no significant unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

The College determines the transaction price based on standard charges for goods and services provided, reduced by certain institutional scholarships and aid in accordance with the College's policies for granting certain merit based aid. At June 30, 2022, 2021 and 2020, the College has receivables from students totaling \$408,050, \$359,790 and \$394,001, respectively.

Contract Assets and Liabilities

The College's receivables represent unconditional rights to consideration from its contracts with students; accordingly, students are not billed until they start attending a course and the revenue recognition process has commenced. Once a student is invoiced, which is usually after the add/drop period, payment is due immediately unless some alternative payment plan is established by the student in limited circumstances. Included in each invoice to the student are all educational related items including tuition, net of scholarships, housing, educational materials, fees, etc. The College does not have any contract assets outside of receivables. The College's contract liabilities are primarily student deposits and balances to be applied to future tuition amounts in the statements of financial position. Student balances and deposits in any period represent the excess of tuition, fees and other student payments received as compared to amounts recognized as revenue on the statements of activities and are reflected as liabilities in the accompanying statements of financial position. At June 30, 2022, 2021 and 2020, the College has a liability for deposits and balances to be applied to tuition amounts within the next year of approximately \$1,470,240, \$1,361,433 and \$3,118,320, respectively, which is included in refundable advances on the statements of financial position. During 2022 and 2021, approximately \$1,361,433 and \$3,118,320 was recognized as revenue on the statements of activities of the July 1, 2021 and 2020 contract liability balance, respectively.

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Disaggregation of Revenue

The composition of contract revenue with students for the years ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Tuition and fees, net of scholarships and grants	\$ 32,817,089	\$ 34,248,261
Sales and services of auxiliary enterprises		
Residence halls	8,572,861	8,183,084
Food services	6,516,984	5,351,359
Other auxiliaries	2,007,636	1,422,141
Other sources	1,387,490	494,168
	<u>\$ 51,302,060</u>	<u>\$ 49,699,013</u>

The timing of revenue recognition for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Timing of revenue and recognition		
Services transferred over time	\$ 41,589,172	\$ 42,553,944
Sales and services at a point in time	9,712,888	7,145,069
	<u>\$ 51,302,060</u>	<u>\$ 49,699,013</u>

Note 3: Contributions Receivable

Contributions receivable consisted of the following at June 30:

	<u>With Donor Restrictions</u>	
	<u>2022</u>	<u>2021</u>
Due within one year	\$ 1,969,064	\$ 1,931,677
Due in one to five years	3,459,735	4,412,930
Due in more than five years	341,689	9,571
	<u>5,770,488</u>	<u>6,354,178</u>
Unamortized discount	(144,262)	(317,709)
Allowance for uncollectible contributions	(308,536)	(161,636)
	<u>\$ 5,317,690</u>	<u>\$ 5,874,833</u>

Discount rates ranged from 1.31% to 4.00% and 1.31% to 2.76% for 2022 and 2021, respectively.

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Note 4: Student Loans Receivable

At June 30, 2022 and 2021, student loans consisted of the following:

	<u>2022</u>	<u>2021</u>
Federal government programs	\$ 2,036,219	\$ 2,659,649
Less: allowance for doubtful accounts	<u>(266,000)</u>	<u>(266,000)</u>
Student loans receivable, net	<u>\$ 1,770,219</u>	<u>\$ 2,393,649</u>

Note 5: Investments

The College's investments are as follows:

	<u>2022</u>	<u>2021</u>
Short-term investments		
Intermediate term fund	\$ 3,730,195	\$ 3,875,674
U.S. Treasury Securities and Government Bonds	1,735,503	2,247,160
Certificates of deposit (cost basis)	<u>2,724,021</u>	<u>741,305</u>
	<u>8,189,719</u>	<u>6,864,139</u>
Funds held by trustees, including unspent bond proceeds		
U.S. Government and agency securities	2,118,193	1,122,131
Commercial paper	<u>54,186</u>	<u>1,129,136</u>
	<u>2,172,379</u>	<u>2,251,267</u>
Long-term investments		
Mutual funds		
Other U.S. equity funds	619,424	771,194
Global equity funds	8,907,303	9,022,796
Debt securities		-
Domestic fixed income funds	4,768,885	7,235,345
Privately managed funds		
U.S. equity funds	20,129,573	20,276,850
Global equity funds	39,152,844	48,779,985
Fixed income funds	9,504,231	17,299,946
Private partnerships	9,544,815	6,353,023
Real estate funds	3,306,250	-
Hedge funds	<u>10,513,040</u>	<u>6,532,372</u>
	<u>106,446,365</u>	<u>116,271,511</u>
	<u>\$ 116,808,463</u>	<u>\$ 125,386,917</u>

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The following schedules summarize the long-term investment return and its classification in the statements of activities.

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income, net of expenses	\$ 69,477	\$ (30,397)	\$ 39,080
Net realized and unrealized losses	(976,567)	(8,918,880)	(9,895,447)
Total return on investments	(907,090)	(8,949,277)	(9,856,367)
Long-term investment return designated for current operations	(339,026)	(3,383,395)	(3,722,421)
Long-term investment return less than amounts designated for current operations	\$ (1,246,116)	\$ (12,332,672)	\$ (13,578,788)
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income, net of expenses	\$ 45,446	\$ 28,163	\$ 73,609
Net realized and unrealized gains	2,525,892	20,565,915	23,091,807
Total return on investments	2,571,338	20,594,078	23,165,416
Long-term investment return designated for current operations	(329,151)	(3,135,269)	(3,464,420)
Long-term investment return greater than amounts designated for current operations	\$ 2,242,187	\$ 17,458,809	\$ 19,700,996

Privately Managed Funds

The fair value of privately managed funds has been estimated using the net asset value per share of the investments. Privately managed funds held at June 30 consist of the following:

	Fair Value		Redemption Frequency	Redemption Notice Period
	2022	2021		
Privately managed funds				
Intermediate term funds	\$ 3,730,195	\$ 3,875,674	Weekly	Notice prior to Wednesday
U.S. equity funds	20,129,573	20,276,850	Daily	5 days
Global equity funds	39,152,844	48,779,985	Monthly/Quarterly	30 days
Fixed income funds	9,504,231	17,299,946	Daily	1 day
Private partnerships	9,544,815	6,353,023	Annually	Hold 3 years, then up to 1/10 annually in April
Real estate funds	3,306,250	-	Illiquid	30 days
Hedge fund of funds	10,513,040	6,532,372	Quarterly	45 days

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There were \$3,474,741 and \$3,103,575 of unfunded commitments or remaining life for the private partnership funds noted above as of June 30, 2022 and 2021.

Intermediate term funds: The objective of this fund is to produce a total return in excess of its benchmark, the Merrill Lynch 1-3 Year Treasury Index and to generate a higher current yield than short-term money market investments in a manner that mitigates the chances of a negative total return over any 12-month period.

U.S. equity funds: The objective of this fund is to maintain significantly less volatility than the U.S. equity market while delivering market-like returns over a full market cycle.

Fixed income funds: The objective of this fund is to maintain significantly less volatility while delivering fixed returns in the form of periodic payments.

Global equity funds (a): The Emerging Market Equity Strategy aims to achieve long-term capital growth from investing in companies that derive the majority of their profits from the emerging economies.

Global equity funds (b): The fund's investment objective is to generate long-term capital appreciation by investing in a long-only concentrated portfolio of global equity securities.

Private partnerships: Private investment and long-term holding company with ownership in a diversified portfolio of established profitable and growing businesses.

Hedge fund of funds: The fund is investing predominantly in limited partnerships and similar pooled investment vehicles managed by independent portfolio managers that employ diverse, alternative investment strategies across a variety of asset classes.

