

ST. MARY'S COLLEGE OF MARYLAND

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2021 AND 2020



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**ST. MARY'S COLLEGE OF MARYLAND
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

INDEPENDENT AUDITORS' REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	18
STATEMENTS OF FINANCIAL POSITION – ST. MARY'S FOUNDATION – COMPONENT UNIT	19
STATEMENTS OF FINANCIAL POSITION – ST. MARY'S COLLEGE OF MARYLAND BOAT FOUNDATION, INC. – COMPONENT UNIT	20
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	21
STATEMENTS OF ACTIVITIES – ST. MARY'S FOUNDATION – COMPONENT UNIT	22
STATEMENTS OF ACTIVITIES – ST. MARY'S COLLEGE OF MARYLAND BOAT FOUNDATION, INC. – COMPONENT UNIT	24
STATEMENTS OF CASH FLOWS	25
STATEMENTS OF CASH FLOWS – ST. MARY'S FOUNDATION – COMPONENT UNIT	27
STATEMENTS OF CASH FLOWS – ST. MARY'S COLLEGE OF MARYLAND BOAT FOUNDATION, INC. – COMPONENT UNIT	28
NOTES TO FINANCIAL STATEMENTS	29
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	61
SCHEDULE OF CONTRIBUTIONS FOR THE PENSION PLAN	62
SCHEDULE OF CONTRIBUTIONS FOR THE OTHER POSTEMPLOYMENT BENEFITS PLAN	63
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	64



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the fiscal year ended June 30, 2021, the College adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of GASB Statement No. 84, the College reported a restatement for the change in accounting principle (see Note 15). Our opinion is not modified with respect to that matter.

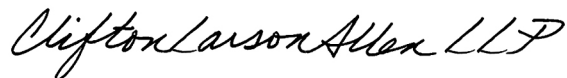
Correction of Error

In addition, the College included the financial activity for the St. Mary's College of Maryland Boat Foundation, Inc., a discretely presented component unit resulting from the correction of an accounting error that occurred in the prior period (see Note 15). Our opinion is not modified with respect to that matter.

Other Matters

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 and Schedule of Contributions for the Other Postemployment Benefits (OPEB) 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 auditing standards generally accepted in the United States of America, 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 9, 2021

**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

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 2021 and 2020, and 2019 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, 2021	June 30, 2020	June 30, 2019
Assets:			
Current Assets	\$ 47,775	\$ 31,674	\$ 25,877
Noncurrent Assets, Net	213,989	191,302	181,091
Total Assets	<u>261,764</u>	<u>222,976</u>	<u>206,968</u>
Deferred Outflow of Resources:			
Deferred Outflows Related to Pensions	4,227	4,127	4,539
Deferred Charge on Refunding	1,514	1,618	1,722
Total Assets and Deferred Outflows	<u>267,505</u>	<u>228,721</u>	<u>213,229</u>
Liabilities:			
Current Liabilities	12,873	13,846	8,946
Noncurrent Liabilities	55,989	43,864	41,453
Total Liabilities	<u>68,862</u>	<u>57,710</u>	<u>50,399</u>
Deferred Inflow of Resources:			
Deferred Inflows Related to Pensions	1,733	2,911	1,232
Net Position:			
Net Investment in Capital Assets	184,001	158,576	155,777
Restricted - Nonexpendable	1,000	1,000	1,000
Restricted - Expendable	109	108	110
Unrestricted	11,800	8,416	4,711
Total Net Position	<u>\$ 196,910</u>	<u>\$ 168,100</u>	<u>\$ 161,598</u>

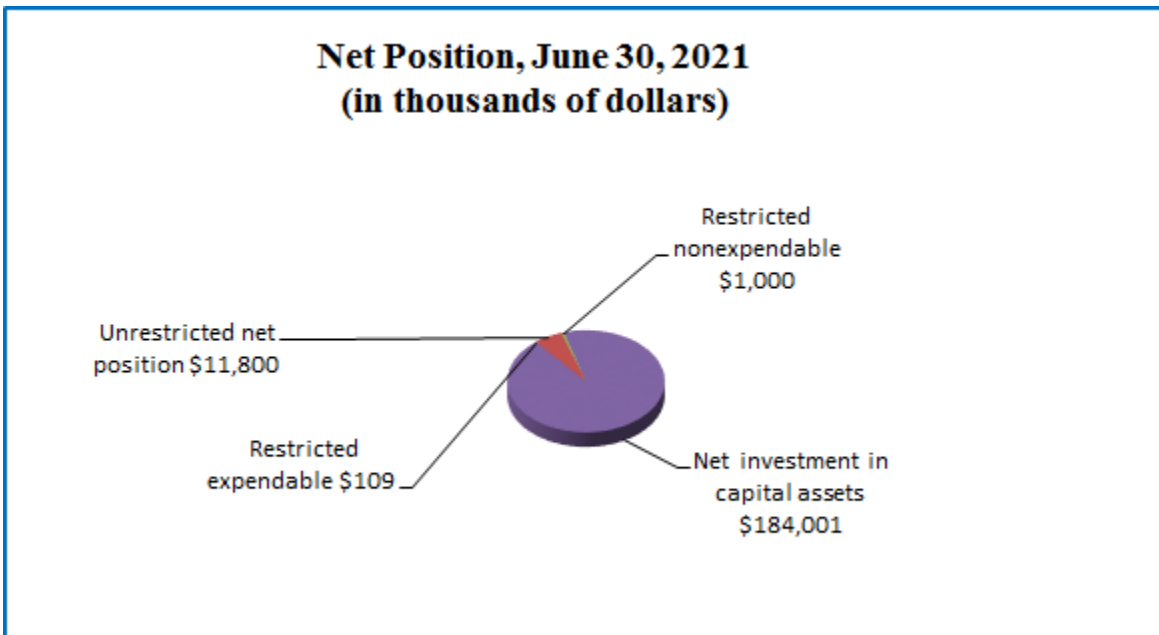
**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Statements of Net Position (continued)

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 non-current assets and a decrease of \$.4 million in deferred outflows of resources, primarily related to proceeds received from a bond issuance and pensions. The total liabilities and deferred inflows for the year increased by \$9.9 million. This combination of an increase in total assets and deferred outflows of \$39 million and an increase in total liabilities and deferred inflows of \$9.9 million resulted in an increase in total net position of \$28.8 million.

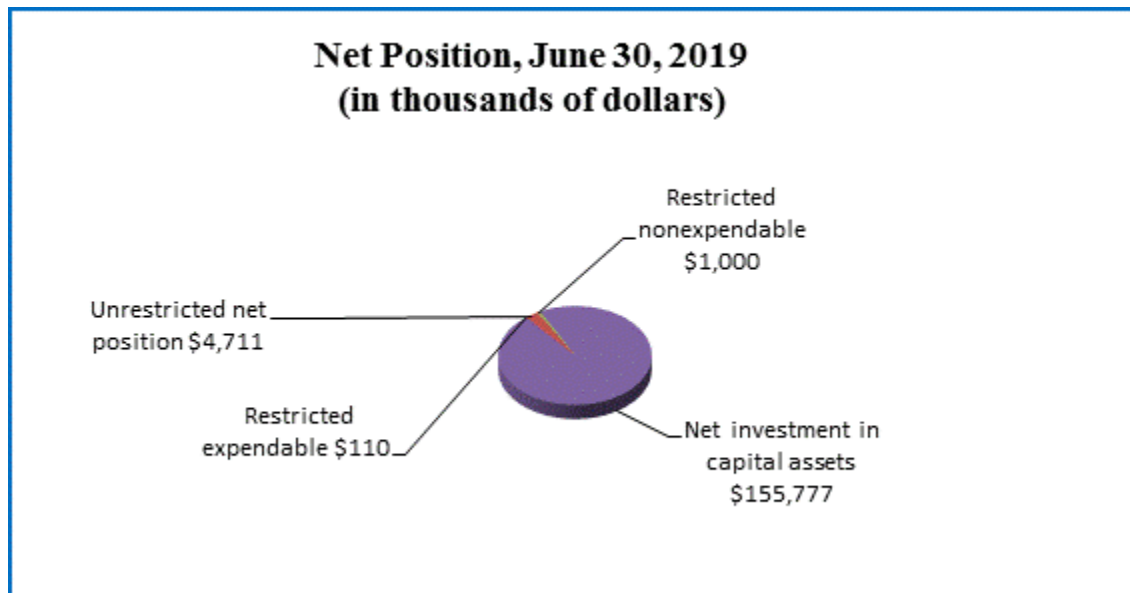
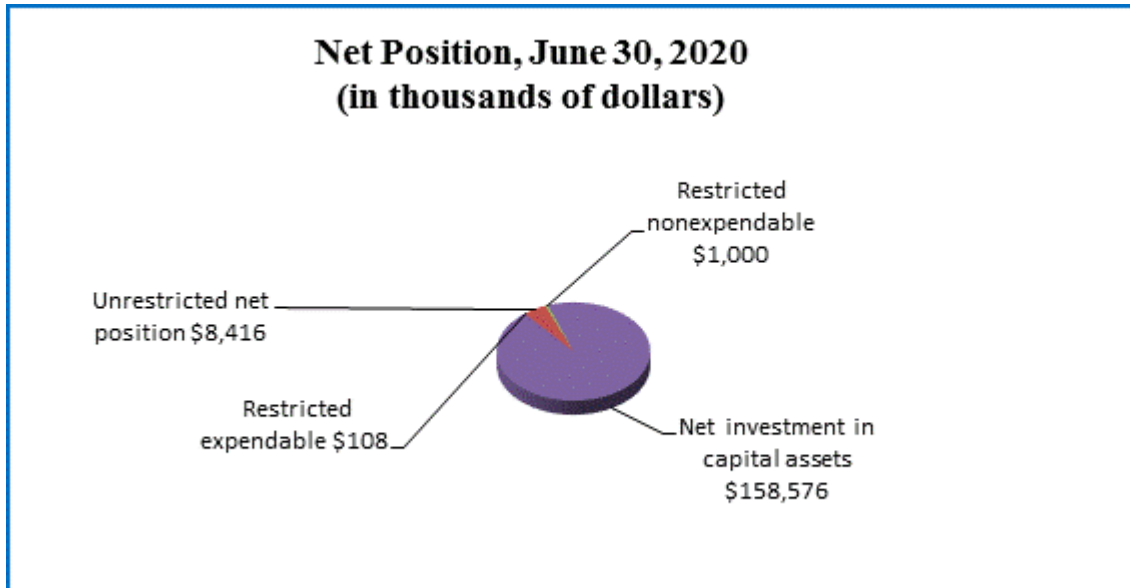
The total assets and deferred outflows of the College increased by \$15.5 million in 2020 from 2019. This increase was primarily due to an increase of \$5.8 million in current assets and an increase of \$10.2 million in non-current assets and a decrease of \$.5 million in deferred outflow of resources, primarily related to pensions. The total liabilities and deferred inflows for the year increased by \$9 million. This combination of an increase in total assets of \$15.5 million and an increase in total liabilities of \$9 million resulted in an increase in total net position of \$6.5 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, 2021, 2020 and 2019, respectively.



