CONCORDIA UNIVERSITY, ST. PAUL
AN EDUCATIONAL INSTITUTION OF
THE LUTHERAN CHURCH – MISSOURI SYNOD
ST. PAUL, MINNESOTA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2025 AND 2024

CONCORDIA UNIVERSITY, ST. PAUL
AN EDUCATIONAL INSTITUTION OF
THE LUTHERAN CHURCH – MISSOURI SYNOD
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Regents
Concordia University, St. Paul
St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Concordia University, St. Paul (the Organization), an educational institution of the Lutheran Church – Missouri Synod, which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Concordia University, St. Paul as of June 30, 2025 and 2024, and 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 Concordia University, St. Paul 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 Concordia University, St. Paul'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 Concordia University, St. Paul'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 Concordia University, St. Paul'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of financial responsibility calculation is presented for purposes of additional analysis 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 audits 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 20, 2025

CONCORDIA UNIVERSITY, ST. PAUL
AN EDUCATIONAL INSTITUTION OF
THE LUTHERAN CHURCH – MISSOURI SYNOD
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents	$ 24,101,416	$ 22,281,740
Accounts and Interest Receivable, Net of Allowance for Credit Losses of $2,429,917 in 2025 and $2,162,248 in 2024	3,572,585	3,090,923
Federal Grants Receivable	212,265	296,153
State Grants Receivable	40,703	251,130
Pledge Receivable, Net	1,524,993	-
Other Receivable	1,288,619	156,065
Inventories, Prepaid Expenses, and Other Assets	1,367,337	1,146,330
Trusts and Annuities Receivable	2,523,892	2,385,864
Loans Receivable - Federal Perkins Loan Program and Other Loans	86,946	150,329
Right-of-Use Asset - Finance, Net	75,546	251,056
Right-of-Use Asset - Operating, Net	3,504,087	-
Land, Buildings, and Equipment, Net	67,547,045	62,312,039
Investment in LCMS Foundation	55,076,344	44,748,084
Long-Term Investments	20,575,382	33,709,328
Funds Held by Third-Party Trustees	10,678,567	10,743,097
Cash Value of Life Insurance	429,697	653,817
Goodwill, Net	5,072,577	-
Total Assets	$ 197,678,001	$ 182,175,955
LIABILITIES AND NET ASSETS		
LIABILITIES		
Bonds Payable, Net of Discounts	$ 9,860,890	$ 10,741,502
Deposits Payable	910,657	885,182
Refundable Advance - Food Service Company	76,923	153,846
Deferred Revenue	6,411,063	6,403,475
Lease Liability - Finance	80,442	-
Lease Liability - Operating	3,691,592	-
Accounts Payable and Other Liabilities	6,206,824	4,704,912
Refundable Advances - Federal Perkins Loan Program	126,510	231,528
Total Liabilities	27,364,901	23,120,445
NET ASSETS		
Net Assets Without Donor Restrictions	96,719,665	95,175,328
Net Assets With Donor Restrictions	73,593,435	63,880,182
Total Net Assets	170,313,100	159,055,510
Total Liabilities and Net Assets	$ 197,678,001	$ 182,175,955

See accompanying Notes to Financial Statements.

CONCORDIA UNIVERSITY, ST. PAUL
AN EDUCATIONAL INSTITUTION OF
THE LUTHERAN CHURCH – MISSOURI SYNOD
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE			
Tuition and Fees, Net of Student Aid and Scholarships of $18,788,434	$ 80,839,579	$ -	$ 80,839,579
Income on Cash and Cash Equivalents	618,763	-	618,763
Income on Long-Term Investments	796,859	1,011,017	1,807,876
Auxiliary Enterprises	8,323,989	-	8,323,989
Other	563,728	-	563,728
Total Revenue	91,142,918	1,011,017	92,153,935
SUPPORT AND GRANTS			
Concordia University System	-	53,367	53,367
Federal Grants	438,453	-	438,453
State Grants	1,895,949	-	1,895,949
Contributions	3,681,779	5,975,562	9,657,341
Other	561,214	-	561,214
Total Support and Grants	6,577,395	6,028,929	12,606,324
GAINS AND OTHER ADDITIONS			
Change in Value of Split-Interest Agreements	-	138,028	138,028
Change in Value of Funds Held by Third-Party Trustees	-	(64,531)	(64,531)
Net Gains on Investments	808,939	4,901,921	5,710,860
Total Gains and Other Additions	808,939	4,975,418	5,784,357
Subtotal	98,529,252	12,015,364	110,544,616
Net Assets Released from Restrictions	2,302,111	(2,302,111)	-
Total Revenue, Support and Grants, and Gains and Other Additions	100,831,363	9,713,253	110,544,616
EXPENSES			
Educational and General:			
Academic Programs:			
Instruction - Divisional	23,181,116	-	23,181,116
Other Instructional Programs	2,765,523	-	2,765,523
Support Programs:			
Academic Support	5,503,641	-	5,503,641
Student Services	43,969,412	-	43,969,412
Institutional Support	16,214,672	-	16,214,672
Fundraising	2,001,841	-	2,001,841
Total Educational and General	93,636,205	-	93,636,205
Auxiliary Enterprises	5,650,821	-	5,650,821
Total Expenses	99,287,026	-	99,287,026
CHANGE IN NET ASSETS	1,544,337	9,713,253	11,257,590
Net Assets - Beginning of Year	95,175,328	63,880,182	159,055,510
NET ASSETS - END OF YEAR	$ 96,719,665	$ 73,593,435	$ 170,313,100

See accompanying Notes to Financial Statements.

CONCORDIA UNIVERSITY, ST. PAUL
AN EDUCATIONAL INSTITUTION OF
THE LUTHERAN CHURCH – MISSOURI SYNOD
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE			
Tuition and Fees, Net of Student Aid and Scholarships of $16,399,123	$ 77,509,368	$ -	$ 77,509,368
Income on Cash and Cash Equivalents	580,106	-	580,106
Income on Long-Term Investments	1,097,427	957,393	2,054,820
Auxiliary Enterprises	7,727,393	-	7,727,393
Other	569,648	-	569,648
Total Revenue	87,483,942	957,393	88,441,335
SUPPORT AND GRANTS			
Concordia University System	-	121,499	121,499
Federal Grants	422,602	-	422,602
State Grants	1,667,779	-	1,667,779
Other	2,321,067	3,273,413	5,594,480
Total Support and Grants	4,411,448	3,394,912	7,806,360
GAINS AND OTHER ADDITIONS			
Change in Value of Split-Interest Agreements	-	200,810	200,810
Change in Value of Funds Held by Third-Party Trustees	-	(27,583)	(27,583)
Miscellaneous Income	65,358	-	65,358
Net Gains on Investments	819,585	4,407,375	5,226,960
Total Gains and Other Additions	884,943	4,580,602	5,465,545
Subtotal	92,780,333	8,932,907	101,713,240
Net Assets Released from Restrictions	2,359,088	(2,359,088)	-
Total Revenue, Support and Grants, and Gains and Other Additions	95,139,421	6,573,819	101,713,240
EXPENSES			
Educational and General:			
Academic Programs:			
Instruction - Divisional	19,895,538	-	19,895,538
Other Instructional Programs	2,575,240	-	2,575,240
Support Programs:			
Academic Support	5,495,824	-	5,495,824
Student Services	42,495,787	-	42,495,787
Institutional Support	12,865,750	-	12,865,750
Fundraising	1,851,559	-	1,851,559
Total Educational and General	85,179,698	-	85,179,698
Auxiliary Enterprises	5,648,613	-	5,648,613
Total Expenses	90,828,311	-	90,828,311
CHANGE IN NET ASSETS	4,311,110	6,573,819	10,884,929
Net Assets - Beginning of Year	90,864,218	57,306,363	148,170,581
NET ASSETS - END OF YEAR	$ 95,175,328	$ 63,880,182	$ 159,055,510

See accompanying Notes to Financial Statements.

