

**WILLIAM CAREY UNIVERSITY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended June 30, 2023 and 2024**

# WILLIAM CAREY UNIVERSITY

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
William Carey University  
Hattiesburg, Mississippi

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of William Carey University, which comprise the statements of financial position as of June 30, 2023 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

#### **Basis for Opinion**

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



**HATTIESBURG**  
2 Southern Pointe Pkwy, Ste 200  
Hattiesburg, MS 39401

P. O. Drawer 15099  
Hattiesburg, MS 39404

PHONE: 601.264.3519  
FAX: 601.264.3642

**HATTIESBURG WEST**  
10 Plaza Drive  
Hattiesburg, MS 39402

P.O. Box 16433  
Hattiesburg, MS 39404

PHONE: 601.268.3135  
FAX: 601.261.3922

**COLUMBIA**  
150 Old Highway 98 E  
Columbia, MS 39429

P. O. Box 609  
Columbia, MS 39429

PHONE: 601.736.3449  
FAX: 601.736.0501

**GULFPORT**  
2019 23rd Avenue  
Gulfport, MS 39501

P. O. Box 548  
Gulfport, MS 39502

PHONE: 228.864.1779  
FAX: 228.864.3850

To the Board of Trustees  
William Carey University  
Hattiesburg, Mississippi

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 William Carey University's ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

To the Board of Trustees  
William Carey University  
Hattiesburg, Mississippi

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedule 1, as required by the Department of Education Title IV *Financial Responsibility Standards*, and Schedule 2, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 and 2 are fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2024 on our consideration of William Carey University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of William Carey University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering William Carey University's internal control over financial reporting and compliance.



Hattiesburg, Mississippi  
September 11, 2024

## ***FINANCIAL STATEMENTS***

EXHIBIT A

**WILLIAM CAREY UNIVERSITY**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2023**

**ASSETS**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 20,507,196	\$ 4,479,254	\$ 24,986,450
Receivables, net	6,160,122	756,713	6,916,835
Prepaid expenses	225,587	-	225,587
Endowment investments	5,189,836	25,706,855	30,896,691
Other assets	1,622,950	-	1,622,950
Deferred compensation asset	2,444,613	-	2,444,613
Right of use - finance lease	35,258	-	35,258
Property, plant and equipment, net	184,146,059	-	184,146,059
<b>Total assets</b>	<b>\$ 220,331,621</b>	<b>\$ 30,942,822</b>	<b>\$ 251,274,443</b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 1,193,303	\$ -	\$ 1,193,303
Accrued liabilities	93,753	-	93,753
Deferred compensation liability	2,444,613	-	2,444,613
Deferred revenue and student refunds	3,168,369	2	3,168,371
Lease obligations - finance lease	38,267	-	38,267
Notes and bonds payable	42,229,564	-	42,229,564
<b>Total liabilities</b>	<b>49,167,869</b>	<b>2</b>	<b>49,167,871</b>

**NET ASSETS**

	171,163,752	30,942,820	202,106,572
<b>Total liabilities and net assets</b>	<b>\$ 220,331,621</b>	<b>\$ 30,942,822</b>	<b>\$ 251,274,443</b>

The accompanying notes are an integral part of these financial statements.

EXHIBIT B

**WILLIAM CAREY UNIVERSITY**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2024**

**ASSETS**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 19,513,757	\$ 4,638,840	\$ 24,152,597
Receivables, net	8,303,806	1,281,027	9,584,833
Prepaid expenses	77,254	-	77,254
Endowment investments	6,707,320	35,555,037	42,262,357
Other assets	1,656,644	-	1,656,644
Deferred compensation asset	2,899,020	-	2,899,020
Right of use - finance lease	6,568	-	6,568
Property, plant and equipment, net	191,051,992	-	191,051,992
<b>Total assets</b>	<b>\$ 230,216,361</b>	<b>\$ 41,474,904</b>	<b>\$ 271,691,265</b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 2,964,396	\$ -	\$ 2,964,396
Accrued liabilities	65,679	-	65,679
Deferred compensation liability	2,899,020	-	2,899,020
Deferred revenue and student refunds	3,475,756	-	3,475,756
Line of credit	1,000,000	-	1,000,000
Lease obligations - finance lease	6,731	-	6,731
Notes and bonds payable	40,084,727	-	40,084,727
<b>Total liabilities</b>	<b>50,496,309</b>	<b>-</b>	<b>50,496,309</b>

**NET ASSETS**

	179,720,052	41,474,904	221,194,956
<b>Total liabilities and net assets</b>	<b>\$ 230,216,361</b>	<b>\$ 41,474,904</b>	<b>\$ 271,691,265</b>

The accompanying notes are an integral part of these financial statements.



EXHIBIT C

**WILLIAM CAREY UNIVERSITY**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Tuition:			
Undergraduate	\$ 12,810,838	\$ 16,962	\$ 12,827,800
Graduate	10,795,752	-	10,795,752
College of Medicine & Master of Biomedical Sciences	28,842,128	-	28,842,128
Physical Therapy & Pharmacy	7,798,818	-	7,798,818
Student fees	3,821,720	11,461	3,833,181
Net tuition and fees	64,069,256	28,423	64,097,679
Gifts and grants	3,083,081	4,672,921	7,756,002
Auxiliary income	3,575,052	134,881	3,709,933
Transfers for scholarships	1,977,960	(1,977,960)	-
Net assets released from donor restrictions	2,819,846	(2,819,846)	-
Total operating revenues	75,525,195	38,419	75,563,614
<b>OPERATING EXPENSES</b>			
Program			
Instructional:			
Regular	19,646,208	-	19,646,208
College of Medicine & Master of Biomedical Sciences	15,298,885	-	15,298,885
Physical Therapy & Pharmacy	4,857,317	-	4,857,317
Support:			
Academic	1,156,458	-	1,156,458
Student	4,255,720	-	4,255,720
Auxiliary	6,338,801	-	6,338,801
Total program	51,553,389	-	51,553,389
Management and general:			
Institutional support	10,957,906	-	10,957,906
Facilities	6,057,069	-	6,057,069
Depreciation and amortization expense	6,285,185	-	6,285,185
Total management and general	23,300,160	-	23,300,160
Fundraising	579,605	-	579,605
Total operating expenses	75,433,154	-	75,433,154
<b><i>Increase in net assets from operating activities</i></b>	92,041	38,419	130,460

The accompanying notes are an integral part of these financial statements.

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EXHIBIT C  
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**WILLIAM CAREY UNIVERSITY**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>NON-OPERATING REVENUES</b>			
Investment return	\$ 643,725	\$ 1,748,602	\$ 2,392,327
Other income	1,559,460	736,324	2,295,784
Net assets released from donor restrictions	17,934	(17,934)	-
Total non-operating revenues	<u>2,221,119</u>	<u>2,466,992</u>	<u>4,688,111</u>
<b>NON-OPERATING EXPENSES</b>			
Management and general			
Other expense	1,788,854	-	1,788,854
Interest expense	1,132,432	-	1,132,432
Total non-operating expenses	<u>2,921,286</u>	<u>-</u>	<u>2,921,286</u>
<b><i>Increase (decrease) in net assets from non-operating activities</i></b>	<u>(700,167)</u>	<u>2,466,992</u>	<u>1,766,825</u>
<b><i>Change in net assets before transfers</i></b>	<u>(608,126)</u>	<u>2,505,411</u>	<u>1,897,285</u>
<b>INTERFUND TRANSFERS</b>	<u>1,905,918</u>	<u>(1,905,918)</u>	<u>-</u>
<b><i>Change in net assets</i></b>	<u>1,297,792</u>	<u>599,493</u>	<u>1,897,285</u>
<b>NET ASSETS</b>			
Beginning of year	<u>169,865,960</u>	<u>30,343,327</u>	<u>200,209,287</u>
End of year	<u>\$ 171,163,752</u>	<u>\$ 30,942,820</u>	<u>\$ 202,106,572</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT D

