

**LA SALLE UNIVERSITY**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED MAY 31, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
La Salle University  
Philadelphia, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of La Salle University (the University), which comprise the statements of financial position as of May 31, 2023 and 2022, and 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 financial statements referred to above present fairly, in all material respects, the financial position of La Salle University as of May 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' 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 for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
October 24, 2023

**LA SALLE UNIVERSITY**  
**STATEMENTS OF FINANCIAL POSITION**  
**MAY 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 9,632,590	\$ 20,155,885
Student Accounts Receivable, Net	5,759,843	4,948,618
Other Receivables	1,621,638	903,779
Prepays and Other Assets	2,381,105	2,618,011
Contributions Receivable, Net	6,087,990	2,164,548
Student Loans Receivable, Net	1,417,241	1,858,876
Investments	76,231,850	91,474,030
Land, Buildings, and Equipment, Net	138,864,533	143,076,816
Funds Held in Trust by Others	1,036,972	1,105,356
Art Collections	4,209,843	4,209,843
	<b>\$ 247,243,605</b>	<b>\$ 272,515,762</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 8,554,936	\$ 8,897,195
Deferred Income	7,536,287	8,638,056
Short-Term Bonds and Loan Payable	3,370,000	3,230,000
Accrued Compensation	4,648,068	3,707,235
Other Liabilities	8,531,598	9,737,944
Advances from Federal Government for Student Loans	2,935,585	3,487,337
Bonds and Loan Payable	118,315,146	122,002,038
Total Liabilities	153,891,620	159,699,805
<b>NET ASSETS</b>		
Without Donor Restrictions	32,328,227	52,345,806
With Donor Restrictions (Time or Purpose)	32,707,616	32,431,069
With Donor Restrictions (Perpetual)	28,316,142	28,039,082
Total Net Assets	93,351,985	112,815,957
Total Liabilities and Net Assets	<b>\$ 247,243,605</b>	<b>\$ 272,515,762</b>

See accompanying Notes to Financial Statements.

**LA SALLE UNIVERSITY  
STATEMENT OF ACTIVITIES  
YEAR ENDED MAY 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING REVENUE</b>			
Tuition and Fees, Net of Discount of \$37,893,900	\$ 54,132,902	\$ -	\$ 54,132,902
Government Grants	1,046,189	-	1,046,189
Private Gifts and Grants	7,882,690	7,229,594	15,112,284
Activities Related to Academic Areas	1,656,956	-	1,656,956
Room and Board, Net of Discount of \$582,860	7,483,988	-	7,483,988
Dividend and Interest Income on Short-Term Investments	4,869	-	4,869
Use of Endowment Resources	10,935,012	-	10,935,012
Administrative and Other Revenues	3,686,907	-	3,686,907
Net Assets Released from Restrictions	3,094,216	(3,094,216)	-
Total Operating Revenue	<u>89,923,729</u>	<u>4,135,378</u>	<u>94,059,107</u>
<b>OPERATING EXPENSE</b>			
Instruction	36,881,203	-	36,881,203
Research	550,674	-	550,674
Academic Support	12,351,759	-	12,351,759
Student Services and Athletics	19,061,157	-	19,061,157
Public Service	1,047,104	-	1,047,104
Institutional Support	25,650,986	-	25,650,986
Auxiliary Enterprises	7,896,933	-	7,896,933
Total Operating Expense	<u>103,439,816</u>	<u>-</u>	<u>103,439,816</u>
<b>NET OPERATING REVENUES LESS OPERATING EXPENSES</b>	(13,516,087)	4,135,378	(9,380,709)
<b>GAIN ON SALE OF PROPERTY</b>	<u>2,187,899</u>	<u>-</u>	<u>2,187,899</u>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	(11,328,188)	4,135,378	(7,192,810)
<b>NONOPERATING ACTIVITIES - ADDITIONS (DEDUCTIONS)</b>			
Investment Losses, Net	(192,154)	(1,492,202)	(1,684,356)
Endowment Gifts	2,763	345,443	348,206
Use of Endowment Resources	(10,935,012)	-	(10,935,012)
Net Assets Released from Restrictions	2,435,012	(2,435,012)	-
Total Nonoperating Activities - Additions (Deductions)	<u>(8,689,391)</u>	<u>(3,581,771)</u>	<u>(12,271,162)</u>
<b>TOTAL CHANGE IN NET ASSETS (DEFICIT)</b>	(20,017,579)	553,607	(19,463,972)
Net Assets - Beginning of Year	<u>52,345,806</u>	<u>60,470,151</u>	<u>112,815,957</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 32,328,227</u>	<u>\$ 61,023,758</u>	<u>\$ 93,351,985</u>

See accompanying Notes to Financial Statements.