CONCORDIA UNIVERSITY, ST. PAUL
AN EDUCATIONAL INSTITUTION OF
THE LUTHERAN CHURCH – MISSOURI SYNOD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 11,257,590	$ 10,884,929
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Credit Loss Expense	1,204,745	1,036,640
Depreciation Expense	3,812,016	3,826,861
Amortization Expense, Goodwill	740,150	-
Amortization Expense, Finance Lease	1,887	-
Net Unrealized Gains on Investments	27,248	(2,148,803)
Realized Gains on Investments	1,945,728	220,868
Change in Value of Split-Interest Agreement	(138,028)	(200,810)
Contributions Restricted for Investment in Endowment	(3,154,809)	(2,009,041)
Decrease in Cash Value of Life Insurance	224,120	36,506
Amortization of Bond Issuance Costs	16,212	16,211
Amortization of Bond Discount	3,176	3,176
(Increase) Decrease in Assets:		
Accounts and Interest Receivable	(1,686,407)	(1,409,263)
Federal and State Grants Receivable	294,315	311,239
Other Receivables	(1,132,554)	(6,506)
Inventories, Prepaid Expenses, and Other Assets	(221,007)	105,757
Contributions Receivable	(1,524,993)	-
Funds Held by Third-Party Trustees	64,530	27,584
Increase (Decrease) in Liabilities:		
Accounts Payable and Other Liabilities	1,501,912	(2,122,668)
Deposits Payable	25,475	122,837
Deferred Revenue	7,588	820,904
Refundable Advances - Food Service Company	(76,923)	(76,923)
Refundable Advances - Federal Perkins Loan Program	(105,018)	(334,266)
Increase (Decrease) in Right-of-Use Assets and Liabilities	190,514	-
Net Cash Provided by Operating Activities	13,277,467	9,105,232
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Building and Equipment	(8,795,966)	(6,423,849)
Proceeds from Sales of Investments	17,855,794	14,175,483
Purchases of Investments	(6,694,824)	(15,144,420)
Investment in LCMS Foundation	(10,328,260)	(5,640,398)
Decrease in Federal Perkins Loans Receivable	63,383	332,466
Goodwill Associated with Acquisition	(5,812,727)	-
Net Cash Used by Investing Activities	(13,712,600)	(12,700,718)

See accompanying Notes to Financial Statements.

CONCORDIA UNIVERSITY, ST. PAUL
AN EDUCATIONAL INSTITUTION OF
THE LUTHERAN CHURCH – MISSOURI SYNOD
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	$ (900,000)	$ (900,000)
Payments on Finance Leases	-	(189,611)
Proceeds from Contributions Restricted for Investment in Endowment	3,154,809	2,009,041
Net Cash Provided by Financing Activities	2,254,809	919,430
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,819,676	(2,676,056)
Cash and Cash Equivalents - Beginning of Year	22,281,740	24,957,796
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 24,101,416	$ 22,281,740
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Lease Through Acquisition	$ 3,504,087	$ -
Interest Paid	$ 331,385	$ 426,389

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Concordia University, St. Paul (the University or the Organization), a Minnesota nonprofit corporation, is a private, Lutheran liberal arts educational institution operated under the auspices of The Lutheran Church – Missouri Synod (Synod), which establishes broad operating and financial policies through its Board for University Education (BUE)/Concordia University System (CUS). The University's board of regents is responsible for the management of the University. Some members of the board are elected through the Synod and others are selected through the board.

Revenues are derived principally from the University's educational programs in the form of tuition and fees and also from auxiliary enterprise activities and contributions.

The majority of the University's students rely on funds received from various federal financial aid programs under Title IV of the Higher Education Act of 1965, as amended, to pay for a substantial portion of their tuition. These programs are subject to periodic review by the United States Department of Education (DOE). Disbursements under each program are subject to disallowance and repayment by the University. As an educational institution, the University is subject to licensure from various accrediting and state authorities and other regulatory requirements of the DOE.

Auxiliary enterprises revenue includes income from the childcare center, student housing, employee housing, food service, bookstore, transportation, convention and conferences, and music performances. Accordingly, the auxiliary enterprise expenses include all costs incurred in providing these services.

The University is an organization described in Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986, as amended, and has received a determination letter from the Internal Revenue Service (IRS) stating that it is exempt from federal income tax on its related exempt activities under IRC Section 501(a).

Accrual Basis

The financial statements of the University have been prepared on the accrual basis of accounting.

Basis of Presentation

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the University and changes therein are classified and reported as follows:

Without Donor Restrictions – Those resources over which the board of regents has discretionary control. The board-designated amounts represent those amounts which the board has set aside for a particular purpose.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the University or passage of time as well as resources subject to a donor-imposed restriction that they be maintained permanently by the University. The donors of these resources permit the University to use all or part of the income earned, including capital appreciation, or related investment income for purposes with no restrictions or restrictions satisfied by actions or the passage of time.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

Cash and cash equivalents include currency, demand deposits, and liquid investments with a maturity, at time of purchase, of three months or less. Cash and cash equivalents do not include investments the University has both the ability and intent to hold long-term. At times throughout the year, the cash and cash equivalent balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2025 and 2024, cash was in excess of the FIDC limit by $24,616,390 and $23,380,716, respectively. At June 30, 2025 and 2024, cash restricted for federal Perkins loan totaled $39,563 and $81,202, respectively.

Accounts Receivables

Receivables are stated at net realizable value. The University provides an allowance for credit losses using the allowance method, which is based on management judgment considering historical information. Accounts past due more than 90 days are individually analyzed for collectability. Accounts registered for a payment plan are not charged interest until after the payment plan expires. Accounts for which no payments have been received are individually assessed for collectability and are written off. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The University periodically assesses its methodologies for estimating credit losses in consideration with historical trends, changes in the overall economic environment, and current future economic conditions.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is recorded when eligible expenditures, as defined in each grant or contract, are made. Expenditures under government grants and contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the University will record such disallowance at the time the determination is made.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants and Contracts (Continued)

A portion of the University's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the University has incurred expenditures in compliance with specific contract or grant provisions.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to customers (students), in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

The following table shows the University's gross tuition revenue disaggregated according to the timing of the transfer of goods or service and by source as of June 30:

	2025	2024
Revenue Recognized Over Time:		
Undergraduate Tuition and Fees	$ 76,140,441	$ 68,063,707
Graduate Tuition and Fees	23,487,572	25,844,784
Total	$ 99,628,013	$ 93,908,491

The following table shows the University's auxiliary revenues disaggregated according to the timing of the transfer of goods or service and by source, as of June 30:

	2025	2024
Revenue Recognized Over Time:		
Housing	$ 3,792,981	$ 3,457,925
Dining	1,867,975	1,716,160
Rental Income	1,913,105	1,893,037
Tuition Fees	749,928	660,271
Total	$ 8,323,989	$ 7,727,393

The University's contract assets and liabilities consist of the following as of June 30:

	2025	2024	2023
Accounts Receivable - Students	$ 5,678,067	$ 5,142,377	$ 4,413,897
Deferred Revenue - Students	$ 6,411,063	$ 6,403,475	$ 5,582,571

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Performance Obligations and Revenue Recognition

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, pro-ratably over the term of the related semester. Auxiliary revenue is recognized in the fiscal year in which housing and food services are provided, pro-ratably over the term of the related semester. Any payments received prior to fiscal year-end related to academic terms that occur subsequent to fiscal year-end are recorded as deferred revenue in the accompanying statements of financial position.