**WILLIAM CAREY UNIVERSITY**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Tuition:			
Undergraduate	\$ 12,473,823	\$ 9,187	\$ 12,483,010
Graduate	10,174,365	-	10,174,365
College of Medicine & Master of Biomedical Sciences	32,886,332	-	32,886,332
Physical Therapy & Pharmacy	7,340,248	-	7,340,248
Student fees	4,091,338	10,688	4,102,026
Net tuition and fees	66,966,106	19,875	66,985,981
Gifts and grants	3,098,977	12,515,188	15,614,165
Auxiliary income	4,180,887	168,627	4,349,514
Transfers for scholarships	1,634,552	(1,634,552)	-
Net assets released from donor restrictions	2,854,366	(2,854,366)	-
Total operating revenues	78,734,888	8,214,772	86,949,660
<b>OPERATING EXPENSES</b>			
Program			
Instructional:			
Regular	19,783,906	-	19,783,906
College of Medicine & Master of Biomedical Sciences	15,917,530	-	15,917,530
Physical Therapy & Pharmacy	4,964,356	-	4,964,356
Support:			
Academic	1,176,347	-	1,176,347
Student	4,990,139	-	4,990,139
Auxiliary	8,589,165	-	8,589,165
Total program	55,421,443	-	55,421,443
Management and general			
Institutional support	11,680,463	-	11,680,463
Facilities	6,572,778	-	6,572,778
Depreciation and amortization expense	6,120,843	-	6,120,843
Total management and general	24,374,084	-	24,374,084
Fundraising	764,386	-	764,386
Total operating expenses	80,559,913	-	80,559,913
<b><i>Increase (decrease) in net assets from operating activities</i></b>	<b><i>(1,825,025)</i></b>	<b><i>8,214,772</i></b>	<b><i>6,389,747</i></b>

The accompanying notes are an integral part of these financial statements.

EXHIBIT D  
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**WILLIAM CAREY UNIVERSITY**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>NON-OPERATING REVENUES</b>			
Investment return	\$ 3,754,754	\$ 3,667,643	\$ 7,422,397
Other income	6,593,445	776,504	7,369,949
Net assets released from donor restrictions	4,979	(4,979)	-
Total non-operating revenues	<u>10,353,178</u>	<u>4,439,168</u>	<u>14,792,346</u>
<b>NON-OPERATING EXPENSES</b>			
Management and general			
Other expense	1,016,889	-	1,016,889
Interest expense	1,076,820	-	1,076,820
Total non-operating expenses	<u>2,093,709</u>	<u>-</u>	<u>2,093,709</u>
<b><i>Increase in net assets from non-operating activities</i></b>	<u>8,259,469</u>	<u>4,439,168</u>	<u>12,698,637</u>
<b><i>Change in net assets before transfers</i></b>	6,434,444	12,653,940	19,088,384
<b>INTERFUND TRANSFERS</b>	<u>2,121,856</u>	<u>(2,121,856)</u>	<u>-</u>
<b><i>Change in net assets</i></b>	8,556,300	10,532,084	19,088,384
<b>NET ASSETS</b>			
Beginning of year	<u>171,163,752</u>	<u>30,942,820</u>	<u>202,106,572</u>
End of year	<u>\$ 179,720,052</u>	<u>\$ 41,474,904</u>	<u>\$ 221,194,956</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT E

**WILLIAM CAREY UNIVERSITY**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2023**

	<u>Total</u>	<u>Program</u>	<u>Management &amp; General</u>	<u>Fundraising</u>
Salaries and wages	\$ 35,214,697	\$ 30,189,883	\$ 4,779,401	\$ 245,413
Retirement	1,521,475	1,210,796	300,183	10,496
Other employee benefits	4,412,123	3,397,306	976,267	38,550
Payroll taxes	2,409,705	2,051,799	338,182	19,724
Advertising and promotion	785,182	302,243	474,390	8,549
Office expenses	114,142	88,521	23,974	1,647
Travel	1,149,711	1,099,220	45,814	4,677
Interest	1,132,644	-	1,132,644	-
Depreciation and amortization	6,285,185	-	6,285,185	-
Insurance	2,076,931	363,278	1,713,653	-
Unrelated business income tax	35,577	-	35,577	-
Other	23,217,068	12,850,343	10,116,176	250,549
<b>Total</b>	<u>\$ 78,354,440</u>	<u>\$ 51,553,389</u>	<u>\$ 26,221,446</u>	<u>\$ 579,605</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT F

**WILLIAM CAREY UNIVERSITY**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2024**

	<u>Total</u>	<u>Program</u>	<u>Management &amp; General</u>	<u>Fundraising</u>
Salaries and wages	\$ 36,777,154	\$ 30,913,579	\$ 5,637,149	\$ 226,426
Retirement	1,556,963	1,228,883	319,494	8,586
Other employee benefits	4,364,863	3,330,942	992,530	41,391
Payroll taxes	2,520,499	2,103,586	401,458	15,455
Advertising and promotion	931,701	194,410	732,755	4,536
Office expenses	111,338	88,629	21,452	1,257
Travel	1,412,814	1,353,003	56,931	2,880
Interest	1,077,052	-	1,077,052	-
Depreciation and amortization	6,120,843	-	6,120,843	-
Insurance	2,116,322	371,764	1,744,558	-
Unrelated business income tax	32,240	-	32,240	-
Other	<u>25,631,833</u>	<u>15,836,647</u>	<u>9,331,331</u>	<u>463,855</u>
<b>Total</b>	<u><u>\$ 82,653,622</u></u>	<u><u>\$ 55,421,443</u></u>	<u><u>\$ 26,467,793</u></u>	<u><u>\$ 764,386</u></u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT G

**WILLIAM CAREY UNIVERSITY**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2023 AND 2024**

	June 30,	
	2023	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,897,285	\$ 19,088,384
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,301,148	6,136,805
Net realized loss on sale of investments	187,175	247,985
Unrealized gain on investments	(1,305,629)	(3,051,577)
(Gain) on sale of property	-	(2,215,500)
Cash contributions restricted for long-term investment	(709,043)	(7,784,312)
(Increase) decrease in:		
Receivables	1,054,824	(2,667,997)
Prepaid expenses	116,104	148,333
Other assets	(41,329)	(33,694)
Deferred compensation asset	(199,094)	(454,408)
Increase (decrease) in:		
Accounts payable	252,111	1,771,092
Accrued liabilities	(49,924)	(28,076)
Deferred compensation liability	199,094	454,408
Deferred revenue and student refunds	(1,175,153)	307,385
Net cash provided by operating activities	<u>6,527,569</u>	<u>11,918,828</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(3,232,639)	(13,283,085)
Purchase of endowment investments	(1,685,468)	(8,623,982)
Proceeds from sale of endowment investments	306,738	61,909
Proceeds from sale of property, plant, and equipment	-	2,500,500
Net cash used by investing activities	<u>(4,611,369)</u>	<u>(19,344,658)</u>

The accompanying notes are an integral part of these financial statements.



