

Iowa College Student Aid Commission

Postsecondary Registration

Application and Required Materials

August 20, 2013



Iowa College Student Aid Commission

Postsecondary Registration Administrator

603 East 12th Street, FL 5th

Des Moines, IA 50319

(515) 725-3470

Postsecondary Registration Iowa Code Chapter 261B

This is the application form for all schools that are required to register under Iowa Code Chapter 261B.

All items must be completed before the registration application or the exemption will be considered received for processing. If there is insufficient space on the form to provide all requested information, use additional pages as required, numbering to correspond to the item. Other documents or materials may be attached to the form in lieu of providing the information on the form. In such cases, the material or document should be referenced on the form and *clearly marked* for ease of identification.

Submit one paper copy and one electronic pdf copy of the application.

The information you provide will be open to public inspection under Iowa Code Chapter 22.11

Iowa College Student Aid Commission

Postsecondary Approval and Registration Administrator
603 East 12th Street, FL 5th
Des Moines, IA 50319
(515) 725-3470

Application for Approval and Registration of Postsecondary School Iowa Code Chapter 261B

Submit a paper document and a complete duplicate in pdf format on a CD. Applications may be submitted electronically by contacting the Postsecondary Approval Administrator at the Iowa College Student Aid Commission.

All items must be completed before the application will be considered as received by the Commission. Attach additional pages as needed to provide the requested information. Other documents or materials may also be attached to support the application.

(Registrations must be renewed every two years or upon any substantive change in program offerings, location, or accreditation.)

Name of school and address of the principal office as defined in Iowa Code Section 490.140 or 510.141: [(261B.4(2))] and [(261B.4(1))]

Name of School: University of Saint Mary
Suite: _____
Street: 4100 South 4th Street
City: Leavenworth
State: KS
Zip: 66048
Country: United States
Telephone Number (including country or area code): 913-682-5151

Type of school:

- For-profit
- Non-profit
- Public

Address of this school in all in other states, and in foreign countries:

Suite	Street	City	State	Zip	Country	Telephone

Address of all locations in Iowa where instruction is to be provided

Suite	Street	City	State	Zip	Country	Telephone
Instruction will occur purely online except for practicums for the MSN program. Those students are responsible for arranging their own practicum so locations will vary.						

Tuition charges, fees and other costs payable to the school by a student. [(261B.4(3))]

Program to be Offered in Iowa	Tuition	Fees	Books and Supplies	Other	Total
RN to BSN	\$410 X 29hrs= \$12,470	0	\$3,300	0	\$15,770
MBA	\$550 X 36hrs= \$19,800	0	\$3,900	0	\$23,700
MAT	\$465 X 30hrs= \$13,950	0	\$3,900	0	\$17,850
MSN	\$525 X 36hrs= \$18,900	0	\$3,900	0	\$22,800

Refund policy of the school for the return of refundable portions of tuition, fees, or other charges [(261B.4(4))] If the refund policy is attached, please summarize the policy below.

Degrees granted by the school [(261B.4(5))]

Attachment I - Refund Policy

Offered in Iowa [(261B.4(11))]

Refund amounts are based on how much of the course has been completed on the official withdrawal date. The amount of tuition refund will be based on the official withdrawal date, not attendance. The official withdrawal date is the date the formal withdrawal notice is approved by the student’s advisor. If the student does not formally withdraw, the withdrawal date will be the midpoint of the semester. The refund time periods commence with the first day of classes according to the academic calendar and not the beginning date of individual courses. Refund amounts are based on how much of the course has been completed on the official withdrawal date.

Name, business address and telephone number of the chief executive officer of the school: [(261B.4(7))]

Name: Diane Steele, SCL, Ph.D., President
 Suite: _____

Street: 4100 South 4th Street
City: Leavenworth
State: KS
Zip: 66048
Country: United States
Telephone Number (including country or area code): 913-758-6102

Provide a copy or description of the means by which the school intends to comply with 261B.9 [(261B.4(8))]. Code section 261B.9 is as follows:

261B.9 DISCLOSURE TO STUDENTS.

Prior to the commencement of a course of instruction and prior to the receipt of a tuition charge or fee for a course of instruction, a school shall provide written disclosure to students of the following information accompanied by a statement that the information is being provided in compliance with this section:

1. The name or title of the course.
2. A brief description of the subject matter of the course.
3. The tuition charge or other fees charged for the course. If a student is enrolled in more than one course at the school, the tuition charge or fee for all courses may be stated in one sum.
4. The refund policy of the school for the return of the refundable portion of tuition, fees, or other charges. If refunds are not to be paid, the information shall state that fact.
5. Whether the credential or certificate issued, awarded, or credited to a student upon completion of the course or the fact of completion of the course is applicable toward a degree granted by the school and, if so, under what circumstances the application will be made.
6. The name of the accrediting agency recognized by the United States department of education or its successor agency which has accredited the school.

Response: Our academic catalog is updated annually. It includes all of the information you require and is made available to all students via our website.

<http://www.stmary.edu/Academic-Programs/Academic-Catalog.aspx>

Name, address, and telephone number of a contact person in Iowa. [(261B.4(10))]. If the school is applying for distance education and has registered with the Iowa Secretary of State as a for-profit or non-profit corporation transacting business in Iowa, please list the corporation's Iowa registered agent.

Name: _____
Suite: _____
Street: _____
City: _____
State: _____
Zip: _____
Country: _____

Telephone Number (including country or area code): _____

Name, address, and title of the other officers and members of the legal governing body of the school:
[(261B.4(6))]

Officer Number 1 Attachment II - Board of Trustees

Name: _____
Suite: _____
Street: _____
City: _____
State: _____
Zip: _____
Country: _____
Telephone No. (including country or area code): _____

For officers 2 or more, add pages as needed:

Owner Number 2

Names and addresses of persons owning more than 10% of the school: [(261B.4(6))]

Name: _____
Suite: _____
Street: _____
City: _____
State: _____
Zip: _____
Country: _____
Telephone Number (including country or area code): _____

For owners 2 or more, add pages as needed

Name all agencies accrediting the institution. For each agency, include **name, address, telephone number, and whether the agency is recognized by the U.S. Department of Education.** [(261B.4(9))] Attach copies of accreditation certificates of status for each agency. If the Iowa location is not accredited, provide accrediting agency certification that the Iowa location will be granted accreditation upon approval by the College Student Aid Commission. **Provide documentation that every location of applicant school is approved by the accrediting agency and in good standing, for all locations throughout the world.**

Accrediting agency 1

Attachment III - Accreditation

Name: Higher Learning Commission
Suite: 7-500
Street: 230 South LaSalle St
City: Chicago
State: IL
Zip: 60604
Country: United States
Telephone Number (including country or area code): 800-621-7440
Contact Person: _____

Is this agency recognized by the U. S. Department of Education? Yes [] No

Accrediting Agency 2

Name: National Council for Accreditation of Teacher Education (NCATE)
Suite: 500
Street: 2010 Massachusetts Ave NW
City: Washington
State: DC
Zip: 20036
Country: United States
Telephone Number (including country or area code): 202-466-7496
Contact Person:

Is this agency recognized by the U. S. Department of Education? [X] Yes [] No

Accrediting Agency 3

Name: Commission on Collegiate Nursing Education (CCNE)
Suite: Suite 530
Street: One Dupont Circle, NW
City: Washington
State: DC
Zip: 20036
Country: United States
Telephone No. (including country or area code): 202-887-6791
Contact Person:

Is this agency recognized by the U. S. Department of Education? [X] Yes [] No

Accrediting Agency 4 Name: International Assembly for Collegiate Business Education (IACBE)

Street: 11374 Strang line Road City: Lenexa State: KS Zip: 66215 Country: United States
Telephone No: 913-631-3009

Is this agency recognized by the US Department of Education? __ Yes X NO

Describe the procedures followed by the school for permanent preservation of student records. [(261B.4(12))]

Transcripts for the University of Saint Mary are retained for all time and are never destroyed. Transcripts of students enrolled prior to 1982 are stored in fire-proof cabinets in an archive room on campus. Transcripts of students enrolled after 1982 are stored in the university's student information system (SIS - Jenzabar). Prior to Fall 2012, hard copy folders containing student applications are stored in the archive room. Beginning in Fall 2012, all student documentation (application, transcripts, previous schools, etc) are stored electronically (Filebound). The electronic information system is backed up every 24 hours. A copy of the daily back-up is stored in the vault of a financial institution in Leavenworth, KS.

Provide the contact information to be used by students and graduates who seek to obtain transcript information.

Name: Registrar's Office
Suite:
Street: 4100 South 4th Street
City: Leavenworth
State: KS
Zip: 66048
Country: United States
Telephone Number. (including country or area code): 913-682-5151

List the states and approval or registration agencies for all states in which the school operates or maintains a presence.

State	Agency Name	Address	Contact Person	Telephone Number
Maryland	Maryland Higher Education Commission	6 N. Liberty St, 10th Floor, Baltimore, MA 21201	Natalie Lopez	410-767-3298
Minnesota	Minnesota Office of Higher Education	1450 Energy Park Dr Suite 350 St. Paul, MN 55108	George Roedler	651-259-3975

Describe the academic and instructional methodologies and delivery systems to be used by the school and the extent to which the school anticipates each methodology and delivery system will be used,, including, but not limited to, classroom instruction, correspondence, internet, electronic telecommunications, independent study, and portfolio experience evaluation. [(261B.4(13))]

Instruction for the four online programs will occur mainly over the internet except for the practicum required for MSN students only. The instructor may use email communication along with the Engage online portal.

Provide the name of every other State of Iowa agency required to approve the applicant school in Iowa, the school's contact person at the agency and the current status of that approval. Attach documentation in the form of a letter or certificate for each agency.

Agency Name	Contact Person	Telephone Number	Approval Status
N/A			

Is the school subject to a limitation, suspension or termination (LST) order issued by the U.S. Department of Education?

Yes No
 If yes, explain below.

Provide the name and contact information for a U. S. Department of Education official who can verify the LST statement.

Attachment IV - Financial Aid Participation Agreement

Do you:

Enroll students in Iowa? Yes [] No
Employ Iowa faculty? [] Yes No check on this

Do you intend to:

Enroll students in Iowa? Yes [] No
Employ Iowa faculty? [] Yes No

Describe current operations or plans to enroll students in Iowa or employ Iowa faculty.

We plan to continue to enroll students residing in the state of Iowa. While we do not intend to employ faculty residing in Iowa, it is a possibility that an Iowa resident could be the most qualified applicant for a particular online instructional position.

Name, address, telephone number and resume of employees in Iowa. Please identify which employees are full time.

Name: N/A Title: _____
Suite: _____
Street: _____
City: _____
State: _____
Zip: _____
Country: _____
Telephone Number (including country or area code): _____

* Resumes may be provided as attachments

Will your school comply with Iowa Code section 261B.7E, which requires all institutions of higher education to be registered by the Commission, including Commission contact information?
(See the Iowa Code for details)

Yes [] No

Will your school comply with the requirements of Iowa Code section 261.9(1)"e" to "h"?

(See the Iowa Code for details.) Yes [] No

Please provide policies that comply with these requirements as attachments.

Does the school agree to file annual reports that the Commission requires from all Iowa colleges and universities?

Yes [] No

Attached a copy of the applicant school's most recent audit prepared by a certified public accounting firm no more than 12 months prior to the application and state below where, in the audit report, there is evidence that the auditor is providing an unqualified opinion.

Attached is the audited financial statements for the period of July 1, 2011 to June 30, 2012.
We're currently in the process of being audited and audited financial statements will be available in October 2013 for the fiscal year ended June 30, 2013

Attachment V - Accountant's Report and Financial Statements

Describe how students will be provided with access to learning resources, including appropriate library and other support services requisite for the schools' degree programs.

The library card catalog is available online.

Provide evidence that faculty within an appropriate discipline are involved in developing and evaluating curriculum for the program(s) to be registered in Iowa.

Attachment VI - Curriculum Policy

If applicable, please provide evidence that the school has adequate physical facilities appropriate for the program(s) to be offered and are located in the state. Include a copy of a signed agreement for a facility purchase or lease or option to purchase or lease. Please include a photograph of the location.

The University of Saint Mary will not operate at a physical location in the state of Iowa.

Include a statement, signed by the chief executive officer of the applicant school, on school letterhead, demonstrating the school's commitment to the delivery of programs located in Iowa, and agreeing to provide alternatives for students to complete programs at other institutions if the applicant school closes the program before students have completed their courses of study.

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Statement may be in an attached document.

Attachment VII - Letter from President

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Provide an organizational plan that shows the location and physical address, telephone number, fax number and contact information for all internet-based and site-based educational locations, administrative, and service centers operated by the applicant and any parent organization.

The University of Saint Mary is a stand alone institution with single governance by it's board of trustees.