Customer contracts generally have separately stated prices for each performance obligation contained in the contract. Therefore, each performance obligation generally has its own standalone selling price. Arrangements for payment are agreed to prior to registration of the student's first academic term. Many students obtain Title IV or other financial aid resulting in the University receiving a significant amount of the transaction price at the beginning of the academic term.

The University does not require students to live on campus for the entire time of study and the price of educational services and residential services are not dependent on one another. Therefore, housing and tuition revenue do not need to be combined according to Accounting Standards Codification 606-15-25-9.

Transaction Price

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services. Tuition and auxiliary revenues are reported at established rates, net of financial assistance provided by the University.

Students may receive discounts, scholarships, or refunds, which gives rise to variable consideration. The amounts 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.

Students who adjust their course load or withdraw completely within the first two weeks of the academic term (add/drop period) may receive a full or partial refund in accordance with the University's refund policy.

If a student withdraws prior to completing an academic term, federal regulations permit the University to retain only a set percentage of the total tuition and auxiliary revenues received from such student, which varies with, but generally equals or exceeds, the percentage of the academic term completed by such student. Payment amounts received by the University in excess of such set percentages of tuition are refunded to the student or the appropriate funding source.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transaction Price (Continued)

For contracts with similar characteristics and historical data on refunds, the expected value method is applied in determining the variable consideration related to refunds. Estimates of the University's expected refunds are determined at the outset of each academic term, based upon actual experience in previous academic terms. All refunds are netted against revenue during the applicable academic term. Management believes it is not probable that a significant reversal in the amount of cumulative revenue recognized will occur when the uncertainty associated with variable consideration is subsequently resolved.

Management reassesses collectability throughout the period revenue is recognized by the University on a student-by-student basis. This reassessment is based upon new information and changes in facts and circumstances relevant to a student's ability to pay. Management also reassesses collectability when a student withdraws from the institution and has unpaid charges.

Contract Balances

Tuition, fees, and auxiliary revenues are recognized in the period classes and services are provided and amounts received for future periods are reported as deferred revenue. Students are billed at the beginning of each academic term and payment is due at that time. The University's performance obligations are to provide educational services in the form of instruction as well as housing facilities and meals during the academic term. As these performance obligations are satisfied over the academic term, deferred revenue is reduced. A significant portion of student payments are from Title IV financial aid and other programs and are generally received during the first month of the respective term. When payments are received, accounts receivable is reduced.

The following table depicts activities for deferred revenue related to tuition and fees and auxiliary revenues:

Balance Beginning of Year	Refunds Issued	Revenue Recognized Included in Beginning Balance	Cash Received in Advance of Performance	Balance End of Year
$ 6,403,475	$ 247,283	$ 6,156,192	$ 6,411,063	$ 6,411,063

The balance of deferred revenue at June 30, 2025 will be recognized as revenue over the academic term beginning on July 1, 2025, as services are rendered.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The University determines if an arrangement is a lease at inception. Finance leases are included in right-of-use (ROU) asset – finance and lease liability – finance in the statements of financial position.

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 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. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The University has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use 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 weighted average discount rate.

The University has elected not to separate nonlease components from lease components and instead account for each separate lease component and the nonlease component as a single lease component.

Inventories

Inventories consist of fuel oil.

Contributions Receivable

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional promises are not included as support until such time as the conditions are substantially met.

Fair Value Measurement

The University accounts for its investments at fair value. The University has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds, and real estate.

Land, Buildings, and Equipment

Capital assets are defined as assets exceeding $5,000. Land, buildings, improvements, and equipment are recorded at cost, except for property received by gift, which is recorded at fair value on the date of receipt. Major additions and betterments that improve or extend the life of the respective assets are capitalized while replacements, maintenance, and repairs are expensed as incurred. Title to land and buildings is principally in the name of the University with reversionary clauses to the Synod. Buildings, improvements, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets from 3 to 60 years.

Investments

Investments are carried at fair value based on quoted market prices. Realized and unrealized gains and losses, reflected in the statements of activities, are determined by comparison of the investment cost to proceeds at the time of disposal and to market values at the financial statement date.

The board of regents has interpreted state law as requiring the original value of an endowment gift to be maintained as the permanent endowment corpus. Realized gains as well as the net appreciation of permanent endowment funds may be expended for the same purpose as the endowment was established, unless explicit donor restrictions specify other treatment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

Contributed services are reported in the financial statements at fair value for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation.

Deferred Revenue

Deferred revenue represents tuition and fees received from students who have registered for undergraduate summer school courses and graduate and continuing studies courses as of June 30, 2025 and 2024. Accordingly, deferred revenue will be recognized as tuition and fee revenue in the subsequent fiscal year when it is earned.

Functional Allocation of Expense

Salaries and related expenses are allocated based on actual time spent. Expenses, other than salaries and related expenses that are not directly identifiable by program or support service are allocated based on the best estimates of management.

Tax-Exempt Status

The University is exempt from federal income taxes under Section 501(c)(3) of the IRC. The University qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The University's tax returns are subject to review and examination by federal, state, and local authorities.

The University follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized.

Advertising

The University expenses the costs of advertising as they are incurred. Advertising expense was $1,033,957 and $948,828 for the years ended June 30, 2025 and 2024, respectively.

Business Combination and Adoption of ASU 2021-08

On December 10, 2024, the University completed the acquisition of Platt College, which has been accounted for as a business combination in accordance with ASC 805, Business Combinations. The total purchase consideration was $5,700,000.

In the year of acquisition, the University adopted Accounting Standards Update (ASU) 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. This update requires that an acquirer recognize and measure contract assets and liabilities acquired in a business combination in accordance with ASC 606, Revenue from Contracts with Customers, rather than at fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business Combination and Adoption of ASU 2021-08 (Continued)

As a result of adopting ASU 2021-08, the University recognized contract assets of $3,651,215 and contract liabilities of $3,763,842 as of the acquisition date, consistent with the acquiree's accounting under ASC 606. The adoption did not result in a material change to the total purchase price allocation or goodwill recognized.

The University believes the adoption of ASU 2021-08 provides more decision-useful information by aligning the accounting for acquired revenue contracts with the acquirer's revenue recognition policies.

Subsequent Events

In preparing the financial statements, the University has evaluated events and transactions for potential recognition or disclosure through October 20, 2025, the date the financial statements were available to be issued.

NOTE 2 AVAILABLE RESOURCES 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. The University has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the university considers all expenditures related to its ongoing activities of teaching, athletics, and student services as well as the conduct of services undertaken to support those activities to be general expenditures. Student loans receivable are not included in the analysis as principal and interest on these loans are used solely to make new loans and are, therefore, not available to meet current operating needs.

In addition to 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. Refer to the statements of cash flows, which identifies the sources and uses of the university's cash and shows positive cash generated by operations for fiscal years 2025 and 2024.