EXHIBIT G  
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**WILLIAM CAREY UNIVERSITY**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2023 AND 2024**

	<b>June 30,</b>	
	<b>2023</b>	<b>2024</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from gifts restricted for endowment	\$ 709,043	\$ 7,784,312
Proceeds from borrowings on line of credit	-	1,000,000
Payments on finance lease liabilities	(43,393)	(31,536)
Payments on long-term debt	(2,106,815)	(2,160,799)
Net cash provided (used) by financing activities	(1,441,165)	6,591,977
<b>NET INCREASE (DECREASE) IN CASH</b>	475,035	(833,853)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	24,511,415	24,986,450
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 24,986,450	\$ 24,152,597
<b>Displayed as:</b>		
Cash and cash equivalents, without donor restrictions	\$ 20,507,196	\$ 19,513,757
Cash and cash equivalents, with donor restrictions	4,479,254	4,638,840
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	\$ 24,986,450	\$ 24,152,597
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 1,116,681	\$ 1,061,089
Income taxes paid	\$ 35,577	\$ 32,240

The accompanying notes are an integral part of these financial statements.

***NOTES TO FINANCIAL STATEMENTS***

**WILLIAM CAREY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

*Principal Activity*

**Organization** - William Carey University (the University) is a private, coeducational institution of higher learning which was founded in 1892. The University operates campuses in Hattiesburg, Mississippi, Biloxi, Mississippi and Baton Rouge, Louisiana. The majority of the University's revenues come from student tuition and fees. The University was incorporated as a not-for-profit corporation and is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

*Significant Accounting Policies*

**Basis of Presentation** - The University prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America (GAAP).

**Use of Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the University's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The University's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

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

**Net Assets Without Donor Restrictions** - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its organizational documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**Net Assets With Donor Restrictions** - Net assets are subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**WILLIAM CAREY UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS**

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**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Classification of Transactions** - All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

**Cash and Cash Equivalents** - The University considers available bank balances, money market accounts, and other highly liquid investments with original maturities of three months or less as cash or cash equivalents. Cash is classified as either with or without donor restrictions. Cash with donor restrictions includes financial aid monies that the University has received but not disbursed and monies restricted for educational programs.

**Receivables** - The University provides credit without collateral to students for charges such as tuition, books, fees, room and board. These receivables are stated at unpaid balances less allowances for credit losses. The University provides for losses using the expected loss model. The allowance is based on the University's historical losses adjusted for current economic conditions, reasonable and supportable forecasts of future economic conditions, and any other factors deemed relevant by the University. Receivables are considered delinquent if full principal payments are not received in accordance with the contractual terms. It is the University's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Interest income is not accrued on outstanding accounts receivable.

**Short Term Investments** - The University invests cash in excess of its immediate needs in money market funds. Short term investments are reported at fair value. The investment policy specific to these investments is monitored by the Committee on Budget, Finance, Investments, and Audit of the University's Board of Trustees.

**Promises to Give** - The University records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The University determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

**WILLIAM CAREY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**PAGE THREE**  
**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Property, Plant and Equipment** - Property, plant and equipment are carried at cost or, if donated, at the estimated fair market value at the date of donation. The University uses cost and asset durability as determining factors for capitalization. Depreciation is expensed over the estimated useful life of depreciable assets, which is 15 years for land improvements, 20 to 60 years for buildings and improvements, 5 to 7 years for equipment and furniture and 20 years for library collections, and is computed using the straight line method. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Maintenance and repairs are charged to operations and significant purchases and improvements are capitalized. Property, plant and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Consistent with the accepted practice of not depreciating land, the FASB has declared that individual works of art or historical treasures whose economic benefit or service potential is not estimable should not be depreciated. The amounts included in other assets for these non-depreciable items were \$1,542,187 and \$1,584,986 as of June 30, 2023 and 2024, respectively.

Though William Carey University holds collections of various types, it is not the University's practice to deaccession any of the collection items, and it is not anticipated that any will be sold in the foreseeable future.

**Endowment and Long-term Investments** - The University records purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return or loss is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Purchases and sales of investments are reported on the trade date. The investment and spending policies for the Endowment Fund are discussed in Note 5.

Endowment investments consist of investments purchased with the following resources:

- Donor-restricted perpetual endowments, which are contributions restricted by donors to investment in perpetuity with only investment income and appreciation being used to support the University's activities.
- Board designated endowments are purchased with funds set aside by the University's Board of Trustees to support University activities.

Endowment investments also include investments purchased with unspent investment income and net gains on these resources.

**WILLIAM CAREY UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS**

**PAGE FOUR**

**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Tuition and Fee Revenue** - The University recognizes revenue from student tuition and fees within the fiscal year in which educational services are provided. Payment is due in full by the Thursday before the term starts. Institutional aid, in the form of scholarships and grants-in-aid, reduces the price of tuition for students receiving such aid. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charges for tuition and fees and the amount that is billed to the student and/or third parties making payment on behalf of the student. Financial aid was provided to students in the amount of \$14,901,214 and \$16,608,802 for the years ended June 30, 2023 and 2024, respectively.

The University's summer term consists of ten instructional weeks offered during portions of June, July and August each year. Payments of tuition and housing for all of the summer terms are recognized as performance obligations are met. Because the academic term spans two reporting periods, a portion of the payments for the term is included in deferred revenue at June 30. Under Accounting Standards Codification (ASC) 606, contract liabilities are measured at the amount of consideration received from the student prior to services being delivered and are classified as deferred revenues (see Note 7).

**Auxiliary Services Revenue** - Auxiliary services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of auxiliary services is that they are managed as an essentially self-supporting activity.

Auxiliary services revenue includes revenues from contracts with customers to provide student housing and dining facilities, ticket sales for athletic and community events, a coffee house, a diner, and other miscellaneous activities. Payments for these services are due during the week prior to the start of the academic term. Performance obligations for housing and dining services are delivered over the academic terms. Consequently, revenue from housing and dining services is recognized ratably as services are rendered. Ticket sales, coffee house, and diner revenue are recognized at the time of sale.

**Accounting for Contributions** - Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

**WILLIAM CAREY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**PAGE FIVE**  
**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

The University is a beneficiary under several donors' wills. Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid, the University has an irrevocable right to the bequest, and the bequest amount may be calculated.

**Gifts-in-Kind Contributions** - The University receives contributions other than cash or investments. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use.

The University benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the University's program operations. However, the majority of the contributed services do not meet the criteria for recognition in the financial statements. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills and are provided by individuals possessing those skills. The University did not receive any volunteer services meeting requirements for recognition for the years ended June 30, 2023 and 2024.

**Grant Revenue** - Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants.

**Functional Allocation of Expenses** - The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Advertising Costs** - Costs for advertising, including radio, television and newspaper advertisements, are expensed as incurred. Total advertising costs for the years ended June 30, 2023 and 2024, were \$458,611 and \$702,888, respectively.

**Tax Status** - The University is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as "other than a private foundation". However, income from certain activities not directly related to the University's tax-exempt purpose is subject to taxation as unrelated business income.

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**WILLIAM CAREY UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS**

**PAGE SIX**

**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Deferred Financing Costs** - Deferred financing costs are being amortized over the life of the debt instrument, using the straight-line method. Pursuant to ASU 2015-03, amortization costs are included in interest expense and debt is presented net of these costs. See Note 9 - Leases and Note 10 - Notes and Bonds Payable, for additional information.

**Compensated Absences** - Employees are entitled to paid vacations, sick days and personal days off depending on length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. It is the University's policy to recognize the cost of compensated absences when actually paid.

**Adoption of New Accounting Standards** - On July 1, 2023, the University adopted *ASU 2016-13 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments* (ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the University that are subject to the guidance in FASB ASC 326 are receivables. The impact of the adoption was not considered material to the financial statement and primarily resulted in enhanced disclosures only.

**Subsequent Events** - In preparing the financial statements, management has evaluated and disclosed all material subsequent events up to September 11, 2024, which is the date the financial statements were available to be issued.