Note 6: Beneficial Interest in Trusts

The College is the beneficiary of charitable remainder trusts administered by outside parties from which the College will not receive a distribution until the death of the named beneficiaries. The estimated value of the expected residual benefit (which represents the fair value of the trust assets, less the present value of the estimated future payments to income beneficiaries based on applicable mortality tables) of these trusts was \$515,263 and \$526,012 at June 30, 2022 and 2021, respectively.

The College is also the beneficiary under a perpetual trust administered by an outside party. Under the term of the trust, the College has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trusts. The estimated value of the expected future cash flows is \$763,902 and \$929,131, which represents the fair value of the trust assets at June 30, 2022 and 2021, respectively.

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Note 7: Property and Equipment

The College's property and equipment are as follows:

	2022	2021
Land and improvements	\$ 11,676,152	\$ 11,576,120
Buildings	146,555,840	145,168,207
Furniture and equipment	32,461,738	30,172,732
Library books	3,931,569	4,219,834
Software	1,645,420	1,598,197
Construction in progress	<u>1,587,554</u>	<u>1,116,603</u>
	197,858,273	193,851,693
Accumulated depreciation	<u>(88,314,763)</u>	<u>(81,563,636)</u>
	<u>\$ 109,543,510</u>	<u>\$ 112,288,057</u>

At June 30, 2022, the following construction projects were in progress:

	Costs-to-Date	Estimated Total Costs	Funding Plan
HCC Roof	\$ 547,925	\$ 553,000	R&R*
HAB/ESSS Roof	373,280	379,000	R&R*
Murray Hall Roofing	338,414	355,000	R&R*
HCC/Claire Lynch Cooling	16,000	215,000	R&R*
Summer Boiler	155,794	185,000	R&R*
DNP Renovation (4th Floor Main)	3,596	150,000	Gift/R&R*
Gorecki Banquet Hall Update	79,236	96,600	R&R*
HCC Lobby	64,353	65,200	R&R*
East Apt Lighting	<u>8,956</u>	<u>13,000</u>	R&R*
	<u>\$ 1,587,554</u>	<u>\$ 2,011,800</u>	

*Repairs and replacements

Note 8: Annuities Payable

The College has been the recipient of several gift annuities, which require future payments to donors or their named beneficiaries. The College has recorded a liability in the amount of \$442,886 and \$470,285 at June 30, 2022 and 2021, respectively, which represents the present value of the future annuity obligations. The liability has been determined using Internal Revenue Service annuity tables.

College of Saint Benedict
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Note 9: Long-Term Debt

Long-term debt consists of the following:

	2022	2021
Minnesota Higher Education Facilities Authority		
Revenue Bonds Series 7-T	\$ 980,000	\$ 1,450,000
Revenue Bonds Series 8-K	31,005,000	31,885,000
Revenue Refunding Bond Series 2017	5,900,000	6,210,000
SOSB Note Payable	5,204	66,074
	37,890,204	39,611,074
Unamortized premium	2,299,864	2,412,808
Deferred debt acquisition costs, net	(288,770)	(308,327)
	\$ 39,901,298	\$ 41,715,555

The College has loans outstanding with the Minnesota Higher Education Facilities Authority (the Authority) in connection with bonds issued by the Authority:

Revenue Bonds Series 7-T: In January 2013, the Minnesota Higher Education Facilities Authority issued Revenue Bonds Series 7-T on behalf of the College totaling \$5,235,000. The bonds are secured by the full faith and credit of the College and certain reserves. The Series 7-T Bonds refunded the Series 5-W Bonds in full. Interest at 2.6% is payable semiannually on March 1 and September 1. The bonds mature in annual principal installments ranging from \$425,000 to \$495,000 on March 1 through 2024. The Series 7-T Bonds are subject to various restrictive covenants, which include the requirement that the College meet a revenue/expenditure test and maintain a certain level of board-designated (without donor restriction) endowment net assets. The College's ability to incur additional long-term debt may be limited.