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Provide documentation showing the school's policy for the resolution of student and graduate comments and complaints. Provide complete contact information to which complainants may be referred.

Attachment VIII - Student Complaint Process

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Provide a copy of a current Certificate of Authority provided by the applicant's home state and the Iowa Secretary of State.

Attachment IX - KS Certificate

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Provide the U.S. Department of Education cohort default rate for each associated organizational entity for which the U.S. Department of Education reports a cohort default rate.

2 year school default rate for fiscal year 2010 is 6.3.

Attachment X - Default Rates

Provide the average debt upon graduation of individuals completing programs at each branch location and the entire organization,

Average debt for all students who graduated (institution wide) during the 2012-2013 academic year is \$55,843.

Provide the U. S. Department of Education cohort graduation rate for each branch location and the total organization, showing rates for graduates of diploma, two-year, and four-year, programs if those rates are reported to the U. S. Department of Education National Center for Education Statistics.

4 year programs
4 year rate 25.8%
6 year rate 34.0%

SIGNATURE

Applicant School Chief Executive Officer

Diane Steele, SCL, Ph.D.	President
Name	Title
<i>Diane Steele scc PhD</i>	<i>Aug 22 2013</i>
Signature	Date

If any information in this application changes between the time of application Commission action, the school must inform the Commission by filing an Amended Application clearly indicating the information which is being amended. Amendments must be received before the Commission takes action.

A registration fee of \$2,000 is due and payable to the State of Iowa upon registration approval.

Does not apply

Iowa College Student Aid Commission

Postsecondary Registration Administrator
603 East 12th Street, FL 5th
Des Moines, IA 50319
(515) 725-3470

Exemption Claim for Postsecondary (261B) School Registration

Iowa Code § 261B.11 provides for exemptions from the Postsecondary School registration requirements of Chapter 261B. Exemption claims must be approved by the Commission before becoming effective. A school which falsely or erroneously claims an exemption remains in violation of the law.

Applications may be submitted electronically.

Applications are to be sent to:

Postsecondary Registration Administrator
Iowa College Student Aid Commission
603 East 12th Street, FL 5th
Des Moines, IA 20319
carolyn.small@iowa.gov

All items must be completed before the application will be considered as received by the Commission. Attach additional pages as needed to provide the requested information. Other documents or materials may also be attached to support the application. Attachments must be tabbed and clearly marked on the back of each page.

Name of school and address of the principal office as defined in Iowa Code Section 490.140 or 510.141:
[(261B.4(2))] and [(261B.4(1))]

Name of School: _____
Suite: _____
Street: _____
City: _____
State: _____
Zip: _____
Country: _____
Telephone Number (including country or area code): _____

Type of corporation:

- For-profit
- Non-profit
- Public

Address of all locations in Iowa where instruction is to be provided

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Provide the contact address to be used by students and graduates who seek to obtain transcript information.

Name: _____
 Suite: _____
 Street: _____
 City: _____
 State: _____
 Zip: _____
 Country: _____
 Telephone Number (including country or area code): _____

Indicate which of the following exemptions is/are claimed.

1. Schools and educational programs conducted by firms, corporations, or persons for the training of their own employees.
2. Apprentice or other training programs provided by labor unions to members or applicants for membership.
3. Courses of instruction of a vocational or recreational nature that do not lead to an occupational objective.
4. Seminars, refresher courses, and programs of instruction sponsored by professional, business, or farming organizations or associations for the members and employees of members of these organizations or associations.
5. Courses of instruction conducted by a public school district or a combination of public school districts.
6. Colleges and universities authorized by the laws of Iowa to grant degrees.
7. Schools or courses of instruction or courses of training that are offered by a vendor solely to the purchaser or prospective purchaser of the vendor's product when the objective of the school or course is to enable the purchaser or the purchaser's employees to gain skills and knowledge to enable the purchaser to use the product.
8. Schools and educational programs conducted by religious organizations solely for the religious instruction of leadership practitioners of that religious organization.
9. Postsecondary educational institutions licensed by the state of Iowa under section 157.8 or 158.7 to operate as schools of cosmetology arts and sciences or as barber schools in the state.
10. Accredited higher education institutions that meet the criteria established under section 261.9, Subsection 4E

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Explain in detail why the institution qualifies for the indicated exemption(s). Note the Commission will make a determination, based on this information.

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**SIGNATURE**

**Applicant School Chief Executive Officer**

|           |       |
|-----------|-------|
| _____     | _____ |
| Name      | Title |
| _____     | _____ |
| Signature | Date  |

**If any information in this application changes between the time of application Commission action, the school must inform the Commission by filing an Amended Application clearly indicating the information which is being amended. Amendments must be received before the Commission takes action. If the claimed exemption becomes inapplicable, the school must immediately apply for registration with the State of Iowa or cease offering the course(s) of instruction. A school that is approved for exemption must, generally, reapply for the exemption, at minimum, every 2 years.**

## **Attachments**

- I. Refund Policy
- II. Board of Trustees
- III. Accreditation
- IV. Financial Aid Participation Agreement
- V. Accountants' Report and Financial Statements
- VI. Curriculum Policy
- VII. Letter from President
- VIII. Student Complaint Process
- IX. Kansas Certificate
- X. Default Rates

# UNIVERSITY OF SAINT MARY

## Refund Policy

1. The amount of tuition refund will be based on the official withdrawal date, not attendance. The official withdrawal date is the date the formal withdrawal notice is approved by the student's advisor. If the student does not formally withdraw, the withdrawal date will be the midpoint of the semester. The withdrawal date may be determined to be after the midpoint of the semester if the student has attended an academically-related activity after the midpoint of the semester. The withdrawal date will be determined according to the records maintained in the Registrar's Office. The refund time periods commence with the first day of classes according to the academic calendar and not the beginning date of individual courses.

| <b>Course Completion</b> | <b>Refund Rate</b> |
|--------------------------|--------------------|
| <b>0 – 10%</b>           | <b>100%</b>        |
| <b>10.01 – 25%</b>       | <b>50%</b>         |
| <b>25.0 – 100%</b>       | <b>0%</b>          |

2. Rooms are rented for the semester. Student circumstances will be considered to determine if a refund is warranted upon breaking of the rental contract.
3. Refund of board will be computed from the beginning of the second week after withdrawal.
4. Advance room deposits are not refunded.
5. Advance tuition deposits are not refunded.
6. Course and other fees are not refunded.
7. Tuition is refunded in full for workshops that have been dropped at least three business days prior to the date of the workshop. There are no partial refunds for withdrawals after that time, nor for nonattendance.

### **FEDERAL (TITLE IV AID) REFUND POLICY**

Federal regulations require the use of the Return of Title IV Funds Policy to be used for all students receiving any type of federal aid when calculating the aid a student can retain after withdrawing. This policy relates to Federal Pell and FSEOG Grants, as well as Federal Perkins, Federal Direct Stafford and Federal Direct PLUS loans. The same policy will be used for State and institutional aid.

Title IV regulations govern the return of aid disbursed for a student who completely withdraws from a term or semester. During the first 60% of the term or semester, a student "earns" aid in direct proportion to the length of time the student remains enrolled. A student who remains enrolled beyond the 60% point earns all aid for that period.



Board of Trustees  
2013 - 2014

John Baker  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Sr. Nancy Bauman  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Kenneth Blum  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Joseph Contrucci  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Rolland Dessert  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Stanley Evans  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Kathleen Fogarty  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Ken Gilpin  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Lynda Grimm  
4100 South 4<sup>th</sup> Street

Leavenworth, KS  
913-682-5151

Sr. Maureen Hall  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

George Haymach  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
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Richard Keller  
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John Kornitzer  
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Susanna Laundry  
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Ken Mellard  
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Sandra Mortensen  
4100 South 4<sup>th</sup> Street  
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913-682-5151

John Murphy  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Cathy Newton  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Sr. Jean Panisko  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Michelle Piranio  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

John Starr  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

William Trenkle  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Fredrick Tromans  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

Sister Diane Steele  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

\*Charles Berkel  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

\*Ken Karr

4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151

\*Mary Alice Bramming  
4100 South 4<sup>th</sup> Street  
Leavenworth, KS  
913-682-5151



August 24, 2012

President Diane M. Steele  
University of Saint Mary  
4100 S. 4th St. Trafficway  
Leavenworth, KS 66048-5082

Dear President Steele:

This letter is formal notification of the action taken concerning University of Saint Mary by the Higher Learning Commission. At its meeting on August 20, 2012, the Institutional Actions Council (IAC) voted on the items below. This letter serves as the official record of this action, and the date of this action constitutes the effective date of your new status with the Commission. Included with this letter is information on the Commission's transition to the new Pathways model for reaffirmation of accreditation. Your institution has the option to remain in the AQIP Pathway or select the Open or Standard Pathway. You are asked to declare your pathway choice at this time.

**Action.** The IAC voted to continue the accreditation of University of Saint Mary with the next reaffirmation of accreditation in 2018-19.

If the current Commission action includes changes to your institution's *Statement of Affiliation Status (SAS)* or *Organizational Profile (OP)*, the changes will appear in these documents on the Commission's Web site by September 7, 2012. The *SAS* is a summary of your institution's ongoing relationship with the Commission. The *OP* is generated from data you provided in your most recent Institutional Update.

If you have questions about these documents after viewing them, please contact Eric V. Martin, your staff liaison. Information about notifying the public of this action is found in Chapter 8.3-3 and 8.3-4 of the *Handbook of Accreditation, Third Edition*.

Please be aware of Commission policy on planned or proposed institutional changes that require Commission action before their initiation. You will find the Commission's change policy at [ncahlc.org/information-for-institutions/institutional-change.html](http://ncahlc.org/information-for-institutions/institutional-change.html). If you have questions about how planned institutional changes might affect your relationship with the Commission, please write or call Eric V. Martin.

On behalf of the Board of Trustees, I thank you and your associates for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Sylvia Manning".

Sylvia Manning  
President

Enclosure:  
Information on Pathways Transition

## INFORMATION ON PATHWAYS TRANSITION PLEASE READ CAREFULLY

### Information on Selecting and Declaring a Pathway for institutions that have the option to remain in AQIP or select the Open or Standard Pathway

On September 1, institutions accredited by the Higher Learning Commission will begin the transition to the new Pathways model for reaffirmation of accreditation. This message provides updated information about the transition process. Information on the new pathways model has been shared through previous emails, regional workshops last year, and the Annual Conference for the past three years. Resources on pathways are listed below.

#### WHAT YOU NEED TO DO

**Your institution is currently in AQIP. You have the option to remain in AQIP or choose the Standard Pathway or the Open Pathway.**

- Declare your pathway choice by **completing the [Declaration Form](#) and returning it to the Commission. You should complete the Declaration Form even if you elect to remain in AQIP.**
- The form is due within 90 days of the date on the Commission's letter that accompanied this document.

#### HOW TO CHOOSE THE PATHWAY

- Review the [Standard Pathway](#) and [Open Pathway](#) booklets. If the institution chooses one of these pathways, it will begin in Year One of the ten-year cycle.
- If the institution chooses to remain in AQIP, the timing of next events will remain the same, i.e., it will be placed in Year One of the seven-year AQIP cycle.

Note: For all Pathways, any currently required monitoring (reports and focused evaluations) will be reviewed in the context of the chosen pathway.

- Review the section on Rules and Timing after the September 2012 Initial Transition on page two of the document, "[Moving between Pathways.](#)"
- [Audio-recordings and slide presentations](#) on pathways from the 2012 Annual Conference are also available for review.
- Choose the pathway that best fits your institution by completing the [Declaration Form](#).

For those institutions that select the Open Pathway, the Commission will send information on the Quality Initiative Proposal process upon receipt of the Declaration Form.

## **ADDITIONAL RESOURCES ON PATHWAYS**

The Pathways procedures and systems are designed to be user-friendly. However, the Commission will announce a series of optional webinars and online videos to support the Standard and Open Pathways in the near future.

All institutions in the Standard and Open Pathways will use the Commission's online **Assurance System** to upload and link evidentiary materials to their Assurance Arguments, which make the case for how the institution meets the Commission's Criteria for Accreditation. Institutions will gain access to the Assurance System in fall 2013. Live training webinars will be available for institutions during the month in which they are granted access to the Assurance System and recorded versions will remain available "on-demand" along with other online help systems after that time. The schedule of webinars will be posted on the Commission's website in the near future. The Commission will also provide opportunities for hands-on experiences at the Annual Conference, April 5-9, 2013, at the Hyatt Regency Chicago.

## **QUESTIONS**

If you have questions about any aspect of the transition to Pathways, feel free to contact your Commission staff liaison or email [pathways@hlcommission.org](mailto:pathways@hlcommission.org). We look forward to your smooth transition to the new Pathways model.

