



Report of Independent Auditors
and Financial Statements

Saint Martin's University

June 30, 2025 and 2024

Table of Contents

	Page
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Cash Flows	7
Notes to Financial Statements	8

Report of Independent Auditors

The Board of Trustees
Saint Martin's University

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Saint Martin's University which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Saint Martin's University as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Saint Martin's University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Saint Martin's University's ability to continue as a going concern for a reasonable period of time.

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

Baker Tilly US, LLP

Yakima, Washington
February 19, 2026

Financial Statements

Saint Martin's University
Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents		
Operating cash	\$ 547,985	\$ 554,993
Restricted cash (see Note 15)	48,750	1,434,865
Investment cash	18,456,656	302,645
Total cash and cash equivalents	19,053,391	2,292,503
Prepays	907,526	790,848
Student accounts receivable, net of allowance of \$703,147 in 2025 and \$661,575 in 2024	3,935,620	4,056,534
Student loans receivable - Perkins loan program, net of allowance of \$8,500 in 2025 and \$10,913 in 2024	9,310	30,963
Contributions receivable, net	950,411	1,299,434
Other receivables, net	789,127	667,217
Investments	58,007,605	47,531,491
Fixed assets, net	54,278,303	55,634,637
Total assets	\$ 137,931,293	\$ 112,303,627
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 4,249,088	\$ 3,894,400
Deferred revenues	2,007,101	2,002,985
Annuities payable	1,556,276	1,525,573
Related-party notes payable	1,354,268	29,328
Governmental grants refundable	235,083	266,702
Interest rate swap payable	250,799	293,201
Bonds payable, net	22,707,849	23,882,641
Total liabilities	32,360,464	31,894,830
NET ASSETS		
Without donor restrictions	17,568,070	23,572,810
Without donor restrictions - board-designated	32,392,718	11,461,969
Total net assets without donor restrictions	49,960,788	35,034,779
With donor restrictions	55,610,041	45,374,018
Total net assets	105,570,829	80,408,797
Total liabilities and net assets	\$ 137,931,293	\$ 112,303,627

See accompanying notes.

Saint Martin's University
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS			
Tuition and fees	\$ 57,278,196	\$ -	\$ 57,278,196
Less scholarship allowance	(29,454,586)	-	(29,454,586)
	<u>27,823,610</u>	<u>-</u>	<u>27,823,610</u>
Government grants and contracts	1,802,569	90,000	1,892,569
Contributions	21,229,395	8,175,255	29,404,650
Contributed non-financial assets	221,360	-	221,360
Auxiliary enterprises	6,947,346	-	6,947,346
Investment income and realized gains, net	453,708	1,251,916	1,705,624
Unrealized gains on investments	1,057,289	3,651,856	4,709,145
Other sources	624,394	-	624,394
Change in value of annuity agreements	(212,896)	-	(212,896)
	<u>59,946,775</u>	<u>13,169,027</u>	<u>73,115,802</u>
Net assets released from restrictions	2,933,004	(2,933,004)	-
	<u>62,879,779</u>	<u>10,236,023</u>	<u>73,115,802</u>
EXPENSES			
Program expenses			
Instruction	13,255,410	-	13,255,410
Research	229,502	-	229,502
Student services	10,779,826	-	10,779,826
Auxiliary enterprises	5,536,995	-	5,536,995
Support expenses			
Academic	6,731,144	-	6,731,144
Institutional	11,463,295	-	11,463,295
	<u>47,996,172</u>	<u>-</u>	<u>47,996,172</u>
OTHER			
Unrealized gain on interest rate swap	42,402	-	42,402
CHANGE IN NET ASSETS	14,926,009	10,236,023	25,162,032
NET ASSETS, beginning of year	<u>35,034,779</u>	<u>45,374,018</u>	<u>80,408,797</u>
NET ASSETS, end of year	<u>\$ 49,960,788</u>	<u>\$ 55,610,041</u>	<u>\$ 105,570,829</u>

See accompanying notes.

Saint Martin's University
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS			
Tuition and fees	\$ 58,568,540	\$ -	\$ 58,568,540
Less scholarship allowance	(28,333,447)	-	(28,333,447)
	30,235,093	-	30,235,093
Government grants and contracts	3,509,456	125,665	3,635,121
Contributions	2,649,475	1,952,694	4,602,169
Contributed non-financial assets	136,249	-	136,249
Auxiliary enterprises	7,142,762	-	7,142,762
Investment income and realized gains, net	511,647	1,224,253	1,735,900
Unrealized gains on investments	909,905	3,471,109	4,381,014
Other sources	570,034	-	570,034
Change in value of annuity agreements	(555,292)	-	(555,292)
	45,109,329	6,773,721	51,883,050
Net assets released from restrictions	1,758,782	(1,758,782)	-
	46,868,111	5,014,939	51,883,050
EXPENSES			
Program expenses			
Instruction	12,694,770	-	12,694,770
Research	116,686	-	116,686
Student services	10,596,916	-	10,596,916
Auxiliary enterprises	5,693,545	-	5,693,545
Support expenses			
Academic	7,925,322	-	7,925,322
Institutional	10,743,281	-	10,743,281
	47,770,520	-	47,770,520
OTHER			
Unrealized gain on interest rate swap	358,324	-	358,324
CHANGE IN NET ASSETS	(544,085)	5,014,939	4,470,854
NET ASSETS, beginning of year	35,578,864	40,359,079	75,937,943
NET ASSETS, end of year	\$ 35,034,779	\$ 45,374,018	\$ 80,408,797

See accompanying notes.