**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Statements of Net Position (continued)



**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

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:		
	2021	2020	2019
Encumbrances and Carryovers for General Operating Purposes	\$ 1,921	\$ 1,884	\$ 2,983
Encumbrances for Capital Projects	452	888	2,444
Funds Designated for Current Plant Projects	1,515	2,362	1,300
Funds Designated for Future Plant Projects	1,453	1,318	1,396
Funds Functioning as Endowments	4,187	3,316	3,140
Unrestricted Funds for General Operating Purposes	17,054	12,164	8,812
Net Pension Liability and Related Deferred Outflows/Inflows	(14,782)	(13,516)	(15,364)
Total Unrestricted Net Position	<u>\$ 11,800</u>	<u>\$ 8,416</u>	<u>\$ 4,711</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 non-operating, and the expenses paid by the College, operating and non-operating, 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. Non-operating revenues are generated by incidental activities, gifts and subsidies. The financial reporting model classifies State appropriations and gifts to the College as non-operating 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, 2021 AND 2020**

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

	For the Years Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Operating Revenues:			
Tuition and fees, less scholarships and waivers	\$ 17,034	\$ 17,128	\$ 17,843
Grants and contracts	376	794	695
Sales and services of educational departments	140	650	1,115
Auxiliary enterprises	11,925	12,629	17,248
Other operating revenues	79	94	89
Total Operating Revenues	<u>29,554</u>	<u>31,295</u>	<u>36,990</u>
Operating Expenses	<u>70,598</u>	<u>67,951</u>	<u>70,738</u>
Operating loss	<u>(41,044)</u>	<u>(36,656)</u>	<u>(33,748)</u>
Non-operating revenues:			
State appropriations	27,505	27,158	25,807
Other nonoperating revenues (expenses)	12,134	6,311	7,005
Net non-operating revenues	<u>39,639</u>	<u>33,469</u>	<u>32,812</u>
Loss before other revenues, expenses, gains and losses	<u>(1,405)</u>	<u>(3,187)</u>	<u>(936)</u>
Capital appropriations	29,228	9,689	11,599
Increase in Net Position	<u>27,823</u>	<u>6,502</u>	<u>10,663</u>
Net position at beginning of year, as previously reported	168,100	161,598	150,935
Net position restatement	987	-	-
Net position at beginning of year, as restated	<u>169,087</u>	<u>161,598</u>	<u>150,935</u>
Net Position at End of Year	<u>\$ 196,910</u>	<u>\$ 168,100</u>	<u>\$ 161,598</u>

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

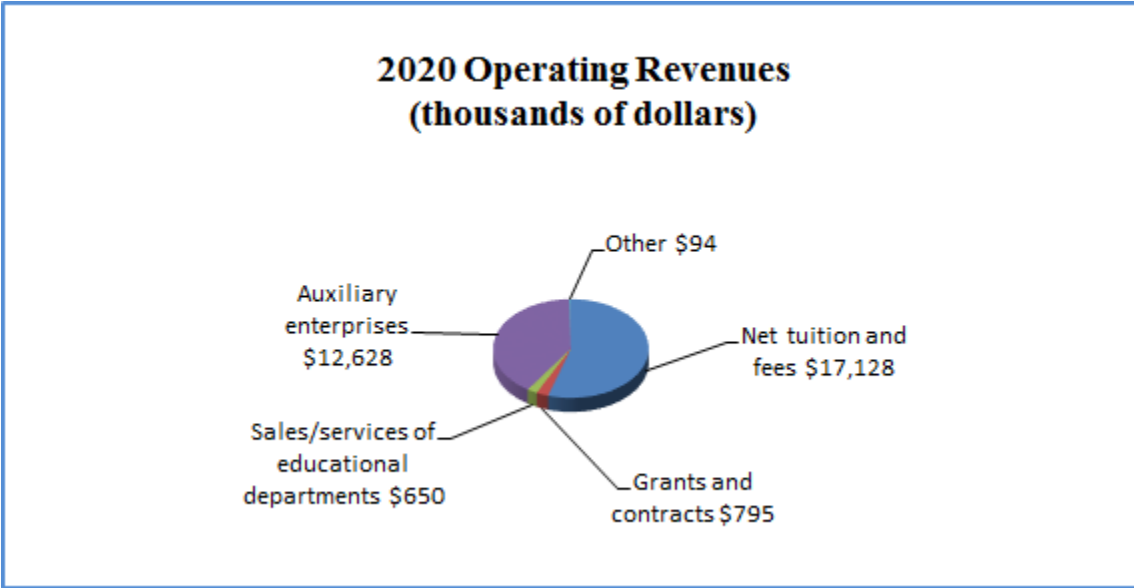
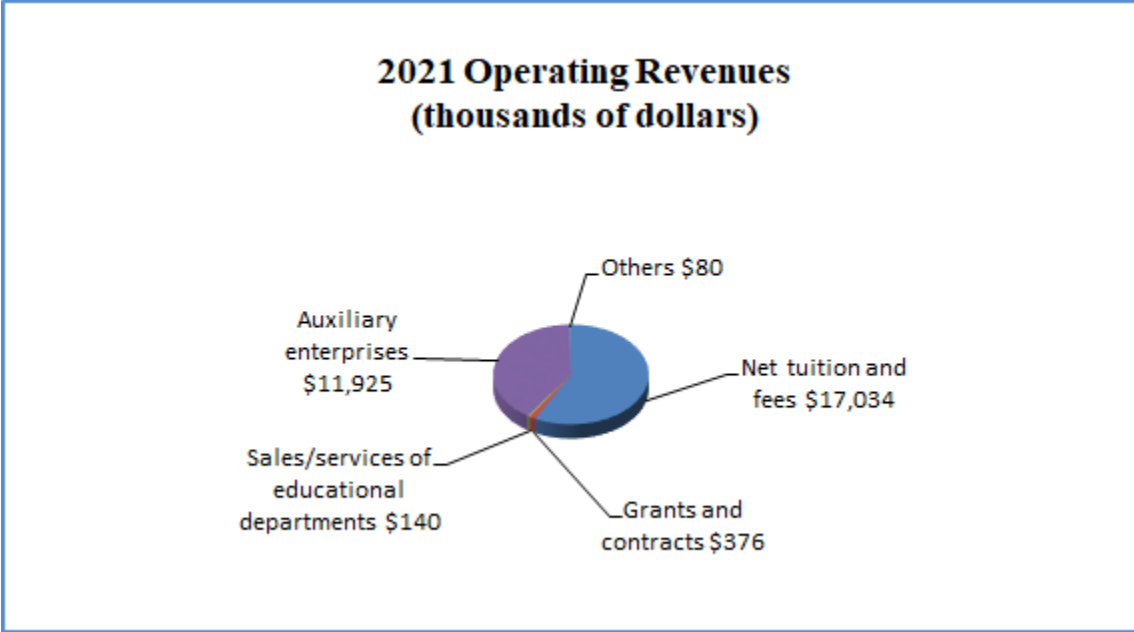
Net position increased by \$27.8 million, or 16%, for 2021. The increase resulted primarily from increased operating expenses and increased nonoperating revenues and capital state appropriation. Operating expenses increased by \$2.6 million, nonoperating and capital state appropriation increased by \$25.7 million. Additionally, \$1.8 million in direct assistance provided by the St. Mary's College of Maryland Foundation to College departments has been included in non-operating revenue in 2021.