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**WILLIAM CAREY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**PAGE SEVEN**  
**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

Financial assets without donor or other restrictions available for general expenditure within one year of June 30 are:

	<b>June 30,</b>	
	<b>2023</b>	<b>2024</b>
Cash and cash equivalents	\$ 20,507,196	\$ 19,513,757
Receivables, net	<u>6,160,122</u>	<u>8,303,806</u>
<b>Total</b>	<u><u>\$ 26,667,318</u></u>	<u><u>\$ 27,817,563</u></u>

The University's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment, as described in Note 5, totaled \$5,189,836 and \$6,707,320 at June 30, 2023 and 2024, respectively. Although the University does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The University also has a line of credit available to meet short-term needs. See Note 8 for information about this arrangement.

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**NOTES TO FINANCIAL STATEMENTS**  
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**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 3 - RECEIVABLES**

Receivables consist of the following:

	<b>June 30,</b>	
	<b>2023</b>	<b>2024</b>
Student accounts receivable	\$ 6,147,571	\$ 5,744,809
Less: Allowance for credit losses	(416,658)	(398,539)
Student accounts receivable, net	<u>5,730,913</u>	<u>5,346,270</u>
Loans to students	58,534	48,467
Less: Allowance for credit losses	(54,188)	(45,001)
Loans to students, net	<u>4,346</u>	<u>3,466</u>
Other receivables	<u>1,181,576</u>	<u>4,235,097</u>
<b>Total receivables</b>	<b><u>\$ 6,916,835</u></b>	<b><u>\$ 9,584,833</u></b>

For the years ended June 30, 2023 and 2024, other receivables included grants of \$400,000 and \$3,076,741, respectively.

**NOTE 4 - FAIR VALUE MEASUREMENTS**

The University reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the primary, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets that the University can access at the measurement date.



**WILLIAM CAREY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**PAGE NINE**  
**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 4 - FAIR VALUE MEASUREMENTS (Cont.)**

- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.
- **Level 3** - Unobservable inputs for the asset. In these situations, the University develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the University's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of the University's investment assets are classified within Level 1 because they comprise funds with readily determinable fair values based on daily redemption values. The University also invests in fixed income securities primarily consisting of corporate bonds which are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rate, and market-rate assumptions and are classified within Level 2.

The following sets forth by level, within the fair value hierarchy, the University's assets at fair value:

	<b>Total</b>	<b>Assets at Fair Value as of June 30, 2023</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equity securities	\$ 3,185,440	\$ 3,185,440	\$ -	\$ -
Pooled cash and marketable securities	24,844,894	24,844,894	-	-
Fixed income securities	2,698,126	-	2,698,126	-
Cash portion of investments	168,231	-	-	-
<b>Total assets at fair value</b>	<b>\$ 30,896,691</b>	<b>\$ 28,030,334</b>	<b>\$ 2,698,126</b>	<b>\$ -</b>

(Table Continued on Next Page)

**WILLIAM CAREY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**PAGE TEN**  
**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 4 - FAIR VALUE MEASUREMENTS (Cont.)**

	<b>Total</b>	<b>Assets at Fair Value as of June 30, 2024</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equity securities	\$ 3,977,065	\$ 3,977,065	\$ -	\$ -
Pooled cash and marketable securities	34,656,912	34,656,912	-	-
Fixed income securities	3,486,703	-	3,486,703	-
Cash portion of investments	141,677	-	-	-
<b>Total assets at fair value</b>	<b>\$42,262,357</b>	<b>\$38,633,977</b>	<b>\$ 3,486,703</b>	<b>\$ -</b>

**NOTE 5 - ACCOUNTING FOR ENDOWMENTS**

**Endowment** - The University's endowment consists of approximately 332 donor-restricted individual funds established for a variety of purposes. As required by generally accepted accounting principles, 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.

The University's Board of Trustees has interpreted the Mississippi Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2023 and 2024, there were no such donor stipulations. As a result of this interpretation, the University retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the University and the donor-restricted endowment funds, (3) general economic conditions, (4) the expected total return from income and the appreciation of investments, and (5) the University's investment policy.

The net asset composition of the University's donor-restricted endowments as of June 30, 2023 and 2024 are \$25,706,855 and \$35,555,037, respectively. The University's net asset composition of the board-designated endowment as of June 30, 2023 and 2024 is \$5,189,836 and \$6,707,320, respectively.

**WILLIAM CAREY UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS  
PAGE ELEVEN  
YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 5 - ACCOUNTING FOR ENDOWMENTS (Cont.)**

Endowment investments are comprised of the following:

<b>June 30, 2023</b>	<b>Cost</b>	<b>Market Value</b>	<b>Unrealized Gain*</b>	<b>Unrealized Loss*</b>	<b>Other than Temporary Loss</b>
Equity securities	\$ 3,257,697	\$ 3,185,440	\$ -	\$ 72,257	\$ -
Pooled cash and marketable securities	25,498,732	24,844,894	-	653,838	-
Fixed income securities	2,792,736	2,698,126	-	94,610	-
Cash portion of investments	168,231	168,231	-	-	-
<b>Total</b>	<b>\$ 31,717,396</b>	<b>\$ 30,896,691</b>	<b>\$ -</b>	<b>\$ 820,705</b>	<b>\$ -</b>

\* Unrealized gains and losses are shown net.

<b>June 30, 2024</b>	<b>Cost</b>	<b>Market Value</b>	<b>Unrealized Gain*</b>	<b>Unrealized Loss*</b>	<b>Other than Temporary Loss</b>
Equity securities	\$ 3,699,510	\$ 3,977,065	\$ 277,555	\$ -	\$ -
Pooled cash and marketable securities	32,811,840	34,656,912	1,845,072	-	-
Fixed income securities	3,378,458	3,486,703	108,245	-	-
Cash portion of investments	141,677	141,677	-	-	-
<b>Total</b>	<b>\$ 40,031,485</b>	<b>\$ 42,262,357</b>	<b>\$ 2,230,872</b>	<b>\$ -</b>	<b>\$ -</b>

\* Unrealized gains and losses are shown net.

**WILLIAM CAREY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 5 - ACCOUNTING FOR ENDOWMENTS (Cont.)**

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The University has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. Deficiencies of this nature that are reported in net assets with donor restrictions are shown in the following table:

	<b>June 30,</b>	
	<b>2023</b>	<b>2024</b>
Original endowment gift	\$ 14,019,968	\$ 9,018,545
Fair value	(13,049,352)	(8,536,503)
<b>Total deficiencies</b>	<b>\$ 970,616</b>	<b>\$ 482,042</b>

**Endowment Investment Policy** - The overall investment objective of the University's endowment is to preserve capital while achieving an appropriate rate of return with some capital appreciation that supports the overall mission of the University. The particular mix of investments among stocks, bonds, and other financial instruments is determined by the fund's managers to achieve the overall investment objective as determined by the Committee on Budget, Finance, Investments, and Audit of the Board of Trustees.

**Endowment Spending Policy** - The University seeks an annual endowment distribution rate of 3.00%-5.00% of market value subject to the constraints of long-term capital preservation. As conditions dictate, the University may receive distributions from underwater endowments in order to provide consistent support for scholarships and programs.