Saint Martin's University
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 25,162,032	\$ 4,470,854
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	2,951,806	3,123,678
Unrealized gain on investments	(4,709,145)	(4,381,014)
Realized gain on investments	(415,652)	(75,107)
Change in value of annuity agreements	212,896	555,292
Change in allowance for student accounts receivable	(41,572)	237,316
Contributions restricted for long-term purposes	(2,885,031)	(1,260,460)
Change in cash surrender value of life insurance	13,403	-
Change in fair value of interest rate swap	(42,402)	(358,324)
Conversion of prior year contribution to related party note payable	1,337,365	-
Change in cash due to changes in assets and liabilities		
Student accounts receivable	162,486	247,570
Contributions receivable	349,023	456,806
Other receivables	(121,910)	586,292
Prepays	(116,678)	(57,919)
Accounts payable and accrued expenses	354,688	(96,142)
Deferred revenues	4,116	(379,401)
	<u>22,215,425</u>	<u>3,069,441</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of student loans receivable - Perkins loan program	21,653	25,313
Payments on government grants refundable - Perkins loan program	(31,619)	(1,761)
Purchase of fixed assets	(1,580,264)	(2,104,038)
Purchase of investments	(6,575,328)	(4,286,252)
Sale of investments	1,210,608	2,948,443
	<u>(6,954,950)</u>	<u>(3,418,295)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on bonds and related party notes payable	(1,202,425)	(1,176,500)
Contributions received restricted for long-term purposes	2,885,031	1,260,460
Payments on annuity agreements	(182,193)	(697,511)
	<u>1,500,413</u>	<u>(613,551)</u>
CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	<u>16,760,888</u>	<u>(962,405)</u>
CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>2,292,503</u>	<u>3,254,908</u>
CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 19,053,391</u>	<u>\$ 2,292,503</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 1,670,403</u>	<u>\$ 1,753,656</u>

See accompanying notes.

Saint Martin's University

Notes to Financial Statements

Note 1 – Organizational Background

Saint Martin's University (the University) is a nonprofit, charitable institution of higher learning, which operates in accordance with its Catholic and Benedictine heritage. The main campus is located on 300+ acres in Lacey, Washington. An extension campus is located at Joint Base Lewis-McChord (JBLM) base near Tacoma, Washington. The University was established in 1895 by the monks of the Saint Martin's Benedictine monastic community, who have continued to support the educational institution.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The University prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), which involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Use of estimates – The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – Demand deposit accounts (checking accounts) held at June 30, 2025 and 2024, are classified as operating cash on the accompanying statements of financial position. Restricted cash is held in money market and savings accounts that are unavailable for general operations during the fiscal year. These funds are held for a specific purpose (see Note 15). Invested cash consists of short-term, highly liquid investments that are readily convertible to known amounts of cash, including savings accounts, money market accounts, and short-term certificates of deposit with an original maturity of three months or less.

The University maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The University has not experienced any losses in such accounts to date.

Student accounts receivable and student loans receivable – Student accounts receivable are carried at the unpaid balance of the original amount billed to students, and student loans receivable are carried at the amount of unpaid principal. Student accounts are less an estimate made for credit losses based on a review of all outstanding amounts. The allowance for credit losses represents the University's best estimate of the amount of probable credit losses in the University's existing accounts receivable. See Note 3 for details regarding the calculation for allowance. Student accounts receivable are written off when deemed uncollectible, and student loans receivable may be assigned to the United States Department of Education (ED). Recoveries of student accounts receivable previously written off are recorded when received. Late fees are charged on all student accounts receivable under a payment plan that are outstanding for more than 20 days after the due date.

Saint Martin's University

Notes to Financial Statements

The following table presents beginning and ending balances for the years ended June 30, 2025 and 2024:

	July 1, 2023	June 30, 2024	June 30, 2025
Student accounts receivable - net	\$ 4,541,420	\$ 4,056,534	\$ 3,935,620
Student loans receivable - net	56,276	30,963	9,310

After a student is no longer enrolled in an institution of higher education, and after a grace period, interest is charged on student loans receivable and recognized as it is charged. Late fees are charged if payments are not made by the payment due date and recognized as they are charged. Student loans receivable are considered to be past due if a payment is not made within 90 days of the payment due date. After receivables become past due, the accrual of late charges is suspended. Students may be granted a deferment, forbearance, or cancellation of their student loans receivable based on eligibility requirements defined by the ED.

Fair value measurements – The fair value measurements and disclosures topic of the Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) defines fair value, establishes a framework for measuring fair value, and expands disclosure of fair value measurements, which applies to all assets and liabilities that are measured and reported on a fair value basis. See Note 5 for additional information.

Deferred revenue – Deferred revenue consists of prepaid tuition, which will be earned in the following fiscal year and vendor incentive payments that will be recognized as a reduction of operating expenses on a straight-line basis following the terms of the agreement, which expires in 2032.

Interest rate swap – The University maintains an interest rate risk management strategy that uses derivative instruments to minimize significant, unanticipated earnings fluctuations caused by interest rate volatility. The University's specific goal is to lower (where possible) the cost of its borrowed funds. The University has an interest rate swap agreement to convert variable-rate debt to a fixed rate, as described in Note 9.

Deferred compensation – A former president who retired June 30, 2022, had an agreement entitling him to an additional \$50,000 in deferred compensation per year. The deferred compensation vested as of June 30, 2022, and is being paid in accordance with the agreement. The deferred compensation is recorded in accounts payable and accrued expenses on the statements of financial position.

As of June 30, 2025 and 2024, the amount accrued was \$48,750 and \$97,500, respectively. The remaining \$48,750 deferred compensation will be paid to the now retired president in equal annual installments ending July 2025.

Federal income taxes – No provision for income taxes has been made in the financial statements since the University is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3). Additionally, the University has done an assessment of any uncertain tax positions as required under FASB accounting standard on *Accounting for Uncertainty in Income Taxes* (ASC 740), and has determined it currently has no uncertain tax positions and, therefore, no liability at June 30, 2025 and 2024. In addition, the University has no material unrelated business income subject to tax at June 30, 2025 and 2024.