Net position increased by \$6.5 million, or 4%, for 2020. The increase resulted primarily from decreased state operating and increased state appropriations. Operating expenses decreased by \$2.8 million. Additionally, \$2.7 million in direct assistance provided by the St. Mary's College of Maryland Foundation to College departments have been included in nonoperating revenue in 2020.

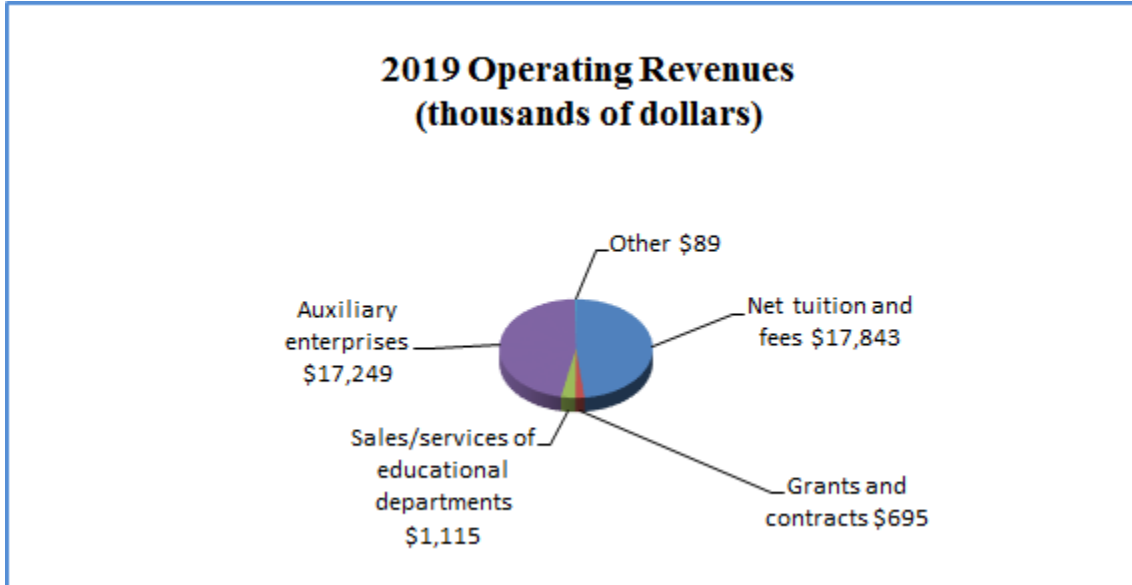
**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Operating Revenues

Total operating revenues for fiscal year 2021, were \$29.6 million. The graphs below show comparisons of operating revenues for fiscal years 2021, 2020 and 2019:



**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**



Operating Revenues (continued)

Tuition and Fees

Tuition and fees, less scholarships and waivers, of \$17 million, accounted for 58% of total operating revenue and decreased 1% from 2020 to 2021, primarily due to a decrease 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 \$17.1 million, accounted for 54% of total operating revenue and decreased 3% from the 2019 to 2020, 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, 2021 AND 2020**

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 \$0.14 million and \$.65 million in 2021 and 2020, respectively. Examples of educational activity include conferences and study abroad fees. Study abroad activity was largely prohibited due to COVID 19 restrictions.

Operating Expenses

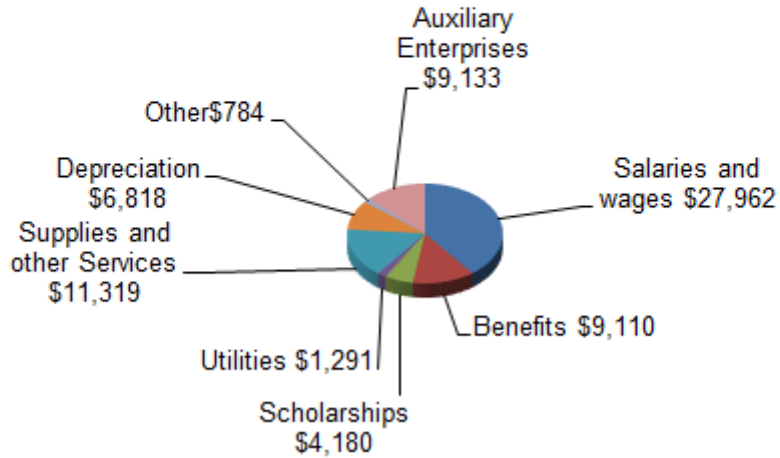
Operating expenses for 2021, totaled \$70.6 million, of which \$20.1 million or 28% was for instruction. Operating expenses include salaries and benefits of \$37.1 million, scholarships and grants of \$4.2 million, non-auxiliary utilities of \$1.3 million, supplies and other services of \$11.3 million, and depreciation 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 indicates how much of the College's physical plant is being "consumed" each year.

Operating expenses for 2020, totaled \$67.9 million, of which \$19.3 million or 28% was for instruction. Operating expenses include salaries and benefits of \$36.8 million, scholarships and grants of \$3.7 million, non-auxiliary utilities of \$1.4 million, supplies and other services of \$8.4 million, and depreciation 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.

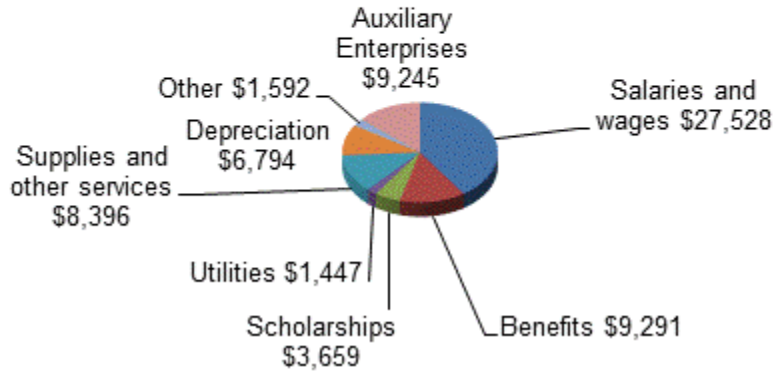
ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

Operating Expenses (continued)

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

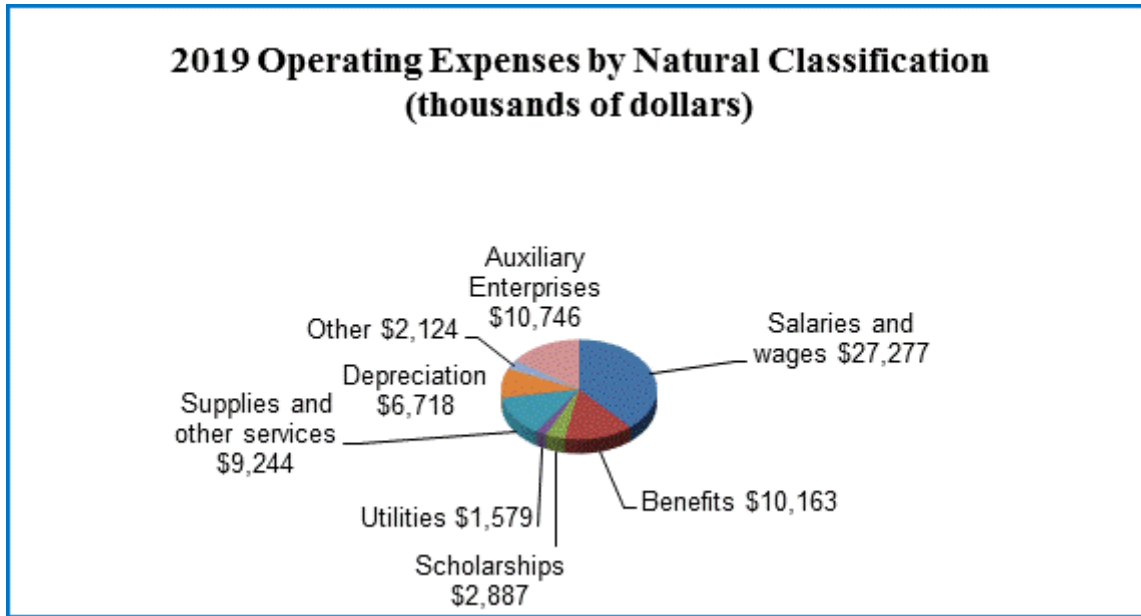


**2020 Operating Expenses by Natural Classification
(thousands of dollars)**



**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Operating Expenses (continued)



State Appropriation

The largest inflow in the non-capital financing activities group is the State appropriation of \$27.5 million and \$27.2 million in 2021 and 2020, 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 one- and two-point five percent. 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, 2021 AND 2020**

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, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash and Cash Equivalents From:			
Operating Activities	\$ (34,569)	\$ (22,098)	\$ (19,952)
Non-Capital Financing Activities	33,273	29,902	25,819
Capital and Related Financing Activities	16,897	(2,918)	(7,857)
Investing Activities	406	638	750
Net Change in Cash and Cash Equivalents	<u>16,007</u>	<u>5,524</u>	<u>(1,240)</u>
Cash and Cash Equivalents, Beginning of Year	<u>30,440</u>	<u>24,916</u>	<u>26,156</u>
Cash and Cash Equivalents, End of Year	<u>\$ 46,447</u>	<u>\$ 30,440</u>	<u>\$ 24,916</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, 2021 AND 2020**

Capital Assets and Debt Administration

Capital additions totaled \$31.1 million in fiscal year 2021. 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 \$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 issuance of debt.

