

**ST. MARY'S COLLEGE OF MARYLAND**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2022 AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**ST. MARY'S COLLEGE OF MARYLAND  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF NET POSITION</b>	<b>17</b>
<b>STATEMENTS OF FINANCIAL POSITION – ST. MARY'S COLLEGE OF MARYLAND FOUNDATION – COMPONENT UNIT</b>	<b>18</b>
<b>STATEMENTS OF FINANCIAL POSITION – ST. MARY'S COLLEGE OF MARYLAND BOAT FOUNDATION, INC. – COMPONENT UNIT</b>	<b>19</b>
<b>STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>20</b>
<b>STATEMENTS OF ACTIVITIES – ST. MARY'S COLLEGE OF MARYLAND FOUNDATION – COMPONENT UNIT</b>	<b>21</b>
<b>STATEMENTS OF ACTIVITIES – ST. MARY'S COLLEGE OF MARYLAND BOAT FOUNDATION, INC. – COMPONENT UNIT</b>	<b>23</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>24</b>
<b>STATEMENTS OF CASH FLOWS – ST. MARY'S FOUNDATION – COMPONENT UNIT</b>	<b>26</b>
<b>STATEMENTS OF CASH FLOWS – ST. MARY'S COLLEGE OF MARYLAND BOAT FOUNDATION, INC. – COMPONENT UNIT</b>	<b>27</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>28</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>	<b>60</b>
<b>SCHEDULE OF CONTRIBUTIONS FOR THE PENSION PLAN</b>	<b>61</b>
<b>SCHEDULE OF CONTRIBUTIONS FOR THE OTHER POSTEMPLOYMENT BENEFITS PLAN</b>	<b>62</b>
<b>NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>63</b>



## 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, 2022 and 2021, 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, 2022 and 2021, 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.

#### ***Emphasis of Matter***

As discussed in Note two to the financial statements, effective July 1, 2020, the College adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

#### ***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.

#### ***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.

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, 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  
December 29, 2022

**ST. MARY'S COLLEGE OF MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

**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 2022 and 2021, and 2020 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.

**Condensed Statements of Net Position (in thousands of dollars)**

	As of		
	June 30, 2022	June 30, 2021	June 30, 2020
<b>Assets:</b>			
Current Assets	\$ 67,968	\$ 47,775	\$ 31,674
Noncurrent Assets, Net	234,786	214,382	191,302
Total Assets	<u>302,754</u>	<u>262,157</u>	<u>222,976</u>
<b>Deferred Outflow of Resources:</b>			
Deferred Outflows Related to Pensions	4,598	4,227	4,127
Deferred Charge on Refunding	1,410	1,514	1,618
Total Assets and Deferred Outflows	<u>308,762</u>	<u>267,898</u>	<u>228,721</u>
<b>Liabilities:</b>			
Current Liabilities	26,126	12,959	13,846
Noncurrent Liabilities	48,902	56,297	43,864
Total Liabilities	<u>75,028</u>	<u>69,256</u>	<u>57,710</u>
<b>Deferred Inflow of Resources:</b>			
Deferred Inflows Related to Pensions	5,987	1,733	2,911
<b>Net Position:</b>			
Net Investment in Capital Assets	204,185	184,001	158,576
Restricted - Nonexpendable	1,000	1,000	1,000
Restricted - Expendable	110	109	108
Unrestricted	22,452	11,799	8,416
Total Net Position	<u>\$ 227,747</u>	<u>\$ 196,909</u>	<u>\$ 168,100</u>

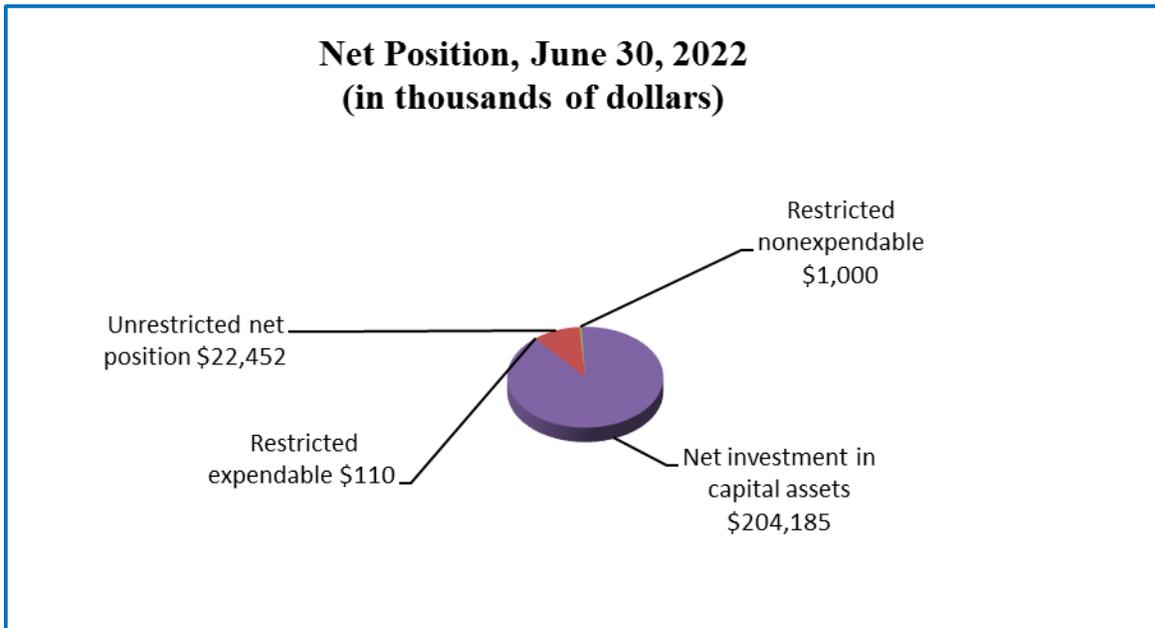
**ST. MARY'S COLLEGE OF MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

**Statements of Net Position (continued)**

The total assets and deferred outflows of the College increased by \$40.9 million in 2022 from 2021. This increase was primarily due to an increase of \$20.2 million in current assets and an increase of \$20.4 million in noncurrent assets and an increase of \$.03 million in deferred outflows of resources, 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 increased by \$10.0 million. This combination of an increase in total assets and deferred outflows of \$40.9 million and an increase in total liabilities and deferred inflows of \$10.0 million resulted in an increase in total net position of \$30.9 million.

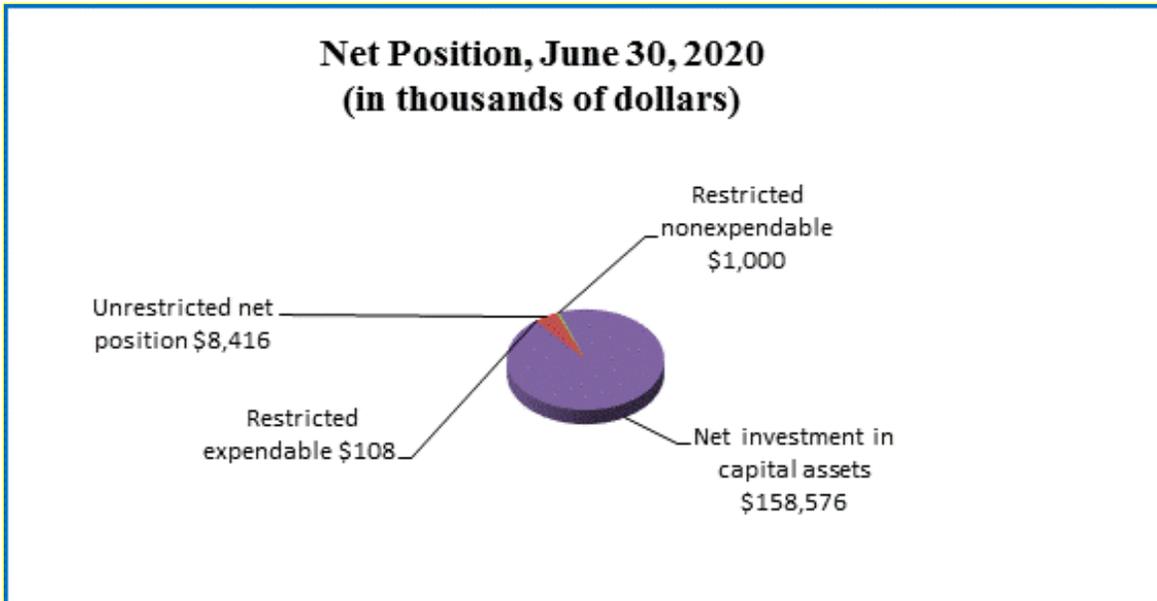
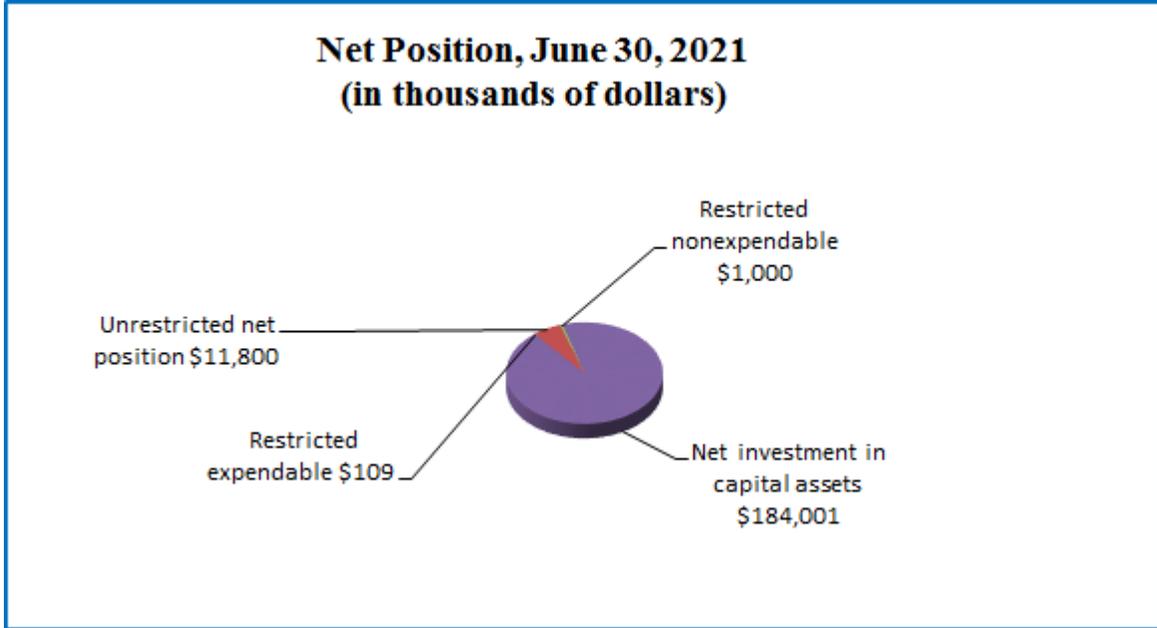
The total assets and deferred outflows of the College increased by \$39 million in 2021 from 2020. This increase was primarily due to an increase of \$16 million in current assets and an increase of \$23 million in noncurrent assets and a decrease of \$.4 million in deferred outflow of resources, primarily related to pensions. The total liabilities and deferred inflows for the year increased by \$9.9 million. This combination of an increase in total assets of \$39 million and an increase in total liabilities of \$9.9 million resulted in an increase in total net position of \$28.8 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, 2022, 2021, and 2020, respectively.