The Higher Learning Commission

cc: Accreditation Liaison Officer



August 24, 2012

President Diane M. Steele  
University of Saint Mary  
4100 S. 4th St. Trafficway  
Leavenworth, KS 66048-5082

Dear President Steele:

This letter is formal notification of the action taken concerning University of Saint Mary by the Higher Learning Commission. At its meeting on August 20, 2012, the Institutional Actions Council (IAC) voted on the items below. This letter serves as the official record of this action, and the date of this action constitutes the effective date of your new status with the Commission. Included with this letter is information on the Commission's transition to the new Pathways model for reaffirmation of accreditation. Your institution has the option to remain in the AQIP Pathway or select the Open or Standard Pathway. You are asked to declare your pathway choice at this time.

**Action.** The IAC voted to continue the accreditation of University of Saint Mary with the next reaffirmation of accreditation in 2018-19.

If the current Commission action includes changes to your institution's *Statement of Affiliation Status (SAS)* or *Organizational Profile (OP)*, the changes will appear in these documents on the Commission's Web site by September 7, 2012. The *SAS* is a summary of your institution's ongoing relationship with the Commission. The *OP* is generated from data you provided in your most recent Institutional Update.

If you have questions about these documents after viewing them, please contact Eric V. Martin, your staff liaison. Information about notifying the public of this action is found in Chapter 8.3-3 and 8.3-4 of the *Handbook of Accreditation, Third Edition*.

Please be aware of Commission policy on planned or proposed institutional changes that require Commission action before their initiation. You will find the Commission's change policy at [ncahlc.org/information-for-institutions/institutional-change.html](http://ncahlc.org/information-for-institutions/institutional-change.html). If you have questions about how planned institutional changes might affect your relationship with the Commission, please write or call Eric V. Martin.

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On behalf of the Board of Trustees, I thank you and your associates for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Sylvia Manning".

Sylvia Manning  
President

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Enclosure:  
Information on Pathways Transition

## STATEMENT OF AFFILIATION STATUS

UNIVERSITY OF SAINT MARY  
4100 S. 4th St. Trafficway  
Leavenworth, KS 66048-5082

*Affiliation Status:* Candidate: Not Applicable  
Accreditation: (1928- .)

### Nature of Organization

*Control:* Private NFP  
*Degrees Awarded:* Associate's, Bachelor's, Master's,  
Doctoral

### Conditions of Affiliation:

*Stipulations on Affiliation Status:* Accreditation at the Doctoral level is limited to the Doctor of Physical Therapy (DPT). Accreditation at the Master's level is limited to the Master's degree in Education; the Master of Science degree in Management; the Masters of Business Administration; the Master of Arts in Counseling Psychology; and the Master of Arts in Psychology and, through distance learning, the Master of Arts in Teaching. Master's programs in the field of education and non-degree courses to meet Kansas State Department of Education initiatives in teacher education may be offered through the Midwest Associated Colleges Consortium, at any Kansas location of its member institutions.

*Approval of New Additional Locations:* The Commission's Expedited Desk Review Program is only available for offering existing degree programs at new locations in Eastern Kansas.

*Approval of Distance and Correspondence Courses and Programs:* The institution has been approved under Commission policy to offer up to 20% of its total degree programs through distance education. The processes for expanding distance education are defined in other Commission documents.

*Reports Required:* None.

*Other Visits Scheduled:* AQIP Quality Checkup: 2018 - 2019;

### Summary of Commission Review

*Year of Admission to AQIP:* 10/21/2005  
*Year of Last PEAQ Comprehensive Evaluation:* 1996 - 1997  
*Year of Last Systems Appraisal:* 2008 - 2009  
*Year of Next Systems Appraisal:* 2012 - 2013  
*Year of Last Reaffirmation of Accreditation:* None  
*Year of Next Reaffirmation of Accreditation:* 2012 - 2013  
*Date of Last Action:* 08/15/2011

**STATEMENT OF AFFILIATION STATUS**

***Name Change:***

Saint Mary College to University of Saint Mary (7/1/03)

May 15, 2012

Sister Diane Steele  
President  
University of Saint Mary  
4100 South 4th Trafficway  
Leavenworth, KS 66048-5082

Dear Sister Steele:

Let me begin by thanking you for your commitment to high quality educator preparation as exemplified by your participation in the NCATE national accreditation process. I am writing to inform you that at its April 21-24, 2012 meeting in San Antonio, Texas, the Unit Accreditation Board of the National Council for Accreditation of Teacher Education (NCATE) considered the continuing accreditation of the Education Department at the University of Saint Mary. I am pleased to inform you of the Unit Accreditation Board's decision to continue the accreditation of the Education Department at the University of Saint Mary at the initial teacher preparation and advanced preparation levels. This accreditation decision indicates that the unit and its programs meet rigorous standards set forth by the professional education community. A certificate that acknowledges the unit's accomplishment is enclosed with the copy of this letter that has been sent to the head of your professional education unit.

Details of the Unit Accreditation Board's findings are provided and any areas for improvement are listed in the enclosed accreditation action report. You may use the information provided in the Board of Examiners report at your discretion.

The next NCATE visit is scheduled for **Fall 2018**. In partnership states, the actual date of the visit must be determined jointly by the state and NCATE. As you know, all institutions are asked to complete the NCATE annual report each year during the accreditation period. You are required to report specifically on progress toward correcting areas for improvement cited in the action report. In addition, ask that you provide us with information on your unit's efforts to assure that you continue to meet expectations of the unit standards.

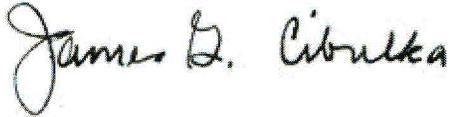
Also, for your information enclosed is a copy of NCATE's Policies on Dissemination of Information, which describe the terms and dates by which your current accreditation action becomes a matter of public record. This document also indicates organizations that will be notified of accreditation action. If your state has a partnership agreement with NCATE, the state agency with program approval authority has access to these documents in NCATE's Accreditation Information Management System (AIMS).

To celebrate your accreditation, I encourage you to use the online press packet on NCATE's website. From the homepage, click on "Accreditation," then "After the Visit," "Celebrating Accreditation," and then "Press Packet." The packet includes a sample press release announcing a school of education's accreditation status to the media, as well as samples of announcements that can be sent to P-12 schools, foundations, businesses, policymakers, and other stakeholders in your area. Other strategies are also included for garnering media attention throughout the year. In addition, because the education unit is professionally accredited, we encourage you to use the NCATE logo on print materials such as brochures and catalogs, as well as on your unit's website. The logo can be found at the link just above "Press Packet" under the subhead "Celebrating

Accreditation" as noted above. The logo is a distinctive mark that demonstrates that you have met demanding national professional standards for educator preparation. In addition, we have a sample graduation certificate with the NCATE logo that can be adopted for use as a supplement to the institutional graduation certificate.

Congratulations again on this accomplishment. Should you have any questions regarding NCATE's action or the items reported herein, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink that reads "James G. Cibulka". The signature is written in a cursive style with a large initial 'J'.

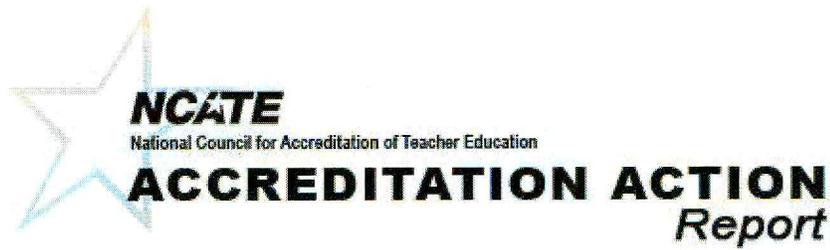
James G. Cibulka  
President

Enclosures: Action Report, Policies on Dissemination of Information

cc: Sister Frances Juiliano, Education Department  
Ms. Pamela S. Coleman, Kansas State Department of Education  
Sungti Hsu, Kansas State Department of Education  
Board of Examiners Team

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University of Saint Mary  
Leavenworth, Kansas

May 2012

## ACCREDITATION DECISION

Accreditation is continued at the initial teacher preparation and advanced preparation levels. The next onsite visit will take place in Fall 2018.

*Please refer to the Board of Examiners report for strengths of the unit and for additional information on findings and areas for improvement.*

## STANDARDS SUMMARY

| Standards                                                      | Initial Teacher Preparation (ITP) | Advanced Preparation (ADV) |
|----------------------------------------------------------------|-----------------------------------|----------------------------|
| ★ 1 Candidate Knowledge, Skills, and Professional Dispositions | Met                               | Met                        |
| ★ 2 Assessment System and Unit Evaluation                      | Met                               | Met                        |
| ★ 3 Field Experiences and Clinical Practice                    | Met                               | Met                        |
| ★ 4 Diversity                                                  | Met                               | Met                        |
| ★ 5 Faculty Qualifications, Performance, and Development       | Met                               | Met                        |
| ★ 6 Unit Governance and Resources                              | Met                               | Met                        |

## AREAS FOR IMPROVEMENT

The following areas for improvement (AFIs) should be addressed before the unit's next onsite visit by NCATE. Progress made toward eliminating them should be reported in Part C of the unit's annual report to NCATE. The Board of Examiners (BOE) team will indicate in its report at the next visit whether the institution has adequately addressed each of the AFIs.

**STANDARD 4 - Diversity**

The unit designs, implements, and evaluates curriculum and provides experiences for candidates to acquire and demonstrate the knowledge, skills, and professional dispositions necessary to help all students learn. Assessments indicate that candidates can demonstrate and apply proficiencies related to diversity. Experiences provided for candidates include working with diverse populations, including higher education and P-12 school faculty, candidates, and students in P-12 schools.

|   |                                                                                                                                |                                                                                    |
|---|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| 1 | The M.A.T. faculty is not racially diverse.                                                                                    | <input type="checkbox"/> ITP<br><input checked="" type="checkbox"/> ADV            |
| 2 | Candidates in the initial and advanced programs, M.A. and M.A.T., have limited opportunities to interact with diverse faculty. | <input checked="" type="checkbox"/> ITP<br><input checked="" type="checkbox"/> ADV |

**STANDARD 6 - Unit Governance and Resources**

The unit has the leadership, authority, budget, personnel, facilities, and resources, including information technology resources, for the preparation of candidates to meet professional, state, and institutional standards.

|   |                                                         |                                                                                    |
|---|---------------------------------------------------------|------------------------------------------------------------------------------------|
| 1 | The unit lacks an adequate number of support personnel. | <input checked="" type="checkbox"/> ITP<br><input checked="" type="checkbox"/> ADV |
|---|---------------------------------------------------------|------------------------------------------------------------------------------------|

*NOTE: Neither NCATE staff, team members, nor other agents of NCATE are empowered to make or modify Unit Accreditation Board decisions. These remain the sole responsibility of the Unit Accreditation Board itself. This Accreditation Action Report is available to members of the public upon receipt of a request in writing.*

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May 12, 2008

Rebecca Cahill, MSN, RPN  
Interim Director  
Department of Nursing  
University of Saint Mary  
4100 South 4th Street  
Leavenworth, KS 66048

Dear Ms. Cahill:

On behalf of the Commission on Collegiate Nursing Education (CCNE), I am pleased to advise you that the CCNE Board of Commissioners acted at its meeting on April 12, 2008, to grant accreditation of the baccalaureate degree program in nursing at University of Saint Mary for the term of 5 years, extending to June 30, 2013. You should plan for the next on-site evaluation to take place in the fall of 2012.

At its meeting, the Board determined that the program met all four accreditation standards. The Board additionally determined that there are no compliance concerns with respect to the key elements.

As is required for all accredited programs, the Board requested that the program submit a continuous improvement progress report at the mid-point of the accreditation term. That report should address the nursing program's continued compliance with all accreditation standards. The deadline for submitting the progress report to CCNE is June 1, 2011. The Report Review Committee, and then the Board of Commissioners, will review the progress report in the fall of 2011. For more information about the continuous improvement progress report, please refer to the CCNE procedures.

A copy of the accreditation report that was sent to you earlier, along with your response to it, is being transmitted to the institution's chief executive officer as the Commission's official report to University of Saint Mary. We hope that both the results of your self-study process and the accreditation report will be useful to the continued growth and development of the nursing program. A certificate of accreditation is enclosed.

As a reminder, programs are expected to continue to comply with the CCNE standards and procedures throughout the period of accreditation. This includes advising CCNE in the event of any substantive change in your nursing program or of any major organizational changes that may affect the program's administration, scope or quality. These reporting requirements are discussed further in the CCNE procedures.

We appreciate the many courtesies and the helpfulness extended to the CCNE evaluation team in the fall of 2007. The Commissioners join me in expressing our best wishes as you proceed with tasks important to the future of your nursing program.