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**WILLIAM CAREY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 5 - ACCOUNTING FOR ENDOWMENTS (Cont.)**

Changes in endowment net assets are as follows:

<b>June 30, 2023</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
<b><i>Endowment net assets, beginning of year</i></b>	\$ 4,790,228	\$ 23,609,280
Contributions	-	709,043
Investment return, net	340,520	892,801
Other revenue	-	2,361
Transfers	-	(311,288)
Net appreciation	59,088	807,723
Amounts appropriated for expenditure	-	(3,065)
<b><i>Endowment net assets, end of year</i></b>	<b>\$ 5,189,836</b>	<b>\$ 25,706,855</b>
<b>June 30, 2024</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
<b><i>Endowment net assets, beginning of year</i></b>	\$ 5,189,836	\$ 25,706,855
Contributions	1,000,000	7,784,312
Investment return, net	958	1,265,880
Other revenue	-	1,895
Transfers	-	(1,485,992)
Net appreciation	516,526	2,287,067
Amounts appropriated for expenditure	-	(4,980)
<b><i>Endowment net assets, end of year</i></b>	<b>\$ 6,707,320</b>	<b>\$ 35,555,037</b>

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**WILLIAM CAREY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**PAGE FOURTEEN**  
**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 6 - PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consist of the following:

	<b>June 30,</b>	
	<b>2023</b>	<b>2024</b>
Property, plant and equipment not being depreciated:		
Land	\$ 13,801,931	\$ 13,587,157
Construction in process	698,083	11,445,680
Total property, plant and equipment not being depreciated	<u>14,500,014</u>	<u>25,032,837</u>
Property, plant and equipment being depreciated:		
Land improvements	6,875,649	6,885,049
Buildings and improvements	199,996,613	200,144,004
Equipment and furniture	39,703,376	41,857,580
Library collections	<u>4,714,424</u>	<u>4,846,033</u>
Total property, plant and equipment being depreciated	251,290,062	253,732,666
Less: Accumulated depreciation	<u>(81,644,017)</u>	<u>(87,713,511)</u>
Total property, plant and equipment being depreciated, net	<u>169,646,045</u>	<u>166,019,155</u>
<b>Total</b>	<u><u>\$ 184,146,059</u></u>	<u><u>\$ 191,051,992</u></u>

Total depreciation expense for the years ended June 30, 2023 and 2024 was \$6,242,965 and \$6,092,152, respectively.

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**WILLIAM CAREY UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 7 - DEFERRED REVENUE AND STUDENT REFUNDS**

The activity and balances for deferred revenue and student refunds from contracts with customers for years ended June 30, 2023 and 2024 are shown in the following tables:

	<b>Summer Tuition and Housing</b>	<b>Other Deferred Revenue</b>	<b>Total</b>
Deferred revenue balance at June 30, 2022	\$ 3,649,964	\$ 555,197	\$ 4,205,161
Revenue recognized	(3,649,964)	(555,197)	(4,205,161)
Payments received for future performance obligations	2,508,948	556,831	3,065,779
Deferred revenue balance at June 30, 2023	2,508,948	556,831	3,065,779
Student refunds	-	102,592	102,592
<b>Total deferred revenue and student refunds</b>	<b>\$ 2,508,948</b>	<b>\$ 659,423</b>	<b>\$ 3,168,371</b>

  

	<b>Summer Tuition and Housing</b>	<b>Other Deferred Revenue</b>	<b>Total</b>
Deferred revenue balance at June 30, 2023	\$ 2,508,948	\$ 556,831	\$ 3,065,779
Revenue recognized	(2,508,948)	(556,831)	(3,065,779)
Payments received for future performance obligations	2,739,545	653,373	3,392,918
Deferred revenue balance at June 30, 2024	2,739,545	653,373	3,392,918
Student refunds	-	82,838	82,838
<b>Total deferred revenue and student refunds</b>	<b>\$ 2,739,545</b>	<b>\$ 736,211</b>	<b>\$ 3,475,756</b>

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**NOTE 8 - LINE OF CREDIT**

The University has available one line of credit in the amount of \$3,000,079 for general operations which matures on March 29, 2026. The line of credit carries a variable rate of interest equal to 1.00% below the Wall Street Journal (WSJ) Prime Rate as reflected on the WSJ Market Page, on any outstanding principal balance adjusted daily. The line of credit is secured by real estate located in Hattiesburg and Gulfport, Mississippi and all of the University's present and after-acquired furniture, fixtures and equipment located at the Hattiesburg campus. All unpaid principal and interest are due at the date of maturity.

The available and outstanding balances under the University's line of credit were as follows:

	<b>June 30,</b>	
	<b>2023</b>	<b>2024</b>
Available balance	<u>\$ 3,000,079</u>	<u>\$ 2,000,079</u>
Outstanding balance	<u>\$ -</u>	<u>\$ 1,000,000</u>

**NOTE 9 - LEASES**

The University has a finance lease for a vehicle used in operations. The University's lease has a remaining lease term of approximately 14 months, which include options to extend the lease. The exercise of lease renewal options is at management's sole discretion. Management has determined it is unlikely that the lease will be renewed.

The University recognizes a finance lease right-of-use asset and a finance lease obligation that represents the present value of the University's obligation to make payments over the lease terms. The present value of the lease payments is calculated using the incremental borrowing rate for finance leases, which was determined using a portfolio approach based on the rate of interest that the University would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term.

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**NOTE 9 - LEASES (Cont.)**

The University's lease cost consists of the following:

	<b>June 30,</b>	
	<b>2023</b>	<b>2024</b>
<b>Lease cost:</b>		
Amortization of right-of-use - finance lease	\$ 42,220	\$ 28,690
Interest on lease obligations - finance lease	2,452	820
<b>Total lease cost</b>	<b>\$ 44,672</b>	<b>\$ 29,510</b>

Other lease information is as follows:

	<b>June 30,</b>	
	<b>2023</b>	<b>2024</b>
Weighted-average remaining lease term - finance lease	1.24 years	1.50 years
Weighted-average discount rate - finance lease	4.00%	4.00%

The aggregate annual lease obligations are as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2025	\$ 4,659
2026	2,072
Total lease payments	6,731
<b>Total finance leases payable</b>	<b>\$ 6,731</b>

Short-term and month-to-month rental agreements excluded from lease calculations amounted to \$655,549 and \$750,811, for the years ended June 30, 2023 and 2024, respectively.

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**NOTE 10 - NOTES AND BONDS PAYABLE**

Notes and bonds payable consist of the following:

	<b>June 30,</b>	
	<b>2023</b>	<b>2024</b>
Note payable, due in monthly installments of \$81,250, including interest at a fixed rate of 2.89% to April 23, 2025, thereafter converting to a variable interest rate equal to 0.50% below the WSJ Prime Rate as reflected on the WSJ Market Page, on any outstanding principal balance adjusted daily, maturing April 23, 2040, and is secured by the University's Hattiesburg Campus, including all furniture and fixtures.	\$ 12,941,841	\$ 12,338,900
Bond payable, due in monthly installments of \$56,392, including interest at a fixed rate of 2.84%, to December 26, 2026, with a final balloon payment of \$5,982,652. A prepayment penalty equal to 1.00% of the outstanding balance is required if paid within the first five years. The bond is secured by the Tradition Campus property, accounts with lender or lender's affiliate, Regions Bank, and all tangible personal property owned, acquired, created or placed on property for which bond proceeds are used.	7,618,177	7,151,880
Bond payable, due in monthly installments of \$63,865, including interest at a fixed rate of 2.84%, to June 26, 2028, with a final balloon payment of \$6,728,670. A prepayment penalty equal to 1.00% of the outstanding balance is required if paid within the first five years. The bond is secured by the Tradition Campus property, accounts with lender or lender's affiliate, Regions Bank, and all tangible personal property owned, acquired, created or placed on property for which bond proceeds are used.	9,351,826	8,844,470

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**NOTE 10 - NOTES AND BONDS PAYABLE (Cont.)**

