University of Saint Joseph

Financial Statements and Reports
Required for Audits in Accordance with
Government Auditing Standards and
the *State Single Audit Act*

June 30, 2024

Contents

Independent Auditor's Report

Board of Trustees
University of Saint Joseph

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of University of Saint Joseph (the University), which comprise the statements of financial position as of June 30, 2024 and 2023, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

RSM US LLP

Boston, Massachusetts
December 16, 2024

University of Saint Joseph

Statements of Financial Position
June 30, 2024 and 2023
(Dollars in Thousands)

	2024	2023
Assets		
Cash and cash equivalents	**$ 6,666**	$ 7,127
Short-term investments	**15,145**	14,423
Accounts and loans receivable, net	**3,848**	2,954
Contributions receivable, net	**1,155**	1,337
Other assets	**671**	753
Investments	**55,053**	47,395
Cash restricted for investment in property, plant and equipment	**1,340**	387
Interest rate swap	**1,344**	823
Property, plant and equipment, net	**66,857**	66,514
Total assets	**$ 152,079**	$ 141,713
Liabilities and Net Assets		
Accounts payable and accrued expenses	**$ 3,972**	$ 4,443
Deposits and deferred revenue	**3,268**	4,347
Other liabilities	**3,345**	4,481
Bonds and loans payable	**42,316**	43,619
Government grants refundable	**-**	182
Total liabilities	**52,901**	57,072
Commitments and contingencies		
Net assets:		
Without donor restrictions	**60,896**	51,343
With donor restrictions	**38,282**	33,298
Total net assets	**99,178**	84,641
Total liabilities and net assets	**$ 152,079**	$ 141,713

See notes to financial statements.

University of Saint Joseph

Statement of Activities
Year Ended June 30, 2024
(With Comparative Totals for 2023)
(Dollars in Thousands)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Operating revenues:				
Tuition and fees, net	$ 40,678	$ -	$ 40,678	$ 40,698
Laboratory schools tuition and fees	19,686	-	19,686	17,859
Grant and contract income	4,268	-	4,268	3,304
Contributions	1,723	1,698	3,421	1,750
Endowment spending used in operations	435	585	1,020	1,725
Residence and dining	4,998	-	4,998	4,190
Auxiliary services and other revenue	967	-	967	678
Interest income	850	-	850	557
Net assets released from restrictions	1,336	(1,336)	-	-
Total operating revenues	74,941	947	75,888	70,761
Operating expenses:				
Salaries and wages	38,291	-	38,291	37,220
Benefits	9,152	-	9,152	8,584
Capital-related costs	9,819	-	9,819	11,022
Other expenses	11,277	-	11,277	11,005
Total operating expenses	68,539	-	68,539	67,831
Operating subtotal	6,402	947	7,349	2,930
Nonoperating:				
Contributions restricted for long-term investment	-	800	800	1,035
Contributions of nonfinancial assets	447	-	447	-
Net return on long-term investments, net of amounts used in operations	2,183	3,237	5,420	2,293
Change in fair value of interest rate swap	521	-	521	1,437
Nonoperating subtotal	3,151	4,037	7,188	4,765
Change in net assets	9,553	4,984	14,537	7,695
Net assets at beginning of year	51,343	33,298	84,641	76,946
Net assets at end of year	$ 60,896	$ 38,282	$ 99,178	$ 84,641

See notes to financial statements.

University of Saint Joseph

Statement of Activities
Year Ended June 30, 2023
(Dollars in Thousands)

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Operating revenues:			
Tuition and fees, net	$ 40,698	$ -	$ 40,698
Laboratory schools tuition and fees	17,859	-	17,859
Grant and contract income	3,304	-	3,304
Contributions	697	1,053	1,750
Endowment spending used in operations	632	1,093	1,725
Residence and dining	4,190	-	4,190
Auxiliary services and other revenue	678	-	678
Interest income	557	-	557
Net assets released from restrictions	2,382	(2,382)	-
Total operating revenues	70,997	(236)	70,761
Operating expenses:			
Salaries and wages	37,220	-	37,220
Benefits	8,584	-	8,584
Capital-related costs	11,022	-	11,022
Other expenses	11,005	-	11,005
Total operating expenses	67,831	-	67,831
Operating subtotal	3,166	(236)	2,930
Nonoperating:			
Contributions restricted for long-term investment	-	1,035	1,035
Net return on long-term investments, net of amounts used in operations	865	1,428	2,293
Change in fair value of interest rate swap	1,437	-	1,437
Nonoperating subtotal	2,302	2,463	4,765
Change in net assets	5,468	2,227	7,695
Net assets at beginning of year	45,875	31,071	76,946
Net assets at end of year	$ 51,343	$ 33,298	$ 84,641

See notes to financial statements.