Commission on  
Collegiate Nursing  
Education

Serving the  
Public Interest  
Through Quality  
Accreditation

One Dupont Circle, NW  
Suite 530  
Washington, DC  
20036-1120  
202-887-6791  
fax 202-887-8476  
[www.aacn.nche.edu](http://www.aacn.nche.edu)

Sincerely,

*Harriet R. Feldman*

Harriet R. Feldman, PhD, RN, FAAN  
Chair, Board of Commissioners

cc: President Diane Steele  
CCNE Board of Commissioners  
CCNE Accreditation Review Committee  
CCNE Evaluation Team



INTERNATIONAL ASSEMBLY  
for COLLEGIATE BUSINESS EDUCATION

February 12, 2007

Sr. Diane Steele, President  
University of Saint Mary  
4100 S. 4th Street Trafficway  
Leavenworth, KS 66048

Dear President Steele:

The IACBE's Board of Commissioners met on January 15-16, 2007 to consider your request for accreditation of the University of Saint Mary's business and business-related degree programs. I am pleased to report that the Board of Commissioners approved your accreditation subject to the notes and observations discussed later in this letter.

The commissioners endorsed the commendation of the site visit team concerning the dedication of your faculty and their ability to achieve excellence in business education with limited resources.

**Notes**

Notes represent areas where the IACBE accreditation expectations have not been fully met. Your institution is required to address the concerns identified in the notes and provide an update on progress toward meeting the notes in your annual report to the IACBE. Your institution has three years to eliminate the deficiencies identified in the notes.

***Item 4 – Regional Accreditation.*** When your AQIP report from the Higher Learning Commission has been received, please forward a copy to the IACBE.

***Item 7 – Strategic Planning.*** Once the university's new strategic plan is approved, the Department of Business and Information Technology should develop its own plan that is consistent with the mission and goals of the university. Please forward a copy of the business department's plan to the IACBE.

***Expectation 1 – Outcomes Assessment.*** Your outcomes assessment plan is complete. The plan needs to be fully implemented and the results used to make appropriate changes and improvements.

***Expectation B-1 – Faculty Qualifications.*** The doctoral coverage for graduate courses is 32 percent, which is low. Every effort should be made to have additional doctorally qualified faculty teaching in the MBA program. Please provide a progress report on increasing doctoral coverage at the graduate level each year with your annual report.

***Expectation B-4 – Faculty Loads.*** Teaching loads are high, which may adversely impart student learning outcomes and scholarly and professional development of faculty. Please provide a progress report on faculty loads each year with your annual report.

**Expectation C – Scholarly and Professional Activities.** The scholarly and professional activity levels of business faculty are low; this may be impacted by high teaching loads. As loads are reduced, additional scholarly and professional activity should be encouraged and rewarded. Please provide a progress report on scholarly and professional activity each year with your annual report.

### **Observations**

An observation is a recommendation by the IACBE Board of Commissioners that it believes would be helpful to your institution in achieving excellence in business education. Action on observations is highly recommended, but is not required.

**Expectation A-1 – Common Professional Component.** CPC coverage can be increased by adding required courses or by providing additional coverage in existing required courses. Please consider increasing coverage of organizational behavior, human resource management, and international business in your accounting and business administration degrees. In your business and technology degree, consider increasing coverage in organizational behavior, human resource management, information systems, and quantitative methods.

**Expectation B-4 – Faculty Load.** Several faculty had teaching loads above the norm stated in the faculty handbook (page 61). Consideration should be given to establishing a faculty teaching overload policy showing maximum overloads allowed by the university.

Accreditation represents a continuing relationship between an institution and its accrediting organization. Specialized accreditation by the IACBE is dependent on your institution remaining in good standing with your regional accrediting body and staying in full compliance with the IACBE's accreditation principles and policies as set forth in the *IACBE Bylaws*, the *Accreditation Process Manual*, and the *Accreditation Manual*. Your accreditation will need to be reaffirmed within one year following your next regional accreditation reaffirmation visit.

The following notice must be used in your official publications concerning your accreditation status with the IACBE:

*The University of Saint Mary has received specialized accreditation for its business and business-related programs through the International Assembly for Collegiate Business Education (IACBE), Olathe, Kansas. The following degree programs are accredited by the IACBE:*

- *Bachelor of Science degree with majors in Accounting, Business Administration, Information Technology, and International Business and Technology*
- *Master of Business Administration degree*

We encourage your academic business unit to be actively involved in the IACBE professional development programs and activities, including participating in the annual conference, regional meetings, and workshops, and serving as a site evaluator.

Should you have any questions or if I can be of assistance to you, please contact me through the IACBE headquarters office.

Sincerely,

A handwritten signature in black ink, appearing to read "T. A. Girton". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Dr. Terry A. Girton  
Chair, Board of Commissioners

Xc: Dr. Sandra Van Hoose, Academic Vice President and Dean  
Mr. David Reynolds, Interim Chair, Department of Business & Information Technology

*University of Saint Mary*

Degrees Reviewed in the Self-Study

Bachelor of Science degree

- Accounting
- Business Administration
  - General Management
  - Marketing
- Information Technology
- International Business and Technology

Master of Business Administration degree



FEDERAL STUDENT AID  START HERE. GO FURTHER.™

## UNITED STATES DEPARTMENT OF EDUCATION

### FEDERAL STUDENT AID SCHOOL ELIGIBILITY CHANNEL

## PROGRAM PARTICIPATION AGREEMENT

Effective Date of Approval: The date on which this Agreement is signed on behalf of the Secretary of Education

Approval Expiration Date: **September 30, 2014**

Reapplication Date: **June 30, 2014**

Name of Institution: **University of Saint Mary**

Address of Institution: **4100 South 4th Street Trafficway  
Leavenworth, KS 66048-5023**

OPE ID Number: **00194300**

DUNS Number: **824775076**

Taxpayer Identification Number (TIN): **480547846**

**The execution of this Agreement by the Institution and the Secretary is a prerequisite to the Institution's initial or continued participation in any Title IV, HEA Program.**

The postsecondary educational institution listed above, referred to hereafter as the "Institution," and the United States Secretary of Education, referred to hereafter as the "Secretary," agree that the Institution may participate in those student financial assistance programs authorized by Title IV of the Higher Education Act of 1965, as amended (Title IV, HEA Programs) indicated under this Agreement and further agrees that such participation is subject to the terms and conditions set forth in this Agreement. As used in this Agreement, the term "Department" refers to the U.S. Department of Education.

### SCOPE OF COVERAGE

This Agreement applies to all locations of the Institution as stated on the most current ELIGIBILITY AND CERTIFICATION APPROVAL REPORT issued by the Department. This Agreement covers the Institution's eligibility to participate in each of the following listed Title IV, HEA programs, and incorporates by reference the regulations cited.

- **FEDERAL PELL GRANT PROGRAM**, 20 U.S.C. 1070a et seq; 34 CFR Part 690.
- **FEDERAL FAMILY EDUCATION LOAN PROGRAM**, 20 U.S.C. 1071 et seq; 34 CFR Part 682.
- **FEDERAL DIRECT STUDENT LOAN PROGRAM**, 20 U.S.C. 1087a et seq; 34 CFR Part 685.
- **FEDERAL PERKINS LOAN PROGRAM**, 20 U.S.C. 1087aa et seq; 34 CFR Part 674.
- **FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM**, 20 U.S.C. 1070b et seq; 34 CFR Part 676.
- **FEDERAL WORK-STUDY PROGRAM**, 42 U.S.C. 2751 et seq; 34 CFR Part 675.

## GENERAL TERMS AND CONDITIONS

1. The Institution understands and agrees that it is subject to and will comply with the program statutes and implementing regulations for institutional eligibility as set forth in 34 CFR Part 600 and for each Title IV, HEA program in which it participates, as well as the general provisions set forth in Part F and Part G of Title IV of the HEA, and the Student Assistance General Provisions regulations set forth in 34 CFR Part 668.  
*The recitation of any portion of the statute or regulations in this Agreement does not limit the Institution's obligation to comply with other applicable statutes and regulations.*
2.
  - a. The Institution certifies that on the date it signs this Agreement, it has a drug abuse prevention program in operation that it has determined is accessible to any officer, employee, or student at the Institution.
  - b. The Institution certifies that on the date it signs this Agreement, it is in compliance with the disclosure requirements of Section 485(f) of the HEA (Campus Security Policy and Crime Statistics).
3. The Institution agrees to comply with --
  - a. Title VI of the Civil Rights Act of 1964, as amended, and the implementing regulations, 34 CFR Parts 100 and 101 (barring discrimination on the basis of race, color or national origin);
  - b. Title IX of the Education Amendments of 1972 and the implementing regulations, 34 CFR Part 106 (barring discrimination on the basis of sex);
  - c. The Family Educational Rights and Privacy Act of 1974 and the implementing regulations, 34 CFR Part 99;
  - d. Section 504 of the Rehabilitation Act of 1973 and the implementing regulations, 34 CFR Part 104 (barring discrimination on the basis of physical handicap); and
  - e. The Age Discrimination Act of 1975 and the implementing regulations, 34 CFR Part 110.
  - f. The Standards for Safeguarding Customer Information, 16 C.F.R. Part 314, issued by the Federal Trade Commission (FTC), as required by the Gramm-Leach-Bliley (GLB) Act, P.L. 106-102. These Standards are intended to ensure the security and confidentiality of customer records and information. The Secretary considers any breach to the security of student records and information as a demonstration of a potential lack of administrative capability as stated in 34 C.F.R. 668.16(c). Institutions are strongly encouraged to inform its students and the Department of any such breaches.
4. The Institution acknowledges that 34 CFR Parts 602 and 667 require accrediting agencies, State regulatory bodies, and the Secretary to share information about institutions. The

Institution agrees that the Secretary, any accrediting agency recognized by the Secretary, and any State regulatory body may share or report information to one another about the Institution without limitation.

5. The Institution acknowledges that the HEA prohibits the Secretary from recognizing the accreditation of any institution of higher education unless that institution agrees to submit any dispute involving the final denial, withdrawal, or termination of accreditation to initial arbitration prior to any other legal action.

### **SELECTED PROVISIONS FROM GENERAL PROVISIONS REGULATIONS, 34 CFR PART 668**

By entering into this Program Participation Agreement, the Institution agrees that:

- (1) It will comply with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA, including the requirement that the institution will use funds it receives under any Title IV, HEA program and any interest or other earnings thereon, solely for the purposes specified in and in accordance with that program;
- (2) As a fiduciary responsible for administering Federal funds, if the institution is permitted to request funds under a Title IV, HEA program advance payment method, the institution will time its requests for funds under the program to meet the institution's immediate Title IV, HEA program needs;
- (3) It will not request from or charge any student a fee for processing or handling any application, form, or data required to determine a student's eligibility for, and amount of, Title IV, HEA program assistance;
- (4) It will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under the Title IV, HEA programs, together with assurances that the institution will provide, upon request and in a timely manner, information relating to the administrative capability and financial responsibility of the institution to--
  - (i) The Secretary;
  - (ii) The State [regulatory bodies] for the State or States in which the institution or any of the institution's branch campuses or other locations are located;
  - (iii) A guaranty agency, as defined in 34 CFR part 682, that guarantees loans made under the Federal Stafford Loan, and Federal PLUS programs for attendance at the institution or any of the institution's branch campuses or other locations;
  - (iv) The nationally recognized accrediting agency that accredits or preaccredits the institution or any of the institution's branch campuses, other locations, or educational programs;
  - (v) The State agency that legally authorizes the institution and any branch campus or other location of the institution to provide postsecondary education; and
  - (vi) In the case of a public postsecondary vocational educational institution that is approved by a State agency recognized for the approval of public postsecondary vocational education, that State agency;
- (5) It will comply with the provisions of §668.15 relating to factors of financial responsibility;
- (6) It will comply with the provisions of §668.16 relating to standards of administrative capability;
- (7) It will submit reports to the Secretary and, in the case of an institution participating in the Federal Stafford Loan, Federal PLUS, or the Federal Perkins Loan Program, to holders of loans

made to the institution's students under these programs at such times and containing such information as the Secretary may reasonably require to carry out the purpose of the Title IV, HEA programs;

(8) It will not provide any statement to any student or certification to any lender under the Federal Stafford Loan or Federal PLUS Program that qualifies the student for a loan or loans in excess of the amount that the student is eligible to borrow in accordance with §§425(a), 428(a)(2), 428(b)(1)(A) and (B), and 428H of the HEA;

(9) It will comply with the requirements of Subpart D of 34 CFR part §§668 concerning institutional and financial assistance information for students and prospective students;

(10) In the case of an institution that advertises job placement rates as a means of attracting students to enroll in the institution, it will make available to prospective students, at or before the time that those students apply for enrollment-

(i) The most recent available data concerning employment statistics, graduation statistics, and any other information necessary to substantiate the truthfulness of the advertisements; and