Saint Martin's University

Notes to Financial Statements

Financial statement presentation – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor restrictions. Certain funds included in these amounts are designated by the Board of Trustees to be utilized for various programs. Additionally, it is the University's policy to treat net assets with donor restrictions, whose restrictions expire within the current accounting period, as net assets without donor restrictions. This policy is followed consistently for all contributions whose restrictions have been met during the current accounting period.

- *Net assets with donor restrictions* – Net assets subject to donor-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. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purposes for which the resource was restricted has been fulfilled, or both. These are reported as reclassifications between the applicable classes of net assets.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on donor-restricted endowment investments are reported as increases or decreases in net assets with donor restrictions until appropriated by the Board of Trustees. Gains and losses on non-endowment investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported on the statements of activities as net assets released from restriction.

Tuition and fees – The University recognizes revenue from student tuition and fees during the year in which the related services are provided to the students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably on a per semester basis. Scholarships provided to students are recorded as a reduction from the posted tuition and room and board rates at the time revenue is recognized. The majority of the University's students rely on funds received from various federal financial aid programs under Title IV of the Higher Education Act of 1965, as amended, to pay for a substantial portion of their tuition. These programs are subject to periodic review by ED. Disbursements under each program are subject to disallowance by ED and repayment by the University. In addition, as an educational institution, the University is subject to licensure from various accrediting and state authorities and other regulatory requirements of ED.

Auxiliary enterprises – Auxiliary enterprises consist of revenues and expenses relating to the operation of the residence halls, food services, bookstore, and the rental of facilities. Students have an option to have room and board on premises. The performance obligation of providing access to housing and meals is satisfied ratably over the academic period in which the student chooses to live on campus and purchase a weekly meal plan.

Saint Martin's University

Notes to Financial Statements

Contributions – The University recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received, there is a legal right to the contribution, and the actual amount has been determined. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. During the years ended June 30, 2025 and 2024, no conditional promises to give were received.

Unconditional promises to give, due after one year, are reported at net realizable value, using appropriate interest rates applicable to the years in which the promises were received. Amortization of discounts is recorded as contribution revenue, if any. All contributions are available for use without donor restrictions unless specifically restricted by the donor.

Contributed services and long-lived assets – The fair value of contributed services is recognized in the financial statements when the services received create or enhance non-financial assets; require specialized skills, which are provided by individuals possessing those skills; and would have been purchased if not donated.

Contributions of long-lived assets are reported at fair value in the period received. The University records gifts of long-lived assets based on the existence or absence of donor-imposed restrictions.

Contributed non-financial assets (gifts in kind) – Contributed non-financial assets are recognized as revenues in the statements of activities and changes in net assets as contributions. For the years ended June 30, 2025 and 2024, contributed non-financial assets were approximately \$221,000 and \$136,000, respectively.

The University did not monetize any contributed non-financial assets. Contributed non-financial assets did not have donor restrictions and were recorded at fair value as of the date the assets were contributed, which is determined by using quoted market prices or estimating value of services received using market comparisons.

Expense allocation – The costs of providing the various programs and other activities has been summarized on a functional basis in the statements of activities and changes in net assets. The analysis of functional expenses presents the natural classification detail of expense by function. Accordingly, certain expenses have been allocated among the programs and supporting services benefited. The cost of operations and maintenance of the physical plant, including depreciation and interest cost related to plant, has been allocated to functional expense categories based on their use of financial resources. Other costs are classified in each functional category based on the underlying purpose of each transaction.

Fundraising costs – The University incurred fundraising costs of approximately \$725,000 and \$730,000 for the years ended June 30, 2025 and 2024, respectively, which are included in institutional support on the statements of activities and changes in net assets.

Reclassification – Certain amounts of the June 30, 2024, financial statements have been reclassified to conform to the June 30, 2025, financial statement presentation. These reclassifications had no net effect on the University's financial position, activities and changes in net assets, or cash flows.

Saint Martin's University

Notes to Financial Statements

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The University recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The University's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

The University has evaluated subsequent events through February 19, 2026, which is the date the financial statements are available to be issued.

Note 3 – Student Accounts Receivable

The student accounts receivable policy is that tuition and fees are due by the first day of the semester. Students and their families are offered monthly payment plans through MeadowPay and, in some cases, through the University itself. Amounts owed through either MeadowPay or the University are recorded as student accounts receivable. Current balances include all active payment plans, despite the original due date of charges. Any account which has not had a payment in two months is classified as past due.

	<u>Current</u>	<u>Total Past Due</u>	<u>Total</u>	<u>Write Off</u>	<u>Gross Receivable</u>
June 30, 2025	\$ 2,502,613	\$ 2,355,706	\$ 4,858,319	\$ 219,552	\$ 4,638,767
June 30, 2024	2,411,225	2,544,200	4,955,425	237,316	4,718,109

The table below presents an aging of past due student accounts receivable based on managements policy described above:

	<u>1-60 Days</u>	<u>61-90 Days</u>	<u>91-180 Days</u>	<u>181-365 Days</u>	<u>365+ Days</u>	<u>Total Past Due</u>
June 30, 2025	\$ -	\$ 1,082	\$ 122,436	\$ 195,859	\$ 2,036,329	\$ 2,355,706
June 30, 2024	5,339	-	182,407	349,286	2,007,327	2,544,360

Student accounts receivable consists of amounts billed to students for tuition and auxiliary charges. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The University separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the statement of financial position date, the University develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. At June 30, 2025, the University increased its historical loss rates for each aging category by 2.8% due to increasing unemployment among recent college graduates and national estimates of the ability for repayment of student loans.