Capital additions totaled \$16.3 million in fiscal year 2020. Capital additions were primarily comprised of the purchase of equipment and construction in progress. Capital additions were funded primarily with State capital appropriations of \$9.7 million, student paid facility fee revenues, and unrestricted net position which are designated for capital purposes. The principal balance of revenue bond and notes payable declined by \$2.4 million, for the year ended June 30, 2020.

For additional information concerning capital assets and debt administration, see notes 8 through 10 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 \$27.5 million in 2021 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.

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 3 years starting in January of 2019.

**ST. MARY'S COLLEGE OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

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 College's 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.

ST. MARY'S COLLEGE OF MARYLAND
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 27,161,346	\$ 23,778,572
Restricted Cash and Cash Equivalents	19,285,674	6,661,697
Accounts Receivable, Net	1,007,415	893,097
Inventories	282,931	313,993
Prepaid Expenses and Other Assets	37,465	26,610
Total Current Assets	47,774,831	31,673,969
NONCURRENT ASSETS		
Endowment Investments	4,621,608	4,082,807
Other Restricted Investments	-	1,595
Notes Receivable, Net	107,539	115,227
Capital Assets, Net	209,260,079	187,102,395
Total Noncurrent Assets	213,989,226	191,302,024
Total Assets	261,764,057	222,975,993
DEFERRED OUTFLOW OF RESOURCES		
Deferred Charge on Refunding	1,513,758	1,617,704
Deferred Outflows Related to Pensions	4,226,911	4,127,211
Total Assets and Deferred Outflow of Resources	267,504,726	228,720,908
LIABILITIES AND DEFERRED INFLOWS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	7,168,741	8,846,518
Accrued Vacation Costs	1,055,724	1,190,194
Accrued Workers' Compensation, Current Portion	67,800	72,300
Bonds and Notes Payable, Current	2,363,196	2,298,196
Capital Lease, Current	81,170	58,254
Unearned Revenue	2,136,758	1,381,059
Total Current Liabilities	12,873,389	13,846,521
NONCURRENT LIABILITIES		
Bonds and Notes Payable	40,650,266	29,675,158
Accrued Workers' Compensation	384,200	409,700
Capital Lease	138,907	220,077
Federal Perkins Funds	32,000	42,758
Net Pension Liability	14,782,397	13,515,853
Total Noncurrent Liabilities	55,987,770	43,863,546
Total Liabilities	68,861,159	57,710,067
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS		
	1,733,013	2,910,579
Total Liabilities and Deferred Inflows	70,594,172	60,620,646
NET POSITION		
Net Investment in Capital Assets	184,001,100	158,576,421
Restricted Nonexpendable:		
Scholarships and Fellowships	1,000,117	1,000,117
Restricted Expendable:		
Loans	89,119	87,922
Scholarships and Fellowships	19,894	19,894
Unrestricted	11,800,324	8,415,908
Total Net Position	\$ 196,910,554	\$ 168,100,262

**ST. MARY'S COLLEGE OF MARYLAND
STATEMENTS OF FINANCIAL POSITION
ST. MARY'S FOUNDATION – COMPONENT UNIT
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Cash	\$ 1,967,525	\$ 1,737,973
Investments	46,058,207	37,750,597
Investments - Gift Annuity	1,287,076	998,782
Accrued Interest Receivable	77,513	56,308
Other Assets	517,905	447,224
Promises to Give, Net	870,768	1,061,598
Property and Equipment, Net	1,201	1,201
Total Assets	\$ 50,780,195	\$ 42,053,683
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 245,009	\$ 48,784
Gift Annuity	735,144	698,886
Total Liabilities	980,153	747,670
NET ASSETS		
Without Donor Restriction	2,079,701	1,898,992
With Donor Restriction	47,720,341	39,407,021
Total Net Assets	49,800,042	41,306,013
Total Liabilities and Net Assets	\$ 50,780,195	\$ 42,053,683

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
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Cash	\$ 132,956	\$ 196,210
Prepaid Expenses	1,652	1,653
Property and Equipment, Net	399,993	106,278
Boats and Marine Equipment Held for Sale	1,161,484	1,339,132
Total Assets	\$ 1,696,085	\$ 1,643,273
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 30,321	\$ 1,499
NET ASSETS		
Without Donor Restriction	1,665,764	1,641,774
Total Liabilities and Net Assets	\$ 1,696,085	\$ 1,643,273

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, 2021 AND 2020

	2021	2020
REVENUE		
Student Tuition and Fees (Less Scholarships and Waivers of: \$6,715,580 in 2021 and \$6,788,646 in 2020)	\$ 17,033,802	\$ 17,127,996
Grants and Contracts:		
Federal	246,756	338,390
State	64,727	193,910
Other	64,536	262,822
Sales and Services	139,882	649,961
Auxiliary Enterprises:		
Residence Facilities, Net of Waivers of \$111,692 and \$119,444	7,271,421	6,255,081
Dining Services, Net of Waivers of \$40,208 and \$40,208	3,934,016	5,428,688
Bookstore	703,406	926,795
Other Auxiliary Enterprises Revenue	16,023	17,355
Other Operating Revenues	79,651	94,397
Total Operating Revenues	29,554,220	31,295,395
EXPENSES		
Instruction	20,055,769	19,336,767
Research	348,815	370,612
Public Service	(2,055)	67,078
Academic Support	1,861,781	2,087,834
Student Services	8,322,596	8,253,242
Institutional Support	14,832,866	14,315,216
Operations of Plant	9,704,887	8,571,942
Scholarships and Fellowships	4,106,819	3,527,814
Auxiliary Enterprises	11,366,367	11,421,283
Total Operating Expenses	70,597,845	67,951,788
OPERATING LOSS	(41,043,625)	(36,656,393)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	27,504,897	27,157,749
Gifts and Grants	1,885,824	2,724,144
Pell, Cares Act and HEERF Grants	3,882,408	3,504,125
Investment Gains and Losses	696,292	457,388
Interest Income	94,387	409,415
Debt Forgiveness	6,661,697	-
Interest on Indebtedness	(1,086,676)	(783,343)
Net Nonoperating Revenues	39,638,829	33,469,478
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	(1,404,796)	(3,186,915)
OTHER REVENUES, EXPENSES, GAINS, AND LOSSES		
Capital State Appropriations	29,228,178	9,689,401
Total Other Revenues	29,228,178	9,689,401
INCREASE IN NET POSITION	27,823,382	6,502,486
Net Position - Beginning of Year, as previously reported	168,100,262	161,597,776
Net Position - Restatement, Note 15	986,910	-
Net Position - Beginning of Year, as restated	169,087,172	161,597,776
NET POSITION - END OF YEAR	\$ 196,910,554	\$ 168,100,262

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	
SUPPORT AND REVENUE			
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>
EXPENSES			
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>
CHANGE IN NET ASSETS	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>
NET ASSETS - END OF YEAR	<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
STATEMENT OF ACTIVITIES
ST. MARY'S FOUNDATION – COMPONENT UNIT
YEAR ENDED JUNE 30, 2020**

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
SUPPORT AND REVENUE			
Contributions	\$ 245,386	\$ 2,861,821	\$ 3,107,207
Donated Services	1,564,704	-	1,564,704
Event Revenue	85,685	-	85,685
Investment Income (Loss), Net	246,622	527,372	773,994
Other Revenue	-	10,391	10,391
Net Assets Released from Restrictions	3,044,979	(3,044,979)	-
Total Support and Revenue	<u>5,187,376</u>	<u>354,605</u>	<u>5,541,981</u>
EXPENSES			
Program Services:			
Scholarships	964,475	-	964,475
Academic Chair	220,197	-	220,197
Alumni Activities	70,270	-	70,270
College Department/Division Support	1,426,895	-	1,426,895
Center for Study of Democracy	75,495	-	75,495
Total Program Services	<u>2,757,332</u>	<u>-</u>	<u>2,757,332</u>
Supporting Services:			
Management and General	1,265,591	-	1,265,591
Fundraising	1,019,765	-	1,019,765
Total Supporting Services	<u>2,285,356</u>	<u>-</u>	<u>2,285,356</u>
Total Expenses	<u>5,042,688</u>	<u>-</u>	<u>5,042,688</u>
CHANGE IN NET ASSETS	144,688	354,605	499,293
Net Assets - Beginning of Year	<u>1,754,304</u>	<u>39,052,416</u>	<u>40,806,720</u>
NET ASSETS - END OF YEAR	<u>\$ 1,898,992</u>	<u>\$ 39,407,021</u>	<u>\$ 41,306,013</u>