**LA SALLE UNIVERSITY  
STATEMENT OF ACTIVITIES  
YEAR ENDED MAY 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE</b>			
Tuition and Fees, Net of Discount of \$36,804,200	\$ 60,837,444	\$ -	\$ 60,837,444
Government Grants	13,511,553	-	13,511,553
Private Gifts and Grants	3,410,677	2,144,711	5,555,388
Activities Related to Academic Areas	1,959,506	-	1,959,506
Room and Board, Net of Discount of \$1,109,000	7,158,729	-	7,158,729
Dividend and Interest Income on Short-Term Investments	10,974	-	10,974
Use of Endowment Resources	7,093,854	-	7,093,854
Administrative and Other Revenues	3,946,874	-	3,946,874
Net Assets Released from Restrictions	2,188,638	(2,188,638)	-
Total Operating Revenue	<u>100,118,249</u>	<u>(43,927)</u>	<u>100,074,322</u>
<b>OPERATING EXPENSE</b>			
Instruction	35,602,311	-	35,602,311
Research	429,485	-	429,485
Academic Support	11,618,915	-	11,618,915
Student Services and Athletics	19,857,287	-	19,857,287
Public Service	1,150,291	-	1,150,291
Institutional Support	22,766,428	-	22,766,428
Scholarships and Financial Support	6,101,900	-	6,101,900
Auxiliary Enterprises	9,055,695	-	9,055,695
Total Operating Expense	<u>106,582,312</u>	<u>-</u>	<u>106,582,312</u>
<b>NET OPERATING REVENUES LESS OPERATING EXPENSES</b>	(6,464,063)	(43,927)	(6,507,990)
<b>GAIN ON SALE OF PROPERTY</b>	<u>3,298,941</u>	<u>-</u>	<u>3,298,941</u>
<b>CHANGE IN NET DEFICIT FROM OPERATING ACTIVITIES</b>	(3,165,122)	(43,927)	(3,209,049)
<b>NONOPERATING ACTIVITIES - ADDITIONS (DEDUCTIONS)</b>			
Investment Losses, Net	(2,153,098)	(3,765,900)	(5,918,998)
Endowment Gifts	40,059	600,535	640,594
Use of Endowment Resources	(7,093,854)	-	(7,093,854)
Net Assets Released from Restrictions	1,311,654	(1,311,654)	-
Total Nonoperating Activities - Additions (Deductions)	<u>(7,895,239)</u>	<u>(4,477,019)</u>	<u>(12,372,258)</u>
<b>TOTAL CHANGE IN NET DEFICIT</b>	(11,060,361)	(4,520,946)	(15,581,307)
Net Assets - Beginning of Year	<u>63,406,167</u>	<u>64,991,097</u>	<u>128,397,264</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 52,345,806</u>	<u>\$ 60,470,151</u>	<u>\$ 112,815,957</u>

See accompanying Notes to Financial Statements.

**LA SALLE UNIVERSITY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MAY 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Deficit	\$ (19,463,972)	\$ (15,581,307)
Adjustments to Reconcile Change in Net Deficit to Net Cash		
Used by Operating Activities:		
Depreciation	7,542,185	7,614,539
Amortization of Deferred Bond Issuance Costs and Bond Premium	(316,892)	(316,892)
Realized and Unrealized Losses on Investments	3,233,630	7,480,373
Gain on Sale of Property	(2,187,899)	(3,298,941)
Restricted Endowment Contributions	(345,443)	(600,535)
Restricted Building Contributions	(37,500)	(187,500)
Donated Art Collections	-	(1,050)
Change in Funds Held in Trust by Others	68,384	131,545
(Increase) Decrease in Assets:		
Accounts Receivable	(1,529,084)	(596,353)
Prepays and Other Assets	236,906	(488,764)
Contributions Receivable	(3,923,442)	957,879
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses and		
Accrued Compensation	598,574	3,604,650
Deferred Income	(1,101,769)	1,153,551
Other Liabilities	(1,206,346)	(1,549,047)
Net Cash Used by Operating Activities	(18,432,668)	(1,677,852)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(26,203,799)	(16,866,386)
Proceeds from Sale of Investments	38,212,349	20,979,809
Purchase of Property and Equipment	(5,342,003)	(5,974,475)
Proceeds from Sale of Property	4,200,000	4,784,514
Student Loans Repaid or Assigned	441,635	837,042
Net Cash Provided by Investing Activities	11,308,182	3,760,504
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Restricted Endowment Contributions	345,443	600,535
Restricted Building Contributions	37,500	187,500
Payments on Long-Term Debt	(3,230,000)	(3,105,000)
Government Loan Funds	(551,752)	(301,222)
Net Cash Used by Financing Activities	(3,398,809)	(2,618,187)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(10,523,295)	(535,535)
Cash and Cash Equivalents - Beginning of Year	20,155,885	20,691,420
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 9,632,590	\$ 20,155,885
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 5,401,553	\$ 5,512,178
Construction-Related Payables	\$ 1,038,848	\$ 886,447

See accompanying Notes to Financial Statements.



**LA SALLE UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization (Unaudited)**

La Salle University (the University) is a Lasallian Catholic co-educational, independent institution, founded in 1863 in Philadelphia, Pennsylvania by the Brothers of the Christian Schools. The University's principal sources of revenues include student tuition and fees, room and board, and private gifts and grants. The University has approximately 4,000 students, of which approximately 70% are undergraduate students and approximately 30% are graduate and doctorate students.

The University is incorporated under the laws of the Commonwealth of Pennsylvania as a nonprofit corporation and is an organization described under Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986, as amended, as a tax-exempt educational organization.

**Basis of Presentation**

The University's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the University as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified as follows:

*Net Assets Without Donor Restrictions* – Net assets not subject to donor-imposed restrictions. Net assets may be designated for specific purpose by action of the board of trustees.

*Net Asset With Donor Restrictions* – Net assets whose use by the University is subject to donor-imposed restrictions that can be fulfilled by actions of the University pursuant to those restrictions or that expire by the passage of time. Net assets may be subject to donor-imposed restrictions that they be maintained permanently by the University. Generally, the donors of these assets permit the University to use the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Net assets with donor restrictions which are met in the current period (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions and investment returns received with donor-imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are placed in service.

**LA SALLE UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Funds transferred to the University on behalf of specific beneficiaries (agency funds) are recorded as assets and liabilities in the statements of financial position and are not included in the statements of activities.

**Operating and Nonoperating Activities**

Results from operations in the statements of activities reflects all transactions increasing or decreasing net assets except those related to endowments. Transactions related to net assets with perpetual donor restriction, endowment pledges, investment return on the University's endowment, and other investments designated for long-term purposes are recorded as nonoperating activities.

**Contributions**

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are met. Promises to give that will be received after one year are recognized at their net present value, net of an allowance for uncollectible amounts. The discount related to these promises to give is amortized as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

The University reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Contributions of land, building, and equipment are reported as without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Noncash gifts are recorded at fair value on the date of the donation. Gifts of cash and other assets without donor stipulations are reported as operating revenue without donor restrictions when the gift is received.