Saint Martin's University

Notes to Financial Statements

Changes in the allowance for credit losses for the years ended June 30 were as follows:

	2025	2024
Balance, beginning of period	\$ 661,575	\$ 890,110
Provisions	261,124	8,781
Write-offs, net of recoveries	(219,552)	(237,316)
Balance, end of period	\$ 703,147	\$ 661,575

Note 4 – Investments

At June 30, 2025 and 2024, investments in equity securities that have readily determinable market values and all investments in debt securities are accounted for and reported at fair value. Investments received by gift are initially recorded at the high-low average quoted market price at the date the gift is received.

Dividends, interest, and other investment income are reported in the period earned as increases in net assets without donor restrictions, unless donor-imposed restrictions limit the use of the assets, in which case they are reported as increases in net assets with donor restrictions. Gains and losses on donor-restricted endowment investments are reported as increases or decreases in net assets with donor restrictions until appropriated by the Board of Trustees. Gains and losses on other investments are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or law.

The aggregate carrying amount of investments by major type at June 30 is as follows:

	2025	2024
Invested cash		
Money market funds	\$ 18,456,656	\$ 302,645
	18,456,656	302,645
Investments		
Mutual funds	51,945,084	43,651,865
Common stocks	6,062,521	3,866,223
Cash surrender value of life insurance	-	13,403
	58,007,605	47,531,491
	\$ 76,464,261	\$ 47,834,136

The University invests in investment securities, which are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially impact the value of the investment securities held.

Investment income has been presented net of management fees. Management fees totaled \$119,235 and \$92,346 for the years ended June 30, 2025 and 2024, respectively.

Saint Martin's University

Notes to Financial Statements

Note 5 – Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value also establishes a hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in valuation methodologies used at June 30, 2025 and 2024.

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. In certain cases, where Level 1 inputs are not available, investments are classified within Level 2 of the hierarchy. There were no Level 2 or 3 investments as of June 30, 2025 or 2024.

Common stock – Common stock is valued at the closing price reported on the active markets on which the individual securities are traded.

Mutual funds (equity and fixed income) – Shares of mutual funds are valued at the net asset value (NAV) of shares held by the University and are valued at the closing price reported on the active market on which the individual securities are traded. The funds held are deemed to be actively traded. Mutual funds held are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission.

The University's portfolio is a collection of different investments held for the University's financial benefit. The University's portfolio, which is the different funds the University invests in, seeks to achieve growth and income generation while still preserving the principal balance. The portfolio also aims to maintain moderate to low exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, this portfolio expects to invest proportionately in assets that tend to have a history of lower capital returns and volatility, such as fixed income, and those with a more volatile history and upside return potential, such as equities and alternative assets.

Saint Martin's University

Notes to Financial Statements

Interest Rate Swap

The fair value of the interest rate swap is calculated and reported by the issuing bank as the present value of the difference between the fixed-rate payments to be made by the University and the variable-rate payments to be received by the University under the terms of the swap. The fixed-rate payments are known, and the variable-rate payments are estimated based on the market yield curve that are observable or that can be corroborated by market data and, therefore, is classified within Level 2 of the valuation hierarchy.

The following presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy for the years ended June 30:

	Fair Value Measurements as of June 30, 2025			
	Total	(Level 1)	(Level 2)	(Level 3)
Investments				
Common stock				
U.S. marketable equities	\$ 6,062,521	\$ 6,062,521	\$ -	\$ -
Equity mutual funds				
Small cap funds	1,713,516	1,713,516	-	-
Mid cap funds	18,345	18,345	-	-
Large cap funds	22,530,118	22,530,118	-	-
Other	217,369	217,369	-	-
International funds	15,529,548	15,529,548	-	-
Fixed income mutual funds				
Debt funds	11,936,188	11,936,188	-	-
Total assets in fair value hierarchy	<u>\$ 58,007,605</u>	<u>\$ 58,007,605</u>	<u>\$ -</u>	<u>\$ -</u>
Obligation under interest rate swap	<u>\$ (250,799)</u>	<u>\$ -</u>	<u>\$ (250,799)</u>	<u>\$ -</u>
Total liabilities in fair value hierarchy	<u>\$ (250,799)</u>	<u>\$ -</u>	<u>\$ (250,799)</u>	<u>\$ -</u>
	Fair Value Measurements as of June 30, 2024			
	Total	(Level 1)	(Level 2)	(Level 3)
Investments				
Common stock				
U.S. marketable equities	\$ 3,866,223	\$ 3,866,223	\$ -	\$ -
Equity mutual funds				
Small cap funds	1,644,454	1,644,454	-	-
Mid cap funds	-	-	-	-
Large cap funds	23,238,133	23,238,133	-	-
Other	329,634	329,634	-	-
International funds	12,834,420	12,834,420	-	-
Fixed income mutual funds				
Debt funds	5,605,224	5,605,224	-	-
Total assets in fair value hierarchy	<u>\$ 47,518,088</u>	<u>\$ 47,518,088</u>	<u>\$ -</u>	<u>\$ -</u>
Obligation under interest rate swap	<u>\$ (293,201)</u>	<u>\$ -</u>	<u>\$ (293,201)</u>	<u>\$ -</u>
Total liabilities in fair value hierarchy	<u>\$ (293,201)</u>	<u>\$ -</u>	<u>\$ (293,201)</u>	<u>\$ -</u>

Cash surrender value of life insurance of \$0 and \$13,403 for the years ended June 30, 2025 and 2024, respectively, are not included above, as it is carried at cost.

Saint Martin's University

Notes to Financial Statements

Note 6 – Contributions Receivable

Contributions receivable, which are unconditional promises to give, are summarized as follows at June 30:

	2025	2024
Contributions to be collected		
In one year or less	\$ 605,850	\$ 727,823
Between one year and five years	345,603	580,548
More than five years	11,800	11,800
	963,253	1,320,171
Less discount	12,842	20,737
Net contributions receivable	\$ 950,411	\$ 1,299,434

Approximately 60% and 65% of the total outstanding contribution receivable balance is from three and seven major donors as of June 30, 2025 and 2024, respectively. Management believes all balances are collectible and, therefore, no allowance for doubtful accounts is necessary. The discount rate applied to multi-year promises was 4.97% and 6.09% for the years ended June 30, 2025 and 2024, respectively.