**ST. MARY'S COLLEGE OF MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

**Statements of Net Position (continued)**



**ST. MARY'S COLLEGE OF MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

**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:		
	2022	2021	2020
Encumbrances and Carryovers for General Operating Purposes	\$ 2,399	\$ 1,921	\$ 1,884
Encumbrances for Capital Projects	10,963	452	888
Funds Designated for Current Plant Projects	2,428	1,515	2,362
Funds Designated for Future Plant Projects	1,436	1,453	1,318
Funds Functioning as Endowments	4,081	4,187	3,316
Unrestricted Funds for General Operating Purposes	11,117	17,054	12,164
Net Pension Liability and Related Deferred Outflows/Inflows	(9,972)	(14,782)	(13,516)
Total Unrestricted Net Position	<u>\$ 22,452</u>	<u>\$ 11,800</u>	<u>\$ 8,416</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, 2022 AND 2021**

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

	For the Years Ended		
	June 30, 2022	June 30, 2021	June 30, 2020
Operating Revenues:			
Tuition and Fees, Less Scholarships and Waivers	\$ 17,915	\$ 17,034	\$ 17,128
Grants and Contracts	1,879	376	794
Sales and Services of Educational Departments	366	140	650
Auxiliary Enterprises	17,065	11,925	12,629
Other Operating Revenues	173	79	94
Total Operating Revenues	<u>37,399</u>	<u>29,554</u>	<u>31,295</u>
Operating Expenses	<u>77,156</u>	<u>70,598</u>	<u>67,951</u>
Operating Loss	(39,758)	(41,044)	(36,656)
Non-Operating Revenues:			
State Appropriations	30,159	27,505	27,158
Other Nonoperating Revenues (Expenses)	4,734	12,134	6,311
Net Nonoperating Revenues	<u>34,893</u>	<u>39,639</u>	<u>33,469</u>
Loss Before Other Revenues, Expenses, Gains, and Losses	<u>(4,865)</u>	<u>(1,405)</u>	<u>(3,187)</u>
Capital Appropriations	<u>35,703</u>	<u>29,228</u>	<u>9,689</u>
Increase in Net Position	<u>30,838</u>	<u>27,823</u>	<u>6,502</u>
Net Position at Beginning of Year, as Previously Reported	196,910	168,100	161,598
Net Position Restatement	-	987	-
Net Position at Beginning of Year, as Restated	<u>196,910</u>	<u>169,087</u>	<u>161,598</u>
Net Position at End of Year	<u>\$ 227,748</u>	<u>\$ 196,910</u>	<u>\$ 168,100</u>

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

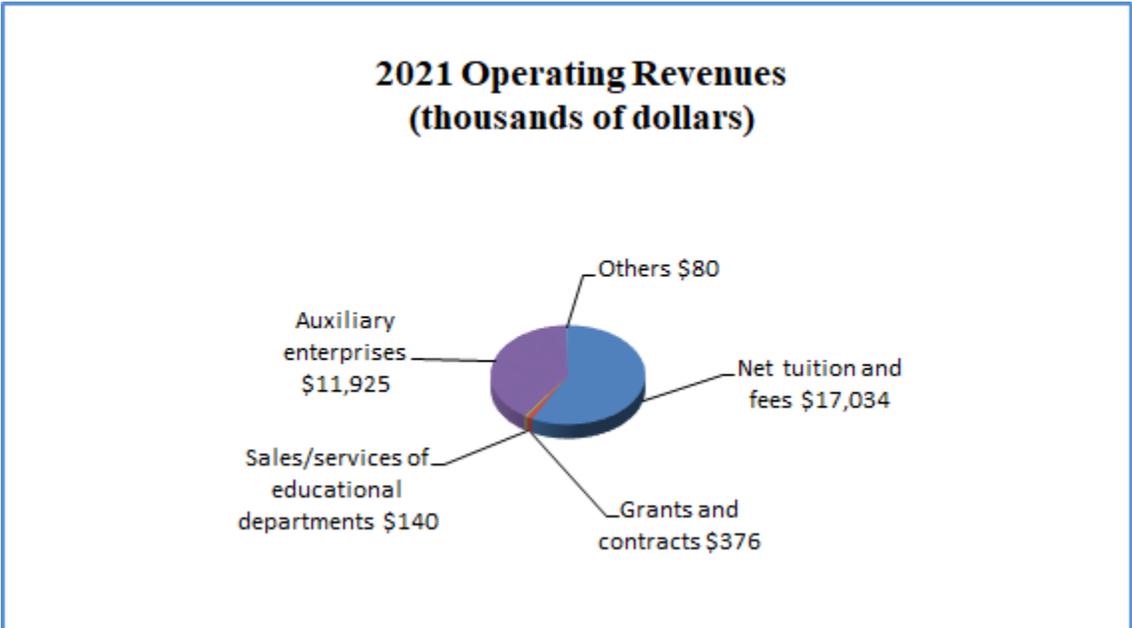
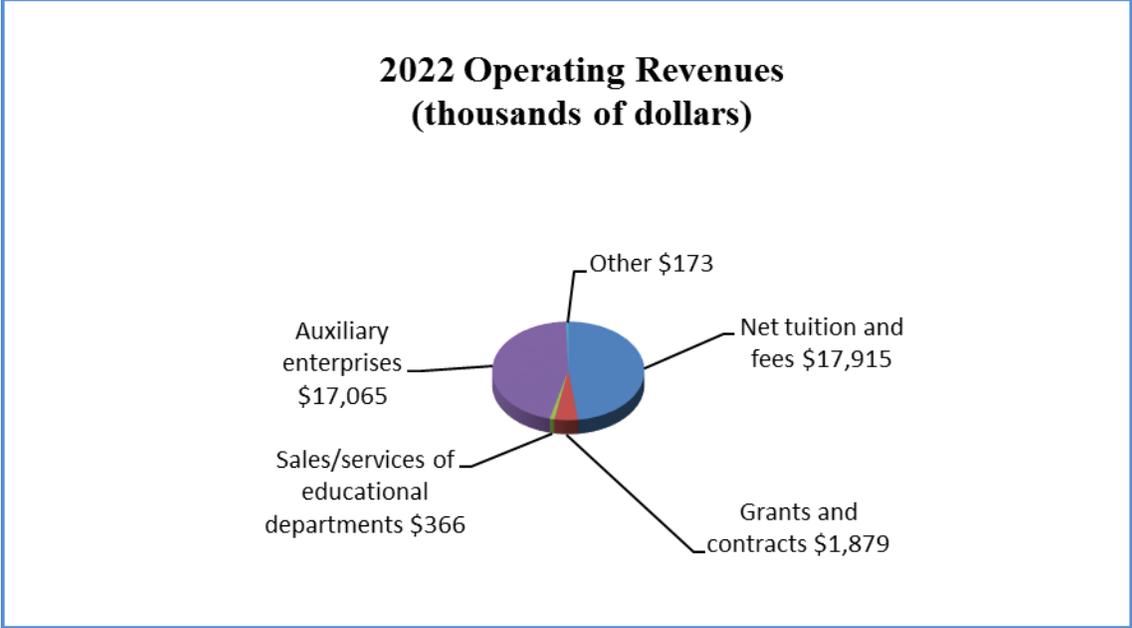
Net position increased by \$31 million, or 15%, for 2022. The increase resulted primarily from increased operating revenues and state appropriations. Operating expenses increased by \$6.6 million, nonoperating and capital state appropriation increased by \$6.4 million. Additionally, \$2.4 million in direct assistance provided by the St. Mary's College of Maryland Foundation to College departments has been included in nonoperating revenue in 2022.