Revenue Bonds Series 8-K: In April 2016, the Minnesota Higher Education Facilities Authority issued Revenue Bond Series 8-K on behalf of the College totaling \$34,360,000. The bonds are secured by the full faith and credit of the College and certain reserves. The Series 8-K Bonds, together with other College funds, are to be used for the purchase and renovation of several campus buildings as well as upgrades and other improvements to the physical plant. Interest ranging from 3% to 5% is payable semi-annually on March 1 and September 1. The bonds mature in annual principal installments ranging from \$790,000 to \$1,355,000 on March 1 through 2031, with payments of \$7,715,000 and \$11,830,000 due on March 1, 2037 and 2043, respectively. The Series 8-K Bonds are subject to various restrictive covenants, which include the requirement that the College meet a revenue/expenditure test and maintain a certain level of unrestricted board designated endowment net assets. The College's ability to incur additional long-term debt may be limited.

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Revenue Refunding Bond Series 2017: In December 2017, the Minnesota Higher Education Facilities Authority issued Revenue Refunding Bond, Series 2017 on behalf of the College totaling \$7,080,000. The College used the bond proceeds, together with other College funds to refund on a current refunding basis the remaining outstanding principal plus interest to the March 1, 2018 redemption date of the Authority's Revenue Bonds, Series 6-V and refund on an advance refunding basis the remaining outstanding principal plus interest to the March 1, 2020 redemption date of the Revenue Bonds, Series 7-M and pay certain issuance costs. The bonds are secured by a pledge of the loan repayments, which are a general obligation of the College. Interest rates range from 3% to 4% and is payable semi-annually on March 1 and September 1. The bonds mature in annual principal installments ranging from \$460,000 to \$1,525,000 on March 1 through 2032. The Series 2017 Bonds are subject to various restrictive covenants, which include the requirement that the College meet a revenue/expense test and maintain a certain level of unrestricted board designated endowment net assets. The College's ability to insure additional long-term debt may be limited.

SOSB Note Payable: In March 2012, the College entered into a mortgage note payable agreement with the Sisters of the Order of St. Benedict (SOSB) to purchase the power plan building totaling \$498,300. The agreement requires monthly payments of \$5,225, including interest at 4.75%, through July 2022.

The future maturities of long-term debt is as follows:

2023	\$ 1,735,204
2024	1,800,000
2025	1,370,000
2026	1,435,000
2027	1,495,000
Thereafter	<u>30,055,000</u>
	<u>\$ 37,890,204</u>

Note 10: Leases

The College has leases for fitness and information technology equipment that expire in various years through 2026. The College has no material related-party leases, and the College's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Operating lease costs and cash paid for leases was \$256,201 and \$93,434 for the years ended June 30, 2022 and 2021. For the years ended June 30, 2022 and 2021, the College's weighted-average discount rate was 2.5%, and the weighted-average lease term was 3.3 and 4.0 years, respectively.

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Future minimum lease payments at June 30, 2022, are as follows:

	Operating Leases
2023	\$ 173,943
2024	146,894
2025	118,000
2026	78,667
Total future undiscounted lease payments	517,504
Less interest	(22,902)
	\$ 494,602

Note 11: Net Assets

Net Assets Without Restrictions

Net assets without restrictions are:

	2022	2021
Available for operations	\$ 4,886,452	\$ 3,567,931
Board-designated endowment	9,758,213	11,004,330
Board-designated reserves	19,883,529	20,133,083
Contractual limitations - debt service	4,531,087	4,654,651
Investment in property and equipment	64,635,446	65,608,132
	\$ 103,694,727	\$ 104,968,127

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Net Assets With Restrictions

Net assets with restrictions are available for the following purposes or periods:

	2022	2021
Subject to expenditure for specified purpose		
Unexpended gifts	\$ 4,196,838	\$ 3,528,756
Subject to the passage of time		
Contributions receivable	1,878,277	1,280,858
Future interest in life estate	442,808	436,011
	<u>2,321,085</u>	<u>1,716,869</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs	21,071,567	33,191,060
Subject to College endowment spending policy	71,323,367	65,881,956
Funds held in trust	836,357	1,019,133
	<u>93,231,291</u>	<u>100,092,149</u>
Amounts to be held in perpetuity		
Annuities	1,347,349	1,602,937
Contributions receivable	3,439,413	4,593,975
	<u>4,786,762</u>	<u>6,196,912</u>
	<u>\$ 104,535,976</u>	<u>\$ 111,534,686</u>