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND
STATEMENT OF ACTIVITIES
ST. MARY'S COLLEGE OF MARYLAND BOAT FOUNDATION, INC.- COMPONENT UNIT
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
SUPPORT AND REVENUE		
Donated Vessels	\$ 344,876	\$ 80,000
Donated Services and Facilities	<u>70,243</u>	<u>67,195</u>
Total Support and Revenue	415,119	147,195
EXPENSES		
Program Services:		
Depreciation Expense	220,309	245,756
Transfers of Funds to College	53,730	44,553
Insurance	19,451	16,701
Storage Fees	12,119	13,232
Consultants	10,500	11,500
Fees and Licenses	152	300
Equipment Rental	100	-
Boat Repairs and Maintenance	-	5,202
Travel	-	1,024
Miscellaneous	<u>1,500</u>	<u>232</u>
Total Program Services	317,861	338,500
Management and General Expenses		
Donated Services and Facilities	31,094	29,678
Professional Fees	<u>3,025</u>	<u>7,555</u>
Total Management and General Expenses	<u>34,119</u>	<u>37,233</u>
Fundraising Expenses		
Donated Services and Facilities	<u>39,149</u>	<u>37,517</u>
Total Fundraising Expenses	<u>39,149</u>	<u>37,517</u>
Total Expenses	<u>391,129</u>	<u>413,250</u>
CHANGE IN NET ASSETS	23,990	(266,055)
Net Assets - Beginning of Year	<u>1,641,774</u>	<u>1,907,829</u>
NET ASSETS - END OF YEAR	<u>\$ 1,665,764</u>	<u>\$ 1,641,774</u>

See accompanying Notes to Financial Statements.

ST. MARY'S COLLEGE OF MARYLAND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees (Net of All Scholarships and Grants)	\$ 12,728,916	\$ 13,154,094
Grants and Contracts	376,019	795,122
Salaries and Benefits	(37,072,756)	(36,657,061)
Payments to Suppliers	(14,376,496)	(7,602,535)
Collection of Student Loans	7,688	23,657
Sales - Auxiliary Enterprises	11,924,866	14,072,617
Expenses - Auxiliary Enterprises	(9,133,342)	(9,245,597)
Other Receipts	975,232	659,047
Net Cash Used by Operating Activities	(34,569,873)	(24,800,656)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	27,504,897	27,157,749
Noncapital Gifts and Grants	5,768,232	5,447,249
Net Cash Provided by Noncapital Financing Activities	33,273,129	32,604,998
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital State Appropriations	29,228,178	9,689,401
Purchases of Capital Assets	(29,039,488)	(16,801,382)
Proceeds from Debt Issuance	20,000,000	6,661,697
Principal Paid on Long-Term Debt	(2,205,000)	(1,683,947)
Interest Paid on Long-Term Debt	(1,086,676)	(783,343)
Net Cash Provided (Used) by Capital and Related Financing Activities	16,897,014	(2,917,574)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	335,182	401,804
Purchases of Investments	(624,993)	(325,541)
Proceeds from Sales of Investments	696,292	561,402
Net Cash Provided by Investing Activities	406,481	637,665
NET CHANGE IN CASH AND CASH EQUIVALENTS	16,006,751	5,524,433
Cash and Cash Equivalents - Beginning of Year	30,440,269	24,915,836
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 46,447,020	\$ 30,440,269
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Expense Paid During the Year	\$ (1,086,676)	\$ 783,343
Debt Forgiveness	\$ 6,661,697	\$ -
Assets Purchased with Capital Lease	\$ -	\$ 99,084
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	\$ 27,161,346	\$ 23,778,572
Restricted Cash and Cash Equivalents	19,285,674	6,661,697
Total Cash and Cash Equivalents	\$ 46,447,020	\$ 30,440,269

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (41,043,625)	\$ (36,656,393)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Noncash Expenses:		
Depreciation	6,818,140	6,793,915
Effect of Changes of Noncash Operating Assets and Liabilities:		
Receivables, Net	(114,318)	(314,471)
Notes Receivable, Net	7,688	23,450
Inventories	31,062	9,645
Prepaid Expenses and Other Assets	(10,853)	32,271
Accounts Payable and Accrued Expenses	(868,474)	3,507,658
Accrued Vacation	(134,470)	201,039
Unearned Revenue	755,699	1,359,387
Net Pension Liability and Related Deferred Inflows/Outflows	(10,722)	242,843
Net Cash Used by Operating Activities	\$ (34,569,873)	\$ (24,800,656)

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, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 8,494,029	\$ 499,293
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Contributions Received for Endowment	(757,436)	(561,000)
Contributions Received for Annuities	(130,000)	(50,000)
Change in Value of Gift Annuity	(240,050)	(8,789)
Change in Value of Perpetual Trust	(376,259)	4,148
Realized and Unrealized (Gains) Losses on Investments	(7,471,930)	(155,206)
Discounts and Allowance on Promises to Give	(9,012)	9,575
Bad Debt Expense	3,795	6,000
Effect of Changes in Noncash Operations, Assets, and Liabilities		
Receivables, Net	(21,205)	(45,085)
Promises to Give	196,047	133,723
Other Assets	(70,681)	(268,166)
Accounts Payable and Accrued Expenses	196,225	11,026
Deferred Revenue	-	(7,500)
Gift Annuity	36,258	2,338
Net Cash Used by Operating Activities	(150,219)	(429,643)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(18,859,597)	(21,368,838)
Proceeds from Sale of Investments	18,433,688	21,672,898
Net Cash Provided (Used) by Investing Activities	(425,909)	304,060
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Received for Endowment	757,436	561,000
Contributions Subject to Annuity Agreements	130,000	50,000
Payments on Annuity Contracts	(81,756)	(76,603)
Net Cash Provided by Financing Activities	805,680	534,397
NET CHANGE IN CASH AND CASH EQUIVALENTS	229,552	408,814
Cash and Cash Equivalents - Beginning of Year	1,737,973	1,329,159
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,967,525	\$ 1,737,973
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Donated Securities	\$ 330,460	\$ 19,900

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, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 23,990	\$ (266,055)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Donated Vessels Revenue	(344,876)	(80,000)
Depreciation Expense	220,309	245,756
Loss on Sale of Vessels	1,500	-
Effect of Changes in Noncash Operations, Assets, and Liabilities		
Prepaid Expenses	1	(1)
Accounts Payable and Accrued Expenses	28,822	250
Net Cash Used by Operating Activities	(70,254)	(100,050)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Vessels	7,000	-
Net Cash Provided (Used) by Investing Activities	7,000	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(63,254)	(100,050)
Cash and Cash Equivalents - Beginning of Year	196,210	296,260
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 132,956	\$ 196,210

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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, (U.S. 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, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Discretely Presented Component Units of the College

During the years ended June 30, 2021 and 2020, the Foundation distributed \$1,892,859 and \$2,707,196, respectively, to the College for both restricted and unrestricted purposes.

During the years ended June 30, 2021 and 2020, the Boat Foundation distributed \$53,730 and \$44,553, 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, 2021 AND 2020

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 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, 2021 AND 2020

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 that are being amortized over a five-year period, 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.

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.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 non-profit organizations. Complete financial statements of the Foundations may be requested from Jackie Wright, Development Office – Calvert Hall Room 102, St. Mary's College of Maryland, 18952 E. Fisher Road, St. Mary's City, MD. 20686.

Unconditional Promises to Give – Foundation and Boat Foundation

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Contributions received are recorded as net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

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

Net Assets – Foundation and Boat Foundation

The Foundations' net assets are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021 and 2020.

Revenue and Revenue Recognition – Foundation and Boat Foundation

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

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

Volunteers contribute significant amounts of time to Foundation program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. 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, 2021 and 2020 was \$220,309 and \$245,756, respectively.

**ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 3 CASH AND CASH EQUIVALENTS

As of June 30, 2021 and 2020, cash and cash equivalents consisted of the following:

	<u>2021</u>	<u>2020</u>
Deposits in State of Maryland Cash Pool	\$ 26,517,208	\$ 22,864,753
Petty Cash	2,700	2,700
Money Market Funds	19,285,674	-
Cash Deposits	<u>641,438</u>	<u>7,572,816</u>
Total Cash and Cash Equivalents	<u>\$ 46,447,020</u>	<u>\$ 30,440,269</u>

Deposits in State of Maryland Cash Pool

As of June 30, 2021 and 2020, the College had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (Treasurer) in the amount of \$26,517,208 and \$22,864,753, respectively. The State 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, 2021 and 2020, the College has cash on deposit with other local banks in the amount of \$709,599 and \$7,827,885, respectively. The College has statutory responsibility for the management of these funds. As of June 30, 2021 and 2020, \$209,599 and \$7,757,875, respectively of the College's cash deposits was exposed to custodial risk as they were uncollateralized. As of June 30, 2020, \$6,661,697 of the cash deposits were proceeds from the note issued under the Paycheck Protection Program (PPP).

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 CASH AND CASH EQUIVALENTS(CONTINUED)

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 State Treasurer's policy which states that the State Treasurer may deposit in a financial institution in the state, any unexpended or surplus money in which the State Treasurer has custody.