Net position increased by \$27.8 million, or 16%, for 2021. The increase resulted primarily from capital state appropriations. Operating expenses increased by \$2.6 million. Additionally, \$1.8 million in direct assistance provided by the St. Mary's College of Maryland Foundation to College departments have been included in nonoperating revenue in 2021.

**ST. MARY'S COLLEGE OF MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

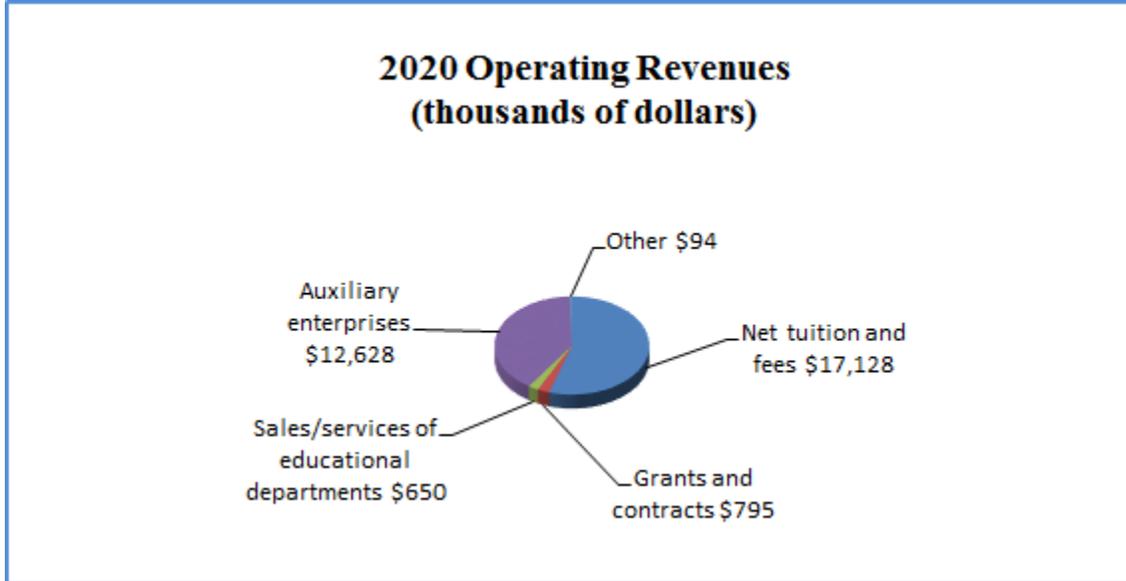
**Operating Revenues**

Total operating revenues for fiscal year 2022, were \$37.4 million. The graphs below show comparisons of operating revenues for fiscal years 2022, 2021, and 2020:



**ST. MARY'S COLLEGE OF MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

**Operating Revenues (continued)**



**Tuition and Fees**

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.

Tuition and fees, less scholarships and waivers, of \$17 million, accounted for 58% of total operating revenue and decreased 1% from the 2020 to 2021, primarily due to a decrease in the number of students and decreased scholarship discounts.

**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, 2022 AND 2021**

**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 \$0.366 million and \$.14 million in 2022 and 2021, respectively. Examples of educational activity include conferences and study abroad fees. Study abroad activity was largely prohibited due to COVID 19 restrictions.

**Operating Expenses**

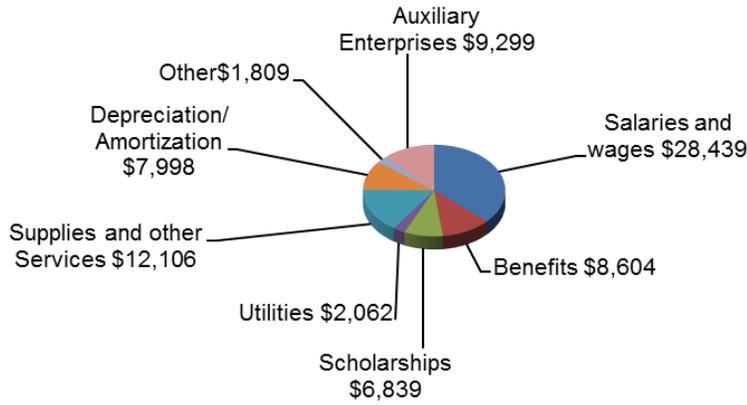
Operating expenses for 2022, totaled \$77.2 million, of which \$19.3 million or 25% was for instruction. Operating expenses include salaries and benefits of \$37 million, scholarships and grants of \$6.8 million, nonauxiliary utilities of \$2.1 million, supplies and other services of \$11.1 million, 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.

Operating expenses for 2021, totaled \$70.6 million, of which \$20.1 million or 28% was for instruction. Operating expenses include salaries and benefits of \$37.1 million, scholarships and grants of \$4.2 million, nonauxiliary utilities of \$1.3 million, supplies and other services of \$11.3 million, and depreciation and amortization of \$6.8 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 does indicate how much of the College's physical plant is being "consumed" each year. The 2018 Series A Bonds were issued on July 28, 2018 to refinance 2005A, 2006A, 2014A and partial refunding of 2012A bonds. The refunding resulted in a decrease of \$0.6 million of interest expense in fiscal year 2019.

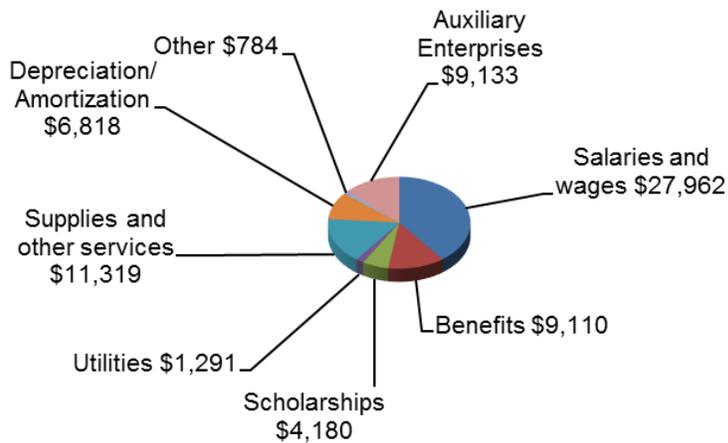
**ST. MARY'S COLLEGE OF MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

**Operating Expenses (continued)**

**2022 Operating Expenses by Natural Classification  
(thousands of dollars)**

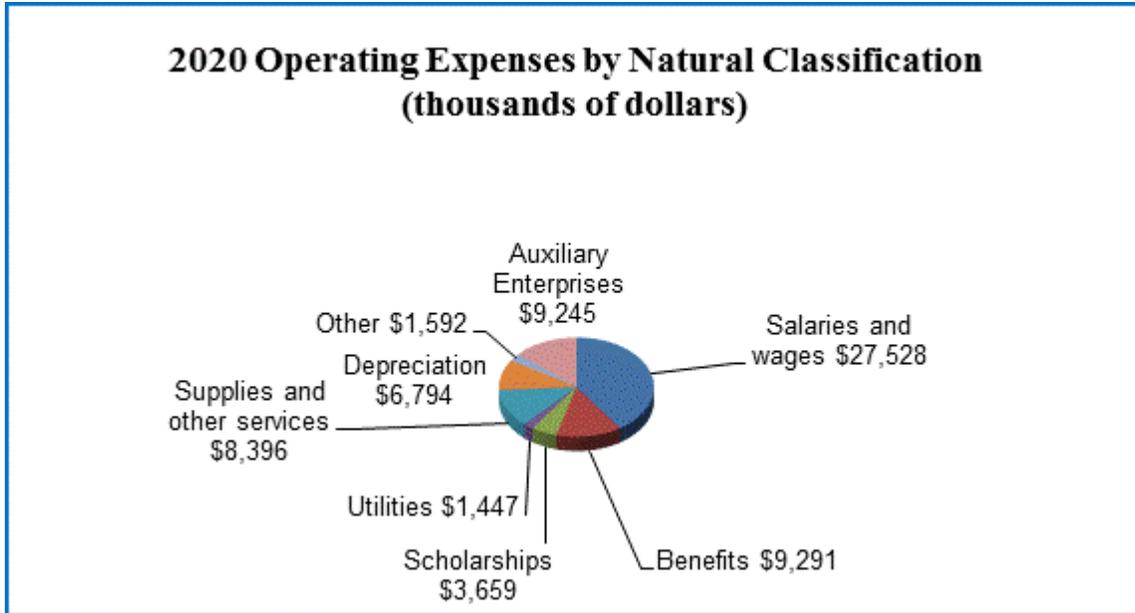


**2021 Operating Expenses by Natural Classification  
(thousands of dollars)**



**ST. MARY'S COLLEGE OF MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

**Operating Expenses (continued)**



**State Appropriation**

The largest inflow in the noncapital financing activities group is the state appropriation of \$30.2 million and \$27.5 million in 2022 and 2021, 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, 2022 AND 2021**

**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, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Cash and Cash Equivalents from:			
Operating Activities	\$ (32,799)	\$ (34,569)	\$ (22,098)
Noncapital Financing Activities	36,608	33,273	29,902
Capital and Related Financing Activities	15,853	16,897	(2,918)
Investing Activities	354	406	638
Net Change in Cash and Cash Equivalents	<u>20,016</u>	<u>16,007</u>	<u>5,524</u>
Cash and Cash Equivalents - Beginning of Year	<u>46,447</u>	<u>30,440</u>	<u>24,916</u>
Cash and Cash Equivalents - End of Year	<u>\$ 66,463</u>	<u>\$ 46,447</u>	<u>\$ 30,440</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. 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.