University of Saint Joseph

Statements of Cash Flows
Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 14,537	$ 7,695
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,559	4,543
Bond cost and loan origination amortization	31	31
Change in interest rate swap value and change in discounts	(521)	(1,437)
Net realized and unrealized gains on investments	(5,359)	(3,179)
Recovery for bad debt	221	(466)
Gain on disposal of property, plant and equipment	-	(6)
Forgiveness of vendor advances included in other liabilities	(336)	(336)
Asset retirement obligation accretion	(799)	96
Contributions restricted for long-term investment	(800)	(1,035)
Contributions of nonfinancial assets	(447)	-
Change in operating assets and liabilities:		
Accounts and loans receivable	(1,115)	2,006
Contributions receivable	182	238
Other assets	82	(213)
Accounts payable and accrued expenses	519	(1,851)
Deposits and deferred revenue	(1,079)	274
Net cash provided by operating activities	9,675	6,360
Cash flows from investing activities:		
Proceeds from sale of property and equipment	-	11
Purchases of plant and equipment	(5,446)	(5,298)
Proceeds from maturities and sale of investments	34,600	34,173
Purchases of investments	(37,621)	(39,911)
Net cash used in investing activities	(8,467)	(11,025)
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term investment	800	1,035
Principal payments on bonds and loans payable	(1,334)	(1,296)
Return of funds on government loans	(182)	(35)
Net cash used in financing activities	(716)	(296)
Change in cash, cash equivalents and restricted cash	492	(4,961)
Cash, cash equivalents and restricted cash at beginning of year	7,514	12,475
Cash, cash equivalents and restricted cash at end of year	$ 8,006	$ 7,514
Supplemental disclosures of cash flow information:		
Interest paid	$ 1,420	$ 1,480
Plant and equipment paid through accounts payable and accrued expenses	$ 100	$ 1,090

See notes to financial statements.

(In Thousands)

Note 1. Organization

University of Saint Joseph (the University) is a private, tax-exempt, nonprofit educational institution founded in 1932, located on approximately 91 acres in West Hartford, Connecticut.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The University's financial statements have been prepared on the accrual basis of accounting following accounting principles generally accepted in the United States of America (U.S. GAAP) which require that the University report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets are available for general use and not subject to donor restrictions but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties. Such net assets may be designated by the Board of Trustees of the University (the Board) for specific purposes, including to function as endowment.

Net assets with donor restrictions: Net assets are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As further described in Note 8, the University is subject to the Connecticut Uniform Prudent Management Institutional Funds Act (UPMIFA), under which donor-restricted endowment funds may be appropriated for expenditure by the Board in accordance with the standard of prudence prescribed by UPMIFA. Net assets of such funds in excess of their historic dollar value are classified as with donor restrictions until appropriated by the Board and spent on their intended purpose. Contributions receivable for which the ultimate use is restricted by the donor or subject to inherent time restrictions are also reported as net assets with donor restrictions.

Operating activities: The statements of activities include all of the University's revenues and expenses as part of operating activities, including endowment spending used in operations appropriated under the endowment spending policy. Items not included represent contributions restricted for long-term investment, contributions of nonfinancial assets, net return (loss) on long-term investments, net of amount used in operations and change in the fair value of interest rate swaps.

Short-term investments: Short-term investments are highly liquid investments that are available to be used to pay liabilities of the University within the next year.

Cash, cash equivalents and restricted cash: Cash and cash equivalents consist principally of accounts with maturities of three months or less when purchased. Cash equivalents held by investment managers are considered part of investments given the expectation of near-term reinvestment.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	2024	2023
Cash and cash equivalents	$ 6,666	$ 7,127
Restricted cash	1,340	387
	$ 8,006	$ 7,514

Note 2. Summary of Significant Accounting Policies (Continued)

Included in cash and cash equivalents is $22 of funds held for the Federal Perkins Loan Program (Perkins Loans) at June 30, 2023, which is described more fully later in these notes.

The University maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limit. The University has not experienced any losses in such accounts. The University believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts and loans receivable: Accounts and loans receivable are stated at the amount outstanding, less an allowance for credit losses. The allowance for credit losses is established through a charge to bad debt expense for balances that have been deemed uncollectible.

Allowances for credit losses are established based on prior collection experience and reasonable supportable forecasts about future economic and market conditions which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Loan balances are written off only when they are deemed to be permanently uncollectible.

The Federal Perkins loans program was liquidated during the year ended June 30, 2024, and all outstanding loans were assigned to the federal government.

Investments: Investments are reported in the financial statements at fair value. Purchases and sales of securities are recorded on trade dates, and realized gains and losses are determined on the basis of the average cost of securities sold.

Net gain (loss) on long-term investments, net of amounts used in operations, is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses and endowment spending used for operations. Net gain (loss) on long-term investments is reported as increases (decreases) in net assets with donor restrictions if the terms of the original gift require it, or if required by UPMIFA. Otherwise, net gain (loss) on long-term investments is reported as increases (decreases) in net assets without donor restrictions.

Bond discount and origination costs: Bond discount and origination costs, net of accumulated amortization, are netted against the principal of bonds payable included in bonds and loans payable in the statements of financial position. Amortization is reported as a component of interest expense over the term of the related bonds.

Derivative financial instruments: The University uses an interest rate swap agreement to hedge its exposure to changes in the interest rate related to its outstanding bonds (see Note 9). The swap agreement is recorded at fair value as estimated by the counterparty financial institution. Changes in the fair values are recognized in the statements of activities. The swap agreement is secured by a pledge of all gross receipts of the University.