(ii) Relevant State licensing requirements of the State in which the institution is located for any job for which an educational program offered by the institution is designed to prepare those prospective students;

(11) In the case of an institution participating in the Federal Stafford Loan, or Federal PLUS Program, the institution will inform all eligible borrowers, as defined in 34 CFR part 682, enrolled in the institution about the availability and eligibility of those borrowers for State grant assistance from the State in which the institution is located, and will inform borrowers from another State of the source for further information concerning State grant assistance from that State;

(12) It will provide the certifications described in paragraph (c) of this section;

(13) In the case of an institution whose students receive financial assistance pursuant to section 484(d) of the HEA, the institution will make available to those students a program proven successful in assisting students in obtaining the recognized equivalent of a high school diploma;

(14) It will not deny any form of Federal financial aid to any eligible student solely on the grounds that the student is participating in a program of study abroad approved for credit by the institution;

(15) In the case of an institution seeking to participate for the first time in the Federal Stafford Loan and Federal PLUS programs, the institution has included a default management plan as part of its application under §600.20 for participation in those programs and will use the plan for at least two years from the date of that application. The Secretary considers the requirements of this paragraph to be satisfied by a default management plan developed in accordance with the default reduction measures described in the September 2005 Dear Partner Letter, GEN-05-14;

(16) In the case of an institution that changes ownership that results in a change of control, or that changes its status as a main campus, branch campus, or an additional location, the institution will, to participate in the Federal Stafford Loan and Federal PLUS Programs, develop a default management plan for approval by the Secretary and implement the plan for at least two years after the change in control or status. The Secretary considers the requirements of this paragraph to be satisfied by a default management plan developed in accordance with the default reduction measures described in the September 2005 Dear Partner Letter, GEN-05-14;

(17) The Secretary, guaranty agencies and lenders as defined in 34 CFR Part 682, nationally recognized accrediting agencies, the Secretary of Veterans Affairs, State [regulatory bodies], State agencies recognized under 34 CFR part 603 for the approval of public postsecondary vocational education, and State agencies that legally authorize institutions and branch campuses or other locations of institutions to provide postsecondary education, have the authority to share with each other any information pertaining to the institution's eligibility for or participation in the Title IV, HEA programs or any information on fraud and abuse;

- (i) Employ in a capacity that involves the administration of the Title IV, HEA programs or the receipt of funds under those program, an individual who has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving the acquisition, use, or expenditure of Federal, State, or local government funds, or has been administratively or judicially determined to have committed fraud or any other material violation of law involving Federal, State, or local government funds;
- (ii) Contract with an institution or third-party servicer that has been terminated under section 432 of the HEA for a reason involving the acquisition, use, or expenditure of Federal, State, or local government funds, or that has been administratively or judicially determined to have committed fraud or any other material violation of law involving Federal, State, or local government funds; or
- (iii) Contract with or employ any individual, agency, or organization that has been, or whose officers or employees have been--
- (A) Convicted of, or pled *nolo contendere* or guilty to, a crime involving the acquisition, use, or expenditure of Federal, State, or local government funds; or
- (B) Administratively or judicially determined to have committed fraud or any other material violation of law involving Federal, State, or local government funds;
- (19) It will complete, in a timely manner and to the satisfaction of the Secretary, surveys conducted as a part of the Integrated Postsecondary Education Data System (IPEDS) or any other Federal collection effort, as designated by the Secretary, regarding data on postsecondary institutions;
- (20) In the case of an institution that offers athletically related student aid, it will comply with the provisions of paragraph (d) of this section;
- (21) It will not impose any penalty, including, but not limited to, the assessment of late fees, the denial of access to classes, libraries, or other institutional facilities, or the requirement that the student borrow additional funds for which interest or other charges are assessed, on any student because of the student's inability to meet his or her financial obligations to the institution as a result of the delayed disbursement of the proceeds of a Title IV, HEA program loan due to compliance with statutory and regulatory requirements of or applicable to the Title IV, HEA programs, or delays attributable to the institution;
- (22) It will not provide, nor contract with any entity that provides, any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the awarding of student financial assistance, except that this requirement shall not apply to the recruitment of foreign students residing in foreign countries who are not eligible to receive Federal Student Assistance. This provision does not apply to the giving of token gifts to students or alumni for referring students for admission to the institution as long as: the gift is not in the form of money, check, or money order; no more than one such gift is given to any student or alumnus; and the gift has a value of not more than \$100;
- (23) It will meet the requirements established pursuant to Part H of Title IV of the HEA by the Secretary, State [authorizing bodies], and nationally recognized accrediting agencies;
- (24) It will comply with the refund provisions established in 34 CFR Part 668.22;
- (25) It is liable for all improperly administered funds received or refunded under the Title IV, HEA programs, including any funds administered by a third-party servicer;
- (26) If the stated objectives of an educational program of the institution are to prepare a student for gainful employment in a recognized occupation, the institution will--
- (i) Demonstrate a reasonable relationship between the length of the program and entry level requirements for the recognized occupation for which the program prepares the student. The Secretary considers the relationship to be reasonable if the number of clock hours provided in the

program does not exceed by more than 50 percent the minimum number of clock hours required for training in the recognized occupation for which the program prepares the student, as established by the State in which the program is offered, if the State has established such a requirement, or as established by any Federal agency; and

(ii) Establish the need for the training for the student to obtain employment in the recognized occupation for which the program prepares the student.

(c) In order to participate in any Title IV, HEA program (other than the SSIG and NEISP programs), the institution must certify that it--

(1) Has in operation a drug abuse prevention program that the institution has determined to be accessible to any officer, employee, or student at the institution; and

(2)(i) Has established a campus security policy in accordance with section 485(f) of the HEA; and

(ii) Has complied with the disclosure requirements of §668.47 as required by section 485(f) of the HEA.

(d) In order to participate in any Title IV, HEA program (other than the SSIG and NEISP programs), an institution that offers athletically related student aid must--

(1) Cause an annual compilation, independently audited not less often than every 3 years, to be prepared within 6 months after the end of the institution's fiscal year, of--

(i) The revenues derived by the institution from the institution's intercollegiate athletics activities, according to the following categories:

(A) Total revenues.

(B) Revenues from football.

(C) Revenues from men's basketball.

(D) Revenues from women's basketball.

(E) Revenues from all other men's sports combined.

(F) Revenues from all other women's sports combined;

(ii) Expenses made by the institution for the institution's intercollegiate athletics activities, according to the following categories:

(A) Total expenses.

(B) Expenses attributable to football.

(C) Expenses attributable to men's basketball.

(D) Expenses attributable to women's basketball.

(E) Expenses attributable to all other men's sports combined.

(F) Expenses attributable to all other women's sports combined; and

(iii) The total revenues and operating expenses of the institution; and

(2) Make the compilation and, where allowable by State law, the results of the audits required by paragraph (d)(1) of this section available for inspection by the Secretary and the public.

(e) For the purposes of paragraph (d) of this section--

(1) Revenues from intercollegiate athletics activities allocable to a sport shall include without limitation gate receipts, broadcast revenues and other conference distributions, appearance guarantees and options, concessions, and advertising;

(2) Revenues such as student activities fees, alumni contributions, and investment interest income that are not allocable to a sport shall be included in the calculation of total revenues only;

(3) Expenses for intercollegiate athletics activities allocable to a sport shall include without limitation grants-in-aid, salaries, travel, equipment, and supplies; and

(4) Expenses such as general and administrative overhead that are not allocable to a sport shall

be included in the calculation of total expenses only.

(f)(1) A program participation agreement becomes effective on the date that the Secretary signs the agreement.

(2) A new program participation agreement supersedes any prior program participation agreement between the Secretary and the institution.

(g)(1)(i) With respect to an institution that has been certified *other than under a provisional certification*--

(A) Except as provided in paragraphs (h) and (i) of this section, the Secretary terminates a program participation agreement through the proceedings in subpart G of this part.

(B) An institution may terminate a program participation agreement.

(C) If the Secretary or the institution terminates a program participation agreement under paragraph (g) of this section, the Secretary establishes the termination date.

(2) With respect to an institution that has been *provisionally certified*, the Secretary revokes a provisional certification through the proceedings in §668.13(d).

(h) An institution's program participation agreement automatically expires on the date that--

(1) The institution changes ownership that results in a change in control as determined by the Secretary under 34 CFR part 600; or

(2) The institution's participation ends under the provisions of §668.26(a)(1), (2), (4), or (7).

(i) An institution's program participation agreement no longer applies to or covers a location of the institution as of the date on which that location ceases to be a part of the participating institution.

## WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

If an institution participates in the William D. Ford Federal Direct Loan (Direct Loan) Program, the institution and its representatives shall comply with the statute, guidelines, and regulations governing the Title IV, Part D, William D. Ford Federal Direct Loan Program as required by Section 454 of Public Law 103-66.

The institution will:

1. Provide for the establishment and maintenance of a Direct Loan Program at the Institution that will:

Identify eligible students who seek student financial assistance in accordance with Section 484 of the Higher Education Act of 1965, as amended (the HEA).

Estimate the need of students as required under Title IV, Part F of the HEA.

Provide a certification statement of eligibility for students to receive loans that will not exceed the annual or aggregate limits, except the Institution may exercise its authority, under exceptional circumstances identified by the Secretary, to refuse to certify a statement that permits a student to receive a loan, or certify a loan amount that is less than the student's determination of need, if the reason for such action is documented and provided in written form to a student.

Establish a schedule for disbursement of loan proceeds to meet the requirements of Section 428G of the HEA.

Provide timely and accurate information to the Secretary concerning 1) the status of borrowers while students are in attendance, any new information pertaining to the status of student borrowers of which the Institution becomes aware after the student leaves the Institution, and 2) the utilization of Federal funds under Part D at such times and in such manner as prescribed by the Secretary.

2. Comply with requirements established by the Secretary relating to student loan information with respect to the Direct Loan Program.
3. Provide that students at the Institution and their parents (with respect to such students) will be eligible to participate in the programs under Title IV, Part B of the HEA, Federal Family Education Loan programs, at the discretion of the Secretary for the period during which such Institution participates in the Direct Loan Program, except that a student or parent may not receive loans under both Part B and Part D of the HEA for the same period of enrollment.
4. Provide for the implementation of a quality assurance system, as established by the Secretary and developed in consultation with Institutions of higher education, to ensure that the Institution is complying with program requirements and meeting program objectives.
5. Provide that the Institution will not charge any fees of any kind, regardless of how they are described, to student or parent borrowers for loan application, or origination activities (if applicable), or the provision and processing of any information necessary for a student or parent to receive a loan under Part D of the HEA.
6. Provide that the Institution will originate loans to eligible students and parents in accordance with the requirements of Part D of the HEA and use funds advanced to it solely for that purpose (Option 2 only).
7. Provide that the note or evidence of obligation of the loan shall be the property of the Secretary (Options 2 and 1 only).
8. Implement such other provisions as the Secretary determines are necessary to protect the interest of the United States and to promote the purposes of Part D of the HEA.
9. Accept responsibility and financial liability stemming from its failure to perform its functions under this Program Participation Agreement.

The Institution's continued approval to participate in the Direct Loan Program will be based on the Department of Education's review and approval of the Institution's future applications for recertification to continue participating in the federal student aid programs.

### **CERTIFICATIONS REQUIRED FROM INSTITUTIONS**

The Institution should refer to the regulations cited below. Signature on this Agreement provides for compliance with certification requirements under 34 CFR Part 82, "New Restrictions on Lobbying," and 34 CFR Part 85, "Government-wide Debarment and Suspension (Nonprocurement) and Government-wide Requirement for Drug-Free Workplace (Grants)." Breach of any of these certificates constitutes a breach of this Agreement.

## **PART 1 CERTIFICATION REGARDING LOBBYING; DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS; AND DRUG-FREE WORKPLACE REQUIREMENTS**

### ***1. Lobbying***

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 34 CFR Part 82, for persons entering into a grant or cooperative agreement over \$100,000, as defined at 34 CFR Part 82, Sections 82.105, and 82.110, the Institution certifies that:

- (a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of any Federal grant, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal grant or cooperative agreement;
- (b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal Grant or cooperative agreement, the Institution shall complete and submit Standard Form - LLL, "Disclosure Form to Report Lobbying," in accordance with all subrecipients shall certify and disclose accordingly.
- (c) The Institution shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subgrants, contracts under grants and cooperative agreements, and subcontracts) and that all subrecipients shall certify and disclose accordingly.

### ***2. Debarment, Suspension, and Other Responsibility Matters***

As required by Executive Order 12549, Debarment and Suspension, and implemented at 34 CFR Part 85, for prospective participants in primary covered transactions as defined at 34 CFR Part 85, Sections 85.105 and 85.110, the Institution certifies that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
- (d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause or default.