**Grants**

The University receives grants from government and private sources. The University evaluates grant agreements to determine if the contracts represent reciprocal transactions (revenue) or nonreciprocal transactions (contributions). Government grants reported on the statements of activities primarily represent cost reimbursement grants with barriers to entitlement. Revenue is recognized when the barrier is overcome (qualifying expenses are incurred). As of May 31, 2023 and 2022, approximately \$316,000 and \$395,000 of conditional grant revenue, respectively, will be recognized in future periods as the University incurs qualifying expenses.

**LA SALLE UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

Cash and cash equivalents represent demand deposits and other investments with original maturity dates not exceeding 90 days, except those held for long-term investment purposes.

**Student and Other Accounts Receivable**

Student accounts receivable are recorded net of an allowance for uncollectible amounts of \$3,678,072 and \$3,389,309 at May 31, 2023 and 2022, respectively. The allowance for uncollectible amounts is calculated based on the current unpaid balances by term and the historical collection activity. The University maintains a policy whereby receivables outstanding for more than one year for students who are no longer enrolled at the University are reserved as uncollectible; the University reserves additional amounts as needed for accounts receivable that have been past due for less than one year. As of May 31, 2023 and 2022, the University had no significant concentration of credit risk with regard to accounts receivable.

Other accounts receivable includes payments due from athletic conferences, corporations, and grants from various local, state, and federal governmental entities. Due to the certainty of these collections, the University does not reserve for uncollectible accounts.

**Student Loans Receivable**

Student loans receivable consist primarily of loans made to students under U.S. government loan programs, which are recorded net of an allowance for uncollectible amounts of \$250,000 at May 31, 2023 and 2022. As of May 31, 2023 and 2022, the University had no significant concentration of credit risk with regard to student loans receivable.

**Investments**

Investments are stated at fair value or net asset value as a practical expedient to fair value (see Note 1, Fair Value of Financial Instruments).

Realized and unrealized gains and losses arising from increases or decreases in market values are recognized in the period in which they occur and reported as nonoperating activities in the statements of activities. Dividend and interest income are accrued as earned.

The University's investments are exposed to various risks such as interest rate, market, and credit risks. Such risks, and the resulting investment security values, may be influenced by changes in economic conditions and market perceptions and expectations. Accordingly, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

**Bond Issuance Costs**

Bond issuance costs are amortized over the life of the related bonds and included in bonds payable in the statements of financial position.

**LA SALLE UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Land, Buildings, and Equipment**

Physical plant and equipment are stated at cost at date of purchase, or fair value at date of donation in the case of gifts. Expenditures for new construction, major renewals and replacements, and equipment costing over \$5,000 are capitalized. Assets are depreciated using the straight-line method over 10 to 25 years for land improvements, 10 to 55 years for buildings, and 4 to 10 years for equipment.

Maintenance and repairs are recorded as expenses when incurred. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation or amortization are relieved, and any gain or loss is reported in the statements of activities.

**Collections**

All contributions of works of art, historical treasures, and similar assets have been recognized at their estimated fair value at the date of receipt based upon appraisals or similar valuations, or at cost if purchased. All such items, whether contributed or purchased, have been capitalized. Works of art, historical treasures, and similar items are not depreciated.

**Deferred Income**

Revenues received in exchange transactions for specific activities that have not yet taken place are recorded as deferred revenue. Significant components of deferred revenue include student tuition and education fees received in advance of services to be rendered and unexpended advances of grant and contract revenues.

**Fair Value of Financial Instruments**

The three levels of the fair value hierarchy are described below. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements):

*Level 1* – Quoted prices in active markets or published values per share for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

*Level 2* – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instrument in markets that are not active, and model-derived valuations whose inputs are observable or whose primary values are observable.

*Level 3* – Instruments whose primary fair value inputs are unobservable.

The hierarchy requires the use of observable market data when available. The University's assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

**LA SALLE UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments (Continued)**

The following discussion describes the valuation methodologies used for assets and liabilities measured at fair value.

*Contributions Receivable:* The University values contributions receivable at fair value on the date the gift is received using the present value of future cash flows. Contributions receivable are not measured at fair value subsequent to this initial measurement.

*Investments:* Fair value of equity securities has been determined from observable market quotations, when available. Fair value for fixed maturity securities is based upon prices provided by the University's investment managers and custodian banks through the use of pricing vendors. Both the investment managers and the custodian banks use a variety of pricing sources to determine fixed maturity market valuations. Each designates specific pricing services or indexes for each section of the market based upon the nature of its portfolio and expertise.

Estimated fair value of private equity investments and hedge funds that are not readily marketable are recorded at the net asset value as provided by external investment managers as a practical expedient to fair value. The University reviews and evaluates the values provided by external investment managers and the valuation methods and assumptions used in determining the net asset value of those investments. Investments reported at net asset value as a practical expedient are not categorized in the fair value hierarchy.

**Line of Credit**

The University had a line of credit available to support operations in the amount of \$7,500,000 as of May 31, 2022. Borrowings under this line bear interest at Bloomberg Short-Term Bank Yield Index (BSBY) rate plus 2.0%. The line of credit expired on March 31, 2023 and was not renewed.

**Advances from Federal Government for Student Loans**

Funds provided by the U.S. government under the Federal Perkins Loan Program were loaned to qualified students and reloaned after collections. These funds are ultimately refundable to the U.S. government and are presented in the accompanying statements of financial position as a liability. The Federal Perkins Loan Program expired on September 30, 2017. The University continues to service the outstanding loans and remit the federal share to the Department of Education.

**Income Taxes**

The University has been granted tax-exempt status as a nonprofit organization under Section 501(c)(3) of the IRC. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Accounting principles generally accepted in the United States of America requires management to evaluate the tax positions taken by the University and recognize a tax liability if the University has taken an uncertain tax position that more likely than not would not be sustained upon examination by the relevant taxing authority.

**LA SALLE UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

Management has analyzed the tax positions taken by the University, and has concluded that as of May 31, 2023 and 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements. The University is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

**Leases**

Right-of-use (ROU) assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of the lease payments over the lease term.