NOTE 2 AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

As of June 30 the following financial assets could readily be available within one year of the balance sheet date to meet general expenditures:

	2025	2024
Cash and Cash Equivalents Without Donor Restrictions	$ 24,101,416	$ 22,281,740
Accounts Receivable, Net and Grants Receivables	3,825,553	3,638,206
Investments Not Encumbered by Donor or Board Restrictions	7,718,962	7,032,369
Payout on Donor Restricted Endowments for Use Over Next 12 Months	850,000	850,000
Payout on Quasi-Endowments for Use Over Next 12 Months	80,000	75,000
Total	$ 36,575,931	$ 33,877,315

NOTE 3 EXPENSES BY FUNCTION AND NATURAL CLASSIFICATION

The University reports expenditures in categories reflecting core operational objectives for higher education as defined by Integrated Postsecondary Education Data System (IPEDS). During the year expenses are directly coded to program activities (Instruction, research, academic support, student services, scholarship and fellowships, and auxiliary enterprises) or support services (Institutional management and fundraising) whenever possible. Expenses which are not directly identifiable by program or support service including operation and maintenance of plant expenses are allocated based on depreciation expense, interest expense is allocated based on the programs and/or supporting functions that directly benefit from the related debt issuance. Salary costs and related benefits are charged directly to the program they relate to and related costs are allocated based on full-time equivalents.

NOTE 3 EXPENSES BY FUNCTION AND NATURAL CLASSIFICATION (CONTINUED)

Expenses reported by function on the statements of activities and changes in net assets are summarized by natural classification for the years ended June 30:

	2025							
	Program Activities			Support Activities				
	Instructional	Instructional - Other	Auxiliary Enterprises	Academic Support	Student Services	Institutional Support	Advancement	Total
Salaries and Wages	$ 14,814,129	$ 674,161	$ 386,020	$ 2,719,461	$ 8,124,253	$ 2,706,868	$ 919,590	$ 30,344,482
Benefits	1,903,615	113,300	83,381	479,398	1,667,121	713,083	189,186	5,149,084
Payroll Taxes	1,135,261	30,548	23,349	153,635	545,087	143,878	56,500	2,088,258
Total Salaries and Related Expenses	17,853,005	818,009	492,750	3,352,494	10,336,461	3,563,829	1,165,276	37,581,824
Professional Fees	700,158	45,238	1,693,649	7,466	904,730	3,603,810	301,188	7,256,239
Advertising and Promotion	2,837	-	-	-	410,816	582,930	37,374	1,033,957
Recruitment	3,626	-	-	149,500	26,468,486	48,518	-	26,670,130
Offices Expenses	486,449	20,831	3,761	13,426	118,827	895,499	146,744	1,685,537
Information Technology	1,831,215	5,394	2,129	1,209,711	262,977	1,847,520	121,774	5,280,720
Occupancy	849,991	1,096,301	2,005,119	389,122	2,359,801	2,436,782	24,635	9,161,751
Travel	137,364	24,904	436	41,637	1,314,560	56,289	38,289	1,613,479
Conf., Conv., and Meetings	52,262	3,437	575	45,717	63,552	14,710	22,537	202,790
Interest	917	-	493,479	-	-	42,168	-	536,564
Bad Debt	-	-	-	-	-	1,220,126	-	1,220,126
Bank Fees	-	-	-	25	694	17,754	9,883	28,356
Depreciation and Amortization	888,081	736,383	869,874	223,748	936,080	893,227	6,660	4,554,053
Insurance	1,222	679	2,238	448	780	585,939	42,450	633,756
Hospitality	113,218	2,725	5,504	13,801	501,257	52,976	78,959	768,440
Other	260,771	11,622	81,307	56,546	290,391	352,595	6,072	1,059,304
Total Expenses	$ 23,181,116	$ 2,765,523	$ 5,650,821	$ 5,503,641	$ 43,969,412	$ 16,214,672	$ 2,001,841	$ 99,287,026

NOTE 3 EXPENSES BY FUNCTION AND NATURAL CLASSIFICATION (CONTINUED)

	2024							
	Program Activities			Support Activities				
	Instructional	Instructional - Other	Auxiliary Enterprises	Academic Support	Student Services	Institutional Support	Advancement	Total
Salaries and Wages	$ 13,754,804	$ 591,007	$ 429,079	$ 2,812,545	$ 7,691,014	$ 2,608,082	$ 895,465	$ 28,781,996
Benefits	1,629,233	101,595	86,484	553,380	1,483,470	534,051	158,990	4,547,203
Payroll Taxes	1,046,106	25,789	26,595	154,208	510,939	125,910	64,851	1,954,398
Total Salaries and Related Expenses	16,430,143	718,391	542,158	3,520,133	9,685,423	3,268,043	1,119,306	35,283,597
Professional Fees	683,436	42,204	1,536,860	1,953	958,370	1,370,935	353,128	4,946,886
Advertising and Promotion	584	-	-	135	58,971	872,522	16,616	948,828
Recruitment	2,192	-	-	136,795	26,400,191	15,828	-	26,555,006
Offices Expenses	49,702	19,708	5,734	14,064	112,861	569,570	164,328	935,967
Information Technology	1,653,904	2,447	2,478	1,023,062	246,480	1,819,858	427	4,748,656
Occupancy	642,433	905,900	2,161,312	389,926	2,200,054	1,853,316	23,443	8,176,384
Travel	69,685	57,612	1,008	27,685	1,173,187	51,738	32,384	1,413,299
Conf., Conv., and Meetings	36,447	2,278	595	62,607	56,838	14,923	17,625	191,313
Interest	-	-	587,141	-	-	42,776	-	629,917
Bad Debt	-	-	-	-	-	1,036,652	-	1,036,652
Bank Fees	-	-	-	16	4,308	27,996	11,089	43,409
Depreciation and Amortization	114,632	795,363	781,760	220,837	910,917	996,813	6,539	3,826,861
Insurance	-	-	-	-	3,527	521,285	41,043	565,855
Hospitality	94,800	9,203	2,950	15,209	440,248	63,641	60,114	686,165
Other	117,580	22,134	26,617	83,402	244,412	339,854	5,517	839,516
Total Expenses	$ 19,895,538	$ 2,575,240	$ 5,648,613	$ 5,495,824	$ 42,495,787	$ 12,865,750	$ 1,851,559	$ 90,828,311

NOTE 4 CONTRIBUTIONS RECEIVABLE

At June 30, 2025 and 2024, contributors have unconditionally promised to give the University $3,387,230 and $3,287,991, respectively. Of these amounts, all are held by the Lutheran Church – Missouri Synod Foundation (LCMS Foundation) as irrevocable deferred gifts of which the University is the beneficiary and will receive the principal at some future date.

Management believes total contributions will be received as follows:

	2025	2024
Amounts Due:		
Within One Year	$ 186,482	$ 199,905
One to Five Years	1,499,723	1,491,725
After Five Years	1,701,025	1,596,361
Total	3,387,230	3,287,991
Less: Present Value Component	(863,338)	(902,127)
Total	$ 2,523,892	$ 2,385,864
Amounts are Reflected in the Financial Statements as Follows:		
Trusts and Annuities Receivable	$ 2,523,892	$ 2,385,864

NOTE 5 LOANS RECEIVABLE – FEDERAL PERKINS LOAN PROGRAM

Loans receivable consist primarily of loans made to students under U.S. government loan programs. The loans are stated at net realizable value in the accompanying statements. It is not practicable to estimate the fair value of these receivables since they contain federally mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition. At June 30, 2025 and 2024, loans receivable were $86,946 and $150,329, respectively, which represented 0.04% and 0.08% of total assets, respectively.

Amounts due under the federal loan programs are guaranteed by the government and therefore, no reserves are placed on any past due balances under the program.