Net Assets Released From Restrictions

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

	2022	2021
Unexpended gifts	\$ 5,595,707	\$ 3,688,910
Donor-restricted endowment	3,354,582	3,135,269
Annuities	28,099	5,481
Endowment	-	4,519
	<u>\$ 8,978,388</u>	<u>\$ 6,834,179</u>

College of Saint Benedict

Notes to Financial Statements

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Note 12: Endowment

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

The College's Board of Trustees is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as net assets with donor restrictions (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The remaining portion of donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA. When reviewing its donor-restricted endowment funds, the College considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The College has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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The composition of net assets by type of endowment fund at June 30, 2022 and 2021, was:

	2022		
	Without Donor Restriction	With Donor Restrictions	Total
Board-designated endowment funds	\$ 9,758,213	\$ -	\$ 9,758,213
Donor-restricted endowment funds			
Temporary in nature	-	21,071,567	21,071,567
Amounts to be held in perpetuity	-	72,159,724	72,159,724
	<u>\$ 9,758,213</u>	<u>\$ 93,231,291</u>	<u>\$ 102,989,504</u>
2021			
	Without Donor Restriction	With Donor Restrictions	Total
Board-designated endowment funds	\$ 11,004,330	\$ -	\$ 11,004,330
Donor-restricted endowment funds			
Temporary in nature	-	33,191,060	33,191,060
Amounts to be held in perpetuity	-	66,901,089	66,901,089
	<u>\$ 11,004,330</u>	<u>\$ 100,092,149</u>	<u>\$ 111,096,479</u>

Changes in endowment net assets for the years ended June 30, 2022 and 2021 were:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets July 1, 2020	\$ 8,793,742	\$ 77,921,588	\$ 86,715,330
Investment return	2,494,386	20,594,078	23,088,464
Contributions received	45,354	4,716,271	4,761,625
Appropriation of endowment net assets for expenditure	<u>(329,152)</u>	<u>(3,139,788)</u>	<u>(3,468,940)</u>
Endowment net assets June 30, 2021	11,004,330	100,092,149	111,096,479
Investment return	(976,568)	(8,918,874)	(9,895,442)
Contributions received	69,476	5,412,598	5,482,074
Appropriation of endowment net assets for expenditure	<u>(339,025)</u>	<u>(3,354,582)</u>	<u>(3,693,607)</u>
Endowment net assets June 30, 2022	<u>\$ 9,758,213</u>	<u>\$ 93,231,291</u>	<u>\$ 102,989,504</u>

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From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the College is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. The College has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures under law. At June 30, 2022 and 2021, underwater endowment funds consisted of the following

	2022	2021
Original gift value	\$ 1,443,733	\$ 94,895
Fair value	1,368,825	84,226
Balance of underwater endowment funds	\$ 74,908	\$ 10,669

These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets with donor restrictions.

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the College must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the College's policies, endowment assets are invested in a manner that is intended to produce results that exceed spending plus inflation while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

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

The College has a policy of appropriating for expenditure each year the prior year's distribution plus 3.0%. If that rate falls below 4.0% or exceeds 6.0% of the average fair value of the endowment funds measured over a 12 quarter period, the spending will be reset to 5% of the average fair value. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long-term, the College expects the current spending policy to allow its endowment to grow at an average of 4.0% to 6.0% annually. This is consistent with the College's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

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Note 13: Fair Value Measurements and Disclosures

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

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

Following is a description of the valuation methodologies and inputs used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques used during the year ended June 30, 2022.

Investments

U.S. Government and Agency Securities and Commercial Paper: Investments in U.S. Government and agency securities and commercial paper for which quoted prices are not readily available. The fair values are estimated using Level 2 inputs based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Mutual Funds: Where quoted market prices are available in an active market, publicly traded U.S. equity small cap, other U.S. equity, global equity, debt securities and domestic fixed income funds are classified within Level 1 of the valuation hierarchy.