Lease terms may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. The University has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense in the statements of activities and are not included as lease liabilities or ROU assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the University has elected to use the University's weighted average incremental borrowing rate for computing the present value of the lease liabilities.

**Subsequent Events**

In preparing these financial statements, the University has evaluated events and transactions through October 24, 2023, the date the financial statements were available to be issued.

**NOTE 2 FINANCIAL ASSETS AND LIQUIDITY**

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

**LA SALLE UNIVERSITY**  
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**NOTE 2 FINANCIAL ASSETS AND LIQUIDITY (CONTINUED)**

As of May 31, 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capitalized construction costs not financed with debt, were as follows:

	Resources Available at May 31, 2023	Resources Appropriated by the Board and Available in 2024	Total
Financial Assets Available:			
Cash and Cash Equivalents	\$ 9,632,590	\$ -	\$ 9,632,590
Student Accounts Receivable, Net	5,759,843	-	5,759,843
Other Receivables (Due in One Year or Less)	1,621,638	-	1,621,638
Contributions Receivable, Net (Due in One Year or Less, Unrestricted)	130,250	-	130,250
Board-Designated Endowments	-	5,000,000	5,000,000
Total Financial Assets Available	<u>\$ 17,144,321</u>	<u>\$ 5,000,000</u>	<u>\$ 22,144,321</u>

As of May 31, 2022, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capitalized construction costs not financed with debt, were as follows:

	Resources Available at May 31, 2022	Resources Appropriated by the Board and Available in 2023	Total
Financial Assets Available:			
Cash and Cash Equivalents	\$ 20,155,885	\$ -	\$ 20,155,885
Student Accounts Receivable, Net	4,948,618	-	4,948,618
Other Receivables (Due in One Year or Less)	903,779	-	903,779
Contributions Receivable, Net (Due in One Year or Less, Unrestricted)	447,239	-	447,239
Board-Designated Endowments	-	10,000,000	10,000,000
Total Financial Assets Available	<u>26,455,521</u>	<u>10,000,000</u>	<u>36,455,521</u>
Liquidity Resources:			
Bank Line of Credit (No Balance Outstanding at May 31, 2022)	<u>7,500,000</u>	<u>-</u>	<u>7,500,000</u>
Total Financial Assets and Other Liquidity Resources	<u>\$ 33,955,521</u>	<u>\$ 10,000,000</u>	<u>\$ 43,955,521</u>

The University's cash flows have seasonal variations during the year attributable to timing of tuition billings and donor contributions. Financial assets are structured to be available as general expenditures, liabilities, and other obligations come due. The University invests cash in excess of daily requirements in money market funds. To help manage unanticipated liquidity needs, the University had a committed line of credit in the amount of \$7,500,000. The line of credit expired on March 31, 2023 and was not renewed.

**LA SALLE UNIVERSITY**  
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**NOTE 2 FINANCIAL ASSETS AND LIQUIDITY (CONTINUED)**

Financial instruments, which potentially subject the University to significant concentrations of credit risk, consist primarily of cash and cash equivalents. Cash held in its accounts exceeds the federally insured levels. The University periodically evaluates the credit standing of the financial institutions with which it maintains its cash and cash equivalents, and does not believe the risk of loss to be significant.

Additionally, the University has \$13,550,964 and \$22,128,702 as of May 31, 2023 and 2022, respectively, available for general purposes included within board-designated endowment funds. Although the University does not intend to spend from its board-designated endowment funds other than amounts appropriated for fiscal years shown above, amounts could be made available if necessary. Refer to Note 11 for further disclosure regarding endowment funds and spending policies.

**NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Tuition revenue is recognized when control of the promised services is transferred to customers (students), in an amount that reflects the consideration the University expects to be entitled to in exchange for those goods or services. The performance obligation corresponding to tuition and fees is delivery of the academic program or instruction throughout the academic term. The University has four academic terms: Fall, Spring, Summer 1, and Summer 2. Tuition revenue is recognized in the fiscal year in which the academic programs are delivered, ratably over the term of the related semester as the performance obligations associated with academic programs are satisfied over a period of time.

Room and board revenue are recognized in the fiscal year in which housing and food services are provided, ratably over the term of the related semester. The performance obligation corresponding to room and board is provision of the housing or meals throughout the academic term. Such obligations are satisfied over the contracted period of time (semester).

Tuition, room, and board revenues are reported at established rates, net of financial assistance provided by the University. Payments for these services are due approximately two weeks prior to the start of the academic term.

Students may receive discounts, scholarships, or refunds, which gives rise to variable consideration. The amount of discounts or scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the transaction price is reduced directly by these discounts or scholarships from the amount of the standard rates charged.



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**NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

At the time of registration, the student contracts for the full amount of the tuition, related fees, and room and board plan selected, regardless of the arrangement for payment. Students who adjust their course load or withdraw completely may receive a full or partial refund in accordance with the University's refund policy. All refunds are netted against revenue during the applicable academic term. As of May 31, 2023, management believes it is not probable that a significant reversal in the amount of cumulative revenue recognized will occur as all prior term refunds are completed and Summer term balances are deferred as described in Note 1.

Deferred revenue represents a contract liability, shown separately on the statements of financial position. Deferred income incorporates both payments received prior to the start of the academic term (advances for summer and fall tuition, room and board for services to be provided in the next fiscal year) and unpaid unconditional rights to consideration (for Summer 1 semester classes that have commenced and past the add/drop period as of the end of the fiscal year). Advance deposits for future semesters of \$4,070,539 and \$5,160,487 were received as of May 31, 2023 and 2022, respectively. The balance of deferred revenue at May 31, 2023 will be recognized as revenue over the applicable summer or fall academic term, as services are rendered. No material refunds of such balances are anticipated, based on historical experience.

At May 31, 2023 and 2022, respectively, the balance of contract assets as shown as student accounts receivable, net on the statement of financial position was \$5,759,843 and \$4,948,618. At the beginning of 2022, the balance of contract assets was \$4,011,736.

The activity and balances for deposits and deferred revenues from contracts with customers are shown in the following table.