**ST. MARY'S COLLEGE OF MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

**Capital Assets and Debt Administration**

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 \$13.2 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.

Capital additions totaled \$31.1 million in fiscal year 2021. Capital additions were primarily comprised of the purchase of equipment and construction in progress. Capital additions were funded primarily with State capital appropriations of \$29.2 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 increased by \$20 million, for the year ended June 30, 2021 from the issuance of debt.

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 on-going COVID-19 pandemic impacts on operations seem to be ameliorating with residential operating counts for the Fall 2021 semester recovering to pre-pandemic levels. Recruiting goals for the 21/22 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 tuition and fee increases, 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 2020 is higher than Fall 2019 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 \$52.7 million in 2022 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.

**ST. MARY'S COLLEGE OF MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30. 2022 AND 2021**

**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.

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 [cjtrue@smcm.edu](mailto:cjtrue@smcm.edu).

**ST. MARY'S COLLEGE OF MARYLAND**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 50,357,301	\$ 27,161,346
Restricted Cash and Cash Equivalents	16,106,194	19,285,674
Accounts Receivable, Net	1,216,636	1,007,415
Inventories	253,412	282,931
Prepaid Expenses and Other Assets	34,914	37,465
Total Current Assets	67,968,457	47,774,831
<b>NONCURRENT ASSETS</b>		
Endowment Investments	4,080,890	4,621,608
Notes Receivable, Net	103,616	107,539
Capital Assets, Net	230,601,025	209,653,601
Total Noncurrent Assets	234,785,531	214,382,748
Total Assets	302,753,988	262,157,579
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred Charge on Refunding	1,409,812	1,513,758
Deferred Outflows Related to Pensions	4,598,048	4,226,911
Total Assets and Deferred Outflow of Resources	308,761,848	267,898,248
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	7,583,728	7,168,741
Accrued Vacation Costs	1,070,682	1,055,724
Accrued Workers' Compensation, Current Portion	66,300	67,800
Bonds and Notes Payable, Current	2,506,216	2,444,366
Lease Liability, Current	93,102	85,141
Unearned Revenue	14,805,947	2,136,758
Total Current Liabilities	26,125,975	12,958,530
<b>NONCURRENT LIABILITIES</b>		
Bonds and Notes Payable	38,282,956	40,789,173
Accrued Workers' Compensation	375,700	384,200
Lease Liability	251,120	309,603
Federal Perkins Funds	20,568	32,000
Net Pension Liability	9,971,647	14,782,397
Total Noncurrent Liabilities	48,901,991	56,297,373
Total Liabilities	75,027,966	69,255,903
<b>DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS</b>		
Total Liabilities and Deferred Inflows	5,986,687	1,733,013
<b>NET POSITION</b>		
Net Investment in Capital Assets	204,185,301	184,001,100
Restricted Nonexpendable:		
Scholarships and Fellowships	1,000,117	1,000,117
Restricted Expendable:		
Loans	90,335	89,119
Scholarships and Fellowships	19,894	19,894
Unrestricted	22,451,548	11,799,102
Total Net Position	\$ 227,747,195	\$ 196,909,332

**ST. MARY'S COLLEGE OF MARYLAND  
STATEMENTS OF FINANCIAL POSITION  
ST. MARY'S COLLEGE OF MARYLAND FOUNDATION – COMPONENT UNIT  
JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash	\$ 2,770,028	\$ 1,967,525
Investments	41,067,132	46,058,207
Investments - Gift Annuity	1,118,866	1,287,076
Accrued Interest Receivable	99,519	77,513
Other Assets	213,887	517,905
Promises to Give, Net	2,455,513	870,768
Property and Equipment, Net	1,201	1,201
Total Assets	\$ 47,726,146	\$ 50,780,195
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 113,423	\$ 245,009
Gift Annuity	734,898	735,144
Total Liabilities	848,321	980,153
<b>NET ASSETS</b>		
Without Donor Restriction	1,401,512	2,079,701
With Donor Restriction	45,476,313	47,720,341
Total Net Assets	46,877,825	49,800,042
Total Liabilities and Net Assets	\$ 47,726,146	\$ 50,780,195

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, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash	\$ 70,863	\$ 132,956
Prepaid Expenses	-	1,652
Property and Equipment, Net	328,367	399,993
Boats and Marine Equipment Held for Sale	501,345	1,161,484
Total Assets	\$ 900,575	\$ 1,696,085
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 6,249	\$ 30,321
<b>NET ASSETS</b>		
Without Donor Restriction	894,326	1,665,764
Total Liabilities and Net Assets	\$ 900,575	\$ 1,696,085

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, 2022 AND 2021**

	2022	2021
<b>REVENUE</b>		
Student Tuition and Fees (Less Scholarships and Waivers of: \$7,362,195 in 2022 and \$6,715,580 in 2021)	\$ 17,915,126	\$ 17,033,802
Grants and Contracts:		
Federal	160,600	246,756
State	1,573,913	64,727
Other	144,530	64,536
Sales and Services	366,085	139,882
Auxiliary Enterprises:		
Residence Facilities, Net of Waivers of \$113,276 and \$111,692	10,427,757	7,271,421
Dining Services, Net of Waivers of \$41,020 and \$40,208	5,576,933	3,934,016
Bookstore	1,044,305	703,406
Other Auxiliary Enterprises Revenue	16,158	16,023
Other Operating Revenues	173,202	79,651
Total Operating Revenues	37,398,609	29,554,220
<b>EXPENSES</b>		
Instruction	19,324,236	20,055,769
Research	416,641	348,815
Public Service	(2,273)	(2,055)
Academic Support	1,890,510	1,861,781
Student Services	9,458,509	8,322,596
Institutional Support	16,387,518	14,832,866
Operations of Plant	15,163,488	9,704,887
Scholarships and Fellowships	5,219,202	4,106,819
Auxiliary Enterprises	9,298,586	11,366,367
Total Operating Expenses	77,156,417	70,597,845
<b>OPERATING LOSS</b>	(39,757,808)	(41,043,625)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	30,158,654	27,504,897
Gifts and Grants	1,879,273	1,885,824
Pell, Cares Act, and HEERF Grants	4,569,949	3,882,408
Investment Gains and Losses	(364,950)	696,292
Interest Income	180,170	94,387
Debt Forgiveness	-	6,661,697
Interest on Indebtedness	(1,530,150)	(1,087,898)
Net Nonoperating Revenues	34,892,946	39,637,607
<b>LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>	(4,864,862)	(1,406,018)
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>		
Capital State Appropriations	35,702,725	29,228,178
Total Other Revenues	35,702,725	29,228,178
<b>CHANGE IN NET POSITION</b>	30,837,863	27,822,160
Net Position - Beginning of Year	196,909,332	169,087,172
<b>NET POSITION - END OF YEAR</b>	\$ 227,747,195	\$ 196,909,332

See accompanying Notes to Financial Statements.