Note 7 – Fixed Assets

Land improvements, buildings, and equipment with a cost of \$2,500 or more and a useful life of one year are recorded at cost or, if donated, at fair value at the date of gift. Installation costs and any other costs related to acquiring the asset or preparing the asset for use are also capitalized such as costs for legal, engineering, architectural, landscaping, retaining walls, clearing, removal, and any other costs related to putting the asset into service. Depreciation is computed on the straight-line basis over the estimated useful lives. Equipment retirements are removed from the records at the time of disposal.

Asset Type	Useful Life
Buildings	40 years
Land improvements	5-20 years
Equipment	3-20 years

Saint Martin's University Notes to Financial Statements

Fixed assets comprise the following at June 30:

	2025	2024
Land improvements	\$ 3,614,137	\$ 3,549,634
Buildings	92,717,952	92,485,526
Equipment	22,184,080	21,650,729
Construction in progress	1,546,183	796,199
	120,062,352	118,482,088
Less accumulated depreciation	65,784,049	62,847,451
	\$ 54,278,303	\$ 55,634,637

Depreciation expense – At June 30, 2025 and 2024, depreciation expense for the University was \$2,936,598 and \$3,123,678, respectively.

Capitalized interest – The University follows the policy of capitalizing interest as a component of fixed assets for self-constructed projects. Interest incurred on funds used during construction, less interest earned on related interest-bearing investments, is capitalized as a cost of construction. No interest was capitalized for the years ended June 30, 2025 and 2024.

Note 8 – Annuities Payable

Assets received under trusts are recorded at fair value in the investment account and totaled \$3,469,981 and \$3,326,026 at June 30, 2025 and 2024, respectively. Of these amounts, \$943,889 and \$888,933 relate to charitable gift annuities at June 30, 2025 and 2024, respectively. The related liability is calculated based on the life expectancy of the beneficiary or the term of the agreement, discounted at the applicable federal rate per the Internal Revenue Service (IRS) tables.

At June 30, 2025 and 2024, liabilities under the charitable trusts are reported as annuities payable, totaling \$1,556,276 and \$1,525,573, respectively. For the year ended June 30, 2025, \$386,841 relates to charitable gift annuities and \$1,169,435 relates to charitable remainder unitrusts. For the year ended June 30, 2024, \$395,051 relates to charitable gift annuities and \$1,130,522 relates to charitable remainder unitrusts.

The University is required to maintain net assets without donor restrictions of \$500,000 to issue annuities in accordance with Washington state law.

Saint Martin's University Notes to Financial Statements

Note 9 – Bonds and Other Payables

Bonds and other payables consist of the following at June 30:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2025</u>	<u>2024</u>
Series 2014A Bonds	5.2% - 6.10%	February 1, 2037	\$ 20,370,000	\$ 21,360,000
Series 2014B Bonds	5.2% - 6.10%	February 1, 2037	2,505,000	2,705,000
Payable to St. Martin's Abbey (Note 13)	See Note 13	See Note 13	<u>1,354,268</u>	<u>29,328</u>
			24,229,268	24,094,328
Unamortized discount and issuance cost			<u>(167,151)</u>	<u>(182,359)</u>
			<u>\$ 24,062,117</u>	<u>\$ 23,911,969</u>

A summary of the approximate annual maturities of the bonds and other payables, assuming the debt is paid as agreed, for future years ending June 30, is as follows:

2026	\$ 1,027,127
2027	1,702,000
2028	1,779,000
2029	1,854,000
2030	1,939,000
Thereafter	<u>15,928,141</u>
	<u>\$ 24,229,268</u>

2014A Refunding Revenue Bonds – On April 24, 2014, Washington Higher Education Facilities Authority (the Authority), pursuant to an Indenture of Trust dated April 1, 2014, between the Authority and U.S. Bank National Association, as trustee, issued \$29,535,000 of tax-exempt, refunding revenue bonds (Series 2014A) to provide funds to the University for the following purposes: 1) refund the Series 2007 variable rate demand revenue bonds, and 2) pay the costs of issuing the bonds. The variable interest rate as of June 30, 2025, was 5.2%.

Interest shall be paid monthly on the first business day of each month as long as the bond bears interest at the weekly or daily rate. Variable annual principal payments (\$990,000 in 2025 and \$925,000 in 2024) commenced February 1, 2015, and are required through 2025. Optional principal payments can be paid annually through final maturity of the bond on February 1, 2037, when a balloon payment of \$20,370,000 is due if no further principal payments are made.

2014B Refunding Revenue Bonds – The Indenture of Trust also authorized tax-exempt revenue bonds (Series 2014B) of \$3,873,000 to be used for construction of new engineering labs and a science building. The University had to meet fundraising requirements to access the funds. Principal payments (\$200,000 in 2025 and \$195,000 in 2024) commenced during the year ended June 30, 2017, and are required through 2025. Optional principal payments can be paid annually through final maturity of the bond on February 1, 2037, when a balloon payment of \$2,635,000 is due if no further principal payments are made. The variable interest rate as of June 30, 2025, was 5.2%.

Saint Martin's University Notes to Financial Statements

Both the 2014A and 2014B Refunding Revenue Bonds are a direct placement by U.S. Bancorp. The University has pledged as collateral a security interest in a 1st Leasehold Deed of Trust and assignment of rents and leases on three buildings located on the campus, as well as revenues without donor restrictions. The direct placement expires June 30, 2025.

During June 2025, the University renewed the continuing bond agreement with U.S. Bancorp and now has an expiration date of July 1, 2030.