At June 30 the following amounts were past due under student loan programs:

	2025	2024
1 - 60 Days Past Due	$ -	$ -
61 - 90 Days Past Due	-	-
Over 90 Days Past Due	11,514	39,456
Total	$ 11,514	$ 39,456

NOTE 5 LOANS RECEIVABLE – FEDERAL PERKINS LOAN PROGRAM (CONTINUED)

The availability of funds for loans under the Perkins federal loan program is dependent on reimbursement to the pool from repayments on outstanding loans. Funds advanced by the federal government of approximately $1.1 million and $1.1 million at June 30, 2025 and 2024, respectively, are ultimately refundable to the government, and are classified as liabilities in the statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loans and a decrease in the liability to the government.

NOTE 6 LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment and the related accumulated depreciation amounts are as follows at June 30:

	2025		
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 9,945,591	$ -	$ 9,945,591
Buildings	98,461,594	(46,463,465)	51,998,129
Building and Other Improvements	4,958,820	(3,070,093)	1,888,727
Equipment	15,905,065	(12,190,467)	3,714,598
Total	$ 129,271,070	$ (61,724,025)	$ 67,547,045

	2024		
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 8,015,400	$ -	$ 8,015,400
Buildings	93,097,326	(43,493,958)	49,603,368
Building and Other Improvements	4,556,379	(2,949,582)	1,606,797
Equipment	14,560,574	(11,474,100)	3,086,474
Total	$ 120,229,679	$ (57,917,640)	$ 62,312,039

NOTE 7 LONG-TERM INVESTMENTS

Investments with maturities greater than or equal to one year at time of purchase are classified as long-term. In addition, investments with maturities of less than one year at time of purchase, which the University has both the ability and intent to hold long-term, are also classified as long-term investments. Details of long-term investments held by the University at June 30 as follows:

	2025	2024
Mutual Funds - Equities	$ 9,579,975	$ 10,777,471
Mutual Funds - Fixed Income	4,232,491	4,124,486
Cash, Money Market, and Certificates of Deposits	6,760,315	18,804,770
LCEF Notes	2,601	2,601
Total Investments	$ 20,575,382	$ 33,709,328
LCMS Foundation:		
Standard Funds:		
Fixed Income	$ 12,726,277	$ 10,828,034
Equity	42,325,067	33,895,050
LCEF Certificate	25,000	25,000
Total LCMS Foundation	$ 55,076,344	$ 44,748,084

Income on long-term investments of $1,807,876 and $2,054,820 for the years ended June 30, 2025 and 2024, respectively, is net of custodial fees of $180,326 and $173,399, respectively.

NOTE 8 FUNDS HELD BY THIRD-PARTY TRUSTEES

Funds held by third-party trustees consist of irrevocable trusts from which the University is to receive the income in perpetuity. The principal is held in trust by the LCMS Foundation and an unrelated trust company. The principal will never revert to the University. The perpetual stream of income is viewed by the University as promises to give by the individuals who established the trusts and has been recorded at the fair value of the trusts at June 30, 2025 and 2024, which closely approximates the net present value of the perpetual income stream.

Given the nature of the promises, the University recorded these contributions as net assets with donor restrictions held in perpetuity. Income received is recorded as without donor restrictions or with donor restrictions based on the presence or absence of donor restrictions. Increases or decreases in the fair value of the trust assets are recorded on the statements of activities as changes in net assets with donor restrictions.

The Trust Held at Wells Fargo includes 1,006 acres of farmland in southeastern South Dakota. 640 acres were sold in December 2019 to increase the liquidity of the trust. As part of the sale, the remaining acres were appraised at an average rate of $6,642 per acre. Appraisals occur every three years.

NOTE 8 FUNDS HELD BY THIRD-PARTY TRUSTEES (CONTINUED)

The funds are held by the following third-party trustees at June 30:

	2025	2024
LCMS Foundation	$ 1,385,344	$ 1,294,731
Alive in Christ Endowment	402,981	374,739
Trust Held at Wells Fargo	8,890,242	9,073,627
Total	$ 10,678,567	$ 10,743,097

NOTE 9 LEASES

The Organization leases equipment and building space noncancelable lease agreements. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. The Organization does not have any covenants with these agreements or required to maintain certain financial ratios.

The following table provides quantitative information concerning the Organization's leases.

	2025	2024
Right-of-Use Assets:		
Financing Leases, Net	$ 79,323	$ 251,056
Operating Leases, Net	3,500,310	-
Total	$ 3,579,633	$ 251,056
Lease Liabilities:		
Current:		
Financing Leases	$ 4,989	$ -
Operating Leases	257,206	-
Noncurrent:		
Financing Leases	75,453	-
Operating Leases	3,434,386	-
Total	$ 3,772,034	$ -
Lease Cost:		
Amortization of Right-to-Use Asset	$ 1,887	$ 245,427
Interest Expense	917	5,629
Operating Lease Cost	112,727	-
Total Lease Cost	$ 115,531	$ 251,056

NOTE 9 LEASES (CONTINUED)

Other Information:				
Cash Paid for Amounts Included in the Measuring of Lease Liabilities				
Operating Cash Flow from Finance Lease	$	917	$	-
Operating Cash Flow from Operating Lease	$	35,151	$	-
Financing Cash Flow from Financing Lease	$	(209)	$	189,611
Weighted Average Remaining Lease Term - Finance Leases		10.1 Years		-
Weighted Average Remaining Lease Term - Operating Leases		10.1 Years		-
Weighted Average Discount Rate - Finance Leases		4.57 %		3 %
Weighted Average Discount Rate - Operating Leases		4.57 %		- %

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2025 is as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2026	$ 422,643	$ 8,529
2027	432,686	8,856
2028	442,729	9,183
2029	452,772	9,510
2030	465,326	9,919
Thereafter	2,440,560	55,482
Total Undiscounted Payments	4,656,716	101,479
Less: Discount (Amount Representing Interest)	(965,124)	(21,037)
Total Lease Liability	$ 3,691,592	$ 80,442

NOTE 10 LONG-TERM DEBT

Bonds Payable

The University issued bonds with the Minnesota Higher Education Facilities Authority (MHEFA) with the original value of $11,480,000 in revenue bonds, Series Five-P1, and Taxable Series Five-P2. In October 2007, the University issued bonds with MHEFA with original value of $18,155,000 in revenue bonds, Series Six-Q. At June 30, 2025 and 2024, the University's payable to MHEFA was $9,160,815 and $10,057,638, respectively, net of the unamortized discount of $39,185 and $42,365, respectively.

Under the terms of the bond indenture, the interest rate varies and is payable on the first of the month. At June 30, 2025 and 2024, the bonds bore an interest rate of 2.63% and 3.37%, respectively. The principal portion is due annually on January 1 and is scheduled to mature on April 1, 2037.

NOTE 10 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Effective August 13, 2019, the University entered into an amended agreement on the Series Six-Q bond which resulted in updated payment maturities and an increase in interest rate from 1.55% to 1.73%.

Future minimum principal payments, based on the indenture agreement with the MHEFA, are as follows:

Year Ending June 30,	Amount
2026	$ 900,000
2027	900,000
2028	900,000
2029	900,000
2030	900,000
Thereafter	5,600,000
Total Principal Payments	10,100,000
Less: Discounts	(239,110)
Bonds Payable, Net of Discounts	$ 9,860,890

For the years ended June 30, 2025 and 2024, interest totaled $309,139 and $386,580, respectively, on the MHEFA bonds.

The bond indenture contains covenants, including a debt service coverage ratio of at least 1.20 to 1.0 and a net asset growth ratio in relation to the change in the Consumer Price Index. Additionally, the University is required to maintain a minimum of $85 million of net assets throughout the year.