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

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>SUPPORT AND REVENUE</b>			
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>
<b>EXPENSES</b>			
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>
<b>CHANGE IN NET ASSETS</b>	(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>
<b>NET ASSETS - END OF YEAR</b>	<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**  
**STATEMENT OF ACTIVITIES**  
**ST. MARY'S FOUNDATION – COMPONENT UNIT**  
**YEAR ENDED JUNE 30, 2021**

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 315,077	\$ 1,995,214	\$ 2,310,291
Donated Services	1,525,070	-	1,525,070
Event Revenue	9,272	-	9,272
Investment Income, Net	250,463	8,647,936	8,898,399
Other Revenue	-	7,910	7,910
Net Assets Released from Restrictions	2,337,740	(2,337,740)	-
Total Support and Revenue	<u>4,437,622</u>	<u>8,313,320</u>	<u>12,750,942</u>
<b>EXPENSES</b>			
Program Services:			
Scholarships	1,171,390	-	1,171,390
Academic Chair	184,148	-	184,148
Alumni Activities	11,876	-	11,876
College Department/Division Support	644,584	-	644,584
Center for Study of Democracy	61,884	-	61,884
Total Program Services	<u>2,073,882</u>	<u>-</u>	<u>2,073,882</u>
Supporting Services:			
Management and General	1,129,539	-	1,129,539
Fundraising	1,053,492	-	1,053,492
Total Supporting Services	<u>2,183,031</u>	<u>-</u>	<u>2,183,031</u>
Total Expenses	<u>4,256,913</u>	<u>-</u>	<u>4,256,913</u>
<b>CHANGE IN NET ASSETS</b>	180,709	8,313,320	8,494,029
Net Assets - Beginning of Year	<u>1,898,992</u>	<u>39,407,021</u>	<u>41,306,013</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,079,701</u>	<u>\$ 47,720,341</u>	<u>\$ 49,800,042</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, 2022 AND 2021**

	2022	2021
<b>SUPPORT AND REVENUE</b>		
Donated Vessels	\$ 6,000	\$ 344,876
Donated Services and Facilities	70,865	70,243
Loss on Sale of Vessels/Impairment	(550,050)	-
Total Support and Revenue	(473,185)	415,119
<b>EXPENSES</b>		
Program Services:		
Depreciation Expense	121,765	220,309
Transfers of Funds to College	60,878	53,730
Insurance	20,678	19,451
Storage Fees	5,810	12,119
Consultants	10,500	10,500
Fees and Licenses	200	152
Equipment Rental	-	100
Miscellaneous	3,291	1,500
Total Program Services	223,122	317,861
Management and General Expenses		
Donated Services and Facilities	31,846	31,094
Professional Fees	3,266	3,025
Total Management and General Expenses	35,112	34,119
Fundraising Expenses		
Donated Services and Facilities	40,019	39,149
Total Fundraising Expenses	40,019	39,149
Total Expenses	298,253	391,129
<b>CHANGE IN NET ASSETS</b>	(771,438)	23,990
Net Assets - Beginning of Year	1,665,764	1,641,774
<b>NET ASSETS - END OF YEAR</b>	\$ 894,326	\$ 1,665,764

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees (Net of All Scholarships and Grants)	\$ 10,855,265	\$ 12,728,916
Grants and Contracts	1,879,043	376,019
Salaries and Benefits	(37,860,838)	(37,072,756)
Payments to Suppliers	(15,663,229)	(14,376,496)
Collection of Student Loans	3,923	7,688
Sales - Auxiliary Enterprises	17,065,153	11,924,866
Expenses - Auxiliary Enterprises	(9,388,586)	(9,133,342)
Direct Lending Student Proceeds	5,854,115	5,986,384
Direct Lending Student Disbursements	(5,854,115)	(5,986,384)
Other Receipts	310,106	975,232
Net Cash Used by Operating Activities	(32,799,163)	(34,569,873)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	30,158,654	27,504,897
Noncapital Gifts and Grants	6,449,222	5,768,232
Net Cash Provided by Noncapital Financing Activities	36,607,876	33,273,129
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital State Appropriations	48,601,095	29,228,178
Purchases of Capital Assets	(28,722,731)	(29,039,488)
Proceeds from Debt Issuance	-	20,000,000
Principal Paid on Long-Term Debt	(2,436,311)	(2,205,000)
Interest Paid on Long-Term Debt	(1,588,728)	(1,086,676)
Net Cash Provided (Used) by Capital and Related Financing Activities	15,853,325	16,897,014
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	178,669	335,182
Purchases of Investments	-	(624,993)
Proceeds from Sales of Investments	175,768	696,292
Net Cash Provided by Investing Activities	354,437	406,481
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	20,016,475	16,006,751
Cash and Cash Equivalents - Beginning of Year	46,447,020	30,440,269
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 66,463,495	\$ 46,447,020
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest Expense Paid During the Year	\$ (1,588,728)	\$ (1,086,676)
Debt Forgiveness	\$ -	\$ 6,661,697
Assets Purchased with Leases	\$ 41,572	\$ -
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>		
Cash and Cash Equivalents	\$ 50,357,301	\$ 27,161,346
Restricted Cash and Cash Equivalents	16,106,194	19,285,674
Total Cash and Cash Equivalents	\$ 66,463,495	\$ 46,447,020

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Loss	\$ (39,757,808)	\$ (41,043,625)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Noncash Expenses:		
Depreciation and Amortization	7,998,235	6,818,140
Effect of Changes of Noncash Operating Assets and Liabilities:		
Receivables, Net	(209,221)	(114,318)
Notes Receivable, Net	(7,509)	7,688
Inventories	29,519	31,062
Prepaid Expenses and Other Assets	2,551	(10,853)
Accounts Payable and Accrued Expenses	414,988	(868,474)
Accrued Vacation	6,458	(134,470)
Unearned Revenue	(348,163)	755,699
Net Pension Liability and Related Deferred Inflows/Outflows	(928,213)	(10,722)
Net Cash Used by Operating Activities	\$ (32,799,163)	\$ (34,569,873)

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND  
STATEMENTS OF CASH FLOWS  
ST. MARY'S FOUNDATION – COMPONENT UNIT  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (2,922,217)	\$ 8,494,029
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Contributions Received for Endowment	(390,634)	(757,436)
Contributions Received for Annuities	(60,000)	(130,000)
Change in Value of Gift Annuity	139,069	(240,050)
Change in Value of Perpetual Trust	248,249	(376,259)
Realized and Unrealized (Gains) Losses on Investments	4,272,024	(7,471,930)
Discounts and Allowance on Promises to Give	(495,876)	(9,012)
Bad Debt Expense	-	3,795
Effect of Changes in Noncash Operations, Assets, and Liabilities:		
Receivables, Net	(22,006)	(21,205)
Promises to Give	(1,088,869)	196,047
Other Assets	304,018	(70,681)
Accounts Payable and Accrued Expenses	(131,586)	196,225
Deferred Revenue	-	-
Gift Annuity	(246)	36,258
Net Cash Used by Operating Activities	(148,074)	(150,219)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(11,387,506)	(18,859,597)
Proceeds from Sale of Investments	11,976,590	18,433,688
Net Cash Provided (Used) by Investing Activities	589,084	(425,909)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Received for Endowment	390,634	757,436
Contributions Subject to Annuity Agreements	60,000	130,000
Payments on Annuity Contracts	(89,141)	(81,756)
Net Cash Provided by Financing Activities	361,493	805,680
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	802,503	229,552
Cash and Cash Equivalents - Beginning of Year	1,967,525	1,737,973
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,770,028	\$ 1,967,525
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Donated Securities	\$ 357,670	\$ 330,460

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND  
STATEMENTS OF CASH FLOWS  
ST. MARY'S COLLEGE OF MARYLAND BOAT FOUNDATION, INC. – COMPONENT UNIT  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (771,438)	\$ 23,990
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Donated Vessels Revenue	(5,000)	(344,876)
Depreciation and Amortization Expense	121,765	220,309
Loss on Sale of Vessels	35,050	1,500
Loss on Impairment of Vessel	515,000	-
Effect of Changes in Noncash Operations, Assets, and Liabilities:		
Prepaid Expenses	1,652	1
Accounts Payable and Accrued Expenses	(24,072)	28,822
Net Cash Used by Operating Activities	(127,043)	(70,254)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Vessels	64,950	7,000
Net Cash Provided (Used) by Investing Activities	64,950	7,000
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(62,093)	(63,254)
Cash and Cash Equivalents - Beginning of Year	132,956	196,210
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 70,863	\$ 132,956

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Discretely Presented Component Units of the College**

During the years ended June 30, 2022 and 2021, the Foundation distributed \$2,413,212 and \$1,892,859, respectively, to the College for both restricted and unrestricted purposes.

During the years ended June 30, 2022 and 2021, the Boat Foundation distributed \$60,878 and \$53,730, 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, 2022 AND 2021**

**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 position 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 position 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, 2022 AND 2021**

**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-Lessee**

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

At the commencement of a lease, the College initially measures the lease 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.
- 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.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases-Lessee (Continued)**

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 assets are reported with other capital assets and lease 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 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.

*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.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position (Continued)**

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.

**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.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Unconditional Promises to Give – Foundation and Boat Foundation (Continued)**

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.

**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, 2022 and 2021.

**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.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2022 and 2021 was \$121,765 and \$220,309, 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.

**Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The College adopted the requirements of the guidance effective July 1, 2020, 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, however interest on indebtedness expense and change in net position decreased by \$1,222.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 3 CASH AND CASH EQUIVALENTS**

As of June 30, 2022 and 2021, cash and cash equivalents consisted of the following:

	<u>2022</u>	<u>2021</u>
Deposits in State of Maryland Cash Pool	\$ 49,693,648	\$ 26,517,208
Petty Cash	2,700	2,700
Money Market Funds	16,106,194	19,285,674
Cash Deposits	660,953	641,438
Total Cash and Cash Equivalents	<u>\$ 66,463,495</u>	<u>\$ 46,447,020</u>

**Deposits in State of Maryland Cash Pool**

As of June 30, 2022 and 2021, the College had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (Treasurer) in the amount of \$49,693,648 and \$26,517,208, respectively. The Treasurer has statutory responsibility for the state's cash management activities. 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, 2022 and 2021, the College has cash on deposit with other local banks in the amount of \$763,233 and \$709,599, respectively. The College has statutory responsibility for the management of these funds. As of June 30, 2022 and 2021, \$263,233 and \$209,599, 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.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 INVESTMENTS**

Endowment and other investments held by the College as of June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 372,178	\$ 193,141
Debt Securities:		
U.S. Treasury	364,087	455,666
U.S. Agencies	208,908	137,590
Mortgage-Backed Securities	55,461	178,929
Corporate Bonds	<u>1,520,751</u>	<u>1,710,842</u>
Total Debt Securities	2,149,207	2,483,027
Equity Securities:		
Equity Securities:	<u>1,559,505</u>	<u>1,945,440</u>
Total	<u>\$ 4,080,890</u>	<u>\$ 4,621,608</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.