	<u>June 30,</u>	
	<u>2023</u>	<u>2024</u>
Bond payable, due in monthly installments of \$66,897, including interest at a fixed rate of 1.78%, to October 24, 2031, with a final balloon payment of \$7,415,624. The bond is secured by the building and contents on parcels occupied by the College of Health Sciences, accounts with lender or lender affiliate, Regions Bank, and all tangible personal property owned, acquired, created or placed on property for which bond proceeds are used.	\$ 12,549,311	\$ 11,965,106
	42,461,155	40,300,356
Less: Unamortized loan origination fees	(231,591)	(215,629)
<b>Total notes and bonds payable</b>	<b>\$ 42,229,564</b>	<b>\$ 40,084,727</b>

Approximate maturities of the notes and bonds payable during the next five years are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 2,222,355
2026	2,272,611
2027	8,002,926
2028	8,535,958
2029	1,334,419
Thereafter	17,932,087
Total	40,300,356
Less: Unamortized loan origination fees	(215,629)
<b>Total notes and bonds payable</b>	<b>\$ 40,084,727</b>

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**NOTE 11 - COMPOSITE FINANCIAL INDEX**

The University's Composite Financial Index consists of the following:

	June 30,	
	2023	2024
Primary reserve ratio	0.4340	0.4172
Strength factor	0.1330	0.1330
Weight	35.00%	35.00%
CFI score	1.14	1.10
Viability ratio	0.7751	0.8383
Strength factor	0.4170	0.4170
Weight	35.00%	35.00%
CFI score	0.65	0.70
Return on net assets ratio	0.0095	0.0944
Strength factor	0.0200	0.0200
Weight	20.00%	20.00%
CFI score	0.09	0.94
Return on revenue ratio	0.0012	(0.0232)
Strength factor	0.0070	0.0070
Weight	10.00%	10.00%
CFI score	0.02	(0.33)
<b>Total CFI</b>	<b>1.90</b>	<b>2.41</b>

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**WILLIAM CAREY UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS  
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YEARS ENDED JUNE 30, 2023 AND 2024**

**NOTE 12 - NET ASSETS WITHOUT DONOR RESTRICTIONS EXCLUSIVE OF PLANT**

Net assets without donor restrictions exclusive of plant consist of the following:

	June 30,	
	2023	2024
Net assets without donor restrictions	\$ 171,163,752	\$ 179,720,052
Less: Non-depreciable plant	(1,542,187)	(1,584,986)
Property, plant, and equipment, net	(184,146,059)	(191,051,992)
Property, plant, and equipment related debt	42,267,831	40,091,458
Construction accounts payable	208,750	1,184,402
<b>Total</b>	<b>\$ 27,952,087</b>	<b>\$ 28,358,934</b>

**NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes:

	June 30,	
	2023	2024
<b>Subject to expenditure for specified purpose:</b>		
Building programs	\$ 1,374,901	\$ 1,085,829
Educational programs	3,334,032	4,077,710
Financial aid	527,032	756,328
Total subject to expenditure for specified purpose	5,235,965	5,919,867
<b>Endowments:</b>		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for:		
General use	4,084,091	4,298,220
Educational programs	9,591,184	17,579,517
Financial aid	12,031,580	13,677,300
Total endowments	25,706,855	35,555,037
<b>Total net assets with donor restrictions</b>	<b>\$ 30,942,820</b>	<b>\$ 41,474,904</b>



**WILLIAM CAREY UNIVERSITY**  
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**NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS (Cont.)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows:

	<b>June 30,</b>	
	<b>2023</b>	<b>2024</b>
<b>Net assets released from donor restrictions</b>		
Satisfaction of purpose restrictions:		
Educational programs	\$ 2,474,359	\$ 2,789,441
Financial aid	363,421	69,904
<b>Total net assets released from donor restrictions</b>	<b>\$ 2,837,780</b>	<b>\$ 2,859,345</b>

**NOTE 14 - RETIREMENT PLAN**

The University's employees participate in two 403(b) defined contribution retirement plans. Substantially all of the University's employees participate in one of these plans. The University contributes a percentage (3.00% to 15.00%) of participating employee's salaries depending on years of service. The University contributed \$1,521,475 and \$1,556,963, for the years ended June 30, 2023 and 2024, respectively, to these plans.

**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the University's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the University.

In fiscal year 1987, the University received a donation of land and timber located adjacent to the Hattiesburg campus, with a fair market value at the date of donation of \$445,000. The donation included a restriction that should the property ever cease to be used for University purposes, title to the property would revert to the donor. As a condition for donating the land, the donor is requiring that the University build a three-lane boulevard to the University and to additional property owned by the donor. Future plans for financing and construction of the boulevard have not been completed and require approval of the Board of Trustees.

**WILLIAM CAREY UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS  
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***NOTE 15 - COMMITMENTS AND CONTINGENCIES (Cont.)***

The University works in cooperation with the Mississippi Baptist Convention (MBC) which provides funding through allocation to the University of gifts to the MBC. The amount of such gifts allocated is determined based on the number of student credit hours earned and other factors related to the University's service to the MBC. The University received gifts from the MBC of approximately \$2,461,321 and \$2,505,214 in fiscal years 2023 and 2024, respectively.

***NOTE 16 - CONCENTRATIONS OF RISK***

Financial instruments that potentially subject the University to concentrations of credit and market risk consist principally of bank deposit accounts and student accounts receivable. The University maintains its cash balances in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The University had \$23,682,547 and \$22,675,384 over the FDIC federally insured limits as of June 30, 2023 and 2024, respectively. Cash equivalents, other securities, and limited amounts of cash held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account, with a limit of \$250,000 for claims of uninvested cash balances. Additional brokerage insurance, in addition to SIPC protection, is provided through private insurers. The SIPC insurance does not protect against market losses on investments.

Concentrations of credit risk with respect to student accounts receivable are limited due to the large number of students comprising the University's student base.

The University's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the University's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Approximately 82.00% of the total fair value of investments is held with the MBF. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

***NOTE 17 - RELATED PARTIES***

Payments for information technology services were made to a vendor owned by a member of the Board of Trustees. Payments for the years ended June 30, 2023 and 2024 were \$99,604 and \$104,202, respectively.

**WILLIAM CAREY UNIVERSITY**  
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**NOTE 17 - RELATED PARTIES (Cont.)**

Payments for vehicle and repairs were made to a vendor owned by a member of the Board of Trustees. Payments for the years ended June 30, 2023 and 2024 were \$26,878 and \$42,202, respectively.

Payments for information technology services were made to a vendor owned by a former employee of the University. Payments for the years ended June 30, 2023 and 2024 were \$21,066 and \$-0-, respectively.

**NOTE 18 - FINANCIAL RESPONSIBILITY**

The Department of Education issued regulations on February 23, 2019, which became effective July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Federal Title IV regulations. The University has elected to report all leases as post-implementation leases.

<b>Property, Plant and Equipment, Net</b>	<b>Amount</b>
Ending balance for the year ended June 30, 2019	\$ 181,195,822
Less subsequent depreciation and disposals	<u>(35,403,572)</u>
Property, plant and equipment, including construction in progress, net of accumulated depreciation - pre-implementation	<u>145,792,250</u>
Property, plant and equipment, including construction in progress, net of accumulated depreciation - post-implementation with outstanding debt for original purchase	<u>12,349,643</u>
Property, plant and equipment, including construction in progress, net of accumulated depreciation - post-implementation without outstanding debt for original purchase	<u>32,910,099</u>
<b>Total property, plant and equipment, net</b>	<b><u>\$ 191,051,992</u></b>

Construction in progress post-implementation totaled \$11,445,680 for the year ended June 30, 2024.