Privately Managed Funds: As a practical expedient, fair value of the intermediate term fund and privately managed funds is determined using the net asset value (NAV) (or its equivalent) supplied by the respective fund managers. Privately managed funds are therefore classified within the Investments Measured at NAV of the valuation hierarchy.

Fair value determinations for privately managed funds measured at NAV are the responsibility of the Business Office. The Business Office utilizes the valuation provided by the fund managers to generate fair value estimates on a monthly or quarterly basis and challenges the reasonableness of assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

Beneficial Interest in Trusts

The fair value of charitable remainder trusts is estimated using a discounted cash flow model. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

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The fair value of perpetual trusts is estimated as the present value of the future distributions expected to be received over the term of the agreement, which approximates the fair value of the underlying investments of the trust, which primarily are marketable securities. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022				
Short-term investments				
U.S. Treasury securities and government bonds	\$ 1,735,503	\$ -	\$ 1,735,503	\$ -
Funds held by trustees, including unspent bond proceeds				
U.S. Government and agency securities	2,118,193	-	2,118,193	-
Commercial paper	54,186	-	54,186	-
Long-term investments - mutual funds				
Other U.S. equity funds	619,424	619,424	-	-
Global equity funds	8,907,303	8,907,303	-	-
Domestic fixed income funds	4,768,885	4,768,885	-	-
Total investments classified within the fair value hierarchy	18,203,494	\$ 14,295,612	\$ 3,907,882	\$ -
Investments carried at net asset value ^(A)	95,880,948			
Certificates of deposit - cost basis	2,724,021			
Total investments	\$ 116,808,463			
Beneficial interest in trusts	\$ 1,279,165	\$ -	\$ -	\$ 1,279,165
December 31, 2021				
Short-term investments				
U.S. Treasury securities and government bonds	\$ 2,247,160	\$ -	\$ 2,247,160	\$ -
Funds held by trustees, including unspent bond proceeds				
U.S. government and agency securities	1,122,131	-	1,122,131	-
Commercial paper	1,129,136	-	1,129,136	-
Long-term investments - mutual funds				
Other U.S. equity funds	771,194	771,194	-	-
Global equity funds	9,022,796	9,022,796	-	-
Domestic fixed income funds	7,235,345	7,235,345	-	-
Total investments classified within the fair value hierarchy	21,527,762	\$ 17,029,335	\$ 4,498,427	\$ -
Investments carried at net asset value ^(A)	103,117,850			
Certificates of deposit - cost basis	741,305			
Total investments	\$ 125,386,917			
Beneficial interest in trusts	\$ 1,455,143	\$ -	\$ -	\$ 1,455,143

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

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Unobservable (Level 3) Inputs

The fair value of the beneficial interest in trusts is estimated at the present value of the estimated expected future benefits to be received and was \$1,279,165 and \$1,455,143 at June 30, 2022 and 2021, respectively. The fair value of the interest in trusts is based on unobservable inputs such as the College's proportionate share of the fair value of the assets of each trust.

Note 14: Asset Retirement Obligation

Accounting principles generally accepted in the United States of America require that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. The College's conditional asset retirement obligations primarily relate to asbestos contained in buildings that the College owns. Environmental regulations require the College to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished.

A summary of changes in asset retirement obligations for the years ended June 30, 2022 and 2021, is included in the table below.

	2022	2021
Balance, beginning of the year	\$ 1,606,453	\$ 1,632,596
Accretion expense and other adjustments	24,036	(26,143)
Balance, end of year	\$ 1,630,489	\$ 1,606,453

Note 15: Related Party Transactions and Coordinate Effort

The College is an affiliated organization of the Sisters of the Order of Saint Benedict of St. Joseph, Minnesota (the "Order"). Certain members of the Order are employees of the College and certain members of the Board of Trustees of the College are also members of the Order. The College had liability owed to the Order totaling \$0 and \$19,054 at June 30, 2022 and 2021, respectively.