(In Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Land, buildings and equipment: Land, buildings and equipment are recorded at cost as of the date of acquisition, except donated property, plant and equipment which are recorded at the estimated fair value at the date of the gift. The University's policy is to capitalize all expenditures of land, buildings and equipment of $2,500 or more. Expenditures for maintenance and repairs are charged to expense as incurred; betterments are capitalized. When assets are sold or retired, the related cost and accumulated depreciation are removed from the respective accounts and any resulting gain or loss is credited or charged to non-operating activities. Costs associated with ongoing projects are accumulated as construction in progress until completed. The completed asset is then reclassified to property and equipment depreciated over its useful life. Depreciation expense is recognized on a straight-line basis over the estimated useful lives as follows:

	Estimated Useful Lives
Land	-
Land improvements	10-39
Building and building improvements	10-45
Furniture and equipment	3-10

The University recognizes the fair value of a liability for legal obligations associated with asset retirement obligations (ARO) in the period in which the obligation is incurred if a reasonable estimate of fair value of the obligation can be made. These liabilities are initially recorded at fair value utilizing Level 2 inputs and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the University records period-to-period changes in the ARO liability resulting from the passage of time, new laws and regulations and revisions to either the timing or amounts of the original estimate of undiscounted cash flows. Upon settlement of the obligation, any difference between the cost to settle the ARO and the liability recorded will be recognized as a gain or loss in the statements of activities. The University has recorded an ARO liability of $1,543 and $2,342 as of June 30, 2024 and 2023, respectively, which is included in other liabilities in the statements of financial position.

Long-lived asset impairment: The University evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. There were no impairment indicators identified and no asset impairment was recognized during the years ended June 30, 2024 or 2023.

Collections: Collections consist of items that include works of art that were donated or purchased by the University. These items are capitalized at cost, if the items were purchased, or at the fair value on their accession date, if the items were contributed. Gains and losses from deaccessions of collection items are reported as nonoperating revenue and expenses in the University's financial statements in the period in which the items are sold. The proceeds from the deaccessioning of collection items, if any, are only used for the acquisition of new artwork. Collection items are depreciated over their estimated useful lives unless they have cultural, aesthetic, or historical value that is worth preserving perpetually, and the organization is protecting and preserving essentially undiminished the service potential of the collection item.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition: The University recognizes revenue through the five-step model prescribed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, which requires the entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The five-step model defined by ASC 606 requires the University to: (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when each performance obligation is satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions.

The University derives revenues primarily through tuition and fees, net, residence and dining, laboratory schools and other auxiliary services, all of which are under arrangements that are aligned to an academic semester which is less than one year in length.

Tuition and fees, residence and dining, laboratory schools and other auxiliary services: Tuition and fees, residence and dining, laboratory schools and other auxiliary services revenue are recorded at established rates. Tuition and fees, as well as residence and dining, are presented, net of institutional financial aid and the University awarded externally funded scholarships provided directly to students that totaled $20,308 and $18,484 in 2024 and 2023, respectively. Such net amounts are recorded over time as revenue when performance obligations are satisfied, which is generally over the course of the relevant academic term as services are rendered whether relating to educational services or residence and dining. Tuition waivers provided to employees are considered part of fringe benefits within operating expenses and, likewise, are recorded over time. Other auxiliary services and other income are recorded at a point in time when the related service is provided. The University does not consider there to be significant judgment involved in the timing of satisfaction of performance obligations as those are directly linked to the academic calendar of the related academic activity.

Students may withdraw from programs of study within certain time limits under the University’s withdrawal policies by semester. These policies vary by program but in the majority of cases allow for up to a 100% refund prior to the add drop date 14 days after the start of classes. Given the normal timing of the University’s programs the exposure to such is limited at year-end.

Payments made by third parties, such as the Department of Education, relative to loans and grants to students, are a mechanism to facilitate payment on behalf of students and, accordingly, such funding does not represent revenue of the University.

Student deposits and deferred revenues: Student deposits represent reservation deposits and other advance payments by students for tuition, residence and dining related to the next academic term that will be recognized when the related performance obligations are satisfied. Deposits and deferred revenue balance of $4,073 as of June 30, 2022, was recognized as tuition revenue during the year ended June 30, 2023. Deposits and deferred revenue balance of $4,347 as of June 30, 2023, was recognized as tuition revenue during the year ended June 30, 2024. The deferred revenue balance of $3,268 at June 30, 2024, will be recognized during the next academic year as services are rendered.

Note 2. Summary of Significant Accounting Policies (Continued)

Contribution revenue: The University reports contributions (including unconditional promises to give) at fair value and as revenue with donor restrictions if they are received with donor stipulations that limit the use of the contribution. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions restricted for property, plant and equipment are recognized as released from restrictions when the asset is placed into service. Conditional contributions, that is, those that contain both a right of return and a performance or other barrier, are recognized when the conditions are substantially met. There are no conditional contributions as of June 30, 2024 and 2023. Contributions other than cash are recorded at their estimated fair value. Contributions expected to be received after one year are discounted at a risk adjusted rate commensurate with the risk involved. An allowance for uncollectible contributions receivable is estimated based on many factors including collection history, type of contribution and nature of fundraising activity.