Issuance costs, aggregating \$167,151 and \$182,359 (net) at June 30, 2025 and 2024, have been capitalized and are being amortized over the remaining 12-year life of the bonds. Accumulated amortization totaled \$165,089 and \$149,881 at June 30, 2025 and 2024, respectively.

The University's credit agreement, associated with the issuance of the bonds, contains several ratio and covenant requirements. Requirements include cash flow coverage and liquidity ratios.

The University entered into an interest swap agreement with U.S. Bank, with a fixed interest rate of 4.965% per annum. The interest rate swap agreement matures July 1, 2025. The fair value of the swap agreement was a liability of \$250,799 and \$293,201 at June 30, 2025 and 2024, respectively.

During June 2025, the University renewed the interest swap agreement with U.S. Bank now maturing July 1, 2030, with a fixed interest rate of 4.65% per annum.

As discussed previously, the University has entered into an interest rate swap agreement to hedge the University's exposure to interest rate risk related to its variable-rate bonds. The University's specific goal is to lower (where possible) the cost of its borrowed funds over the borrowing term. The swap is recorded on the statements of financial position as an interest rate swap at its fair value, with changes in fair value recognized in current period change in net assets without donor restrictions. The following amounts have been included on the statements of activities and changes in net assets for the years ended June 30:

	2025	2024
Interest expense	\$ 1,670,403	\$ 1,774,026
Unrealized gain on interest rate swap	(42,402)	(358,324)
	\$ 1,628,001	\$ 1,415,702

As of June 30, 2025 and 2024, the total notional amount of the University's pay-fixed, receive-variable interest rate swap was \$21,285,000 and \$22,475,000, respectively. The original notional amount was \$34,405,000.

Line of credit – The University has a \$2,000,000 line of credit in the form of a demand note with U.S. Bank. This agreement provides for interest at the bank's monthly reset term SOFR (secured overnight financing rate) rate plus an applicable margin of 1.5%. This line of credit, which may be renewed annually, was not drawn on during fiscal year 2025 and is available to assist the University with liquidity needs during times of low liquidity and cash flow. Collateral is required to be held in the Endowment per the agreement at all times to secure the line of credit (see Note 15 – Investment funds held for collateral purposes). The current agreement matures on April 30, 2026.

Saint Martin's University Notes to Financial Statements

Note 10 – Government Grants Refundable

Government grants refundable represent refundable advances made by the federal government under the University's Perkins Federal Loan Program. The federal government ceased funding the program and, as such, there were no new advances under the program during the years ended June 30, 2025 and 2024.

Note 11 – Net Assets Including Board-Designated Funds

The University's net asset balance includes both donor-restricted funds and funds designated by the governing board. Board-designated funds are designated through a formal action by the Board of Trustees. Board-designated funds are established for a variety of purposes including long-term investment and scholarships. During the year ended June 30, 2004, the Board designated net assets without donor restrictions to fund a new dormitory, Spangler Hall. This required a reclassification of \$4,500,000 from Board-endowed investments and scholarships. The Board intends to restore this amount over the next 25–30 years. For the years ended June 30, 2025 and 2024, the University made no repayments. The total balance outstanding as of June 30, 2025 and 2024, was \$3,904,980.

As of June 30, 2025 and 2024, net assets with and without donor restrictions were as follows:

	Without Donor Restrictions		With Donor Restrictions		2025 Total	2024 Total
	2025	2024	2025	2024		
Without donor or board designations	\$ 17,568,070	\$ 23,572,810	\$ -	\$ -	\$ 17,568,070	\$ 23,572,810
<i>Board-designated funds</i>						
Funds held for long-term investments and scholarships	32,392,718	11,461,969	-	-	32,392,718	11,461,969
<i>Donor-restricted funds</i>						
Endowments (a)	-	-	29,140,065	26,549,879	29,140,065	26,549,879
Accumulated gains on endowments, scholarships, capital and reserve fund (b)	-	-	24,575,835	17,017,196	24,575,835	17,017,196
Split interest agreements	-	-	1,894,141	1,793,539	1,894,141	1,793,539
Other	-	-	-	13,404	-	13,404
Total net assets	\$ 49,960,788	\$ 35,034,779	\$ 55,610,041	\$ 45,374,018	\$ 105,570,829	\$ 80,408,797

(a) Endowments held in perpetuity

(b) Endowment gains, scholarships, capital and reserve funds, and other held for time or purpose

Reclassification - Certain amounts of the June 30, 2024, table above have been reclassified to conform to the June 30, 2025, presentation. These reclassifications had no impact on ending net assets in total or by restriction shown above.

Note 12 – Endowment Fund and Net Asset Classification

The University's endowments consist of approximately 274 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments.

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Saint Martin's University

Notes to Financial Statements

Interpretation of relevant law – The University has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the 2009 Washington legislature as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment with donor restrictions, (b) the original value of subsequent gifts to the endowment with donor restrictions, and (c) accumulations to the endowment with donor restrictions made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions (to be held in perpetuity) is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the state of Washington in its enacted version of UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the Endowment Fund; (2) the purposes of the University and the donor-restricted Endowment Fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the University; and (7) the investment policies of the University.