	Tuition, Fees, Room and Board	Other	Total
Balance at May 31, 2021	\$ 7,112,000	\$ 372,505	\$ 7,484,505
Revenue Recognized	(7,112,000)	(372,505)	(7,484,505)
Amounts Received for Future Performance Obligations	<u>8,194,504</u>	<u>443,552</u>	<u>8,638,056</u>
Balance at May 31, 2022	8,194,504	443,552	8,638,056
Revenue Recognized	(8,194,504)	(443,552)	(8,638,056)
Amounts Received for Future Performance Obligations	<u>6,902,831</u>	<u>633,456</u>	<u>7,536,287</u>
Balance at May 31, 2023	<u>\$ 6,902,831</u>	<u>\$ 633,456</u>	<u>\$ 7,536,287</u>

Management reassesses collectability throughout the period revenue is recognized by the University. This reassessment is based upon new information and changes in facts and circumstances relevant to a student's ability to pay and historical experience in collecting on student accounts by various aging buckets. For the years ended May 31, 2023 and 2022, the University recognized \$788,609 and \$792,986 in credit losses on uncollectible student accounts receivable balances, respectively.

**LA SALLE UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 4 INVESTMENTS**

The following tables present the University's fair value hierarchy for investments measured at fair value, with investments reported at net asset value as a practical expedient to fair value that are not included in the fair value hierarchy included for reconciliation purposes, as of May 31:

	2023			
	Total	Level 1	Level 2	Level 3
Fair Value:				
Cash and Cash Equivalents	\$ 18	\$ 18	\$ -	\$ -
Domestic Equity	19,444,385	19,444,385	-	-
Foreign Equity	18,567,587	18,567,587	-	-
Fixed Income	36,314,292	36,314,292	-	-
Other Investments	404,677	404,677	-	-
Investments Reported at Net Asset Value as a Practical Expedient:				
Private Equity and Venture Capital	1,500,892	-	-	-
Total Investments	\$ 76,231,851	\$ 74,730,959	\$ -	\$ -
Funds Held in Trust by Others	\$ 1,036,972	\$ -	\$ -	\$ 1,036,972

	2022			
	Total	Level 1	Level 2	Level 3
Fair Value:				
Cash and Cash Equivalents	\$ 15,117	\$ 15,117	\$ -	\$ -
Domestic Equity	22,855,037	22,855,037	-	-
Foreign Equity	17,503,931	17,503,931	-	-
Fixed Income	47,657,273	47,657,273	-	-
Other Investments	999,747	999,747	-	-
Investments Reported at Net Asset Value as a Practical Expedient:				
Private Equity and Venture Capital	2,442,925	-	-	-
Total Investments	\$ 91,474,030	\$ 89,031,105	\$ -	\$ -
Funds Held in Trust by Others	\$ 1,105,356	\$ -	\$ -	\$ 1,105,356

The following table presents a roll forward of funds held in trust by others measured at net asset value using significant unobservable inputs (Level 3) for the years ended May 31:

	Funds Held in Trust by Others
Balance - June 1, 2021	\$ 1,236,901
Total Gains or Losses (Realized/Unrealized)	(131,545)
Balance - May 31, 2022	1,105,356
Total Gains or Losses (Realized/Unrealized)	(68,384)
Balance - May 31, 2023	\$ 1,036,972

**LA SALLE UNIVERSITY**  
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**NOTE 4 INVESTMENTS (CONTINUED)**

During fiscal years 2023 and 2022, there were no transfers into or out of Level 3 of the fair value hierarchy and there were no purchases or issues of Level 3 assets and liabilities.

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2023	2022		
Beneficial Interest in Perpetual Trust	\$ 1,036,972	\$ 1,105,356	FMV of Trust Instruments	Value of Underlying Assets

The following table presents the attributes of the University's investments in certain investment vehicles that calculate net asset value per share (or its equivalent) and such value is used as a practical expedient to fair value at May 31, 2023:

	Fair Value	Estimated Remaining Lives	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private Equity/Venture Capital:					
Private Equity (a)	\$ 513,849	1 to 5 Years	\$ 407,587	None	N/A
Venture Capital (b)	814,247	1 to 5 Years	140,572	None	N/A
Natural Resources (c)	172,796	1 to 5 Years	36,000	None	N/A
Total Private Equity and Venture Capital	<u>\$ 1,500,892</u>		<u>\$ 584,159</u>		

- (a) The private equity category includes investments in domestic and international private equity funds where the returns should be above long-term norms in the public equity markets in order to compensate for the illiquidity and nonmarket risks that are entailed. Returns in private equity instruments are determined to a greater extent by the manager's skill and thus are characterized by a wider dispersion of possible returns across different investment managers. Fund-of-fund investments are utilized in order to achieve diversification and exposure to a range of opportunities. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. All of these investments receive distributions through the liquidation of the underlying assets of the fund and do not have redemption provisions.
- (b) The venture capital category includes investments in funds, which in turn make venture capital investments primarily in emerging growth companies with the objective of obtaining long-term growth capital. A portion of the funds also invest in the buyout and capital restructuring sectors. Fund-of-fund investments are utilized in order to achieve diversification and exposure to a range of opportunities. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. All of these investments receive distributions through the liquidation of the underlying assets of the fund and do not have redemption provisions.

**LA SALLE UNIVERSITY  
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**NOTE 4 INVESTMENTS (CONTINUED)**

(c) The natural resources category consists of investments through a fund-of-funds manager in limited partnerships, which in turn make oil, gas, and other natural resource-related investments with the objective of long-term growth of capital. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. All of these investments receive distributions through the liquidation of the underlying assets of the fund and do not have redemption provisions.

As of May 31, 2023, the University has committed to invest an additional \$584,159 in various partnerships within its private equity, venture capital funds, and natural resources as called by investment managers.