NOTE 4 INVESTMENTS

Endowment and other investments held by the College as of June 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 193,141	\$ 155,161
Debt Securities:		
U.S. Treasury	455,666	506,114
U.S. Agencies	137,590	173,454
Mortgage-Backed Securities	178,929	190,401
Corporate Bonds	1,710,842	1,626,534
Total Debt Securities	<u>2,483,027</u>	<u>2,496,503</u>
Equity Securities:		
Equity Securities:	1,945,440	1,432,738
Total	<u>\$ 4,621,608</u>	<u>\$ 4,084,402</u>
Endowment Investments	\$ 4,621,608	\$ 4,082,807
Restricted Investments	-	1,595
Total	<u>\$ 4,621,608</u>	<u>\$ 4,084,402</u>

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

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 INVESTMENTS (CONTINUED)

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

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

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

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

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

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

As of 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	<u>\$ 3,656,282</u>	<u>\$ 772,185</u>	<u>\$ -</u>	<u>\$ 4,428,467</u>

As of 2020				
	Level 1	Level 2	Level 3	Total
U.S. Treasury	\$ -	\$ 506,114	\$ -	\$ 506,114
U.S. Agencies	-	173,454	-	173,454
Mortgage-Backed Securities	-	190,401	-	190,401
Corporate Bonds	1,626,534	-	-	1,626,534
Equity Securities	1,432,738	-	-	1,432,738
Total	<u>\$ 3,059,272</u>	<u>\$ 869,969</u>	<u>\$ -</u>	<u>\$ 3,929,241</u>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 INVESTMENTS (CONTINUED)

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

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

As of June 30, 2021 and 2020, the College had the following ratings and maturities of underlying fixed income investments:

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 Equity		1,944,462	1,944,462	-	-	-	-
Corporate Equity		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>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 INVESTMENTS (CONTINUED)

As of June 30, 2020							
Investment Type	Ratings (S and P)	Fair Value	Investment Maturities (in Years)				
			<1	1 to 5	6 to 10	11 to 15	>15
U.S. Government Securities	AAA	\$ 506,114	\$ 5,128	\$ 257,575	\$ 70,998	\$ -	\$ 172,413
U.S. Agency and Other Asset-Backed Securities	AAA	173,454	38	7,259	63,486	26,069	76,602
U.S. Agency and Other Asset-Backed Securities	AA+	190,401	-	131,022	43,747	-	15,632
U.S. Agency and Other Asset-Backed Securities	AAA	45,554	-	-	-	-	45,554
Corporate Bonds	AA-	40,119	40,119	-	-	-	-
Corporate Bonds	AA+	-	-	-	-	-	-
Corporate Bonds	A+	150,506	30,025	51,750	27,790	-	40,941
Corporate Bonds	A	246,243	-	53,738	136,096	23,603	32,806
Corporate Bonds	A-	416,779	75,730	161,900	139,283	39,866	-
Corporate Bonds	BBB+	382,323	-	-	206,879	37,370	138,074
Corporate Bonds	BBB	345,010	25,302	149,174	125,758	13,711	31,065
Corporate Equity		1,431,760	1,431,760	-	-	-	-
Corporate Equity		978	-	-	-	-	978
Total		\$ 3,929,241	\$ 1,608,102	\$ 812,418	\$ 814,037	\$ 140,619	\$ 554,065

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, 2021 and 2020, there were no investments in excess of 5%.

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

Foreign currency risk is the risk that changes in the exchange rate of investments will adversely affect the fair value of an investment. The College was not exposed to foreign currency risk as of June 30, 2021 and 2020 as the College did not have any investments denominated in foreign currencies.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 INVESTMENTS (CONTINUED)

The Foundation's investments consisted of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Equities	\$ 23,109,098	\$ 17,572,875
Fixed Income	13,719,328	12,797,777
Cash Equivalents	801,747	940,183
Interest in Trust	1,746,347	1,440,088
Alternative Investment	7,968,763	5,998,456
Total Investments	<u>\$ 47,345,283</u>	<u>\$ 38,749,379</u>

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 \$1,746,347 and \$1,440,088 as of June 30, 2021 and 2020, respectively. The Foundation received a distribution of \$70,000 from the Trust for each of the years ended June 30, 2021 and 2020, 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.

	As of 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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
Total Assets	<u>\$ 39,104,487</u>	<u>\$ -</u>	<u>\$ -</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>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 INVESTMENTS (CONTINUED)

	As of 2020			
	Level 1	Level 2	Level 3	Total
Equities	\$ 17,572,875	\$ -	\$ -	\$ 17,572,875
Cash and Money Market Funds	940,183	-	-	940,183
Fixed Income Securities:				
U.S. Corporate Bonds	12,415,530	-	-	12,415,530
Foreign Exchange and Non-USD	-	-	-	-
Fixed Income	382,247	-	-	382,247
Total Fixed Income Securities	12,797,777	-	-	12,797,777
Alternative Instruments:				
Hedge Funds	74,578	-	-	74,578
Real Estate	19,172	-	-	19,172
Hard Assets	1,206,415	-	-	1,206,415
Total Alternative Instruments	1,300,165	-	-	1,300,165
Interest Held in Perpetual Trust	-	-	1,440,088	1,440,088
Total Assets	<u>\$ 32,611,000</u>	<u>\$ -</u>	<u>\$ 1,440,088</u>	<u>\$ 34,051,088</u>
Investments Measured at Fair Value				
Using Net Asset Value per Share				4,698,291
Total Investments				<u>\$ 38,749,379</u>
Gift Annuity Liability				<u>\$ 698,886</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:

	2021	2020
Beginning Balance	\$ 698,886	\$ 696,548
Additions to Gift Annuity Liabilities	60,308	24,741
Reduction to Gift Annuity Liabilities	-	-
Change in Value of Gift Annuity Liabilities	(24,050)	(22,403)
Ending Balance	<u>\$ 735,144</u>	<u>\$ 698,886</u>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 INVESTMENTS (CONTINUED)

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

	Net Asset Value 2021	Net Asset Value 2020	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Coatue Offshore Fund, Ltd., Class B	\$ -	\$ 16,525	N/A	Monthly	Due by Last Day of a Fiscal Month
Eton Park Overseas Fund, Ltd., Class E	180	364	N/A	Quarterly	65 Days
Grosvenor Alternative Investments CPI (Carlyle Property) Private Investors, LLC	2,088,151	1,630,593	N/A	Quarterly	70 Days
SOF XII Private Investors Offshore	-	-	1,000,000	Quarterly	95 Days
EQT Infrastructure V Private	-	-	500,000	Illiquid	10 Year Investment Horizon
GSO Private Investors Offshore II	63,118	46,623	219,296	Illiquid	12 Year Investment Horizon
KKR Asian Fund II Private Investors	439,530	453,086	220	Illiquid	5 Year Investment Horizon
PEG GLOBAL PRIVATE EQUITY IX Offshore Special L.P.	223,947	-	806,856	Illiquid	5 Year Investment Horizon
PEG Global Private Equity Institutional Investors VIII Offshore Special L.P.	460,545	133,447	616,417	Illiquid	7-10 Year Investment Horizon
PEG Global Private Equity Institutional Investors VI Offshore Special L.P.	946,513	651,169	232,310	Illiquid	7-10 Year Investment Horizon
PEG Global Private Equity Institutional Investors V Offshore Special L.P.	1,934,409	1,438,068	59,391	Illiquid	7-10 Year Investment Horizon
Clarion Private Investors, LLC	338,056	328,416	N/A	Quarterly	95 Days
	<u>\$ 6,494,449</u>	<u>\$ 4,698,291</u>			

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

NOTE 5 ENDOWMENTS

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

The spending rate of general endowment funds (quasi and pure), as adopted by the Board, is 4% of the average market value of total funds as of the last day of the previous three calendar years. The spending rate applies to endowment funds for both unrestricted and restricted purposes and is applied in accordance with the designation of each endowment. The difference between the calculated amount and the actual realized endowment income is recorded as a nonmandatory transfer from or to the quasi-endowment fund in accordance with the above spending policy. The objectives of the spending rule are to preserve the purchasing power of the principal and attain a minimum of 1% real growth.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 ENDOWMENTS (CONTINUED)

The endowment net assets are reported as follows as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Restricted Spendable and Nonspendable		
- Scholarship and Fellowships	\$ 1,020,011	\$ 1,020,011
Unrestricted Net Assets	<u>3,601,597</u>	<u>3,064,391</u>
Total Endowment Net Assets	<u>\$ 4,621,608</u>	<u>\$ 4,084,402</u>

NOTE 6 ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Student Tuition and Fees	\$ 616,273	\$ 362,940
Campus Store	48,741	23,580
Travel Advances	1,675	1,830
Federal, State and Private Grants and Contracts	<u>340,924</u>	<u>522,278</u>
Total	1,007,613	910,628
Less: Allowance for Doubtful Accounts	<u>198</u>	<u>17,531</u>
Net Accounts Receivable	<u>\$ 1,007,415</u>	<u>\$ 893,097</u>

NOTE 7 INVENTORIES

Inventories consisted of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Health Center	\$ 786	\$ 9,482
Housekeeping	19,575	19,271
Central Stores	7,989	9,025
Campus Stores	<u>254,581</u>	<u>276,215</u>
Total Inventories	<u>\$ 282,931</u>	<u>\$ 313,993</u>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 CAPITAL ASSETS