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**NOTE 18 - FINANCIAL RESPONSIBILITY (Cont.)**

<b>Notes and Bonds Payable</b>	<b>Amount</b>
Ending balance for the year ended June 30, 2019	\$ 35,768,829
Less payments subsequent to June 30, 2019	<u>(19,867,755)</u>
Notes and bonds payable obtained for long-term purposes, net - pre-implementation	<u>15,901,074</u>
Notes and bonds payable obtained for long-term purposes, net - post-implementation	<u>25,190,384</u>
<b>Total notes and bonds payable</b>	<b><u>\$ 41,091,458</u></b>
<b>Net Assets with Donor Restrictions: Restricted in Perpetuity</b>	<b>Amount</b>
Endowments, perpetual in nature, earnings from which are subject to endowment spending policy and appropriation	\$ 35,555,037
Other funds, restricted in perpetuity	<u>384,891</u>
<b>Total net assets with donor restrictions: restricted in perpetuity</b>	<b><u>\$ 35,939,928</u></b>

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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 19 - RISK AND UNCERTAINTIES**

Allocations from state aid and several rounds of federal COVID-19 grant relief (HEERF 1, 2, and 3) have resulted in much-needed assistance for the University and its students during this difficult and uncertain period. The table below summarizes the amounts, uses, and remaining balances for years ended June 30, 2023 and 2024.

<b>2023</b>	<b>Beginning Balance</b>	<b>Used</b>	<b>Ending Balance</b>	<b>Uses</b>
HEERF 2 Student	\$ 128	\$ -	\$ 128	Direct student aid
HEERF 2 Institutional	230	-	230	Direct student aid, COVID-19 expenses, indirect cost recovery
HEERF 2 SIP	196,141	-	196,141	COVID-19 expenses
HEERF 3 Student	172,805	-	172,805	Direct student aid
HEERF 3 Institutional	1,263,805	244,778	1,019,027	Direct student aid, COVID-19 expenses, indirect cost recovery
HEERF 3 SIP	366,702	-	366,702	COVID-19 expenses

  

<b>2024</b>	<b>Beginning Balance</b>	<b>Used</b>	<b>Ending Balance</b>	<b>Uses</b>
HEERF 2 Student	\$ 128	\$ -	\$ 128	Direct student aid
HEERF 2 Institutional	230	-	230	Direct student aid, COVID-19 expenses, indirect cost recovery
HEERF 2 SIP	196,141	-	196,141	COVID-19 expenses
HEERF 3 Student	172,805	-	172,805	Direct student aid
HEERF 3 Institutional	1,019,027	292,307	726,720	Direct student aid, COVID-19 expenses, indirect cost recovery
HEERF 3 SIP	366,702	-	366,702	COVID-19 expenses

The University administration continues to closely monitor conditions related to the pandemic and takes the appropriate actions to promote safety foremost as well as operational stability.

***SUPPLEMENTARY INFORMATION***

**WILLIAM CAREY UNIVERSITY**

**SCHEDULE 1**

**FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE  
YEAR ENDED JUNE 30, 2024**

<b>Ratio Element</b>	<b>Element Amount</b>	<b>Reference to Financial Statements and/or Notes</b>
<b>Primary Reserve Ratio</b>		
<i>Expendable Net Assets</i>		
<u>Net Assets</u>		
Net assets without donor restrictions	\$ 179,720,052	Exhibit B
Net assets with donor restrictions	41,474,904	Exhibit B
perpetuity	(35,939,928)	Note 18
<u>Property, Plant and Equipment, net</u>		
Property, plant and equipment, including construction in progress - pre-implementation	(145,792,250)	Note 18
Property, plant and equipment, including construction in progress - post-implementation with outstanding debt for original purchase	(12,349,643)	Note 18
Property, plant and equipment, including construction in progress - post-implementation without outstanding debt for original purchase	(32,910,099)	Note 18
<u>Right of use - finance lease, net</u>		
Right of use - finance lease, net - pre-implementation	-	Not applicable
Right of use - finance lease, net - post- implementation	(6,568)	Exhibit B
<u>Notes and bonds payable obtained for long-term purposes</u>		
Notes and bonds payable obtained for long-term purposes, net - pre-implementation	15,901,074	Note 18
Notes and bonds payable obtained for long-term purposes, net - post-implementation	25,190,384	Note 18
<u>Lease Obligations</u>		
Lease obligations - pre-implementation	-	Not applicable
Lease obligations - post-implementation	6,731	Exhibit B

See the independent auditor's report.

# WILLIAM CAREY UNIVERSITY

## SCHEDULE 1

## PAGE TWO

### FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE YEAR ENDED JUNE 30, 2024

Ratio Element	Element Amount	Reference to Financial Statements and/or Notes
<u>Other Items</u>		
Intangible assets	\$ -	Not applicable
Secured and unsecured related party receivables	-	Not applicable
Post-employment defined benefit pension liabilities	-	Not applicable
Annuities, term endowments, life income funds with donor restrictions	-	Not applicable
<b>Total expendable net assets</b>	<b>\$ 35,294,657</b>	
<u>Expenses and Losses</u>		
Total operating expenses without donor restrictions	\$ 80,559,913	Exhibit D
Total non-operating expenses without donor restrictions	2,093,709	Exhibit D
Net investment losses	-	Exhibit D
Pension-related changes other than net periodic costs	-	Not applicable
<b>Total expenses and losses</b>	<b>\$ 82,653,622</b>	
<b>Primary Reserve Ratio</b>	<b>0.4270</b>	
<b>Strength Factor Score: 10 x Ratio</b>	<b>4.2702</b>	
<b>Weighted Score: 40% of Strength Factor</b>	<b>1.7081</b>	
<u>Equity Ratio</u>		
<u>Modified Net Assets</u>		
Net assets without donor restrictions	\$ 179,720,052	Exhibit B
Net assets with donor restrictions	41,474,904	Exhibit B
Intangible assets	-	Not applicable
Secured and unsecured related party receivables	-	Not applicable
<b>Total modified net assets</b>	<b>\$ 221,194,956</b>	

See the independent auditor's report.



# WILLIAM CAREY UNIVERSITY

## SCHEDULE 1

## PAGE THREE

### FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE YEAR ENDED JUNE 30, 2024

Ratio Element	Element Amount	Reference to Financial Statements and/or Notes
<i>Modified Assets</i>		
Total assets	\$ 271,691,265	Exhibit B
Right of use - finance lease, net - pre-implementation	-	Not applicable
Secured and unsecured related party receivables	-	Not applicable
Intangible assets	-	Not applicable
Lease obligations - pre-implementation	-	Not applicable
<b>Total modified assets</b>	<b>\$ 271,691,265</b>	
<b>Equity Ratio</b>	<b>0.8141</b>	
<b>Strength Factor Score: 6 x Ratio</b>	<b>4.8848</b>	
<b>Weighted Score: 40% of Strength Factor</b>	<b>1.9539</b>	
<b>Net Income Ratio</b>		
Change in net assets without donor restrictions	\$ 8,556,300	Exhibit D
Total revenue and gains without donor restrictions	\$ 89,088,066	Exhibit D
<b>Net Income Ratio</b>	<b>0.0960</b>	
<b>Strength Factor Score: 1+(25 x Ratio)</b>	<b>3.4011</b>	
<b>Weighted Score: 20% of Strength Factor</b>	<b>0.6802</b>	
<b>Financial Responsibility Composite Score</b>	<b>3.0</b>	

See the independent auditor's report.