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.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 INVESTMENTS (CONTINUED)**

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:

	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
Total	\$ 1,520,751	\$ 628,456	\$ -	\$ 2,149,207

	2021			
	Level 1	Level 2	Level 3	Total
U.S. Treasury	\$ -	\$ 455,666	\$ -	\$ 455,666
U.S. Agencies	-	137,590	-	137,590
Mortgage-Backed Securities	-	178,929	-	178,929
Corporate Bonds	1,710,842	-	-	1,710,842
Equity Securities	1,945,440	-	-	1,945,440
Total	\$ 3,656,282	\$ 772,185	\$ -	\$ 4,428,467

*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.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 INVESTMENTS (CONTINUED)**

As of June 30, 2022 and 2021, the College had the following ratings and maturities of underlying fixed income investments:

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

Investment Type	Ratings (S and P)	Total	As of June 30, 2021				
			Investment Maturities (in Years)				
			<1	1 to 5	6 to 10	11 to 15	>15
U.S. Government Securities	AAA	\$ 455,666	\$ 20,592	\$ 282,321	\$ -	\$ 17,847	\$ 134,906
U.S. Agency and Other							
Asset-Backed							
Securities	AAA	137,590	185	62,807	842	21,929	51,827
U.S. Agency and Other							
Asset-Backed							
Securities	AA+	178,929	-	-	156,874	7,346	14,709
U.S. Agency and Other							
Asset-Backed							
Securities							
Corporate Bonds	AAA	43,124	-	-	-	43,124	-
Corporate Bonds	AA-	68,913	-	40,305	28,608	-	-
Corporate Bonds	AA+	-	-	-	-	-	-
Corporate Bonds	A+	192,049	-	100,968	51,599	-	39,482
Corporate Bonds	A	82,847	25,400	57,447	-	-	-
Corporate Bonds	A-	292,345	-	148,403	105,052	38,890	-
Corporate Bonds	BBB+	731,784	51,109	258,400	218,911	99,233	104,131
Corporate Bonds	BBB	299,780	-	160,022	95,384	13,618	30,756
Corporate Bonds	NR	1,944,462	1,944,462	-	-	-	-
Corporate Bonds	NR	978	978	-	-	-	-
Total		<u>\$ 4,428,467</u>	<u>\$ 2,042,726</u>	<u>\$ 1,110,673</u>	<u>\$ 657,270</u>	<u>\$ 241,987</u>	<u>\$ 375,811</u>

**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, 2022 and 2021, there were no investments in excess of 5%.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 INVESTMENTS (CONTINUED)**

*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, 2022 and 2021, as the College did not have any investments denominated in foreign currencies.

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

	2022	2021
Equities	\$ 16,727,576	\$ 23,109,098
Fixed Income	11,857,711	13,719,328
Cash Equivalents	1,483,850	801,747
Interest in Trust	1,428,098	1,746,347
Alternative Investment	10,688,763	7,968,763
Total Investments	\$ 42,185,998	\$ 47,345,283

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 \$1,428,098 and \$1,746,347 as of June 30, 2022 and 2021, respectively. The Foundation received a distribution of \$70,000 from the Trust for each of the years ended June 30, 2022 and 2021, 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.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 INVESTMENTS (CONTINUED)**

	2022			
	Level 1	Level 2	Level 3	Total
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	<u>11,857,711</u>	<u>-</u>	<u>-</u>	<u>11,857,711</u>
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	<u>2,353,752</u>	<u>-</u>	<u>-</u>	<u>2,353,752</u>
Interest Held in Perpetual Trust	-	-	1,428,098	1,428,098
Total Assets	<u>\$ 32,422,889</u>	<u>\$ -</u>	<u>\$ 1,428,098</u>	<u>33,850,987</u>
Investments Measured at Fair Value Using Net Asset Value per Share				8,335,011
Total Investments				<u>\$ 42,185,998</u>
Gift Annuity Liability				<u>\$ 734,898</u>
	2021			
	Level 1	Level 2	Level 3	Total
Equities	\$ 23,109,098	\$ -	\$ -	\$ 23,109,098
Cash and Money Market Funds	801,747	-	-	801,747
Fixed Income Securities:				
Global Corporate Bonds	13,626,211	-	-	13,626,211
Foreign Exchange and Non-USD	93,117	-	-	93,117
Total Fixed Income Securities	<u>13,719,328</u>	<u>-</u>	<u>-</u>	<u>13,719,328</u>
Alternative Instruments:				
Hedge Funds	120,763	-	-	120,763
Real Estate	41,270	-	-	41,270
Hard Assets	1,312,281	-	-	1,312,281
Total Alternative Instruments	<u>1,474,314</u>	<u>-</u>	<u>-</u>	<u>1,474,314</u>
Interest Held in Perpetual Trust	-	-	1,746,347	1,746,347
Total Assets	<u>\$ 39,104,487</u>	<u>\$ -</u>	<u>\$ 1,746,347</u>	<u>40,850,834</u>
Investments Measured at Fair Value Using Net Asset Value per Share				6,494,449
Total Investments				<u>\$ 47,345,283</u>
Gift Annuity Liability				<u>\$ 735,144</u>

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:

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 INVESTMENTS (CONTINUED)**

	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 1,746,347	\$ 1,440,088
Distributions	(70,000)	(70,000)
Change in Value of Perpetual Trust	(248,249)	376,259
Ending Balance	<u>\$ 1,428,098</u>	<u>\$ 1,746,347</u>

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:

	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 735,144	\$ 698,886
Additions to Gift Annuity Liabilities	27,174	60,308
Change in Value of Gift Annuity Liabilities	(27,420)	(24,050)
Ending Balance	<u>\$ 734,898</u>	<u>\$ 735,144</u>

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:

	<u>Net Asset Value 2022</u>	<u>Net Asset Value 2021</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Eton Park Overseas Fund, Ltd., Class E	\$ -	\$ 180	N/A	Quarterly	65 Days
Grosvenor Alternative Investments	2,054,857	2,088,151	N/A	Quarterly	70 Days
SOF XII Private Investors Offshore	100,000	-	400,000	Illiquid	10 Year Investment Horizon
EQT Infrastructure V Private	459,173	-	519,540	Illiquid	12 Year Investment Horizon
GSO Private Investors Offshore II	46,667	63,118	219,296	Illiquid	5 Year Investment Horizon
KKR Asian Fund II Private Investors Offshore Special L.P.	311,270	439,530	2,397	Illiquid	5 Year Investment Horizon
Investors VIII Offshore Special L.P.	471,484	223,947	634,293	Illiquid	7-10 Year Investment Horizon
Investors VI Offshore Special L.P.	837,113	460,545	350,345	Illiquid	7-10 Year Investment Horizon
Investors V Offshore Special L.P.	1,111,272	946,513	138,584	Illiquid	7-10 Year Investment Horizon
Clarion Private Investors, LLC	1,800,235	1,934,409	30,269	Illiquid	7-10 Year Investment Horizon
Total	<u>\$ 8,335,011</u>	<u>\$ 6,494,449</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.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 5 ENDOWMENTS (CONTINUED)**

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.