At June 30, 2025 and 2024, the University has an outstanding letter of credit with Bremer Bank for $10,196,849 and $11,105,479, respectively, in relation to the bond issue.

Pursuant to the letter of credit reimbursement agreement should there be a failure to remarket the variable rate bonds, proceeds from a draw on the letter of credit will be used to purchase the bonds. However, should the bonds continue to remain unremarketable, the University would be required to repay the letter of credit within 365 days of the draw. Assuming that the variable rate bonds continue to be remarketed, the scheduled payment column in the above schedule reflects the anticipated payment schedule.

Deferred debt acquisition costs of $486,306 are being amortized on a straight-line basis over the term of the bonds of 25 years. Accumulated amortization was $286,383 and $270,173 for the years ended June 30, 2025 and 2024, respectively. Amortization expense was $16,210 and $16,211 for the years ended June 30, 2025 and 2024, respectively.

NOTE 10 LONG-TERM DEBT (CONTINUED)

Line of Credit

The University maintains a revolving line of credit with a maximum borrowing capacity of $3 million, maturing on August 1, 2025. As of June 30, 2025, the outstanding balance was $-0-, bearing interest at a variable rate based on Prime Rate less 0.5% which was 7.5% as of June 30, 2025.

NOTE 11 FOOD SERVICES MANAGEMENT AGREEMENT

On May 2, 2013, the University amended their food services management agreement with Sodexo America LLC (Sodexo). The agreement states that on or about July 1, 2013, Sodexo will provide an amount not to exceed $1 million to be used at the University's discretion. If the agreement terminates or is amended resulting in an adverse economic impact on Sodexo then the University will have to reimburse Sodexo the unamortized portion of the amount. Sodexo shall amortize the $1 million on a straight-line basis over 13 years, commencing July 1, 2013 and continuing through August 1, 2026. Additionally, the University will pay Sodexo $38,500 per year to help pay for part of the amortization of the $1 million. At June 30, 2025 and 2024, the outstanding balance was $76,923 and $153,846, respectively. The University entered into an additional agreement with Sodexo beginning on September 1, 2018 through August 31, 2023, for a total of $2,299,631 to provide campus facilities management services. Effective October 4, 2021, the University amended their agreement increasing the new contract price to $3,706,486 for which additional staff will be added to the management services. Effective September 1, 2022, the University amended their agreement increasing the new contract price to $4,357,224 for which relates mainly to additional security staffing added to the management services.

NOTE 12 ENVIRONMENTAL REMEDIATION

The University owns several buildings on campus that contain asbestos in various forms. In accordance with accounting standards, management estimated the cost of any potential obligation to remove asbestos to be approximately $468,000. This amount is recorded as a liability on the statements of financial position. The University used a future value rate assumption of 3% and discounted the estimate to present value using a risk-free rate of return of 5%. The potential environmental remediation liability, included in Accounts Payable and Other Liabilities in the statements of financial position, is $2,820 and $94,135 at June 30, 2025 and 2024, respectively.

NOTE 13 RELATED PARTY TRANSACTION

Effective March 20, 2019, the University entered into an agreement with a management company for which the owner is the spouse of a board member. The management company will be responsible for managing the operations of one of the University's properties. The University is required to pay a monthly amount of $6,500 to the management company. The University has a bank account for which the management company uses to help in managing the operations of the University's property. As of June 30, 2025 and 2024, the balance in this bank account was $995,408 and $1,610,054, respectively. This agreement was extended in fiscal year 2025 and terminated on March 31, 2025. Additionally, the University received $110,011 and $144,382 in contributions from board members and leadership during the fiscal years ended June 30, 2025 and 2024, respectively.

NOTE 14 RESTRICTIONS ON NET ASSETS

Donor-restricted net assets consist of the following at June 30:

	2025	2024
Donor-Restricted Net Assets Not Invested in Perpetuity:		
Academic Programs:		
Instruction - Divisional	$ 1,421,679	$ 943,916
Other Instructional Programs	273,078	207,684
Support Programs:		
Academic Support	212,237	181,817
Student Services	285,352	269,084
Instructional Support	1,975,369	1,895,519
Scholarship Allowances (Student Aid)	5,878,278	3,630,247
Land, Building, and Equipment Acquisitions	119,805	146,122
Subtotal	10,165,798	7,274,389
Time Restrictions	2,293,886	1,014,103
Total Donor-Restricted Net Assets Not Invested in Perpetuity	12,459,684	8,288,492
Donor-Restricted Net Assets Invested in Perpetuity:		
Academic Programs:		
Instruction - Divisional	2,704,164	630,094
Support Programs:		
Academic Support	3,525,054	3,376,018
Scholarship Allowances (Student Aid)	37,146,093	33,101,967
Support for General Operations	17,758,440	18,483,611
Total Donor-Restricted Net Assets Invested in Perpetuity	61,133,751	55,591,690
Total Net Assets With Donor Restrictions	$ 73,593,435	$ 63,880,182

NOTE 15 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes or by the passage of time or the occurrence of other events specified by donors as follows for the years ended June 30:

	2025	2024
Release of Restrictions:		
Academic Programs:		
Instruction - Divisional	$ 234,433	$ 357,837
Other Instructional Programs	13,580	30,392
Support Programs:		
Academic Support	4,543	12,991
Student Services	14,171	11,299
Institutional Support	337,200	326,243
Auxiliary Enterprises:		
Scholarship Allowances (Student Aid)	1,587,029	1,358,055
Fixed Assets Acquired and Placed in Service	88,317	19,544
Subtotal	2,279,273	2,116,361
Expiration of Time Restrictions	22,838	242,727
Total Net Assets Released from Restriction	$ 2,302,111	$ 2,359,088

NOTE 16 ENDOWMENT

The University has board-designated and donor-restricted endowment funds established for the purposes of providing income to provide scholarships. As required by U.S. GAAP, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The board of regents of the University has interpreted the State's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 in net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions for purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 16 ENDOWMENT (CONTINUED)

In accordance with the UPMIFA, the Organization 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 Organization and the donor-restricted endowment fund.
(3) General economic conditions.
(4) The possible effect of inflation and deflation.
(5) The expected total return from income and the appreciation of investments.
(6) Other resources of the Organization.
(7) The investment policies of the Organization.

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

		With Donor Restrictions			
June 30, 2025	Without Donor Restrictions	Purpose	Perpetual	Total With Donor Restrictions	Total
Donor Restricted Endowment Funds	$ 219,401	$ 8,416,522	$ 48,388,801	$ 56,805,323	$ 57,024,724
Board Designated Endowment Funds	3,509,326	-	-	-	3,509,326
Total Endowment Funds	$ 3,728,727	$ 8,416,522	$ 48,388,801	$ 56,805,323	$ 60,534,050

		With Donor Restrictions			
June 30, 2024	Without Donor Restrictions	Purpose	Perpetual	Total With Donor Restrictions	Total
Donor Restricted Endowment Funds	$ -	$ 5,628,747	$ 43,263,141	$ 48,891,888	$ 48,891,888
Board Designated Endowment Funds	3,509,326	-	-	-	3,509,326
Total Endowment Funds	$ 3,509,326	$ 5,628,747	$ 43,263,141	$ 48,891,888	$ 52,401,214

The endowment net assets and activity for 2025 and 2024 consisted of the following:

		With Donor Restrictions			
	Without Donor Restrictions	Purpose	Perpetual	Total With Donor Restrictions	Total
Endowment Fund Balance - June 30, 2023	$ 3,126,564	$ 1,885,113	$ 40,665,954	$ 42,551,067	$ 45,677,631
Contributions	110,000	19,200	2,009,041	2,028,241	2,138,241
Earnings:					
Interest and Dividends	96,752	904,047	53,349	957,396	1,054,148
Realized and Unrealized Gains	267,261	3,871,089	536,297	4,407,386	4,674,647
Total Earnings	364,013	4,775,136	589,646	5,364,782	5,728,795
Appropriations	(91,251)	(1,052,202)	-	(1,052,202)	(1,143,453)
Reclassification of Net Assets	-	1,500	(1,500)	-	-
Endowment Fund Balance - June 30, 2024	3,509,326	5,628,747	43,263,141	48,891,888	52,401,214
Contributions	1,000	26,700	3,154,809	3,181,509	3,182,509
Earnings:					
Interest and Dividends	94,401	982,259	28,752	1,011,011	1,105,412
Realized and Unrealized Gains	275,075	2,954,822	1,947,099	4,901,921	5,176,996
Total Earnings	369,476	3,937,081	1,975,851	5,912,932	6,282,408
Appropriations	(151,075)	(1,181,006)	-	(1,181,006)	(1,332,081)
Reclassification of Net Assets	-	5,000	(5,000)	-	-
Endowment Fund Balance - June 30, 2025	$ 3,728,727	$ 8,416,522	$ 48,388,801	$ 56,805,323	$ 60,534,050

NOTE 16 ENDOWMENT (CONTINUED)

Endowment Fund Deficiency

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment fund and continued appropriation for certain programs that was deemed prudent by the governing body.

As of June 30, 2025 and 2024, there were no underwater endowments.

Investment Strategy, Return Objectives, and Risk Parameters

The University invests its endowment fund in a balanced portfolio of debt and equity securities with the objective of preservation of capital and long-term capital appreciation. The balanced portfolio investment return objective is to produce real returns, net of inflation of approximately 5% over time at a moderate level of risk to invested capital.

Spending Policy and How Investment Objectives Relate to Spending

The board of regents approved a 4% spending policy in 2005. Most of the University's endowments were established before the adoption of the spending policy and have specific requirements for spending earnings at various percentage levels and re-investing earnings back into the permanent endowment.

NOTE 17 CONTINGENCY

In the normal course of business, the University has claims made against them. As of June 30, 2025, the amount and likelihood of loss is not determined. The University believes these claims are without merit and intends to vigorously defend the matters.

NOTE 18 DEFINED BENEFIT PLANS

The University participates in the Concordia Plan Services. Substantially all full-time employees are covered by these retirement and survivor programs. The University contributes a fixed percentage of each participant's salary to the plans. Retirement and survivor program expenses for the years ended June 30, 2025 and 2024 totaled $2,230,836 and $1,953,642, respectively.

The University participates in a 403(b) retirement plan for all eligible employees. For the years ended June 30, 2025 and 2024 the University contributed $292,877 and $226,405 respectively, to the plan on behalf of its employees.

NOTE 19 FAIR VALUE MEASUREMENTS

The University uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the University values all other assets and liabilities refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets and liability of the University measured at fair value on a recurring basis as of June 30:

	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds - Equities	$ 4,023,278	$ 261,569	$ -	$ 4,284,847
Mutual Funds - Fixed Income	752,018	822,976	-	1,574,994
Securities - Equity	6,011,763	-	-	6,011,763
Real Estate	151,740	-	6,825,000	6,976,740
LCMS Endowment Funds	-	-	1,669,471	1,669,471
LCEF Funds	-	-	27,601	27,601
Trusts and Annuities Receivables	-	-	2,523,892	2,523,892
Total	$ 10,938,799	$ 1,084,545	$ 11,045,964	$ 23,069,308

	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds - Equities	$ 5,795,661	$ -	$ -	$ 5,795,661
Mutual Funds - Fixed Income	745,486	1,150,153	-	1,895,639
Securities - Equity	5,173,248	-	-	5,173,248
Real Estate	136,189	-	6,864,131	7,000,320
LCMS Endowment Funds	-	-	1,669,471	1,669,471
LCEF Funds	-	-	27,601	27,601
Trusts and Annuities Receivables	-	-	2,385,864	2,385,864
Total	$ 11,850,584	$ 1,150,153	$ 10,947,067	$ 23,947,804

The totals do not include certain amounts as they are not measured on a recurring basis at fair value. The table below reconciles total University investments:

	2025	2024
Total Investments	$ 89,283,882	$ 92,240,190
Investments Not Measured at Fair Value on a Recurring Basis:		
Cash and Cash Equivalents	(10,733,533)	(22,915,485)
Assets Measured at Net Asset Value	(55,051,344)	(44,723,084)
Cash Surrender Value of Life Insurance Policies	(429,697)	(653,817)
Total Investments Measured at Fair Value on a Recurring Basis	$ 23,069,308	$ 23,947,804

NOTE 19 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Assets

The following table provides summary of changes in fair value of the University's Level 3 financial assets for the years ended June 30:

Instrument	Fair Value 2025	Fair Value 2024	Principal Valuation Technique	Unobservable Inputs
Real Estate	$ 6,825,000	$ 6,864,131	Independent Appraisals	Real Estate Values
Trusts and Annuities	2,523,892	2,385,864	FMV of Trust Investments	Time Period of Trust
LCMS Endowment Funds	1,669,471	1,669,471	FMV of Trust Investments	Time Period of Trust
LCEF Funds	27,601	27,601	FMV of Trust Investments	Time Period of Trust

The value of the Real Estate is based on independent appraisals. The value of the Trusts and Annuities represents an irrevocable right to receive distributions from a trust that is managed by a third-party. See Note 8 as it relates to the value of the LCMS Endowment and LCEF Funds.

Fair value measurements of investments in certain funds that calculate NAV per share (or its equivalent) as of June 30 is as follows:

	Net Asset Value	2025 Unfunded Commitments	2025 Redemption Frequency	2025 Redemption Notice Period
Mutual Funds - Equities	$ 42,325,067	$ -	Monthly	Monthly
Mutual Funds - Fixed Income	12,726,277	-	Monthly	Monthly
Total	$ 55,051,344	$ -		

	Net Asset Value	2024 Unfunded Commitments	2024 Redemption Frequency	2024 Redemption Notice Period
Mutual Funds - Equities	$ 33,895,050	$ -	Monthly	Monthly
Mutual Funds - Fixed Income	10,828,034	-	Monthly	Monthly
Total	$ 44,723,084	$ -		

Mutual Funds – Equities – invests primarily in the U.S. equity market and non-U.S. global equity market.

Mutual Funds – Fixed Income – invests primarily in investment grade, aggregate U.S. bond market, and the BB/B noninvestment grade U.S. bond market.

These funds are part of the Investment in LCMS Foundation presented on the statements of financial position for which includes LCEF Certificate of $25,000 as of June 30, 2025 and 2024, respectively.

NOTE 20 ACQUISITION

Effective December 10, 2024, the University completed an acquisition of Platt College, a private, for-profit college in Greenwood Village, Colorado. The boards of the respective organizations formally approved the acquisition effective December 10, 2024. As of this effective date, the University paid $5,700,000 and acquired the following major classes of assets:

Assets:	
Accounts Receivable	$ 1,096,028
Intangibles - Customer Relationship	5,678,013
Right-of-Use Asset - Operating Lease	3,721,264
Right-of-Use Asset - Financing Lease	79,323
Total Assets	$ 10,574,628

NOTE 21 COMPOSITE SCORE

The University participates in various federally funded student financial aid programs. Under regulatory provisions of these programs, the University is required to demonstrate financial responsibility by meeting a certain composite score based on a formula developed by the Department of Education. This score uses financial ratios based on the University's audited financial statements. The composite score calculated reflects the overall relative financial health of institutions along a scale of negative 1.0 to positive 3.0.