### ***3. Drug-Free Workplace (Grantees Other Than Individuals)***

As required by the Drug-Free Workplace Act of 1988, and implemented at 34 CFR Part 85, Subpart F, for grantees, as defined at 34 CFR Part 85, Sections 85.605, and 85.610 -

The Institution certifies that it will or will continue to provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an on-going drug-free awareness program to inform employees about-
  - (1) The dangers of drug abuse in the workplace;
  - (2) The Institution's policy of maintaining a drug-free workplace;
  - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
  - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will -
  - (1) Abide by the terms of the statement, and
  - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency, in writing, within 10 calendar days after receiving notice under this subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to: Director, Grants and Contracts Service, U.S. Department of Education, 400 Maryland Avenue, S.W. (Room 3124, GSA Regional Office Building No. 3), Washington, DC 20202-5140. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted -
  - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1972, as amended; or
  - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

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#### ***4. Drug-Free Workplace (Grantees Who Are Individuals)***

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As required by the Drug-Free Workplace Act of 1988, and implemented at 34 CFR Part 85, Subpart F, for grantees, as defined at 34 CFR Part 85, Sections 85.605, and 85.610 -

1. As a condition of the grant, the Institution certifies that it will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant; and
2. If any officer or owner of the Institution is convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, the Institution will report the conviction, in writing, within 10 calendar days of the conviction, to: Director, Grants and Contracts Service, U.S. Department of Education, 400 Maryland Avenue, S.W. (Room 3124, GSA Regional Office Building No. 3), Washington, DC 20202-5140. Notice shall include the identification number(s) of each affected grant.

## **PART 2 U.S. DEPARTMENT OF EDUCATION DRUG PREVENTION CERTIFICATION**

The undersigned Institution certifies that it has adopted and implemented a drug prevention program for its students and employees that, at a minimum, includes--

1. The annual distribution in writing to each employee, and to each student who is taking one or more classes for any kind of academic credit except for continuing education units, regardless of the length of the student's program of study, of:
  - Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities.
  - A description of the applicable legal sanctions under local, State or Federal law for the unlawful possession or distribution of illicit drugs and alcohol.
  - A description of the health risks associated with the use of illicit drugs and the abuse of alcohol.
  - A clear statement that the Institution will impose disciplinary sanctions on students and employees (consistent with local, State and Federal law), and a description of those sanctions, up to and including expulsion or termination of employment and referral for prosecution, for violation of the standards of conduct. A disciplinary sanction may include the completion of an appropriate rehabilitation program.
  - A description of any drug or alcohol counseling, treatment, or re-entry programs that are available to employees or students.
2. A biennial review by the Institution of its program to:
  - Determine its effectiveness and implement changes to the program if they are needed.
  - Ensure that its disciplinary sanctions are consistently enforced.

**PART 3 CERTIFICATION REGARDING DEBARMENT, SUSPENSION,  
INELIGIBILITY, AND VOLUNTARY EXCLUSION -- LOWER TIER  
COVERED TRANSACTIONS**

The Institution is to obtain the signatures of Lower Tier Contractors on copies of the certification reproduced below, and retain the completed certification(s) in the Institution's files.

| <b>CERTIFICATION BY LOWER TIER CONTRACTOR</b><br><b>(Before Completing Certification, Read Instructions for This Part 3, below)</b>                                                                                                                                                                                                                                                                                                                                                                                        |                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| <p>(1) The prospective lower tier participant certifies by submission of this proposal, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal Department or Agency.</p> <p>(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.</p> |                                    |
| _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | _____                              |
| Name of Lower Tier Organization                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | PR/Award Number or Project Name    |
| _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | _____                              |
| Name of Authorized Representative                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Title of Authorized Representative |
| _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | _____                              |
| Signature of Authorized Representative                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Date                               |

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to whom this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will



**IN WITNESS WHEREOF**

the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

Signature of Institution's  
Chief Executive Officer: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name and Title: \_\_\_\_\_  
\_\_\_\_\_

For the Secretary: \_\_\_\_\_ Date: \_\_\_\_\_  
U.S. Department of Education

# **University of Saint Mary**

Accountants' Report and Financial Statements

June 30, 2012 and 2011



**University of Saint Mary**  
**June 30, 2012 and 2011**

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## Independent Accountants' Report

Board of Trustees  
University of Saint Mary  
Leavenworth, Kansas

We have audited the accompanying statements of financial position of University of Saint Mary as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Saint Mary as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*BKD, LLP*

Kansas City, Missouri  
October 26, 2012

**University of Saint Mary**  
**Statements of Financial Position**  
**June 30, 2012 and 2011**

**Assets**

|                                                                              | <b>2012</b>   | <b>2011</b>   |
|------------------------------------------------------------------------------|---------------|---------------|
| Cash and cash equivalents                                                    | \$ 538,579    | \$ 854,822    |
| Accounts receivable, net of allowance;<br>2012 - \$169,000, 2011 - \$173,000 | 716,837       | 411,123       |
| Prepaid expenses and other                                                   | 700,633       | 343,713       |
| Inventories                                                                  | 73,588        | 73,468        |
| Contributions receivable, net of allowance                                   | 3,384,526     | 4,198,009     |
| Investments                                                                  | 11,344,770    | 11,484,371    |
| Certificates of deposit                                                      | 616,471       | 633,796       |
| Restricted funds held by bond trustee                                        | 500,910       | 488,571       |
| Loans to students, net of allowance;<br>2012 and 2011 - \$20,000             | 514,837       | 564,278       |
| Property and equipment, net of accumulated depreciation                      | 13,712,565    | 11,920,130    |
| Beneficial interest in perpetual trust                                       | 4,272,426     | 3,837,874     |
|                                                                              | \$ 36,376,142 | \$ 34,810,155 |
| Total assets                                                                 |               |               |

**Liabilities and Net Assets**

**Liabilities**

|                                     |              |            |
|-------------------------------------|--------------|------------|
| Accounts payable                    | \$ 1,627,778 | \$ 355,646 |
| Accrued liabilities                 | 537,239      | 583,227    |
| Deferred revenues                   | 673,620      | 94,500     |
| Pension liability                   | 221,816      | 210,012    |
| Refundable government loan programs | 581,926      | 620,877    |
| Capital lease obligations           | 39,920       | 103,529    |
| Note payable                        | 700,000      | -          |
| Bond payable                        | 4,610,000    | 4,690,000  |
|                                     | 8,992,299    | 6,657,791  |
| Total liabilities                   |              |            |

**Net Assets**

|                                  |               |               |
|----------------------------------|---------------|---------------|
| Unrestricted                     | 7,895,360     | 8,507,679     |
| Temporarily restricted           | 6,765,715     | 7,435,567     |
| Permanently restricted           | 12,722,768    | 12,209,118    |
|                                  | 27,383,843    | 28,152,364    |
| Total net assets                 |               |               |
|                                  | \$ 36,376,142 | \$ 34,810,155 |
| Total liabilities and net assets |               |               |

**University of Saint Mary**  
**Statement of Activities**  
**Year Ended June 30, 2012**

|                                                                                  | <b>Unrestricted</b> | <b>Temporarily<br/>Restricted</b> | <b>Permanently<br/>Restricted</b> | <b>Total</b>         |
|----------------------------------------------------------------------------------|---------------------|-----------------------------------|-----------------------------------|----------------------|
| <b>Revenues, Gains and Other Support</b>                                         |                     |                                   |                                   |                      |
| Contributions                                                                    | \$ 1,461,205        | \$ 975,260                        | \$ 79,098                         | \$ 2,515,563         |
| Tuition and fees, net of student<br>charge allowances - \$4,300,105              | 9,691,077           | -                                 | -                                 | 9,691,077            |
| Federal grants                                                                   | 39,007              | -                                 | -                                 | 39,007               |
| Change in beneficial interest in perpetual trust                                 | -                   | -                                 | 434,552                           | 434,552              |
| Investment return                                                                | 190,072             | (11,856)                          | -                                 | 178,216              |
| Miscellaneous                                                                    | 168,628             | -                                 | -                                 | 168,628              |
| Auxiliary enterprises                                                            | 1,553,412           | -                                 | -                                 | 1,553,412            |
| Net assets released from restrictions by<br>satisfaction of program restrictions | <u>1,633,256</u>    | <u>(1,633,256)</u>                | <u>-</u>                          | <u>-</u>             |
| Total revenues, gains and other support                                          | <u>14,736,657</u>   | <u>(669,852)</u>                  | <u>513,650</u>                    | <u>14,580,455</u>    |
| <b>Expenses</b>                                                                  |                     |                                   |                                   |                      |
| Instruction                                                                      | 5,607,221           |                                   |                                   | 5,607,221            |
| Academic support                                                                 | 571,821             |                                   |                                   | 571,821              |
| Public support                                                                   | 283,965             |                                   |                                   | 283,965              |
| Student services                                                                 | 2,406,728           |                                   |                                   | 2,406,728            |
| Institutional advancement                                                        | 1,235,066           |                                   |                                   | 1,235,066            |
| Institutional support                                                            | 2,473,723           |                                   |                                   | 2,473,723            |
| Plant operation                                                                  | 1,234,889           |                                   |                                   | 1,234,889            |
| Auxiliary enterprises                                                            | <u>1,527,934</u>    |                                   |                                   | <u>1,527,934</u>     |
| Total expenses                                                                   | <u>15,341,347</u>   | <u>-</u>                          | <u>-</u>                          | <u>15,341,347</u>    |
| <b>Change in Net Assets Before Loss in<br/>Defined Benefit Pension Plan</b>      | (604,690)           | (669,852)                         | 513,650                           | (760,892)            |
| <b>Loss in Defined Benefit Pension Plan</b>                                      | <u>(7,629)</u>      | <u>-</u>                          | <u>-</u>                          | <u>(7,629)</u>       |
| <b>Change in Net Assets</b>                                                      | (612,319)           | (669,852)                         | 513,650                           | (768,521)            |
| <b>Net Assets, Beginning of Year</b>                                             | <u>8,507,679</u>    | <u>7,435,567</u>                  | <u>12,209,118</u>                 | <u>28,152,364</u>    |
| <b>Net Assets, End of Year</b>                                                   | <u>\$ 7,895,360</u> | <u>\$ 6,765,715</u>               | <u>\$ 12,722,768</u>              | <u>\$ 27,383,843</u> |

**University of Saint Mary**  
**Statement of Activities**  
**Year Ended June 30, 2011**

|                                                                                  | <b>Unrestricted</b> | <b>Temporarily<br/>Restricted</b> | <b>Permanently<br/>Restricted</b> | <b>Total</b>         |
|----------------------------------------------------------------------------------|---------------------|-----------------------------------|-----------------------------------|----------------------|
| <b>Revenues, Gains and Other Support</b>                                         |                     |                                   |                                   |                      |
| Contributions                                                                    | \$ 1,765,581        | \$ 4,173,334                      | \$ 118,129                        | \$ 6,057,044         |
| Tuition and fees, net of student<br>charge allowances - \$4,174,079              | 8,944,255           | -                                 | -                                 | 8,944,255            |
| Federal grants                                                                   | 38,313              | -                                 | -                                 | 38,313               |
| Change in beneficial interest in perpetual trust                                 | -                   | -                                 | 968,889                           | 968,889              |
| Investment return                                                                | 344,280             | 2,020,022                         | -                                 | 2,364,302            |
| Miscellaneous                                                                    | 119,369             | -                                 | -                                 | 119,369              |
| Auxiliary enterprises                                                            | 1,974,351           | -                                 | -                                 | 1,974,351            |
| Net assets released from restrictions by<br>satisfaction of program restrictions | 831,818             | (831,818)                         | -                                 | -                    |
| Total revenues, gains and other support                                          | <u>14,017,967</u>   | <u>5,361,538</u>                  | <u>1,087,018</u>                  | <u>20,466,523</u>    |
| <b>Expenses</b>                                                                  |                     |                                   |                                   |                      |
| Instruction                                                                      | 4,282,610           |                                   |                                   | 4,282,610            |
| Academic support                                                                 | 533,009             |                                   |                                   | 533,009              |
| Public support                                                                   | 286,845             |                                   |                                   | 286,845              |
| Student services                                                                 | 2,259,581           |                                   |                                   | 2,259,581            |
| Institutional advancement                                                        | 1,081,190           |                                   |                                   | 1,081,190            |
| Institutional support                                                            | 2,459,173           |                                   |                                   | 2,459,173            |
| Plant operation                                                                  | 1,506,999           |                                   |                                   | 1,506,999            |
| Auxiliary enterprises                                                            | 1,751,267           |                                   |                                   | 1,751,267            |
| Total expenses                                                                   | <u>14,160,674</u>   | <u>-</u>                          | <u>-</u>                          | <u>14,160,674</u>    |
| <b>Change in Net Assets Before Gain in<br/>Defined Benefit Pension Plan</b>      | (142,707)           | 5,361,538                         | 1,087,018                         | 6,305,849            |
| <b>Gain in Defined Benefit Pension Plan</b>                                      | <u>18,903</u>       | <u>-</u>                          | <u>-</u>                          | <u>18,903</u>        |
| <b>Change in Net Assets</b>                                                      | (123,804)           | 5,361,538                         | 1,087,018                         | 6,324,752            |
| <b>Net Assets, Beginning of Year</b>                                             | <u>8,631,483</u>    | <u>2,074,029</u>                  | <u>11,122,100</u>                 | <u>21,827,612</u>    |
| <b>Net Assets, End of Year</b>                                                   | <u>\$ 8,507,679</u> | <u>\$ 7,435,567</u>               | <u>\$ 12,209,118</u>              | <u>\$ 28,152,364</u> |