Contributions of nonfinancial assets: Contributions of nonfinancial assets are noncash, tangible donations received by the University and are valued at fair market value as determined by a written appraisal from an independent qualified appraiser or other substantiating documentation. Contributions of nonfinancial assets received during the year ended June 30, 2024, totaled $446,800 and related to donated art for the University's museum, which were capitalized as part of collections. Contributions of nonfinancial assets are utilized and unless otherwise noted, are recorded in nets assets without donor restrictions.

Grants and contract income: Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to an audit. The University recognizes revenue associated with direct and indirect costs as costs are incurred. The University's agreements that do contain a recovery for indirect costs are based on a de minimis rate.

Individual grant arrangements have been evaluated and have been determined to be nonreciprocal, meaning the granting entity has not received a direct benefit in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution (i.e., when the barrier to entitlement is overcome). The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met. The University has elected the simultaneous release policy, which allows the University to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. As of June 30, 2024 and 2023, conditional grants which the University has not incurred qualifying expenditures was approximately $516 and $1,019, respectively.

Income taxes: The University is recognized by the Internal Revenue Service as an organization under Internal Revenue Code (IRC) Section 501(a) described in Section 501(c)(3) of the IRC. Under IRC Section 501(a), the University is generally exempt from Federal and State income taxes on related income.

The University believes it has taken no uncertain tax positions. Tax positions for the open tax years as of June 30, 2024, were reviewed, and it was determined that no provision for uncertain tax positions was required as of June 30, 2024 or 2023. The University's Federal and State returns are generally open for examination for three years following the date filed. The University will account for interest and penalties related to uncertain tax positions, if any, as part of tax expense.

(In Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Significant management estimates included in the financial statements relate to the allowance for credit losses for loans, student accounts and other accounts receivable, allowance for doubtful contributions receivable, useful lives of depreciable assets, asset retirement obligations and allocation of expenses across functional categories.

Advertising: The University expenses advertising costs as incurred.

Liquidity: In order to provide information about liquidity, assets are presented according to their ease of conversion to cash and liabilities are presented in order of their estimated maturity. Endowment investments are classified based upon the long-term intent of the endowment, however, there is significant liquidity within these investments (see Note 6).

Recently adopted accounting pronouncement: In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The University adopted this ASU during the year ended June 30, 2024. The adoption did not have a material impact to the financial statements.

Subsequent events: The University has evaluated subsequent events through December 16, 2024, the date the financial statements were available to be issued.

Note 3. Liquidity and Availability

The following financial assets could be made readily available within one year of the statements of financial position date to meet general expenditures, scheduled debt service payments and capital expenditures not financed through debt as of June 30:

	2024	2023
Cash and cash equivalents	$ 6,666	$ 7,105
Short-term investments	15,145	14,423
Accounts receivable, net	3,737	2,815
Subsequent year's endowment appropriation	2,258	2,226
Contributions receivable	778	530
	$ 28,584	$ 27,099

(In Thousands)

Note 3. Liquidity and Availability (Continued)

The University regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The University has invested a portion of its available operating cash in U.S. treasuries and in marketable certificates of deposit to enhance earnings while maintaining liquidity. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its mission and related activities, as well as the services to support those activities to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, the University operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The University's revenues are well diversified and consist of the following at June 30, 2024 and 2023: 34% and 33% from undergraduate revenues, 19% and 20% from graduate revenues, 28% and 26% from laboratory schools, 7% and 9% from pharmacy revenues, 7% from physician's assistant revenues and 5% from other, respectively.

The University has various sources of liquidity at its disposal including a line of credit (see Note 9).

The Board has designated a portion of its resources without donor restrictions for the endowment and other purposes. These funds remain available and may be spent at the discretion of the Board. As of June 30, 2024 and 2023, $21,006 and $16,540 were designated for endowment, respectively (see Note 8).

The Board approves an annual distribution from the endowment to fund operations (see Note 8). The Board has the authority to approve additional distributions if deemed prudent.

Note 4. Accounts and Loans Receivable

Accounts and loans receivable consist of the following at June 30:

	2024	2023
Student accounts receivable	$ 2,621	$ 2,031
Perkins loans	-	139
Gengras center receivables	1,053	1,103
Grants and other receivables	1,452	738
	5,126	4,011
Less allowance for doubtful accounts	(1,278)	(1,057)
Accounts and loans receivable, net	$ 3,848	$ 2,954

The beginning of year student accounts and loans receivable balances for the years ended June 30, 2024 and 2023 were $2,954 and $4,494, respectively.

(In Thousands)

Note 5. Contributions Receivable

Unconditional promises to give are expected to be realized as follows at June 30:

	2024	2023
One year or less	$ 783	$ 737
Two to five years	751	1,029
More than five years	-	1
	1,534	1,767
Less:		
Allowance for uncollectible contributions receivable	(115)	(164)
Discount to present value	(264)	(266)
Total contributions receivable	$ 1,155	$ 1,337

As of June 30, 2024 and 2023, 62% and 46%, respectively, of net contributions receivable were due from three and two donors, respectively.

Contributions receivable at June 30, 2024 and 2023, are discounted at rates ranging from 2.25% to 8.25%.

Note 6. Fair Value Measurements and Investments

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the University uses various methods, including market, income and cost approaches. Based on these approaches, the University often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the University is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2: Observable inputs other than Level 1, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

(In Thousands)

Note 6. Fair Value Measurements and Investments (Continued)

Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data. The University has no Level 3 assets or liabilities.