At June 30, 2022 and 2021, approximately \$1.3 million and \$409,000 of the outstanding contributions receivable balance was due from members of the College's Board of Trustees. In addition, for the years ended June 30, 2022 and 2021, approximately \$2.0 million and \$200,000 of the College's contribution revenue was received from members of the Board of Trustees.

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The College and Saint John's University operate under a Financial Principals agreement wherein academic expenses are shared between the two institutions. Academic expenses are shared based on an annually agreed-upon percentage. Shared administrative costs under the agreement are split evenly, or occasionally on an alternative agreed-upon basis. Certain other programs are split based upon focus on each the individual institutions. At June 30, 2022, the amount receivable from Saint John's University was \$89,687. At June 30, 2021, the amount payable to Saint John's University was \$145,190.

Note 16: Pension and Other Postretirement Benefit Plans

The College has certain defined contribution pension plans covering academic and nonacademic personnel. Contributions for employees are determined on a percentage of annual salary. The cost of the retirement plans is paid currently and approximated \$1,871,255 and \$1,927,191 for the years ended June 30, 2022 and 2021, respectively.

Note 17: Self-Insurance

The College sponsors a self-insurance plan for its employees' health insurance. The College is responsible for a maximum of \$215,000 per year for each employee. Amounts in excess of the \$215,000 cap are reimbursed through specific stop loss coverage. Those amounts in excess of 125% of overall expected annual claims are also protected by aggregate stop loss coverage in the amount of \$5,214,415. Accrued liabilities include a reserve of \$548,883 and \$325,922 for the years ended June 30, 2022 and 2021, respectively, representing an estimate of amounts due and payable on existing claims for which the College is self-insured and which are expected to be settled currently.

Note 18: Liquidity and Availability

The College's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The College manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The College has liquidity operating procedures to maintain current financial assets less current liabilities. Short-term operating funds are managed weekly to ensure maximum short-term returns while maintaining operating expense payments. The College budgets to add funds to unrestricted undesignated net assets on an annual basis. Future cash flows are estimated and reserves monitored annually. During the years ended June 30, 2022 and 2021, the level of liquidity and reserves was managed within the operating procedure requirements.

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Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 and 2021 comprise the following:

	2022	2021
Cash and cash equivalents	\$ 22,555,048	\$ 20,935,153
Student receivables	408,050	359,790
Other receivables	399,711	378,044
Redeemable investments	114,636,084	123,135,650
Funds held by trustees, including unspent bond proceeds	2,172,379	2,251,267
Contributions receivable due within one year, net	<u>1,969,064</u>	<u>1,931,677</u>
Total liquid financial assets	<u>142,140,336</u>	<u>148,991,581</u>
Less:		
Donor-imposed restrictions		
Restricted funds, less beneficial interest in trusts	4,707,830	4,112,561
Endowments	<u>93,231,291</u>	<u>100,092,149</u>
Total donor-imposed restrictions	<u>97,939,121</u>	<u>104,204,710</u>
Board-designated endowment	9,758,213	11,004,330
Board-designated reserves	<u>19,883,529</u>	<u>20,133,083</u>
Total board-designated	<u>29,641,742</u>	<u>31,137,413</u>
Funds held by trustees, including unspent bond proceeds	<u>2,172,379</u>	<u>2,251,267</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,387,094</u>	<u>\$ 11,398,191</u>

Note 19: Significant Estimates and Concentrations

Contributions

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. Approximately 43% of all private gifts and grants were received from three donors in 2022 and 28% were received from one donor in 2021. In addition, approximately 59% and 74% of gross contributions receivable as of June 30, 2022 and 2021 were due from one donor.

Litigation

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

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Other Discrete Events

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the College. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. As a result of the pandemic, the College processed credits to students for prorated room, board, and fees in the amount of \$999,178 for the year ended June 30, 2021, which reduced residence halls, food services and other auxiliary revenue on the statements of activities. No such credits were recorded for the year ended June 30, 2022.