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. The net present value of contributions receivable is calculated using a discount rate range of 3.88% to 11.48%, dependent on the amount of the donation and maturity of the gift. The net present value of contributions receivable as of May 31 are as follows:

	<u>2023</u>	<u>2022</u>
Unconditional Promises Expected to be Collected in:		
Less than One Year	\$ 2,814,086	\$ 338,717
One to Five Years	3,867,942	2,221,863
More than Five Years	10,000	95,000
Total	<u>6,692,028</u>	<u>2,655,580</u>
Less:		
Allowance for Doubtful Contributions	253,539	253,539
Unamortized Discount	350,499	237,493
Total	<u>\$ 6,087,990</u>	<u>\$ 2,164,548</u>

Included in other liabilities on the statements of financial position is a conditional donation received by the University in the amount of \$6,329,680 related to the construction of a new athletic facility. This donation is conditional on the commencement of this project by September 20, 2023.

**LA SALLE UNIVERSITY**  
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**NOTE 6 LAND, BUILDINGS, AND EQUIPMENT**

The University's investment in land, buildings, and equipment at May 31 are as follows:

	<u>2023</u>	<u>2022</u>
Buildings	\$ 241,707,835	\$ 243,382,403
Land and Improvements	32,651,316	32,517,993
Equipment and Furniture	34,597,736	32,790,134
Library Books	4,464,265	4,464,265
Construction in Progress	932,964	383,361
Total	<u>314,354,116</u>	<u>313,538,156</u>
Less: Accumulated Depreciation	175,489,583	170,461,340
Total	<u>\$ 138,864,533</u>	<u>\$ 143,076,816</u>

Depreciation expense was \$7,542,185 and \$7,614,539 for the years ended May 31, 2023 and 2022, respectively.

The University had no capitalized interest costs for the years ended May 31, 2023 and 2022.

**NOTE 7 ACCRUED COMPENSATION**

The University offers faculty the option of receiving their contract salary over either 9 or 12 months. At May 31, 2023 and 2022, accrued faculty salaries totaled \$3,667,121 and \$2,211,635, respectively, due to be paid to the faculty during June, July, and August, which is included in total accrued faculty and staff salaries for the respective year-end. Restructuring costs associated with severance agreements based on employees having met specific criteria are accrued, as necessary. Accrued compensation at May 31 consisted of the following:

	<u>2023</u>	<u>2022</u>
Accrued Compensation:		
Faculty and Staff Salaries	\$ 2,084,361	\$ 2,211,635
Termination and Early Retirement Incentive Costs	2,563,707	1,495,600
Total Accrued Compensation	<u>\$ 4,648,068</u>	<u>\$ 3,707,235</u>

**NOTE 8 BONDS AND LOAN PAYABLE**

Series 2012 Bonds of the University have been issued by Pennsylvania Higher Education Facilities Authority (PHEFA). The University is obligated to the PHEFA under a loan instrument providing for payments equal to the amount of the debt service on the revenue bonds. The University is also required to meet certain liquidity and net revenue covenants.

**LA SALLE UNIVERSITY**  
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**NOTE 8 BONDS AND LOAN PAYABLE (CONTINUED)**

In November 2017, the University issued \$40,050,000 of fixed rate tax-exempt bonds through the Philadelphia Authority for Industrial Development. The bonds were sold at a premium with coupons ranging from 3.5% to 5%. The proceeds of the sale of the bonds were used to finance the current refunding of the Series 2007A, advance refunding of a portion of the Series 2012 Bonds and pay for various capital projects on the University's main campus.

The following is a summary of bonds and loans payable as of May 31:

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>2023</u>	<u>2022</u>
Series 2012 Fixed	Various through 2042	3% to 5%	\$ 79,590,000	\$ 80,920,000
Unamortized Premium			4,128,704	4,351,877
Series 2017 Fixed	Various through 2042	3.5% to 5%	36,230,000	38,130,000
Unamortized Premium			2,950,811	3,110,314
Less: Deferred Bond Issuance Costs			<u>(1,214,369)</u>	<u>(1,280,153)</u>
Total Bonds and Loans Payable			<u>\$ 121,685,146</u>	<u>\$ 125,232,038</u>

The short-term portion of bonds payable for the years ended May 31, 2023 and 2022 was \$3,370,000 and \$3,230,000, respectively.

The total interest expense for the years ended May 31, 2023 and 2022 was \$5,375,890 and \$5,507,719, respectively.

Aggregate maturities of bonds and loans payable are as follows as of May 31, 2023:

<u>Year Ending May 31,</u>	<u>Amount</u>
2024	\$ 3,370,000
2025	3,540,000
2026	3,715,000
2027	3,900,000
2028	4,095,000
Thereafter	<u>97,200,000</u>
Total Principal	115,820,000
Unamortized Net Premium	7,079,515
Unamortized Bond Issuance Costs	<u>(1,214,369)</u>
Total Bonds and Loans Payable	<u>\$ 121,685,146</u>

**LA SALLE UNIVERSITY**  
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**NOTE 9 LEASES**

**Operating Leases – Lessee**

The University leases equipment and vehicles under operating leases expiring through 2026. The University previously leased classroom space under noncancellable operating leases in Bucks County. The Bucks County lease was the result of a sale and leaseback transaction executed in fiscal year 2017 and ended January 31, 2022.

The following table provides quantitative information concerning the University's leases:

	<u>2023</u>	<u>2022</u>
Lease Cost:		
Total Operating Lease Cost	\$ 118,660	\$ 427,236
Other Information:		
Operating Cash Flows from Operating Leases	118,660	427,236
Noncash Lease Liabilities Arising from Obtaining Right-of-Use Assets	335,560	762,796
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	-	205,165
Weighted-Average Remaining Lease Term - Operating Leases	3 Years	3 Years
Weighted-Average Discount Rate - Operating Leases	7.48%	4.55%

As of May 31, 2023 and 2022, the University had ROU assets of \$186,711 and \$305,370, respectively, within prepaid and other assets and a lease liability of \$186,711 and \$305,536, respectively, within accounts payable and accrued expenses on the statements of financial position.