Following are the changes in capital assets for the years ended June 30, 2021 and 2020:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Capital Assets, Not Being Depreciated:				
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
Capital Assets, Being Depreciated:				
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 Capital Lease	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
Less: Accumulated Depreciation:				
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
Capital Leases	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
Total Capital Assets, Being Depreciated, Net	156,096,147	(4,240,674)	(63,663)	151,791,810
Capital Assets, Net	<u>\$ 187,102,395</u>	<u>\$ 22,221,348</u>	<u>\$ (63,663)</u>	<u>\$ 209,260,079</u>
	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 5,947,437	\$ -	\$ -	\$ 5,947,437
Construction In-Progress	21,837,056	11,709,658	(8,487,903)	25,058,811
Total Capital Assets Not Being Depreciated	27,784,493	11,709,658	(8,487,903)	31,006,248
Capital Assets, Being Depreciated:				
Infrastructure	10,517,873	4,306,952	-	14,824,825
Building and Building Improvements	218,263,361	8,487,903	-	226,751,264
Furniture, Fixtures and Equipment	13,774,887	374,398	-	14,149,285
Assets Purchased with Capital Lease	205,710	99,084	(70,215)	234,579
Library Collections	13,125,595	281,792	-	13,407,387
Total Assets Being Depreciated	255,887,426	13,550,129	(70,215)	269,367,340
Less: Accumulated Depreciation:				
Infrastructure	6,105,806	611,188	-	6,716,994
Building and Building Improvements	76,360,023	5,440,067	-	81,800,090
Furniture, Fixtures, and Equipment	12,670,043	321,387	(105,600)	12,885,830
Capital Leases	21,255	-	-	21,255
Library Collections	11,425,751	421,273	-	11,847,024
Total Accumulated Depreciation	106,582,878	6,793,915	(105,600)	113,271,193
Total Capital Assets, Being Depreciated, Net	149,304,548	6,756,214	35,385	156,096,147
Capital Assets, Net	<u>\$ 177,089,041</u>	<u>\$ 18,465,872</u>	<u>\$ (8,452,518)</u>	<u>\$ 187,102,395</u>

Depreciation expense was \$6,818,140 and \$6,793,915 for the years ended June 30, 2021 and 2020, respectively.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2021 and 2020, were as follows:

	Year Ended June 30, 2021				
	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Bonds:					
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	<u>25,311,657</u>	<u>20,000,000</u>	<u>(2,298,196)</u>	<u>43,013,461</u>	<u>2,363,196</u>
Other Liabilities:					
Notes Payable	6,661,697	-	(6,661,697)	-	-
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
Capital Lease	278,331	-	(58,254)	220,077	81,170
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	<u>22,170,833</u>	<u>2,605,030</u>	<u>(8,233,665)</u>	<u>16,542,198</u>	<u>1,204,694</u>
Total Long Term Obligations	<u>\$ 47,482,490</u>	<u>\$ 22,605,030</u>	<u>\$ (10,531,861)</u>	<u>\$ 59,555,659</u>	<u>\$ 3,567,890</u>

	Year Ended June 30, 2020				
	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Bonds:					
Revenue Bonds Payable	\$ 25,760,000	\$ -	\$ (1,420,000)	\$ 24,340,000	\$ 2,205,000
Unamortized Premium/Discount	1,064,853	-	(93,196)	971,657	93,196
Total Bonds	<u>26,824,853</u>	<u>-</u>	<u>(1,513,196)</u>	<u>25,311,657</u>	<u>2,298,196</u>
Other Liabilities:					
Notes Payable	199,648	6,661,697	(199,648)	6,661,697	-
Workers' Compensation	653,000	-	(171,000)	482,000	72,300
Accrued Vacation Costs	989,154	1,372,337	(1,171,297)	1,190,194	1,190,194
Capital Lease	243,546	99,084	(64,299)	278,331	58,254
Federal Loan Program Refundable	42,758	-	-	42,758	-
Net Pension Liability	15,363,945	-	(1,848,092)	13,515,853	-
Total Other Liabilities	<u>17,492,051</u>	<u>8,133,118</u>	<u>(3,454,336)</u>	<u>22,170,833</u>	<u>1,320,748</u>
Total Long Term Obligations	<u>\$ 44,316,904</u>	<u>\$ 8,133,118</u>	<u>\$ (4,967,532)</u>	<u>\$ 47,482,490</u>	<u>\$ 3,618,944</u>

Academic Fees and Auxiliary Facilities Fees Revenue Bonds and Notes

Revenue bonds and Notes consisted of the following as of June 30, 2021 and 2020:

	2021	2020
2012 Subordinate Revenue Bonds, Series A	\$ 8,350,000	\$ 9,130,000
2018 Subordinate Revenue Bonds, Series A	13,785,000	15,210,000
2020 Series A Notes	20,000,000	-
Total Revenue Bonds	<u>42,135,000</u>	<u>24,340,000</u>
Unamortized Premium/Discount	878,462	971,657
Total	<u>\$ 43,013,462</u>	<u>\$ 25,311,657</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.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

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 \$917,908 and \$971,902 as of June 30, 2021 and 2020, respectively, and is reported as a deferred financing outflows.

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

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 \$19,285,674 and \$1,595, for 2021 and 2020, 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 \$595,851 and \$645,802 as of June 30, 2021 and 2020, respectively, and is reported as a deferred financing outflow.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Principal and Interest Payments

Future principal and interest payments of outstanding revenue bonds and notes payable as of June 30, 2021, are as follows:

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,270,000	\$ 1,546,591	\$ 3,816,591
2023	2,330,000	1,461,841	3,816,591
2024	2,420,000	1,366,841	3,791,841
2025	2,150,000	1,279,035	3,786,841
2026	1,950,000	1,203,579	3,429,035
2027 to 2031	8,135,000	5,056,014	13,191,014
2032 to 2036	8,950,000	3,783,908	12,733,908
2037 to 2039	13,930,000	1,419,572	15,349,572
Total	<u>\$ 42,135,000</u>	<u>\$ 17,117,381</u>	<u>\$ 59,915,393</u>

Notes Payable

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 six 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.

NOTE 10 LEASES

Operating Leases

The College leases copiers and trailers under cancellable leases. Total costs for these operating leases were \$92,639 and \$53,186, for the years ended June 30, 2021 and 2020, respectively.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 LEASES (CONTINUED)

Capital Lease

In June 2014, the College entered into a lease agreement through the State of Maryland's Equipment Lease Purchase Agreement for a piece of Science Equipment in the amount of \$65,581, with an interest rate of 1.39% per year. This lease was paid off in November 2019. In January 2018, the College entered into another lease agreement through the State of Maryland's Lease 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 Lease agreement through the State of Maryland's Equipment Lease Purchase Agreement in the amount of \$99,084 with an interest rate of 1.53% per year. Payments on this lease will start in January 2021. The capital assets acquired through capital leases are as follows:

	2021	2020
Equipment	\$ 363,014	\$ 363,014
Less: Accumulated Depreciation	(146,627)	(58,651)
Total	\$ 216,387	\$ 304,363

Future principal and interest lease payments for the capital leases were as follows as of June 30, 2021:

Fiscal Year	Principal	Interest	Admin Fees	Total
2022	\$ 81,170	\$ 4,121	\$ 119	\$ 85,410
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	\$ 220,077	\$ 7,685	\$ 264	\$ 228,026

NOTE 11 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.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 RETIREMENT PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

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/.

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

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

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

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

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 RETIREMENT PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

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

Early Service Retirement. A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' or Employees' Retirement System member is 30%. An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pension System is 30%.

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

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, 2021 and 2020.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 RETIREMENT PLANS (CONTINUED)

Maryland State Retirement and Pension System (Continued)

The College's contractually required contribution for the years ended June 30, 2021 and 2020 was \$1,581,573 and \$1,437,173, respectively, actuarially determined as an amount that, when combined with the State of Maryland and employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (state only).

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

As of June 30, 2021 and 2020, the College reported a liability of \$14,782,397 and \$13,515,853, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and June 30, 2019, 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, 2021 and 2020, the College's proportion was 0.066% and 0.066%, respectively, which represented no change from the prior year.