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

	<u>2022</u>	<u>2021</u>
Restricted Spendable and Nonspendable - Scholarship and Fellowships	\$ 1,020,011	\$ 1,020,011
Unrestricted Net Assets	<u>3,060,879</u>	<u>3,601,597</u>
Total Endowment Net Assets	<u>\$ 4,080,890</u>	<u>\$ 4,621,608</u>

**NOTE 6 ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Student Tuition and Fees	\$ 692,035	\$ 616,273
Campus Store	32,515	48,741
Travel Advances	7,849	1,675
Federal, State and Private Grants and Contracts	<u>624,042</u>	<u>340,924</u>
Total	1,356,441	1,007,613
Less: Allowance for Doubtful Accounts	<u>139,805</u>	<u>198</u>
Net Accounts Receivable	<u>\$ 1,216,636</u>	<u>\$ 1,007,415</u>

**NOTE 7 INVENTORIES**

Inventories consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Health Center	\$ 1,586	\$ 786
Housekeeping	11,086	19,575
Central Stores	7,523	7,989
Campus Stores	<u>233,217</u>	<u>254,581</u>
Total Inventories	<u>\$ 253,412</u>	<u>\$ 282,931</u>

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 8 CAPITAL ASSETS**

Following are the changes in capital assets for the years ended June 30, 2022 and 2021:

	Balance June 30, 2021	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	57,468,269	23,574,926	-	81,043,194
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	271,881,143	5,379,556	(85,410)	277,175,289
Right-to-use Assets:				
Equipment and Vehicles	428,537	41,572	(5,431)	464,678
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	120,089,333	7,865,306	-	127,954,639
Less: Accumulated Amortization:				
Equipment and Vehicles	35,015	97,913	(5,431)	127,497
Total Capital Assets Being Depreciated and Amortized, Net	152,185,332	(2,542,091)	(85,410)	149,557,831
Capital Assets, Net	\$ 209,653,601	\$ 21,032,835	\$ (85,410)	\$ 230,601,025

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 8 CAPITAL ASSETS (CONTINUED)**

	Balance June 30, 2020* (As restaed)	Additions	Reductions	Balance June 30, 2021
<b>Capital Assets Not Being Depreciated:</b>				
Land and Land Improvements	\$ 5,947,437	\$ -	\$ -	\$ 5,947,437
Construction In-Progress	25,058,811	26,462,022	-	51,520,832
Total Capital Assets Not Being Depreciated	31,006,248	26,462,022	-	57,468,269
<b>Capital Assets Being Depreciated:</b>				
Infrastructure	14,824,825	2,042,396	-	16,867,221
Building and Building Improvements	226,751,264	-	-	226,751,264
Furniture, Fixtures, and Equipment	14,149,285	375,130	-	14,524,415
Assets Purchased with Notes Payable	234,579	-	(63,663)	170,916
Library Collections	13,407,387	159,940	-	13,567,327
Total Assets Being Depreciated	269,367,340	2,577,466	(63,663)	271,881,143
<b>Right-to-use Assets:</b>				
Equipment and Vehicles	428,537	-	-	428,537
<b>Less: Accumulated Depreciation:</b>				
Infrastructure	6,716,994	467,347	-	7,184,341
Building and Building Improvements	81,800,090	5,626,009	-	87,426,099
Furniture, Fixtures, and Equipment	12,885,830	325,415	-	13,211,245
Assets Purchased with Notes Payable	21,255	-	-	21,255
Library Collections	11,847,024	399,369	-	12,246,393
Total Accumulated Depreciation	113,271,193	6,818,140	-	120,089,333
<b>Less: Accumulated Amortization:</b>				
Equipment and Vehicles	-	35,015	-	35,015
Total Capital Assets Being Depreciated and Amortized, Net	156,524,684	(4,275,689)	(63,663)	152,185,332
Capital Assets, Net	<u>\$ 187,530,932</u>	<u>\$ 22,186,333</u>	<u>\$ (63,663)</u>	<u>\$ 209,653,601</u>

Depreciation and Amortization expense was \$7,963,219 and \$6,853,155 for the years ended June 30, 2022 and 2021, respectively. The College restated beginning balance for the implementation of GASB Statement No. 87 *Leases* and have included \$428,537 of right to use assets.

**NOTE 9 LONG-TERM LIABILITIES**

Long-term liability activity for the years ended June 30, 2022 and 2021 were as follows:

	Year Ended June 30, 2022				
	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
<b>Bonds:</b>					
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
<b>Other Liabilities:</b>					
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
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	16,936,942	1,440,196	(6,389,112)	11,988,026	1,313,104
Total Long-Term Obligations	<u>\$ 59,950,403</u>	<u>\$ 1,440,196</u>	<u>\$ (8,752,308)</u>	<u>\$ 52,638,291</u>	<u>\$ 3,736,300</u>

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 9 LONG-TERM LIABILITIES (CONTINUED)**

	Year Ended June 30, 2021				
	(As Restated) Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
<b>Bonds:</b>					
Revenue Bonds Payable	\$ 24,340,000	\$ 20,000,000	\$ (2,205,000)	\$ 42,135,000	\$ 2,270,000
Unamortized Premium/Discount	971,657	-	(93,196)	878,461	93,196
Total Bonds	25,311,657	20,000,000	(2,298,196)	43,013,461	2,363,196
<b>Other Liabilities:</b>					
Notes Payable	6,940,028	-	(6,719,951)	220,077	81,170
Workers' Compensation	482,000	-	(30,000)	452,000	67,800
Accrued Vacation Costs	1,190,194	1,338,486	(1,472,956)	1,055,724	1,055,724
Lease Liability	428,537	-	(33,793)	394,744	85,141
Federal Loan Program Refundable	42,758	-	(10,758)	32,000	-
Net Pension Liability	13,515,853	1,266,544	-	14,782,397	-
Total Other Liabilities	22,599,370	2,605,030	(8,267,458)	16,936,942	1,289,835
Total Long-Term Obligations	<u>\$ 47,911,027</u>	<u>\$ 22,605,030</u>	<u>\$ (10,565,654)</u>	<u>\$ 59,950,403</u>	<u>\$ 3,653,031</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:

	2022	2021
2012 Subordinate Revenue Bonds, Series A	\$ 7,530,000	\$ 8,350,000
2018 Subordinate Revenue Bonds, Series A	12,335,000	13,785,000
2020 Series A Notes	20,000,000	20,000,000
Total Revenue Bonds	39,865,000	42,135,000
Unamortized Premium/Discount	785,266	878,462
Total	<u>\$ 40,650,266</u>	<u>\$ 43,013,462</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.

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

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 \$863,913 and \$917,908 as of June 30, 2022 and 2021, respectively, and is reported as a deferred financing outflows.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 9 LONG-TERM LIABILITIES (CONTINUED)**

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.

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 \$16,106,194 and \$19,285,674 for 2022 and 2021, 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 \$545,833 and \$595,851 as of June 30, 2022 and 2021, 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, 2022 are as follows:

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,330,000	\$ 1,461,841	\$ 3,791,841
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 to 2032	7,125,000	4,795,046	11,920,046
2033 to 2037	10,630,000	3,410,789	14,040,789
2038 to 2042	11,360,000	921,129	12,281,129
Total	<u>\$ 39,865,000</u>	<u>\$ 15,570,789</u>	<u>\$ 55,435,789</u>

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 9 LONG-TERM LIABILITIES (CONTINUED)**

**Notes Payable- PPP Loan**

On May 1, 2020, College received a loan in the amount of \$6,661,697 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for 6 months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration.

The College received forgiveness on this note from the Small Business Administration (SBA) on June 18, 2021.

**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:

	2022	2021
Equipment	\$ 85,506	\$ 170,916
Less: Accumulated Depreciation	(21,255)	(21,255)
Total	\$ 64,251	\$ 149,661

Future principal and interest lease payments for the notes payable were as follows as of June 30, 2022:

Fiscal Year	Principal	Interest	Admin Fees	Total
2023	\$ 83,020	\$ 2,272	\$ 51	\$ 85,343
2024	22,099	773	56	22,928
2025	22,439	432	32	22,903
2026	11,349	87	6	11,442
Total	\$ 138,907	\$ 3,564	\$ 145	\$ 142,616

**Leases**

The University 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:

Type	Annual Installments	Interest Rates	Due Dates
Vehicle	\$6,539	3.960%	6/18/2026
Equipment	\$104- 376	0.040%	2/29/2023-10/19/2026

**ST. MARY'S COLLEGE OF MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 9 LONG-TERM LIABILITIES (CONTINUED)**

Future minimum lease payments under the lease agreements for the years ending June 30, 2022, were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 93,102	\$ 11,595	\$ 104,697
2024	91,686	7,949	99,635
2025	84,235	4,424	88,659
2026	74,548	1,297	75,845
2027	651	3	654
Total	<u>\$ 344,222</u>	<u>\$ 25,268</u>	<u>\$ 369,490</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.

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/](http://www.sra.state.md.us/Agency/Downloads/CAFR/).

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 10 RETIREMENT PLANS (CONTINUED)**

**Maryland State Retirement and Pension System (Continued)**

*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.

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.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 10 RETIREMENT PLANS (CONTINUED)**

**Maryland State Retirement and Pension System (Continued)**

*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.

*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, 2022 and 2021.

The College's contractually required contribution for the years ended June 30, 2022 and 2021 was \$1,692,515 and \$1,581,573, 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).

**ST. MARY'S COLLEGE OF MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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**

As of June 30, 2022 and 2021, the College reported a liability of \$9,971,647 and \$14,782,397, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and June 30, 2020, 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, 2022 and 2021, the College's proportion was .066% and 0.066%, respectively, which represented no change from the prior year.

For the years ended June 30, 2022 and 2021, the College recognized pension expense of \$928,213 and \$(10,722), respectively. As of June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources from the following sources:

	As of June 30, 2022	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Net Difference Between Projected and Actual		
Earnings on Plan Investments	\$ -	\$ 4,572,661
Change in Acturial 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	<u>\$ 4,598,048</u>	<u>\$ 5,986,687</u>

The \$1,692,515 as of June 30, 2022, 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 ended June 30, 2023.