During the years ended June 30, 2024 and 2023, there were no changes to the University's valuation techniques that had, or are expected to have, a material impact on its financial position or changes in net assets.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Cash and cash equivalents, domestic equities, international equities, equity funds, fixed income funds, blended funds and U.S. treasuries: The fair value is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

Derivative instruments: Derivatives consist of an interest rate swap and is fair valued according to their classification as over the counter (OTC). This derivative is fair valued under Level 2 using third-party services. Observable market inputs include yield curves (the London Interbank Offered Rate (LIBOR) swap curve and applicable basis swap curves).

Assets measured at fair value on a recurring basis are summarized as follows at June 30:

	2024					
	Total	Level 1	Level 2	Level 3	Redemption Frequency	Days Notice
Assets:						
Short-term investments:						
U.S. Treasuries	$ 13,635	$ 13,635	$ -	$ -	Daily	1
Cash deposits	510	-	-	-	*	*
Certificate of deposits	1,000	-	-	-	*	*
Total short-term investments	$ 15,145	$ 13,635	$ -	$ -		
Investments:						
Cash and cash equivalents	$ 1,764	$ 1,764	$ -	$ -	Daily	1
Domestic equities	4,340	4,340	-	-	Daily	1
International equities	314	314	-	-	Daily	1
Equity funds:						
Small cap	241	241	-	-	Daily	1
Large cap	17,738	17,738	-	-	Daily	1
International	10,081	10,081	-	-	Daily	1
Fixed income funds	13,154	13,154	-	-	Daily	1
Blended fund	7,421	7,421	-	-	Daily	1
Total investments	$ 55,053	$ 55,053	$ -	$ -		
Interest rate swap agreement	$ 1,344	$ -	$ 1,344	$ -		

* Cash deposits and certificates of deposits are not included in the fair value hierarchy. Included in above table for reconciliation purposes only.

(In Thousands)

Note 6. Fair Value Measurements and Investments (Continued)

	2023					
	Total	Level 1	Level 2	Level 3	Redemption Frequency	Days Notice
Assets:						
Short-term investments:						
U.S. Treasuries	$ 12,967	$ 12,967	$ -	$ -	Daily	1
Cash deposits	464	-	-	-	*	*
Certificate of deposits	992	-	-	-	*	*
Total short-term investments	$ 14,423	$ 12,967	$ -	$ -		
Investments:						
Cash and cash equivalents	$ 943	$ 943	$ -	$ -	Daily	1
Domestic equities	3,321	3,321	-	-	Daily	1
International equities	148	148	-	-	Daily	1
Equity funds:						
Small cap	452	452	-	-	Daily	1
Large cap	12,500	12,500	-	-	Daily	1
International	11,092	11,092	-	-	Daily	1
Fixed income funds	12,705	12,705	-	-	Daily	1
Blended fund	6,234	6,234	-	-	Daily	1
Total investments	$ 47,395	$ 47,395	$ -	$ -		
Interest rate swap agreement	$ 823	$ -	$ 823	$ -		

The calculation of fair value may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Note 7. Land, Buildings and Equipment

Land, buildings and equipment are as follows at June 30:

	2024	2023
Land	$ 2,523	$ 2,523
Land improvements	17,079	12,927
Leasehold improvements	1,634	1,634
Buildings and building improvements	93,753	93,584
Furniture and equipment	27,552	27,255
Collections	1,175	728
Construction in progress	384	547
	144,100	139,198
Less accumulated depreciation	(77,243)	(72,684)
	$ 66,857	$ 66,514

Note 7. Land, Buildings and Equipment (Continued)

The University recognized depreciation expense of $4,559 and $4,543 during the years ended June 30, 2024 and 2023, respectively.

As of June 30, 2024, the construction in progress balance of $384 relates to construction of a nursing lab. Estimated costs to complete the project are approximately $520 as of June 30, 2024, which was completed in the fall of 2024. As of June 30, 2023, the construction in progress balance of $547 related to the development of the Men's Baseball Field, which was completed in the fall of 2023.

Note 8. Endowment Investments

The University's endowment consists of 238 individual funds established for a variety of purposes, including both donor-restricted endowment funds and fund designated by the Board to function as endowment (quasi endowment).

The University manages its long-term investments in accordance with the total return concept and the goal of maximizing long-term return within acceptable levels of risk. The University's spending policy is designed to provide a stable level of financial support and to preserve the real value of its endowment. The University compares the performance of its investments against several benchmarks.

The University's annual spending distribution rate is determined by applying a spending formula outlined in the Endowment Spending Policy. The spending formula is the lesser of 5%, the trailing 12 quarter average of the endowment fund's total market value, or the actual total return generated by the portfolio over the prior three years, net of inflation for the same period. The spending rate was 2.6% and 5.0% for the years ended June 30, 2024 and 2023, respectively. The spending rate is then applied to the average of the quarterly portfolio market values for the previous three fiscal years as of December 31 of the previous fiscal year, to determine the total spending amount. The spending total is allocated to the individual funds on a unit basis. The spending policy allows for spending on underwater funds if the cumulative underwater amount is less than 20% of original endowment gifts.