**University of Saint Mary**  
**Statements of Cash Flows**  
**Years Ended June 30, 2012 and 2011**

|                                                           | <u>2012</u>        | <u>2011</u>       |
|-----------------------------------------------------------|--------------------|-------------------|
| <b>Operating Activities</b>                               |                    |                   |
| Change in net assets                                      | \$ (768,521)       | \$ 6,324,752      |
| Items not requiring (providing) cash                      |                    |                   |
| Depreciation                                              | 1,020,693          | 928,267           |
| Contributions restricted for long-term investments        | (979,449)          | (118,129)         |
| Net unrealized and realized (gains) losses on investments | 11,007             | (2,179,945)       |
| (Gain) loss on defined benefit pension plan               | 7,629              | (18,903)          |
| Gain on beneficial interest in perpetual trust            | (434,552)          | (968,889)         |
| Changes in                                                |                    |                   |
| Accounts receivable                                       | (305,714)          | (125,868)         |
| Contributions receivable                                  | (842,850)          | (3,976,776)       |
| Inventories                                               | (120)              | (6,260)           |
| Prepaid expenses and other assets                         | (356,920)          | 6,726             |
| Accounts payable                                          | 863,952            | 106,050           |
| Accrued liabilities                                       | (41,813)           | 175,816           |
| Deferred revenue                                          | 579,120            | (2,580)           |
|                                                           | <u>(1,247,538)</u> | <u>144,261</u>    |
| Net cash provided by (used in) operating activities       |                    |                   |
| <b>Investing Activities</b>                               |                    |                   |
| Purchase of property and equipment                        | (2,404,948)        | (347,147)         |
| Proceeds from maturity and sale of investments            | 527,718            | 208,908           |
| Purchase of investments                                   | (394,138)          | (117,643)         |
| Advances on student loans                                 | (58,415)           | (146,406)         |
| Repayments from student loans                             | 107,856            | 68,313            |
|                                                           | <u>(2,221,927)</u> | <u>(333,975)</u>  |
| Net cash used in investing activities                     |                    |                   |
| <b>Financing Activities</b>                               |                    |                   |
| Contributions restricted for long-term investment         | 979,449            | 118,129           |
| Pledge payments restricted for long-term investment       | 1,656,333          | -                 |
| Principal payments on capital leases and bonds            | (143,609)          | (92,262)          |
| Change in refundable government loan programs             | (38,951)           | 6,398             |
| Proceeds from issuances of note payable                   | 700,000            | -                 |
|                                                           | <u>3,153,222</u>   | <u>32,265</u>     |
| Net cash provided by financing activities                 |                    |                   |
| <b>Change in Cash and Cash Equivalents</b>                | (316,243)          | (157,449)         |
| <b>Cash and Cash Equivalents, Beginning of Year</b>       | <u>854,822</u>     | <u>1,012,271</u>  |
| <b>Cash and Cash Equivalents, End of Year</b>             | <u>\$ 538,579</u>  | <u>\$ 854,822</u> |
| <b>Supplemental Cash Flow Information</b>                 |                    |                   |
| Interest paid                                             | \$ 274,728         | \$ 276,930        |
| Fixed assets additions included in accounts payable       | 408,180            | -                 |

**University of Saint Mary**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

University of Saint Mary (the University), in Leavenworth, Kansas, is a Catholic liberal arts university whose purpose is to educate men and women for value-centered lives of service. The University offers master degrees, baccalaureate degrees and two-year certificate programs. The University is funded by gifts from its friends and supporters, student tuition and fees and endowment earnings. The University also participates in the Federal Student Financial Aid programs. The University is a non-profit organization whose sole corporate member is the Sisters of Charity of Leavenworth, Inc.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Cash Equivalents***

The University considers all liquid investments with original maturities of three months or less that are not purchased with resources that have donor-imposed restrictions that limit their use to long-term investment to be cash equivalents. At June 30, 2012 and 2011, cash equivalents consisted primarily of money market accounts with brokers.

Effective July 21, 2010, the FDIC insurance limits were permanently increased to \$250,000. At June 30, 2012, the University's cash accounts exceeded the federally insured limits by approximately \$150,000.

Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions.

***Investments***

The University participates with The Sisters of Charity of Leavenworth Health System Centralized Investment Program (SCLHSCIP). The University owns investment units within the pooled funds of the SCLHSCIP portfolio. Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. All other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or market value. Investment income and gains that are initially restricted by donor stipulation and for which the restriction will be satisfied in the same year are included in unrestricted revenues. Other investment income, gains and losses are reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

**University of Saint Mary**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

The fair value of the Core Hedge Funds, Absolute Return and Real Estate investments held by SCLHSCIP has been estimated using the net asset value per share of the investments.

***Contributions***

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period as the contribution is received, the University reports the support as unrestricted.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

***Collections***

The University's collections consist primarily of rare books and manuscripts, works of art and Abraham Lincoln documents and memorabilia. Purchases of collection items are recorded as decreases in net assets in the year in which the items are acquired. Proceeds from disposal of and insurance recoveries related to collection items are reported as increases in the appropriate net asset classes.

***Student Accounts Receivable***

Student accounts receivable are stated at the amounts billed to students less applied scholarships and loan proceeds. The University provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Tuition is generally due at the beginning of the semester, unless the student has signed a payment plan. Charges that are past due and have had no response to the due diligence process are assigned to third-party collection agencies. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the student.

**University of Saint Mary**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

***Property and Equipment***

Property and equipment are recorded at cost, or estimated value at acquisition if cost is unavailable. Depreciation is computed using the straight-line method and a 20-50 year useful life for buildings and improvements, a 5-20 year useful life for furniture and equipment and library books and periodicals and a 5-year useful life for vehicles.

***Income Taxes***

The University is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

The University files tax returns in the U.S. federal jurisdiction. The University is no longer subject to U.S. federal examinations by tax authorities for years before 2009.

***Transfers Between Fair Value Hierarchy Levels***

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

***Reclassifications***

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation. These reclassifications had no effect on the total change in net assets.

***Subsequent Events***

Subsequent events have been evaluated through the date of the Independent Accountants' Report, which is the date the financial statements were available to be issued.

**University of Saint Mary**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

**Note 2: Contributions Receivable**

Contributions receivable consisted of the following at June 30, 2012 and 2011:

|                                | <u>2012</u>         | <u>2011</u>         |
|--------------------------------|---------------------|---------------------|
| Gross contributions receivable | \$ 3,528,904        | \$ 4,423,933        |
| Less allowance                 | (32,890)            | (22,393)            |
| Less unamortized discount      | <u>(111,488)</u>    | <u>(203,531)</u>    |
| Net contributions receivable   | <u>\$ 3,384,526</u> | <u>\$ 4,198,009</u> |
| Amounts due in                 |                     |                     |
| Less than one year             | \$ 1,692,308        | \$ 1,509,020        |
| One to five years              | <u>1,836,596</u>    | <u>2,914,913</u>    |
|                                | <u>\$ 3,528,904</u> | <u>\$ 4,423,933</u> |

Of the above gross contributions receivable at June 30, 2012 and 2011, \$130,500 and \$286,500, respectively, was due from Trustees and \$30,225 and \$12,600, respectively, was due from employees. Contributions receivable are discounted at 2% at June 30, 2012 and 2011.

At June 30, 2012, approximately 92% or \$3,200,000 of the outstanding gross contribution receivable was due from Sisters of Charity of Leavenworth, Inc. and the Sisters of Charity of Leavenworth Health Systems, Inc.

**Note 3: Loans to Students**

The University makes uncollateralized loans to students through its participation in the Federal Perkins Loan (FPL) program. The availability of funds under the FPL program is dependent on reimbursement to the loan fund from repayments on outstanding loans. Cumulative funds advanced by the federal government for the FPL program totaled approximately \$668,000 as of June 30, 2012 and 2011. These advances along with allocated cumulative gains/losses are ultimately refundable to the federal government and are classified as refundable government loan programs in the statements of financial position. Outstanding loans canceled under the program result in a reduction of funds available for future loans. These loan amounts represent less than 2% of total assets as of June 30, 2012 and 2011.

Allowances for doubtful accounts are established based on current economic factors and specific circumstances of the borrower which, in management's judgment, could influence the ability of the borrower to repay the amounts per the loan terms. As of June 30, 2012 and 2011, management recorded a \$20,000 allowance for doubtful accounts relating to the loan receivables. For the FPL program, the federal government bears the risk of loss of uncollectible loans provided the University performs required collection due diligence procedures.

**University of Saint Mary**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

The following table represents the amounts past due under the University's student loan programs as of June 30, 2012 and 2011:

|                                                       | <u>2012</u>       | <u>2011</u>       |
|-------------------------------------------------------|-------------------|-------------------|
| Not in repayment status - current                     | \$ 229,071        | \$ 289,624        |
| On schedule in repayment status - current             | 129,279           | 131,344           |
| In default less than 240 days                         | 46,520            | 51,346            |
| In default more than 240 days and less than two years | 51,170            | 50,866            |
| In default two to five years                          | 52,697            | 41,305            |
| In default more than five years                       | <u>26,100</u>     | <u>19,793</u>     |
|                                                       | 534,837           | 584,278           |
| Less allowance for doubtful accounts                  | <u>(20,000)</u>   | <u>(20,000)</u>   |
|                                                       | <u>\$ 514,837</u> | <u>\$ 564,278</u> |

**Note 4: Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

|                                                                   | <u>2012</u>         | <u>2011</u>         |
|-------------------------------------------------------------------|---------------------|---------------------|
| Institutional support                                             | \$ 67,147           | \$ 161,179          |
| Endowments                                                        | 2,199,902           | 2,670,395           |
| Scholarships                                                      | 205,485             | 195,418             |
| Instructional and departmental                                    | 56,436              | 52,895              |
| Student services                                                  | 31,713              | 12,271              |
| Plant operations                                                  | 20,500              | 124,235             |
| Capital campaign                                                  | 4,139,532           | 4,174,174           |
| General operations of the University<br>for periods after June 30 | <u>45,000</u>       | <u>45,000</u>       |
|                                                                   | <u>\$ 6,765,715</u> | <u>\$ 7,435,567</u> |

**University of Saint Mary**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

**Note 5: Permanently Restricted Net Assets**

Permanently restricted net assets must be held in perpetuity with the annual income used to support University programs. These permanently restricted net assets are categorized as directed by the donors as follows:

|                                       | <u>2012</u>          | <u>2011</u>          |
|---------------------------------------|----------------------|----------------------|
| Scholarships                          | \$ 7,789,073         | \$ 7,709,975         |
| Retention/development of core faculty | 300,000              | 300,000              |
| General operations of the University  | <u>4,633,695</u>     | <u>4,199,143</u>     |
|                                       | <u>\$ 12,722,768</u> | <u>\$ 12,209,118</u> |

**Note 6: Release of Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

|                                | <u>2012</u>         | <u>2011</u>       |
|--------------------------------|---------------------|-------------------|
| Scholarship                    | \$ 45,205           | \$ 29,805         |
| Instructional and departmental | 8,516               | 43,572            |
| Institutional support          | 4,873               | 46,298            |
| Student services               | 1,531               | -                 |
| Plant operations               | 201,735             | 264,365           |
| Appropriation for operations   | 458,637             | 443,104           |
| Capital campaign               | 738,568             | -                 |
| General operations             | <u>-</u>            | <u>4,674</u>      |
| Total restrictions released    | <u>\$ 1,459,065</u> | <u>\$ 831,818</u> |

**University of Saint Mary**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

**Note 7: Investments and Investment Return**

Investments at June 30, 2012 and 2011 consisted of the following:

|                                                   | <b>2012</b>          | <b>2011</b>          |
|---------------------------------------------------|----------------------|----------------------|
| Cash and short-term investments                   | \$ 600,559           | \$ 252,478           |
| U.S. government treasuries and agency obligations | 691,761              | 375,511              |
| Corporate debt                                    | 817,673              | 813,006              |
| Asset-backed securities                           | 88,650               | 139,677              |
| Commercial paper and certificates of deposit      | 87,812               | 107,011              |
| Mortgage-backed securities                        | 636,896              | 827,908              |
| International government bond                     | 244,450              | 107,086              |
| Domestic common stocks                            | 1,545,137            | 1,568,869            |
| Global/international common stocks                | 1,195,333            | 1,273,119            |
| Mutual funds                                      |                      |                      |
| Dodge & Cox mutual fund                           | 808,595              | 842,388              |
| PIMCO Total Return Fund-Institutional fund        | 1,261,774            | 1,674,272            |
| Other mutual funds                                | 1,840,854            | 1,686,348            |
| Wellington commingled hedge fund                  | 298,070              | 254,805              |
| Core hedge                                        | 537,565              | 569,472              |
| Real estate                                       | 689,641              | 992,421              |
|                                                   | <u>\$ 11,344,770</u> | <u>\$ 11,484,372</u> |

Investment return during 2012 and 2011 consisted of the following:

|                               | <b>2012</b>       | <b>2011</b>         |
|-------------------------------|-------------------|---------------------|
| Dividends and interest        | \$ 189,223        | \$ 184,357          |
| Net realized gains            | 374,247           | 508,764             |
| Net unrealized gains (losses) | <u>(385,254)</u>  | <u>1,671,181</u>    |
|                               | <u>\$ 178,216</u> | <u>\$ 2,364,302</u> |

**University of Saint Mary**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

**Note 8: Beneficial Interest in Trust**

The University is a beneficiary under a perpetual trust administered by an outside party. Under the terms of the trust, the University has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$4,272,426 and \$3,837,874, which represents the fair value of the University's interest in the trust assets at June 30, 2012 and 2011, respectively. The income distributed from this trust amounted to \$152,499 and \$145,409 for the years ended June 30, 2012 and 2011, respectively.