The maturity analysis of annual undiscounted cash flows for operating lease liabilities as of May 31, 2023, is as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2024	\$ 133,569
2025	48,552
2026	19,703
Total	<u>201,824</u>
Present Value Discount	<u>(15,113)</u>
Total Lease Liability	<u><u>\$ 186,711</u></u>

The total rent expense for the years ended May 31, 2023 and 2022 was \$417,606 and \$697,629, respectively.

**LA SALLE UNIVERSITY**  
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**NOTE 9 LEASES (CONTINUED)**

**Operating Leases – Lessor**

The University owns properties that are rented to tenants for commercial purposes. Rental income under these leases for the years ended May 31, 2023 and 2022 was \$932,616 and \$1,108,017, respectively. The revenue is reported under administrative and other revenues on the statements of activities.

The maturity analysis of annual cash flows for operating lease revenue as of May 31, 2023 is as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2024	\$ 141,794
2025	97,485
2026	92,788
2027	24,000
2028	24,000
Thereafter	1,464,000
Total	<u>\$ 1,844,067</u>

The gross amount of assets and accumulated depreciation thereon are reflected on the statements of financial position in land, buildings, and equipment and amounted to \$7,208,171 and \$4,134,440 and \$7,208,171 and \$3,933,929 as of May 31, 2023 and 2022, respectively.

**NOTE 10 NET ASSETS**

	<u>2023</u>	<u>2022</u>
Net Assets With Donor Restriction (Time or Purpose):		
Pledges Receivable - Purpose and/or Time Restriction	\$ 6,078,130	\$ 2,146,267
Contributions for Scholarships and Academic Programs	5,449,409	5,245,905
Charitable Remainder Trusts - Unrestricted Purposes	-	480,412
Endowment - Accumulated Change in Market Value of Investments and Realized Gains	<u>21,180,077</u>	<u>24,558,485</u>
Total Net Asset with Donor Restriction (Time or Purpose)	<u>\$ 32,707,616</u>	<u>\$ 32,431,069</u>
Net Assets With Donor Restriction (Perpetual):		
Funds Held in Trust	\$ 1,036,972	\$ 1,105,356
Endowment Pledges Receivable	9,860	18,281
Endowment Principal:		
Scholarships	19,002,665	18,710,425
Academic and General	<u>8,266,645</u>	<u>8,205,020</u>
Total Net Assets With Donor Restriction (Perpetual)	<u>\$ 28,316,142</u>	<u>\$ 28,039,082</u>



**LA SALLE UNIVERSITY**  
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**NOTE 11 ENDOWMENT FUNDS**

The University's endowment consists of approximately 150 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

Consistent with governing law, the University classifies as net assets with donor restriction in perpetuity (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 at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified net assets with donor restriction in perpetuity is classified as net assets with donor restriction for time or purpose until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by relevant law.

Pennsylvania law permits the board of trustees to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of the assets related to donor-restricted endowment funds averaged over a period of three or more preceding years, provided the board of trustees has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

**Return Objectives and Risk Parameters**

Endowment funds include funds actively managed by the University as part of a single commingled investment pool as well as a limited number of individual funds that are separately invested or held in trust by others. The principal financial objective of the endowment pool is that the real purchasing power of the endowment principal should be preserved and if possible enhanced to help ensure the University's financial future. The productivity of the endowment pool must strike a balance between the preservation of principal in real terms for perpetuity and supporting a spending policy that sustains the educational mission of the University. To monitor the effectiveness of the investment strategy of the endowment pool, performance goals are established to exceed the expected real rate of return, established benchmark indices, and the median return of comparable endowment funds.

**Strategies Employed for Achieving Objectives**

The Prudent Investor Rule of the Commonwealth of Pennsylvania views investment prudence on the part of the fiduciary from the standpoint of the total portfolio. Therefore, any reasonable investment may be considered for endowment pool assets as long as the risk and return tradeoff of the entire portfolio is prudent. The University's investment policy includes a target asset allocation, well diversified among suitable asset classes, that is expected to generate, on average, the level of expected return necessary to meet endowment objectives at a responsible level of volatility consistent with achieving that return.

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**NOTE 11 ENDOWMENT FUNDS (CONTINUED)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The University has a policy of appropriating for distribution each year up to 5% of its funds based on a prior 12-quarter average endowment market value. In establishing this policy, the University considered the long-term expected return on its funds. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to continue to grow.

This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The board of trustees annually evaluates and appropriates amounts from the board-designated fund to meet the University's strategic objectives.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as net assets with donor restriction in perpetuity. These deficits result from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments and authorized appropriation that was deemed prudent.

There were no deficiencies of this nature as of May 31, 2023 or 2022. Such deficiencies are recorded in net assets with donor restrictions.

Net asset classification by type of endowment and changes in endowment net assets for the year as of May 31, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted	\$ -	\$ 48,449,387	\$ 48,449,387
Board-Designated Endowment Funds	23,216,931	-	23,216,931
Total	<u>\$ 23,216,931</u>	<u>\$ 48,449,387</u>	<u>\$ 71,666,318</u>
Changes in Endowment:			
Endowment, Beginning of Year	\$ 31,892,718	\$ 51,473,930	\$ 83,366,648
Investment Losses, Net	(192,154)	(943,396)	(1,135,550)
Contributions and Transfers	16,367	353,865	370,232
Appropriations of Endowment Assets for Expenditure	<u>(8,500,000)</u>	<u>(2,435,012)</u>	<u>(10,935,012)</u>
Total	<u>\$ 23,216,931</u>	<u>\$ 48,449,387</u>	<u>\$ 71,666,318</u>

**LA SALLE UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 ENDOWMENT FUNDS (CONTINUED)**

**Net Asset Classification of Endowment Funds**

Net asset classification by type of endowment and changes in endowment net assets for the year as of May 31, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted	\$ -	\$ 51,473,930	\$ 51,473,930
Board-Designated Endowment Funds	31,892,718	-	31,892,718
Total	<u>\$ 31,892,718</u>	<u>\$ 51,473,930</u>	<u>\$ 83,366,648</u>
Changes in Endowment:			
Endowment, Beginning of Year	\$ 39,787,221	\$ 55,852,787	\$ 95,640,008
Investment Losses, Net	(2,153,098)	(3,680,518)	(5,833,616)
Contributions and Transfers	40,795	613,315	654,110
Appropriations of Endowment Assets for Expenditure	(5,782,200)	(1,311,654)	(7,093,854)
Total	<u>\$ 31,892,718</u>	<u>\$ 51,473,930</u>	<u>\$ 83,366,648</u>

**NOTE 12 FUNCTIONAL EXPENSES**

The statements of activities present expenses by functional classification, expenses are also presented by their nature.