**WILLIAM CAREY UNIVERSITY**

SCHEDULE 2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF TREASURY</b>			
Passed through the Mississippi Office of Workforce Development Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0003	\$ 3,325,648
Passed through the Mississippi Department of Finance Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0003	2,581,230
Total U.S. Department of Treasury			<u>5,906,878</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Direct programs:			
<i>Student Financial Aid Cluster</i>			
Federal Supplemental Educational Opportunity Grants	84.007	--	215,067
Federal Work-Study Program	84.033	--	374,772
Federal Perkins Loan Program	84.038	--	48,370
Federal Pell Grant Program	84.063	--	5,722,777
Federal Direct Student Loans	84.268	--	66,425,893
Teacher Education Assistance for College and Higher Education (TEACH) Grants	84.379	--	138,955
Total Student Financial Aid Cluster			<u>72,925,834</u>
Supporting Effective Educator Development	84.423A	--	373,301
COVID-19 Education Stabilization Fund	84.425F	--	292,307
Total U.S. Department of Education			<u>73,591,442</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 79,498,320</u></u>

See the independent auditor's report.

**WILLIAM CAREY UNIVERSITY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of William Carey University (the University) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 - INDIRECT COST RATE**

The University prepares an indirect cost rate proposal as needed subject to approval by the United States Department of Health and Human Services. For the year ended June 30, 2024, the approved final indirect cost rate for federally funded programs was 28.96% based upon the most recent Certificate of Indirect Cost dated July 11, 2023. The approved rate contained in the most recent Certificate of Indirect Cost is approved to be used through June 30, 2027.

**NOTE 3 - LOANS OUTSTANDING**

The University had the following loan balances outstanding at June 30, 2024. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Amount</u>
Federal Perkins Loan Program	84.038	\$ 48,370

During the year ended June 30, 2024, there were no disbursements for new loans and miscellaneous expenses totaled \$6,132 for the Federal Perkins Loan Program.

**NOTE 4 - FEDERAL PELL GRANT PROGRAM**

During the year ended June 30, 2024, expenditures for the Federal Pell Grant Program totaled \$5,722,777, of which \$5,722,777 was disbursed to students.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
William Carey University  
Hattiesburg, Mississippi

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of William Carey University (a Mississippi nonprofit corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 11, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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**HATTIESBURG**  
2 Southern Pointe Pkwy, Ste 200  
Hattiesburg, MS 39401

P. O. Drawer 15099  
Hattiesburg, MS 39404

PHONE: 601.264.3519  
FAX: 601.264.3642

**HATTIESBURG WEST**  
10 Plaza Drive  
Hattiesburg, MS 39402

P.O. Box 16433  
Hattiesburg, MS 39404

PHONE: 601.268.3135  
FAX: 601.261.3922

**COLUMBIA**  
150 Old Highway 98 E  
Columbia, MS 39429

P. O. Box 609  
Columbia, MS 39429

PHONE: 601.736.3449  
FAX: 601.736.0501

**GULFPORT**  
2019 23rd Avenue  
Gulfport, MS 39501

P. O. Box 548  
Gulfport, MS 39502

PHONE: 228.864.1779  
FAX: 228.864.3850

To the Board of Trustees  
William Carey University  
Hattiesburg, Mississippi

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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



Hattiesburg, Mississippi  
September 11, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Trustees  
William Carey University  
Hattiesburg, Mississippi

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited William Carey University's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of William Carey University's major federal programs for the year ended June 30, 2024. William Carey University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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**HATTIESBURG**  
2 Southern Pointe Pkwy, Ste 200  
Hattiesburg, MS 39401

P. O. Drawer 15099  
Hattiesburg, MS 39404

PHONE: 601.264.3519  
FAX: 601.264.3642

**HATTIESBURG WEST**  
10 Plaza Drive  
Hattiesburg, MS 39402

P.O. Box 16433  
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To the Board of Trustees  
William Carey University  
Hattiesburg, Mississippi

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

To the Board of Trustees  
William Carey University  
Hattiesburg, Mississippi

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

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

#### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters. Government Auditing Standards requires the auditor to perform limited procedures on William Carey University's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. William Carey University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in



To the Board of Trustees  
William Carey University  
Hattiesburg, Mississippi

internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Hattiesburg, Mississippi  
September 11, 2024

**WILLIAM CAREY UNIVERSITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency identified not considered to be material weakness?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency identified not considered to be material weakness?	None reported
Type of auditor's report issued on compliance for major programs:	
Student Financial Aid Cluster	Unmodified
Coronavirus State and Local Fiscal Recovery Funds	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)?	Yes

**Identification of Major Programs:**

<b><u>Federal Assistance Listing Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.007	Student Financial Aid Cluster: Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.379	Teacher Education Assistance for College and Higher Education (TEACH) Grants

**WILLIAM CAREY UNIVERSITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**PAGE TWO**

**YEAR ENDED JUNE 30, 2024**

***Section I - Summary of Auditor's Results (Cont.)***

**Identification of Major Programs (Cont.)**

Dollar threshold used to distinguish between  
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

***Section II - Financial Statement Findings***

No matters were reported.

***Section III - Federal Awards Findings and Questioned Costs***

**2024-001** Special Tests and Provisions - Enrollment Reporting

**Finding Type** Noncompliance

**Program Tested** Student Financial Aid Cluster

**Federal Agency** U.S. Department of Education

**Context** The OMB compliance supplement requires Institutions to report enrollment information under the Pell Grant and the Direct and Federal Family Education loan programs via the National Student Loan Data System.

**Repeat Finding** No

**Criteria** The OMB compliance supplement requires institutions to report enrollment information under the Pell Grant and the Direct and Federal Family Education loan programs via the National Student Loan Data System within 60 days or every other month.

**Condition** During our audit of the Student Financial Aid Cluster major program, we noted the University failed to submit enrollment reports within 60 days to the National Student Loan Data System.

**WILLIAM CAREY UNIVERSITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**PAGE THREE**

**YEAR ENDED JUNE 30, 2024**

***Section III - Federal Awards Findings and Questioned Costs (Cont.)***

**2024-001 (Cont.)**

Special Tests and Provisions - Enrollment Reporting

**Cause**

The University encountered technical difficulties with their reporting software after a required update was installed which prevented them from submitting the enrollment reports.

**Effect**

Failure to submit enrollment reports timely could allow students that have withdrawn from the University to receive funding and cause students' financial aid repayments to be delayed.

**Recommendation**

Management should oversee resolution of IT issues in a timely manner to ensure the required enrollment reports are submitted within 60 days.

**Views of  
Management**

See Auditee Corrective Action Plan



Office of Business Affairs  
**Grant Guthrie, MA, MBA, CMA**  
Vice President and Chief Financial Officer

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### **AUDITEE CORRECTIVE ACTION PLAN**

The University respectfully submits the following corrective action plan.

Audit Period: June 30, 2024

The finding discussed below is numbered consistently with the number assigned in the schedule of findings and questioned costs.

Corrective Action Plan for Federal Awards Findings and Questioned Costs

2024-001 Special Tests and Provisions - Enrollment Reporting

As a result of the delayed NSLDS enrollment reporting and subsequent finding, William Carey University has implemented the following measures to ensure timely future reporting.

1. Any difficulties in federal reporting, technical or otherwise, will be reported to the area vice president and to the CFO promptly.
2. Any difficulties in federal reporting, technical or otherwise, will be reported to the federal agency promptly for purposes of notification, to seek guidance regarding possible alternative reporting methods, and/or to request an extension to the reporting period.
3. All documentation and communication regarding the reporting difficulty will be kept by the responsible department director and submitted to the CFO.

The offices of Academic Affairs and Business Affairs will cooperate to ensure immediate implementation.

Name of Responsible Person: Grant Guthrie, Vice President and Chief Financial Officer

Expected Date of Completion: Current