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

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 10 RETIREMENT PLANS (CONTINUED)**

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

For the Years Ending June 30,	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Change in Actuarial Assumptions	Change in Proportion & 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>

As of June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources from the following sources:

	As of June 30, 2021	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ 1,091,252	\$ -
Change in Actuarial Assumptions	57,051	289,274
Change in Proportion and Proportionate Share	1,497,035	996,716
Change in Experience	-	447,023
Contributions Made Subsequent to the Measurement Date	1,581,573	-
Total	<u>\$ 4,226,911</u>	<u>\$ 1,733,013</u>

Deferred outflows of resources of \$1,581,573 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 ended June 30, 2023.

For the Years Ending June 30,	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Change in Actuarial Assumptions	Change in Proportion & Proportionate Share	Change in Actuarial Assumptions	Change in Experience	Change in Proportionate Share	
2022	\$ 174,480	\$ 39,321	\$ 496,797	\$ 78,565	\$ 291,491	\$ 425,850
2023	302,937	17,730	496,797	78,565	93,454	339,289
2024	341,652	-	496,594	78,565	34,316	231,427
2025	272,183	-	4,551	53,579	25,089	100
2026	-	-	2,296	-	2,673	50
Total	<u>\$ 1,091,252</u>	<u>\$ 57,051</u>	<u>\$ 1,497,035</u>	<u>\$ 289,274</u>	<u>\$ 447,023</u>	<u>\$ 996,716</u>

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 10 RETIREMENT PLANS (CONTINUED)**

*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:

	<u>2022</u>	<u>2021</u>
Valuation Date	June 30, 2021	June 30, 2020
Inflation - General	2.25%	2.6%
Inflation - Wage	2.75%	3.1%
Salary Increases	2.75% to 9.25% Including Inflation	3.1% to 11.6% Including Inflation
Investment Rate of Return	6.80%	7.40%
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, 2021 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, 2021. As a result, an investment return assumption of 6.80% and an inflation assumption of 2.25% were used in the June 30, 2021 valuation.

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).

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 10 RETIREMENT PLANS (CONTINUED)**

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	37.0 %	4.70 %	37.0 %	5.20 %
Private Equity	13.0	6.50	13.0	6.50
Rate Sensitive	19.0	(0.40)	19.0	(0.30)
Credit Opportunity	9.0	2.60	9.0	2.80
Real Assets	14.0	4.20	14.0	4.30
Absolute Return	8.0	2.00	8.0	1.80
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, 2021.

For the years ended June 30, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 26.69% and 3.50%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount Rate.* The single discount rate used to measure the total pension liability was 6.8% and 7.40% as of June 30, 2021 and 2020, respectively. This single discount rate was based on the expected rate of return on pension plan investments of 6.8% and 7.40% as of June 30, 2021 and 2020, 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 [www.sra.state.md.us/Agency/Downloads/CAFR/](http://www.sra.state.md.us/Agency/Downloads/CAFR/).

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 10 RETIREMENT PLANS (CONTINUED)**

*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, 2022 and 2021 was as following:

	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
	2021		
	1% Decrease (6.4%)	Current Discount Rate (7.40%)	1% Increase (8.4%)
College's Proportionate Share	\$ 19,599,936	\$ 14,782,397	\$ 8,495,549

**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 \$1,194,149 and \$1,127,647 for the years ended June 30, 2022 and 2021, respectively.

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, 2022 or 2021.

**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.

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**State Employee and Retiree Health and Welfare Benefits Program of Maryland**  
**(Continued)**

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 \$1,465,263, \$1,283,023, and \$1,262,795 for the years ended June 30, 2022, 2021, and 2020, respectively.

**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.

**ST. MARY'S COLLEGE OF MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

As of June 30, 2022 and 2021, there was \$1,435,684 and \$1,921,097, 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, 2022, 2021, and 2020.

As of June 30, 2022 and 2021, the College has recorded \$442,000 and \$452,000, 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, 2022 and 2021, were as follows:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End	Amounts Due Within One Year
Year Ended, June 30, 2022	\$ 452,000	\$ (5,968)	\$ (4,032)	442,000	\$ 66,300
Year Ended, June 30, 2021	482,000	-	(30,000)	452,000	67,800

**ST. MARY'S COLLEGE OF MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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, 2022 and 2021 by natural classification:

Natural Classification	Functional Classification									Total
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation of Plant	Scholarships and Fellowships	Auxiliary Enterprises	
Salaries and Wages	\$ 12,794,564	\$ 317,689	\$ 11,630	\$ 664,445	\$ 5,018,538	\$ 8,110,281	\$ 1,521,451	\$ -	\$ -	\$ 28,438,598
Benefits	3,970,942	32,014	471	210,549	1,443,900	2,345,971	600,583	-	-	8,604,430
Supplies and Others Services	2,106,419	52,211	(14,375)	1,008,431	2,405,750	5,332,190	1,215,507	-	-	12,106,133
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	344,368	-	-	1,809,132
Depreciation/Amortization	-	-	-	-	-	-	5,673,973	-	2,324,262	7,998,235
<b>Total Expenses</b>	<b>\$ 19,324,237</b>	<b>\$ 416,641</b>	<b>\$ (2,274)</b>	<b>\$ 1,890,509</b>	<b>\$ 9,458,509</b>	<b>\$ 16,254,590</b>	<b>\$ 12,972,155</b>	<b>\$ 5,219,202</b>	<b>\$ 11,622,848</b>	<b>\$ 77,156,417</b>

Natural Classification	Functional Classification									Total
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation of Plant	Scholarships and Fellowships	Auxiliary Enterprises	
Salaries and Wages	\$ 13,803,573	\$ 259,519	\$ 1,105	\$ 810,356	\$ 4,540,982	\$ 7,221,272	\$ 1,325,040	\$ -	\$ -	\$ 27,961,847
Benefits	4,174,852	29,472	-	247,693	1,536,198	2,470,875	650,999	-	-	9,110,089
Supplies and Others Services	1,915,701	50,242	(3,269)	797,455	1,936,137	4,952,342	1,670,657	-	-	11,319,265
Utilities	-	-	-	-	-	37	1,291,015	-	-	1,291,052
Scholarships and Grants	4,847	7,528	-	-	60,616	-	-	4,106,819	-	4,179,810
Auxiliary Enterprises	-	-	-	-	-	-	-	-	9,133,342	9,133,342
Other Operating Expenses	156,796	2,054	109	6,277	248,663	188,340	182,061	-	-	784,300
Depreciation/Amortization	-	-	-	-	-	-	4,585,115	-	2,233,025	6,818,140
<b>Total Expenses</b>	<b>\$ 20,055,769</b>	<b>\$ 348,815</b>	<b>\$ (2,055)</b>	<b>\$ 1,861,781</b>	<b>\$ 8,322,596</b>	<b>\$ 14,832,866</b>	<b>\$ 9,704,887</b>	<b>\$ 4,106,819</b>	<b>\$ 11,366,367</b>	<b>\$ 70,597,845</b>

**ST. MARY'S COLLEGE OF MARYLAND**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**FOR THE MARYLAND STATE RETIREMENT AND PENSION SYSTEM**  
**JUNE 30, 2022**  
**LAST 10 FISCAL YEARS**

	<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	0.0665 %	0.0657 %	0.0658 %	0.0711 %	0.0631 %	0.0630 %	0.0653 %
The College's Proportionate Share of the Net Pension Liability	\$ 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	13,924,856,420	21,077,742,614	19,271,734,708	19,658,670,252	20,377,342,874	22,159,462,781	19,523,567,189
Total	<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	\$ 7,668,315	\$ 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	130 %	199 %	191 %	191 %	190 %	184 %	152 %
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66 %	66 %	68 %	68 %	67 %	63 %	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.

**ST. MARY'S COLLEGE OF MARYLAND  
SCHEDULE OF CONTRIBUTIONS FOR THE PENSION PLAN  
LAST 10 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>
Contractually Required Contribution	\$ 1,692,515	\$ 1,581,573	\$ 1,437,173	\$ 1,351,566	\$ 1,460,178	\$ 1,449,233	\$ 1,340,082	\$ 1,294,706
Contributions in Relation to the Contractually Required Contribution	<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>	<u>(1,294,706)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>							
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
Contributions as a Percentage of Covered Payroll	21 %	21 %	19 %	19 %	18 %	21 %	18 %	15 %

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

**ST. MARY'S COLLEGE OF MARYLAND**  
**SCHEDULE OF CONTRIBUTIONS FOR THE OTHER POSTEMPLOYMENT BENEFITS PLAN**  
**LAST 10 FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 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>(1,465,263)</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>					
College's Covered Payroll	\$ 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	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.

**ST. MARY'S COLLEGE OF MARYLAND  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

**NOTE 1 CHANGES IN BENEFIT TERMS**

There were no benefit changes during the years 2015 through 2021.

**NOTE 2 CHANGES IN ASSUMPTIONS**

Inflation assumptions changed as follows:

• 6/30/2021	2.25%
• 6/30/2020	2.60%
• 6/30/2019	2.60%
• 6/30/2018	2.60%
• 6/30/2017	2.65%
• 6/30/2016	2.70%
• 6/30/2015	2.70%

Investment return assumption changed as follows:

• 6/30/2021	6.80%
• 6/30/2020	7.40%
• 6/30/2019	7.40%
• 6/30/2018	7.45%
• 6/30/2017	7.50%
• 6/30/2016	7.55%
• 6/30/2015	7.65%



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.