The composite score for the year ended June 30, 2025 is as follows:

RATIO	Ratio	Strength Factor	Weight	Composite Scores
Primary Reserve Ratio	0.5169	3.0000	40%	1.2000
Equity Ratio	0.8616	3.0000	40%	1.2000
Net Income Ratio	0.0151	1.7538	20%	0.3508
				2.7508

See below for additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV.

NOTE 21 COMPOSITE SCORE (CONTINUED)

Net Assets			
1		Net assets with donor restrictions: restricted in perpetuity	$ 61,133,751
2		Other net assets with donor restrictions (not restricted in perpetuity):	
	a.	Annuities with donor restrictions	-
	b.	Term endowments	366,582
	c.	Life income funds (trusts)	-
	d.	Total annuities, term endowments, and life income funds with donor restrictions	61,500,333
Property, Plant, and Equipment, net			
3		Pre-implementation property, plant, and equipment, net	
	a.	Ending balance of pre-implementation as of June 30, 2024	33,792,007
	b.	Reclassify capital lease assets previously included in PPE, net prior to the implementation of ASU 2016-02 leases standard	
	c.	Less subsequent depreciation and disposals (net of accumulated depreciation)	-
	d.	Balance pre-implementation property, plant, and equipment, net	33,792,007
4		Debt financed post-implementation property, plant, and equipment, net	
		Long-lived assets acquired with debt subsequent to June 30, 2019:	
	a.	Equipment	-
	b.	Land improvements	-
	c.	Building	-
	d.	Total property, plant, and equipment, net acquired with debt exceeding 12 months	-
5		Construction in progress - acquired subsequent to June 30, 2019	-
6		Post-implementation property, plant, and equipment, net, acquired without debt:	
	a.	Long-lived assets acquired without use of debt subsequent to June 30, 2019	33,755,038
7		Total Property, Plant, and Equipment, net - June 30, 2025	$ 67,547,045
Debt to be excluded from expendable net assets			
8		Pre-implementation debt:	
	a.	Ending balance of pre-implementation as of June 30, 2024	$ 10,741,502
	b.	Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standard.	-
	c.	Less subsequent debt repayments	(880,612)
	d.	Balance Pre-implementation Debt	9,860,890
9		Allowable post-implementation debt used for capitalized long-lived assets:	
	a.	Equipment - all capitalized	-
	b.	Land improvements	-
	c.	Buildings	-
	d.	Balance Post-implementation Debt	-
10		Construction in progress (CIP) financed with debt or line of credit	-
11		Long-term debt not for the purchase of property, plant, and equipment or liability greater than assets value	-
			$ 9,860,890

NOTE 21 COMPOSITE SCORE (CONTINUED)

Lease right-of-use assets and liabilities

13	Lease right-of-use assets		
	Right-of-use assets as of balance sheet date June 30, 2025	$	3,579,633
14	Lease right-of-use assets - Pre-implementation		
	Right-of-use assets as of balance sheet date June 30, 2025, excluding leases entered into before December 15, 2018	$	-
15	Lease right-of-use assets - Post-implementation		
	Right-of-use assets as of balance sheet date June 30, 2025, excluding leases entered into on or after December 15, 2018	$	3,579,633
16	Lease right-of-use liability		
	Lease liabilities as of balance sheet date June 30, 2025	$	3,772,034
17	Lease right-of-use liability - Pre-implementation		
	Lease liabilities as of balance sheet date June 30, 2025, excluding leases entered into before December 15, 2018	$	-
18	Lease right-of-use liability - Post-implementation		
	Lease liabilities as of balance sheet date June 30, 2025, excluding leases entered into on or after December 15, 2018	$	3,772,034

Unsecured related-party receivables

19	Secured related-party receivables	$	-
20	Unsecured related party receivables		-
21	Total secured and unsecured related-party receivables	$	-

CONCORDIA UNIVERSITY, ST. PAUL
AN EDUCATIONAL INSTITUTION OF
THE LUTHERAN CHURCH – MISSOURI SYNOD
FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL SCHEDULE
YEAR ENDED JUNE 30, 2025

	Primary Reserve Ratio:			
		Expendable Net Assets:		
1	Statement of Financial Position (SFP)	Net assets without donor restrictions	$	96,719,665
2	SFP	Net assets with donor restrictions		73,593,435
3	Note 14	Net assets restricted in perpetuity		61,133,751
4	N/A	Unsecured related-party receivable		-
5	Note 14	Donor restricted annuities, term endowments, life income funds		366,582
6	Note 6	Property, plant, and equipment pre-implementation		33,792,007
7	Note 6	Property, plant, and equipment post-implementation with outstanding debt for original purchase		-
8	Note 6	Construction in progress purchased with long-term debt		-
9	Note 6	Post-implementation property, plant, and equipment, net, acquired without debt		33,755,038
10	Note 6	Lease right-of-use asset, pre-implementation (grandfather of leases option not chosen)		-
11	Note 6	Lease right-of-use asset, post-implementation		3,579,633
12	SFP	Intangible assets		-
13	SFP	Post-employment and pension liabilities		-
14	Note 10	Long-term debt - for long-term purposes pre-implementation		9,860,890
15	Note 10	Long-term debt - for long-term purposes post-implementation		-
16	N/A	Line of credit for construction in progress		-
17	N/A	Pre-implementation right-of-use asset liability		-
18	Note 9	Post-implementation right-of-use asset liability		3,772,034
		Total Expenses and Losses:		
19	Statement of Activities (SOA)	Total expenses (operating and nonoperating) without donor restrictions		99,287,026
20	SOA	Non-service component of pension/postemployment (nonoperating) cost, (if loss)		-
21	N/A	Sale of fixed assets (if loss)		-
22	SOA	Change in value of interest-rate swap agreements (if loss)		-
	Equity Ratio:			
		Modified Net Assets:		
23	SFP	Net assets without donor restrictions	$	96,719,665
24	SFP	Net assets with donor restrictions		73,593,435
25	N/A	Lease Right-of-use asset - Pre-implementation		-
26	N/A	Lease Right-of-use liability - Pre-implementation		-
27	SFP	Intangible assets		-
28	N/A	Unsecured related-party receivables		-
		Modified Assets:		
29	SFP	Total assets		197,678,001
30	N/A	Lease right-of-use asset pre-implementation		-
31	SFP	Intangible assets		-
32	N/A	Unsecured related-party receivables		-
	Net Income Ratio:			
33	SOA	**Change in Net Assets Without Donor Restrictions**	$	1,544,337
		Total Revenues and Gains Without Donor Restriction:		
34	SOA	Total operating revenue (including net assets released from restrictions)		100,831,363
35	SOA	Investments gain, net (aggregate operating and non-operating interest, dividends, realized and unrealized gains)		1,605,798
36	N/A	Non-service component of pension/postemployment (nonoperating) cost (if gain)		-
37	N/A	Pension-related changes other than net periodic pension costs (if gain)		-
38	SOA	Change in value of annuity agreement (typically in nonoperating)		-
39	N/A	Change in value of interest-rate swap agreements (if gain)		-
40	N/A	Sale of fixed assets (if gain)		-
41	N/A	Other gains		-