Endowment net asset composition by type of fund as of June 30:

	Without Donor Restrictions	With Donor Restrictions*	Total
2025			
Donor-restricted endowment funds	\$ -	\$ 45,724,005	\$ 45,724,005
Board-designated endowment/scholarship funds	8,492,866	-	8,492,866
Total funds	<u>\$ 8,492,866</u>	<u>\$ 45,724,005</u>	<u>\$ 54,216,871</u>
2024			
Donor-restricted endowment funds	\$ -	\$ 39,037,586	\$ 39,037,586
Board-designated endowment/scholarship funds	7,556,988	-	7,556,988
Total funds	<u>\$ 7,556,988</u>	<u>\$ 39,037,586</u>	<u>\$ 46,594,574</u>

* These funds include accumulated earnings

Saint Martin's University
Notes to Financial Statements

Changes in endowment net assets for the fiscal years ended June 30:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
2025			
Endowment net assets, beginning of year	\$ 7,556,988	\$ 39,037,586	\$ 46,594,574
Investment return			
Investment income, net	134,885	826,897	961,782
Net appreciation, realized and unrealized	<u>901,314</u>	<u>4,504,903</u>	<u>5,406,217</u>
	<u>1,036,199</u>	<u>5,331,800</u>	<u>6,367,999</u>
Interest on Quasi-endowment loan payment	<u>218,679</u>	<u>-</u>	<u>218,679</u>
	<u>218,679</u>	<u>-</u>	<u>218,679</u>
Contributions	-	2,329,019	2,329,019
Expenditures appropriated and other	<u>(319,000)</u>	<u>(974,400)</u>	<u>(1,293,400)</u>
Endowment net assets, end of year	<u>\$ 8,492,866</u>	<u>\$ 45,724,005</u>	<u>\$ 54,216,871</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
2024			
Endowment net assets, beginning of year	\$ 6,585,172	\$ 33,962,672	\$ 40,547,844
Investment return			
Investment income, net	148,414	785,809	934,223
Net appreciation, realized and unrealized	<u>856,614</u>	<u>3,955,554</u>	<u>4,812,168</u>
	<u>1,005,028</u>	<u>4,741,363</u>	<u>5,746,391</u>
Interest on Quasi-endowment loan payment	<u>218,679</u>	<u>-</u>	<u>218,679</u>
	<u>218,679</u>	<u>-</u>	<u>218,679</u>
Contributions	-	1,260,460	1,260,460
Expenditures appropriated	<u>(251,891)</u>	<u>(926,909)</u>	<u>(1,178,800)</u>
Endowment net assets, end of year	<u>\$ 7,556,988</u>	<u>\$ 39,037,586</u>	<u>\$ 46,594,574</u>

Saint Martin's University

Notes to Financial Statements

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. Deficiencies, should they occur, could be due to the result of unfavorable market fluctuations, or the Board of Trustees' policy, which allows them to continue appropriations from funds with deficiencies. At June 30, 2025, the University has 1 fund with deficiencies out of 274 active funds. The total corpus value of these funds is \$5,155 with a fair market value of \$5,040. which leads to a total deficiency value of \$115. At June 30, 2024, the University has 3 funds with deficiencies out of 262 active funds. The total corpus value of these funds is \$179,808 with a fair market value of \$176,304 which leads to a total deficiency value of \$3,504.

Return objectives and risk parameters – The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce appropriate results while assuming a moderate level of investment risk.

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

Spending policy and how the investment objectives relate to spending policy – The University has a policy of appropriating for distribution each year a portion of its endowment fund. The long-term annual spending and distributions from the fund are targeted to use a specified percentage of the fund's moving 12-quarter market value average. For the years ended June 30, 2025 and 2024, this amount was 3.5%. In establishing this policy, the University considered the long-term expected return on its endowment. Spending and distributions in any one fiscal year may exceed this amount as necessary, as determined by a vote of the board. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the University's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Note 13 – Related-Party Transactions

Related-party leases – The Abbey holds title to and is landlord for all related real estate associated with the University's campus. It has been the policy and practice of the Abbey to allow the University to utilize the real estate for purposes of operating an institution of higher education.

The Abbey purchased the campus property in the late 1890s and subsequently leased the property to the University. By specific provision of the lease documents, an annual rent for the lease period is not required to be paid by the University. Due to the unique arrangement where the Abbey owns the land and the University owns specific physical structures, management has determined that any valuation of land would be impractical and not accurately represented. Therefore, the University has not recorded an annual contributed non-financial asset for the usage of the land.

Saint Martin's University Notes to Financial Statements

Payables to Saint Martin's Abbey – During the years 1993 through 1996, the Abbey, as owner of the property known as Saint Martin's Campus, developed and constructed new potable and storm water, and sanitary and irrigation systems necessary to meet the needs of the Abbey and the University. This construction was done in three phases: Phase I – domestic water; Phase II – sanitary sewer and wastewater; and Phase III – irrigation.

The University's allocated share of costs under the three phases represents the infrastructure costs from the Abbey.

During the COVID-19 pandemic, the Abbey donated \$3.5 million as the Abbot Neal Roth COVID relief scholarship for students. Not all funds were used and the purpose for the restriction is no longer relevant. Due to this, the University and the Abbey have come into a non-interest bearing agreement to repay the remaining \$1,337,365 over the next 10 years. This note payable was effective June 30, 2025.

Notes payable due to the Abbey for at June 30 are as follows:

	2025	2024
Note payable, dated October 22, 1996, for Phase III costs, with monthly payments of \$1,184, including interest at 7.5% per annum, due September 1, 2026, unsecured.	\$ 16,903	\$ 29,328
Note payable, dated June 30, 2025, for gift repayment, with monthly payments of \$11,145 including interest at 0.00% per annum, due September 1, 2035, unsecured.	1,337,365	-
	\$ 1,354,268	\$ 29,328

Related party – other – For the years ended June 30, 2025 and 2024, the University received no gifts from the Abbey. As of June 30, 2025 and 2024, the University had accounts receivable from the Abbey of \$38,250 and \$49,500, respectively.

As stated in Note 2, it is the University's policy to treat net assets with donor restrictions whose restrictions expire within the current accounting period as net assets without donor restrictions.

Members of the University's Board of Trustees and senior management may, from time to time, be associated either directly or indirectly with companies doing business with the University. For senior management, the University requires annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with the University. These annual disclosures cover both senior management and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the University. The University has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees can participate in any decision in which he or she (or an immediate family member) has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the University, and in accordance with applicable conflict of interest laws.