For the years ended June 30, 2021 and 2020, the College recognized pension expense of \$(10,722) and \$242,843, respectively. 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 Acturial 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	\$ 4,226,911	\$ 1,733,013

The \$1,581,573 as of June 30, 2021 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, 2022. 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, 2021 AND 2020

NOTE 11 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		
	Net Difference Between Projected and Actual Earnings	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	\$ 1,091,252	\$ 57,051	\$ 1,497,035	\$ 289,274	\$ 447,023	\$ 996,716

As of June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources from the following sources:

As of June 30, 2020		
	Deferred Outflow of Resources	Deferred Inflow of Resources
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ 624,886	\$ -
Change in Actuarial Assumptions	96,372	740,898
Change in Proportionate Share	1,968,780	1,422,014
Change in Experience	-	747,667
Contributions Made Subsequent to the Measurement Date	1,437,173	-
Total	\$ 4,127,211	\$ 2,910,579

For the Years Ending June 30.	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Net Difference Between Projected and Actual Earnings	Change in Actuarial Assumptions	Change in Proportion & Proportionate Share	Change in Actuarial Assumptions	Change in Experience	Change in Proportionate Share
2021	\$416,484	\$ 39,321	\$ 492,246	\$ 245,737	\$324,521	\$ 425,850
2022	69,467	39,321	492,246	245,737	286,190	425,750
2023	69,467	17,730	492,246	117,280	88,153	339,188
2024	69,468	-	492,246	78,565	29,015	231,326
2025	-	-	-	53,579	19,788	-
Total	\$ 624,886	\$ 96,372	\$ 1,968,984	\$ 740,898	\$ 747,667	\$ 1,422,114

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 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:

	2021	2020
Valuation Date	30-Jun-20	June 30, 2019
Inflation - General	2.6%	2.6%
Inflation - Wage	3.1%	3.1%
Salary Increases	3.1% to 11.6% Including Inflation	3.1% to 11.6%, Including Inflation
Investment Rate of Return	7.40%	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, 2020 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2014-2018, after completion of the June 30, 2018 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the Board for the first use in the actuarial valuation as of June 30, 2019. As a result, an investment return assumption of 7.40% and an inflation assumption of 2.60% were used in the June 30, 2020 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). 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	2021		2020	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Target	Long-Term Expected Real Rate of Return
Public Equity	37.0 %	5.20 %	37.0 %	6.30 %
Private Equity	13.0	6.50	13.0	7.50
Rate Sensitive	19.0	(0.30)	19.0	1.30
Credit Opportunity	9.0	2.80	9.0	3.90
Real Assets	14.0	4.30	14.0	4.50
Absolute Return	8.0	1.80	8.0	3.00
Total	<u>100.0 %</u>		<u>100.0 %</u>	

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 RETIREMENT PLANS (CONTINUED)

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2020.

For the years ended June 30, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 3.50% and 6.46%, 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 7.40% as of June 30, 2020 and 2019, respectively. This single discount rate was based on the expected rate of return on pension plan investments of 7.40% as of June 30, 2020 and 2019, 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/.

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 1-percentage-point lower and 1- percentage-point higher as of June 30, 2021 and 2020 was as following:

	2021		
	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
College's Proportionate Share	\$ 19,599,936	\$ 14,782,397	\$ 8,495,549
	2020		
	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
College's Proportionate Share	\$ 19,648,894	\$ 13,515,853	\$ 8,516,769

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 RETIREMENT PLANS (CONTINUED)

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 \$1,127,647 and \$1,330,785, for the years ended June 30, 2021 and 2020, 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, 2021 or 2020.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS

State Employee and Retiree Health and Welfare Benefits Program of Maryland

Members of the State Retirement and Pension System of Maryland (the State System) and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (the Plan), which is administered by the Department of Budget and Management. The Plan is a single-employer defined benefit healthcare plan established by the State Personnel and Pensions Article, Section 2-501 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees, and their dependents. The Secretary of the Department of Budget and Management has the authority to establish/amend benefit terms. The State does not distinguish employees by employer/ State agency. Instead, the State allocates the postemployment healthcare costs to all participating employers. As such, the State has elected to maintain the entire net postemployment benefit liability as a liability of the general fund of the State and has not allocated any liability to State entities, including the University.

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.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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 amount of contributions recognized by the College as related to the statutorily required employer contribution of covered-employee payroll is 4.91%, 5.49%, and 4.45%, respectively. The cost of retiree's health care benefits is expensed when paid and totaled \$1,283,023, \$1,262,795, and \$1,314,194 for the years ended June 30, 2021, 2020, and 2019, respectively.

NOTE 13 COMMITMENTS AND CONTINGENCIES

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

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

As of June 30, 2021 and 2020, there was \$1,921,097 and \$1,884,206, 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 14 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.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 14 RISK MANAGEMENT (CONTINUED)

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, 2021, 2020, and 2019.

As of June 30, 2021 and 2020, the College has recorded \$452,000 and \$482,000, 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, 2021 and 2020, 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, 2021	\$ 482,000	\$ -	\$ (30,000)	\$ 452,000	\$ 67,800
Year Ended, June 30, 2020	653,000	(132,013)	(38,987)	482,000	72,300

NOTE 15 RESTATEMENT

Effective July 1, 2021, the College implemented GASB Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 establishes criteria for identifying fiduciary activities and limits the reporting of fiduciary activities to four specific fund classifications: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The standard specifically excludes from the definition of a fiduciary activity any own-source revenues that are generated by the government itself.

The implementation of GASB 84 resulted in the removal of liabilities for activities associated with College related organizations such as the Student Government Association (SGA). The College elected to not restate the 2020 financial statements amounts as the time and effort to perform the calculations would be too burdensome. The below charts display the changes to the College's beginning net position as of July 1, 2020.

	Amount
Net Position - June 30, 2020, as previously reported	\$ 168,100,262
Implementation of GASB 84	986,910
Net Position - June 30, 2020, as restated	<u>\$ 169,087,172</u>

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 15 RESTATEMENT (CONTINUED)

The College performed a reposting entity assessment of the St. Mary's College of Maryland Boat Foundation, Inc. (the Boat Foundation). 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 financial statements for the Boat Foundation have been included within these financial statements for the years ended June 30, 2021 and 2020.

ST. MARY'S COLLEGE OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 16 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, 2021 and 2020 by natural classification:

Functional Classification Year Ended June 30, 2021										
Natural Classification	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Total
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	-	-	-	-	-	-	4,585,115	-	2,233,025	6,818,140
Total Expenses	<u>\$ 20,055,769</u>	<u>\$ 348,815</u>	<u>\$ (2,055)</u>	<u>\$ 1,861,781</u>	<u>\$ 8,322,596</u>	<u>\$ 14,832,866</u>	<u>\$ 9,704,887</u>	<u>\$ 4,106,819</u>	<u>\$ 11,366,367</u>	<u>\$ 70,597,845</u>

Functional Classification Year Ended June 30, 2020										
Natural Classification	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Total
Salaries and Wages	\$ 12,863,430	\$ 202,217	\$ 18,715	\$ 940,356	\$ 4,394,339	\$ 7,774,864	\$ 1,334,058	\$ -	\$ -	\$ 27,527,979
Benefits	4,255,679	23,853	-	265,507	1,477,467	2,768,096	500,495	-	-	9,291,097
Supplies and Others Services	1,442,219	130,180	47,933	874,851	1,770,018	3,603,073	527,288	-	-	8,395,562
Utilities	-	-	-	-	164	-	1,446,416	-	-	1,446,580
Scholarships and Grants	4,232	11,256	-	250	115,172	500	-	3,527,814	-	3,659,224
Auxiliary Enterprises	-	-	-	-	-	-	-	-	9,245,597	9,245,597
Other Operating Expenses	771,207	3,106	430	6,870	496,082	168,683	145,456	-	-	1,591,834
Depreciation	-	-	-	-	-	-	4,618,229	-	2,175,686	6,793,915
Total Expenses	<u>\$ 19,336,767</u>	<u>\$ 370,612</u>	<u>\$ 67,078</u>	<u>\$ 2,087,834</u>	<u>\$ 8,253,242</u>	<u>\$ 14,315,216</u>	<u>\$ 8,571,942</u>	<u>\$ 3,527,814</u>	<u>\$ 11,421,283</u>	<u>\$ 67,951,788</u>

ST. MARY'S COLLEGE OF MARYLAND
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE MARYLAND STATE RETIREMENT AND PENSION SYSTEM
JUNE 30, 2020
LAST 10 FISCAL YEARS

	<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	0.0657%	0.0658%	0.0711%	0.0631%	0.0630%	0.0653%
The College's Proportionate Share of the Net Pension Liability	\$ 14,782,397	\$ 13,515,853	\$ 15,363,945	\$ 12,860,838	\$ 13,993,622	\$ 12,765,491
The State and Other Agencies Proportionate Share of the Net Pension Liability	<u>20,610,827,603</u>	<u>19,271,734,708</u>	<u>19,658,670,252</u>	<u>20,377,342,874</u>	<u>22,159,462,781</u>	<u>19,523,567,189</u>
Total	<u>\$ 20,625,610,000</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	\$ 7,427,117	\$ 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	199%	191%	191%	190%	184%	152%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	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 MARYLAND STATE RETIREMENT AND PENSION
SYSTEM
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>
Contractually Required Contribution	\$ 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>(1,581,573)</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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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
Contributions as a Percentage of Covered Payroll	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 1,283,023	\$ 1,262,795	\$ 1,314,194	\$ 1,089,176	\$ 1,471,022
Contributions in Relation to the Contractually Required Contribution	<u>(1,283,023)</u>	<u>(1,262,795)</u>	<u>(1,314,194)</u>	<u>(1,089,176)</u>	<u>(1,471,022)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's Covered Payroll	\$ 7,668,315	\$ 7,427,117	\$ 7,089,117	\$ 8,039,980	\$ 6,770,003
Contributions as a Percentage of Covered Payroll	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, 2021**

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

NOTE 1 CHANGES IN BENEFIT TERMS

There were no benefit changes during the years 2015 through 2020.

NOTE 2 CHANGES IN ASSUMPTIONS

Inflation assumptions changed as follows:

- 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:

- 6/30/2019 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%