The University classifies as permanent endowment: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified as permanent endowment is classified as temporary endowment until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the University and the donor-restricted endowment fund, (3) general economic conditions, (4) possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the University and (7) the investment policies of the University.

(In Thousands)

Note 8. Endowment Investments (Continued)

Endowment net assets consist of the following at June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 33,457	$ 33,457
Quasi (board-designated)	21,006	-	21,006
Total endowed net assets	$ 21,006	$ 33,457	$ 54,463

Endowment net assets consist of the following at June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 29,410	$ 29,410
Quasi (board-designated)	16,540	-	16,540
Total endowed net assets	$ 16,540	$ 29,410	$ 45,950

Changes in endowment net assets for the year ended June 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	$ 16,540	$ 29,410	$ 45,950
Investment return, net	2,618	3,822	6,440
Contributions/designations	2,283	810	3,093
Appropriations	(435)	(585)	(1,020)
Endowment net assets, June 30, 2024	$ 21,006	$ 33,457	$ 54,463

Changes in endowment net assets for the year ended June 30, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2022	$ 13,746	$ 26,679	$ 40,425
Investment return, net	1,497	2,521	4,018
Contributions/designations	2,141	1,035	3,176
Transfers	(212)	268	56
Appropriations	(632)	(1,093)	(1,725)
Endowment net assets, June 30, 2023	$ 16,540	$ 29,410	$ 45,950

(In Thousands)

Note 8. Endowment Investments (Continued)

There was $590 and $1,445 due from the endowment as of June 30, 2024 and 2023, respectively.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original endowment gift amount. Deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2024, there were no underwater endowment funds. As of June 30, 2023, 13 funds with original endowment gift amounts totaling $1,254 had a market value of $1,183 resulting in underwater endowment fund balances totaling $71. $53 was distributed and spent from these underwater funds during the years ended June 30, 2023. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions restricted in perpetuity.

Note 9. Bonds, Loans and Interest Rate Swap

Bonds payable: The following is a summary of bonds payable at June 30:

	Maturity	Interest Rate	2024	2023
Connecticut Health and Educational Facilities Authority (CHEFA):				
(a) Series E bonds	2048	Variable	$ 27,996	$ 28,581
(b) Series F bonds	2040	Fixed - 2.5%	14,978	15,727
			42,974	44,308
Unamortized debt issuance costs			(658)	(689)
Total			$ 42,316	$ 43,619

In December 2018, the University issued CHEFA Series E bonds in the amount of $30,000. The proceeds were used to: (a) fund the construction and renovation of the student center, (b) fund the construction of an addition and expansion of the athletic center, (c) fund the construction and renovation of a turf athletic field, (d) refinance $3,912 of the amount outstanding on the $5,000 bridge loan which provided funds for the renovation of certain residence halls and costs of improvements of the electrical infrastructure and (e) pay cost of issuance fees of $512 with respect to the bonds. The bonds are secured by a pledge of all gross receipts of the University. Monthly principal and interest payments are payable through December 1, 2033. During the year ended June 30, 2023, the University modified certain terms of the bond agreement to amend the interest rate to 78.7% of 30-day Secured Overnight Financing Rate (SOFR), plus 1.35% (5.351% and 5.131% as of June 30, 2023 and 2024, respectively). Final maturity of Series E is on December 1, 2048.

In June 2021, the University issued CHEFA Series F bonds in the amount of $17,900. The proceeds were used to refund the remaining balance of the CHEFA Series C and D bonds. The bonds are payable in monthly principal and interest payments through June 1, 2040. The bonds are secured by a pledge of gross receipts of the University.

The University does not have any outstanding publicly held debt.

On December 6, 2018, the University entered into an interest rate swap with an original notional amount of $30,000, and an effective date of December 1, 2020 to December 1, 2033, for the CHEFA Series E bonds. The interest rate swap agreement was not entered into for trading or speculative purposes. The purpose of the swap was to effectively fix the variable rate, 78.7% of 30-day SOFR at June 30, 2024, and 78.7% of 30-day LIBOR at June 30, 2023, to an interest rate of 3.81% and 3.57% as of June 30, 2024 and 2023, respectively. If held to maturity, the value of the swap on December 1, 2033, will be $0. The notional amount at June 30, 2024 and 2023, is $27,995 and $28,581, respectively.

(In Thousands)

Note 9. Bonds, Loans and Interest Rate Swap (Continued)

Fair values of derivative instruments consist of the following at June 30:

Derivative	Statements of Financial Position Location	2024	2023
Interest rate contract	Interest rate swap asset	$ 1,344	$ 823

The effect of derivative instruments on the statements activities is as follows for the years ended June 30:

Derivative	Location of Gain Recognized in Without Donor Restriction Nonoperating Activity	Amount of Gain Recognized in Without Donor Restriction Nonoperating Activity	
		2024	2023
Interest rate contract	Change in value of interest rate swap	$ 521	$ 1,437

Under the bond agreement with CHEFA, and a line of credit agreement with a bank, the University has agreed to certain financial covenants, including a minimum cash to debt ratio.

Bond cost amortization expenses charged to operations were $31 for both fiscal years 2024 and 2023.