Saint Martin's University

Notes to Financial Statements

Note 14 – Pension Plan

The University has a defined contribution pension plan under IRC Section 403(b). The plan covers all regular employees, working at least 1,000 hours per year, who have completed one year of service with the University and reached 21 years of age. The University contribution rate was 8% and 0% as of June 30, 2025 and 2024, respectively, resulting in total contributions of \$601,021 and \$532,347, respectively. Fiscal year ending June 30, 2025, had contributing months of January through June. Fiscal year ending June 30, 2024, had contributing months of July through November and no contributions from December to June.

Note 15 – Liquidity and Availability

The University manages its financial assets to be available for general expenditures and payment of liabilities and other obligations as they come due. Financial assets are considered to be unavailable when illiquid or not convertible to cash within one year. Additional limitations include perpetual endowments, the undistributed earnings associated with each perpetual endowment, and board-designated quasi-endowment funds.

Saint Martin's University

Notes to Financial Statements

The following table reflects the University's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general expenditures within one year.

	2025	2024
Financial assets		
Cash and cash equivalents		
Operating cash	\$ 547,985	\$ 554,993
Restricted cash	48,750	1,434,865
Invested cash	18,456,656	302,645
Student receivable - net	3,935,620	4,056,534
Student loans receivable - Perkins loan program - net	9,310	30,963
Contributions receivable - net	950,411	1,299,434
Other receivables - net	789,127	667,217
Investments	58,007,605	47,531,491
Financial assets, at year end	82,745,464	55,878,142
Less those unavailable for general expenditure within one year		
Funds unused from the Abbot Neal Roth Scholarship	-	1,337,365
Cash held for President's deferred compensation (Note 2)	48,750	97,500
Student receivable - collectible beyond one year	2,355,706	2,508,305
Perkins loan receivable, net - collectible beyond one year	9,310	25,260
Contributions receivable, net - collectible beyond one year	357,403	592,348
Other receivables, net - collectible beyond one year	789,127	667,217
Long term investments (includes \$3,784,995 held for custodial purposes)	58,007,605	47,531,491
	61,567,901	52,759,486
Financial assets available to meet cash needs for general expenditures within one year	\$ 21,177,563	\$ 3,118,656

Amounts included in the restricted cash balance totaling \$0 and \$1,337,365 as of June 30, 2025 and 2024, respectively, are restricted by the Saint Martin's Abbey for use of the Abbot Neal Roth Emergency Scholarship. Additional cash and investments deemed unavailable for general expenditure are held for the required contractual agreement with U.S. Bank for the line of credit collateral with a value of \$3,600,000.

The University has various sources of liquidity at its disposal including a \$2,000,000 line of credit with U.S. Bank which could be drawn upon to meet short-term liquidity needs (Note 9). In addition, the University entered into an agreement with U.S. Bank whereby excess funds are invested in an interest-bearing account and swept into the University's general checking account to cover payments as they are presented each day.

Saint Martin's University

Notes to Financial Statements

Note 16 – Functional Expenses

The following table presents the University's expenses by program or supporting function and natural classification for the years ended June 30, 2025 and 2024:

	June 30, 2025						Total Expenses
	Program Expenses				Support Expenses		
	Instruction	Research	Student Services	Auxiliary Enterprise	Academic	Institutional	
Salaries and payroll taxes	\$ 10,312,203	\$ 56,314	\$ 5,112,205	\$ 873,124	\$ 3,407,805	\$ 3,603,586	\$ 23,365,237
Benefits	910,857	739	834,161	149,612	1,014,496	1,713,675	4,623,540
Goods and services	782,610	154,429	3,613,205	3,257,608	1,119,424	4,440,318	13,367,594
Facilities and maintenance	524,769	9,251	456,750	238,737	189,253	598,832	2,017,592
Interest	452,440	8,006	376,039	193,150	234,755	406,013	1,670,403
Depreciation & amortization	272,531	763	387,466	824,764	765,411	700,871	2,951,806
	<u>\$ 13,255,410</u>	<u>\$ 229,502</u>	<u>\$ 10,779,826</u>	<u>\$ 5,536,995</u>	<u>\$ 6,731,144</u>	<u>\$ 11,463,295</u>	<u>\$ 47,996,172</u>

	June 30, 2024						Total Expenses
	Program Expenses				Support Expenses		
	Instruction	Research	Student Services	Auxiliary Enterprise	Academic	Institutional	
Salaries and payroll taxes	\$ 9,885,886	\$ 37,047	\$ 4,976,313	\$ 771,870	\$ 4,043,531	\$ 3,831,173	\$ 23,545,820
Benefits	514,629	168	710,805	117,803	1,228,336	1,770,006	4,341,747
Goods and services	774,755	67,755	3,464,930	3,386,420	1,047,299	3,290,756	12,031,915
Facilities and maintenance	750,424	6,879	652,874	387,715	521,104	634,338	2,953,334
Interest	485,742	4,457	404,704	217,461	300,266	361,396	1,774,026
Depreciation & amortization	283,334	380	387,290	812,276	784,786	855,612	3,123,678
	<u>\$ 12,694,770</u>	<u>\$ 116,686</u>	<u>\$ 10,596,916</u>	<u>\$ 5,693,545</u>	<u>\$ 7,925,322</u>	<u>\$ 10,743,281</u>	<u>\$ 47,770,520</u>

Note 17 – Commitments and Contingencies

Regulation and litigation – The University receives funding or reimbursement from governmental agencies for various activities, which are subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions. The University is subject to such regulatory reviews and, while these reviews may result in repayments and/or civil remedies, management believes, based on its current knowledge and information, that such repayments and/or civil remedies, if any, would not have a material effect on the University's financial position.

The University is subject to legal proceedings arising in the normal course of its various activities. The eventuality of legal action, or further, the liability from any such potential action, is subject to a great degree of uncertainty. Management currently believes the resolution of all such matters would not have a material effect on these financial statements.

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