The table below presents expenses by both their nature and function for the year ended May 31, 2023:

	Salaries and Wages	Employee Benefits	Depreciation	Interest	Services, Utilities, Other	Total
Instruction	\$ 23,955,830	\$ 5,001,311	\$ 1,528,524	\$ 3,243,402	\$ 3,152,136	\$ 36,881,203
Research	90,586	18,769	169,774	-	271,545	550,674
Academic Support	5,609,754	1,170,724	858,715	-	4,712,566	12,351,759
Student Services and Athletics	8,425,252	1,762,283	885,350	-	7,988,272	19,061,157
Public Service	535,088	111,687	62,096	-	338,233	1,047,104
Institutional Support	9,474,102	1,977,878	662,736	479,622	13,056,648	25,650,986
Auxiliary Enterprises	119,131	24,878	3,374,990	1,652,866	2,725,068	7,896,933
Total Operating Expenses	<u>\$ 48,209,743</u>	<u>\$ 10,067,530</u>	<u>\$ 7,542,185</u>	<u>\$ 5,375,890</u>	<u>\$ 32,244,468</u>	<u>\$ 103,439,816</u>

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**NOTE 12 FUNCTIONAL EXPENSES (CONTINUED)**

The table below presents expenses by both their nature and function for the year ended May 31, 2022:

	Salaries and Wages	Employee Benefits	Depreciation	Interest	Services, Utilities, Other	Total
Instruction	\$ 23,986,603	\$ 4,812,042	\$ 1,543,188	\$ 3,321,974	\$ 1,938,504	\$ 35,602,311
Research	72,638	14,572	171,403	387	170,485	429,485
Academic Support	5,214,792	1,046,159	866,953	1,959	4,489,052	11,618,915
Student Services and Athletics	10,002,419	2,006,623	893,843	2,019	6,952,383	19,857,287
Public Service	710,247	142,485	62,692	142	234,725	1,150,291
Institutional Support	8,543,773	1,713,999	669,093	499,127	11,340,436	22,766,428
Scholarships and Financial Support	-	-	-	-	6,101,900	6,101,900
Auxiliary Enterprises	49,465	9,923	3,407,367	1,682,111	3,906,829	9,055,695
Total Operating Expenses	<u>\$ 48,579,937</u>	<u>\$ 9,745,803</u>	<u>\$ 7,614,539</u>	<u>\$ 5,507,719</u>	<u>\$ 35,134,314</u>	<u>\$ 106,582,312</u>

Expenses associated with the operation and maintenance of plant, depreciation, and interest expense are allocated across all functional expense categories as follows:

Depreciation expenses for buildings and equipment are allocated based on the square footage and use of the building.

Plant operation and maintenance expenses for the administration, supervision, operation, maintenance, preservation, and protection of the University's physical plant follow depreciation allocations.

Interest expense is allocated based on the use of space benefiting from the original debt issue.

Fundraising costs totaled \$1,682,820 and \$1,437,250 as of May 31, 2023 and 2022, respectively, and are included in institutional support in the table above.

**NOTE 13 RETIREMENT PLAN**

Certain full-time and regular part-time employees of the University are eligible for the University's defined contribution plan. The amounts contributed by the University in fiscal years 2023 and 2022 were \$543,924 and \$512,619, respectively. The University contribution match is equal to 40% of a participant's contribution up to 2% of the participant's regular base salary, subject to certain regulatory limitations. The University suspended the matching contribution for pay periods beginning on and after August 10, 2020. The matching contribution was reinstated on February 22, 2021.

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**NOTE 14 COMMITMENTS AND CONTINGENCIES**

The University is involved in various claims and legal action arising in the ordinary course of business. In the opinion of management, the disposition of these matters will not have a material adverse effect on the University's financial position.

**NOTE 15 RELATED PARTY TRANSACTIONS**

Certain companies in which members of the board of trustees have a financial interest provide a variety of services to the University. The University has a written conflict of interest policy that requires, among other things, that no member of the board of trustees can participate in any decision in which he or she (or an immediate family member) has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable and for the benefit of the University, and are in accordance with applicable conflict of interest laws.

**NOTE 16 MANAGEMENT'S PLANS**

In fiscal years 2023 and 2022, the University experienced significant losses as well as negative cash flows from operating activities, largely driven by declines in undergraduate enrollment and expiration of Federal COVID relief funding. These recurring financial results, as well as the industry-wide and regional trends in declining undergraduate enrollment raised substantial doubt about the University's ability to continue as a going concern within one year after the date that the financial statements were available to be issued.

The Board of Trustees has approved an operating budget for fiscal 2024 which includes a decline in freshman enrollment as compared to fiscal 2023. A voluntary retirement program, in combination with reductions in force, reduced capital and operating expenditures and planned sale of underutilized real estate are included in the approved plan. After year end, the University closed on the sale of three properties totaling approximately \$3,800,000. The fiscal 2024 budget also reflects an approved endowment spending rate of 7% and a draw from the University's strategic reserve fund of \$5,000,000. Management has also implemented a multi-year strategy to address enrollment-driven revenue declines and improve availability of cash. As outlined in Note 2, the University has \$13,550,964 available for general expenditure as well as an additional \$6,837,752 of board-designated quasi-endowment funds which could be made available, if necessary. Management projects that all cash needs will be met throughout fiscal year 2024. As a result, the doubts about the University's ability to continue as a going concern were alleviated at October 24, 2023.