The following is a schedule of bond debt maturities payable over the next five years and thereafter:

Years ending June 30:	
2025	$ 1,381
2026	1,426
2027	1,472
2028	1,516
2029	1,568
Thereafter	35,611
	$ 42,974

Short-term line of credit: In November 2013, the University secured a revolving line of credit with Berkshire Bank for $3,500. The line of credit was most recently amended in January 2023, to replace 30-day LIBOR with the 30-day SOFR. Borrowings under the line bear interest at Prime or SOFR (7.19% and 6.97% at June 30, 2024). There were no outstanding borrowings against the line at June 30, 2024 and 2023. The line of credit is secured by a pledge of gross receipts of the University. The revolving line of credit was extended on August 6, 2024. The new expiration date is December 31, 2027. The amended line of credit provides for utilization of up to $3,500,000, with a floating interest rate with the option of using Berkshire Bank's PRIME rate, or 30-day Term SOFR plus 1.50%.

(In Thousands)

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30 consisted of:

	2024	2023
Net assets with donor restrictions:		
Time and purpose restricted promises to give	$ 1,155	$ 1,337
Purpose restricted gifts:		
Capital	1,340	387
Other	2,330	2,164
Accumulated appreciation on permanent endowment, subject to spending policy and appropriation:		
Scholarships	6,444	4,167
Academic support—library, lectures, art museum	3,684	3,062
Other	1,317	974
Permanent endowment:		
Scholarships	17,911	17,121
Academic support—library, lectures, art museum	2,164	2,138
Other	1,937	1,948
Total	$ 38,282	$ 33,298

Note 11. Net Assets Released From Restrictions

Endowment distributions with donor restrictions and one-time restricted contributions were released from net assets with donor restrictions by incurring expenses satisfying the restricted purpose specified by the donor. Net assets released from restriction were as follows for the years ended June 30:

	2024	2023
From one-time restricted gifts:		
Scholarships	$ 142	$ 180
Capital	193	728
Other	416	381
From endowment income allocations:		
Scholarships	563	881
Other	22	212
Total	$ 1,336	$ 2,382

(In Thousands)

Note 12. Functional Expenses

The following tables summarize the University's expenses allocated by function as of June 30:

2024	Instruction	Public Service	Academic Support	Student Services	Institutional Support	Auxiliary Services	Total
Salaries and wages	$ 16,476	$ 8,873	$ 2,424	$ 5,048	$ 4,286	$ 1,184	$ 38,291
Employee benefits	4,296	2,336	399	1,082	1,014	25	9,152
Capital	1,715	1,246	507	1,873	1,578	2,900	9,819
Other	2,836	4,085	372	599	1,732	1,653	11,277
Total expenses	$ 25,323	$ 16,540	$ 3,702	$ 8,602	$ 8,610	$ 5,762	$ 68,539

2023	Instruction	Public Service	Academic Support	Student Services	Institutional Support	Auxiliary Services	Total
Salaries and wages	$ 16,895	$ 9,016	$ 1,644	$ 4,522	$ 4,435	$ 708	$ 37,220
Employee benefits	4,120	2,251	383	1,038	769	23	8,584
Capital	1,514	1,355	428	2,201	2,952	2,572	11,022
Other	3,385	1,846	941	853	1,366	2,614	11,005
Total expenses	$ 25,914	$ 14,468	$ 3,396	$ 8,614	$ 9,522	$ 5,917	$ 67,831

Fundraising expenses for the years ended June 30, 2024 and 2023, totaling $891 and $957, respectively, have been included in institutional support expenses above.

Certain expenses are attributable to more than one program or supporting function. These expenses are allocated consistently on the following bases: depreciation and utilities are allocated based on square footage used by each function, interest is allocated to programs and support based on the related debt, information technology expenses and benefits are allocated based on headcount. Capital costs include depreciation, interest, utilities and rents.

Note 13. Retirement Plans

The University maintains a defined contribution retirement program with TIAA. For the years ended June 30, 2024 and 2023, the University contributed 5.5% of salaries, as defined, for both nonexempt participating employees and for exempt participating employees, as defined. Eligible employees may contribute a percentage of their annual compensation, pretax, subject to various restrictions within the IRC. Retirement expense for the years ended June 30, 2024 and 2023, was $1,330 and $1,241, respectively.

Note 14. Leases

The University has an agreement with the town of West Hartford to lease a building and certain town property for the operation of the School for Young Children. The lease expires on July 31, 2047, and may be terminated by the University at any time before the end of the lease. Rent is payable in amounts of $1 per year. The lease is contingent upon the University continuing to operate a comprehensive integrated child development and family support services program within the facility.

Note 15. Vendor Advances

The University has included in other liabilities vendor advances of $1,802 and $2,139 as of June 30, 2024 and 2023, respectively. These advances are subject to annual forgiveness during the contract period and immediately due and payable if the contracts are terminated. Forgiveness of $336 related to vendor advances is reported within auxiliary services and other revenue in the statements of activity for the fiscal years ended June 30, 2024 and 2023.

Note 16. Related Parties

The University has a conflict-of-interest policy, which requires each trustee, officer and senior executive to disclose to the Board at least once each year all the material facts concerning his or her relationship with or interest in any person, firm, corporation or other entity with whom the University has, or proposes to enter into, any contract or other transaction with.

As of June 30, 2024 and 2023, $26 and $63 of outstanding contributions receivable, respectively, were from members of the Board.

Note 17. Commitments and Contingencies

The University participates in a number of federal programs that are subject to financial and compliance audits. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the University does not expect these amounts, if any, to be material to the financial statements.

In the ordinary course of business, the University is involved in various claims and litigation. Adequate provision has been made in the financial statements for these matters. The ultimate outcome is not expected to have a material effect on the University's financial position. Legal counsel currently expresses no opinion on the outcome of these matters.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Trustees
University of Saint Joseph

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of University of Saint Joseph (the University), which comprise the University's statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

University's Response to Findings
Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Boston, Massachusetts
December 16, 2024

Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

Independent Auditor's Report

Board of Trustees
University of Saint Joseph

Report on Compliance for Each Major State Program

Opinion on Each Major State Program
We have audited University of Saint Joseph's (the University) compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the University's major state programs for the year ended June 30, 2024. The University's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the University as of and for the year ended June 30, 2024, and have issued a report thereon dated December 16, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Boston, Massachusetts
January 31, 2025

UNIVERSITY OF SAINT JOSEPH

Schedule of Expenditures of State Financial Assistance

Year Ended June 30, 2024

State Grantor / Pass-Through Grantor / Program Title	State Grant Program CORE-CT Number	Passed Through To Subrecipients	Expenditures
Connecticut Office of Higher Education:			
Roberta B. Willis Scholarship Program	11000-DHE66500-16261	$ —	$ 185,375
Minority Teacher Incentive Program	11000-DHE66580-12214	—	10,000
Total Connecticut Office of Higher Education		—	195,375
Department of Education:			
School Readiness Grant Program:			
Priority School Readiness Local Grant Program:			
Passed through: Town of West Hartford	11000-SDE64000-12113	—	29,400
Talent Development - TEAM	11000-12552-84131-2021	—	8,700
Total Department of Education		—	38,100
Department of Public Health:			
Nutrition Education	12060-DPH48873-22949	—	228,305
Total Department of Public Health		—	228,305
Total state financial assistance		$ —	$ 461,780

See notes to schedule of expenditures of state financial assistance.

Note to Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies

Basis of presentation: The accompanying schedule of expenditures of state financial assistance includes state grant activity of University of Saint Joseph (the University) under programs of the State of Connecticut for the fiscal year ended June 30, 2024. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the schedule presents only a selected portion of the operations of the University, it is not intended and does not present the financial position, changes in net assets or cash flows of the University.

The accounting policies of the University conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of accounting: Expenditures reported on the schedule of expenditures of state financial assistance are presented on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

University of Saint Joseph

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified?	X Yes	____ None reported
Noncompliance material to financial statements noted?	____ Yes	X No

State Financial Assistance

Internal control over major state programs:

• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified?	____ Yes	X None reported

Type of auditor's opinion issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	____ Yes	X No

- The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
Office of Higher Education:		
Roberta B. Willis Scholarship Program	11000-DHE66500-16261	$ 185,375
Department of Public Health:		
Nutrition Education	12060-DPH48873-22949	$ 228,305

- Dollar threshold to determine between Type A and Type B programs: $ 100,000

(Continued)

II. Financial Statement Findings

Finding No. 2024-001 – Monthly close process and reconciliations

Criteria: It is standard business expectations to have controls in place to ensure timely and proper financial reporting.

Condition: During the audit, it was noted that several account reconciliations, including contribution, grant and tuition revenue, property, plant and equipment and net asset and endowment reconciliations, were not completed and reviewed in a timely manner. In addition, there were some reconciliations which were not reviewed by someone other than the preparer.

Cause: The University had significant turnover in the accounting department.

Effect: The late reconciliations resulted in several client adjustments to the original trial balance and a delay in receipt of a final trial balance for the audit until the middle of October.

Recommendation: We recommend the University implement a formal monthly and quarterly close process where information is reconciled in a timely manner each month and the reconciliations are reviewed by someone other than the preparer.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and corrective measures are being made.

III. State Financial Assistance Findings and Questioned Costs

No matters reported.

University of Saint Joseph

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

I. Financial Statement Findings

No matters reported.

II. State Financial Assistance Findings and Questioned Costs

No matters reported.

UNIVERSITY OF SAINT JOSEPH

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Corrective Action Plan

Finding No. 2024 – 001: Monthly Close Process and Reconciliations:

Condition/Cause:

During the audit, it was noted that several account reconciliations, including contribution, grant and tuition revenue, property, plant and equipment and net asset and endowment reconciliations, were not completed in a timely manner. In addition, there were some reconciliations which were not reviewed by someone other than the preparer. The late reconciliations resulted in several client adjustments to the original trial balance and a delay in receipt of a final trial balance for the audit until the middle of October.

Corrective Action Steps:

1. USJ is currently working on a monthly closing schedule that will include date-specific targets for account reconciliation. As this new process is implemented, most accounts will be reconciled on a monthly basis and selected accounts will be reconciled on a quarterly basis.
2. USJ is currently working on a monthly financial reporting schedule that will include University Financial Statements, Divisional Reports and Departmental Reports.

Target Date of Implementation:

1. June 30, 2025

Responsible Party:

Mr. James F. White, USJ Vice President for Finance and Administration