**Note 9: Property and Equipment**

Property and equipment consists of the following:

|                               | <u>2012</u>          | <u>2011</u>          |
|-------------------------------|----------------------|----------------------|
| Buildings and improvements    | \$ 26,880,760        | \$ 25,787,525        |
| Construction in progress      | 1,138,748            | -                    |
| Furniture and equipment       | 8,003,136            | 7,431,969            |
| Vehicles                      | 84,378               | 74,398               |
| Library books and periodicals | 1,057,682            | 1,057,682            |
|                               | <u>37,164,704</u>    | <u>34,351,574</u>    |
| Less accumulated depreciation | <u>(23,452,139)</u>  | <u>(22,431,444)</u>  |
|                               | <u>\$ 13,712,565</u> | <u>\$ 11,920,130</u> |

**Note 10: Line of Credit**

In April 2011, the University established a \$1,500,000 revolving bank line of credit expiring in April 2013. Borrowings under this line of credit totaled \$700,000 and \$0 at June 30, 2012 and 2011, respectively.

The line is collateralized by certificates of deposits and money markets held by the University. Interest varies with the bank's prime rate; however, the interest rate cannot be less than 3.5%. At June 30, 2012 and 2011, the prime rate was 3.25% and is payable monthly.

**University of Saint Mary**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

**Note 11: Bond Payable**

|                  | <b>2012</b>  | <b>2011</b>  |
|------------------|--------------|--------------|
| Bond payable (A) | \$ 4,610,000 | \$ 4,690,000 |

(A) Educational Facilities Revenue Bonds – Series 2008, maturing serially in principal amounts ranging from \$80,000 to \$325,000, payable September 1 each year through 2038. Principal payments began on September 1, 2011. Interest will accrue at rates between 3.65% and 6.00%. The proceeds of the bonds were used to finance the construction of a new residence hall. The borrowing agreement requires the University to deposit reserve funds with the bond trustee. These funds, which totaled \$500,910 and \$488,571 as of June 30, 2012 and 2011, respectively, were invested in money market accounts held by the bond trustee. The payment of the bonds is guaranteed pursuant to the Sisters of Charity of Leavenworth Health System (“SCLHS”) Guaranty Agreement dated November 1, 2008. The borrowing agreement contains restrictive covenants, which, among other things, require the University to maintain certain financial covenant ratios. Management has determined the University was in compliance with these covenants at June 30, 2012.

Required annual principal payments on the bonds as of June 30, 2012 are as follows:

|            |              |
|------------|--------------|
| 2013       | \$ 85,000    |
| 2014       | 90,000       |
| 2015       | 90,000       |
| 2016       | 95,000       |
| 2017       | 100,000      |
| Thereafter | 4,150,000    |
|            | \$ 4,610,000 |

**University of Saint Mary**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

**Note 12: Capital Lease Obligations**

The present value of future minimum payments under capital lease obligations at June 30, 2012 and 2011 is as follows:

|                                                | <u>2012</u>      | <u>2011</u>       |
|------------------------------------------------|------------------|-------------------|
| 2012                                           | \$ 2,819         | \$ 72,849         |
| 2013                                           | 39,011           | 39,011            |
|                                                | <u>41,830</u>    | <u>111,860</u>    |
| Less amount representing interest              | (1,910)          | (8,331)           |
| Present value of future minimum lease payments | <u>\$ 39,920</u> | <u>\$ 103,529</u> |

Capital leases include leases covering computers issued to students expiring in 2013.

Computers under capital leases are included in property and equipment under furniture and equipment as noted in Note 9.

**Note 13: Pension Plan**

The University maintains a defined benefit pension plan covering substantially all hourly employees other than faculty with more than one year of service who are over the age of 21. The assets of the separately trusted plan are carried at market value and it is the University's policy to fund pension cost on a current basis. Plan assets consist of fixed income funds, equities, hedge funds and money market funds. The University expects to contribute \$54,601 to the plan in 2013. The University uses a June 30 measurement date for the plan. Information about the plan's funded status follows:

|                           | <u>2012</u>         | <u>2011</u>         |
|---------------------------|---------------------|---------------------|
| Benefit obligation        | \$ 856,751          | \$ 839,187          |
| Fair value of plan assets | <u>634,935</u>      | <u>629,175</u>      |
| Funded status             | <u>\$ (221,816)</u> | <u>\$ (210,012)</u> |

At June 30, 2012 and 2011, the pension liability of \$221,816 and \$210,012, respectively, was included in the statements of financial position. Amounts recognized in change in net assets not yet recognized as components of net periodic benefit cost consist of:

|                                      | <u>2012</u>       | <u>2011</u>       |
|--------------------------------------|-------------------|-------------------|
| Loss in defined benefit pension plan | <u>\$ 143,862</u> | <u>\$ 136,233</u> |

**University of Saint Mary**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

The accumulated benefit obligation for the defined benefit pension plan was \$856,751 and \$839,187 at June 30, 2012 and 2011, respectively.

Other significant balances and costs are:

|                        | <b>2012</b> | <b>2011</b> |
|------------------------|-------------|-------------|
| Employer contributions | \$ 46,446   | \$ 31,000   |
| Benefits paid          | 36,938      | 25,137      |
| Benefit costs          | 3,245       | 3,102       |

Other changes in plan assets and benefit obligations recognized in change in net assets:

|                                   | <b>2012</b> | <b>2011</b> |
|-----------------------------------|-------------|-------------|
| Amounts arising during the period |             |             |
| Net gain (loss)                   | \$ (7,629)  | \$ 18,903   |

Significant assumptions include:

|                                                                    | <b>Pension Benefits</b>          |                                  |
|--------------------------------------------------------------------|----------------------------------|----------------------------------|
|                                                                    | <b>2012</b>                      | <b>2011</b>                      |
| Weighted-average assumptions used to determine benefit obligations |                                  |                                  |
| Discount rate                                                      | 4.33%                            | 5.25%                            |
| Rate of compensation increase                                      | Age Graded<br>from<br>9% to 2.5% | Age Graded<br>from<br>9% to 2.5% |
| Weighted-average assumptions used to determine benefit costs       |                                  |                                  |
| Discount rate                                                      | 5.25%                            | 5.00%                            |
| Expected return on plan assets                                     | 7.25%                            | 7.50%                            |
| Rate of compensation increase                                      | Age Graded<br>from<br>9% to 2.5% | Age Graded<br>from<br>9% to 2.5% |

Plan assets are held by the SCLHSCIP portfolio, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreements permit investment in common stocks, corporate bonds and debentures, U.S. Government securities, certain insurance contracts, real estate and other specified investments, based on certain target allocation percentages.

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**Pension Plan Assets**

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include common stock and equity mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include asset-back securities and collateralized mortgage obligations. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy and include real estate trusts and hedge funds.

The fair values of University's pension plan assets at June 30, 2012 and 2011 by asset class are as follows:

| Asset Category                      | Total Fair Value | 2012<br>Fair Value Measurements Using                          |                                               |                                           |
|-------------------------------------|------------------|----------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
|                                     |                  | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Cash equivalents                    | \$ 38,340        | \$ 38,340                                                      | \$ -                                          | \$ -                                      |
| Domestic equities                   | 49,185           | 49,185                                                         | -                                             | -                                         |
| International equities              | 129,638          | 93,175                                                         | 36,463                                        | -                                         |
| Hedge funds                         | 24,280           | -                                                              | -                                             | 24,280                                    |
| Mutual funds                        | 232,947          | 232,947                                                        | -                                             | -                                         |
| Real estate                         | 60,184           | -                                                              | -                                             | 60,184                                    |
| Asset-backed securities             | 1,067            | -                                                              | 1,067                                         | -                                         |
| Corporate debt                      | 11,427           | 60                                                             | 11,367                                        | -                                         |
| Agency mortgage-backed securities   | 19,542           | -                                                              | 19,542                                        | -                                         |
| Collateralized mortgage obligations | 4,376            | -                                                              | 4,376                                         | -                                         |
| Commingled hedge funds              | 56,333           | -                                                              | 56,333                                        | -                                         |
| Government securities               | 7,616            | 1,686                                                          | 5,930                                         | -                                         |
| Total pension investments           | \$ 634,935       | \$ 415,393                                                     | \$ 135,078                                    | \$ 84,464                                 |

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| Asset Category                      | Total Fair Value  | 2011<br>Fair Value Measurements Using                          |                                               |                                           |
|-------------------------------------|-------------------|----------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
|                                     |                   | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Cash equivalents                    | \$ 27,048         | \$ 27,048                                                      | \$ -                                          | \$ -                                      |
| Domestic equities                   | 54,480            | 54,417                                                         | 63                                            | -                                         |
| International equities              | 165,527           | 139,690                                                        | 25,837                                        | -                                         |
| Hedge funds                         | 31,804            | 11,958                                                         | 44                                            | 19,802                                    |
| Mutual funds                        | 248,389           | 248,389                                                        | -                                             | -                                         |
| Real estate                         | 98,434            | -                                                              | -                                             | 98,434                                    |
| Asset-backed securities             | 89                | -                                                              | 89                                            | -                                         |
| Corporate debt                      | 854               | -                                                              | 854                                           | -                                         |
| Agency mortgage-backed securities   | 2,354             | -                                                              | 2,354                                         | -                                         |
| Collateralized mortgage obligations | 196               | -                                                              | 174                                           | 22                                        |
| Total pension investments           | <u>\$ 629,175</u> | <u>\$ 481,502</u>                                              | <u>\$ 29,415</u>                              | <u>\$ 118,258</u>                         |

The University has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

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The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

|                                                     | <b>Real<br/>Estate</b> | <b>Hedge<br/>Funds</b> | <b>Total<br/>(Level 3)</b> |
|-----------------------------------------------------|------------------------|------------------------|----------------------------|
| Balance at June 30, 2010                            | \$ 22,749              | \$ 13,527              | \$ 36,276                  |
| Actual return on plan assets                        |                        |                        |                            |
| Relating to assets still held at the reporting date | 4,663                  | 1,886                  | 6,549                      |
| Relating to assets sold during the period           | (1,595)                | (43)                   | (1,638)                    |
| Purchases                                           | 16                     | 5                      | 21                         |
| Transfers in                                        | 76,634                 | 5,923                  | 82,557                     |
| Transfers out                                       | (30)                   | -                      | (30)                       |
| Sales                                               | (3,982)                | (1,495)                | (5,477)                    |
| Balance at June 30, 2011                            | 98,455                 | 19,803                 | 118,258                    |
| Actual return on plan assets                        |                        |                        |                            |
| Relating to assets still held at the reporting date | (24,478)               | (2,536)                | (27,014)                   |
| Relating to assets sold during the period           | 3                      | 376                    | 379                        |
| Purchases                                           | 2,966                  | 29                     | 2,995                      |
| Transfers in                                        | -                      | 9,483                  | 9,483                      |
| Transfers out                                       | (16,261)               | -                      | (16,261)                   |
| Sales                                               | (501)                  | (2,875)                | (3,376)                    |
| Balance at June 30, 2012                            | \$ 60,184              | \$ 24,280              | \$ 84,464                  |

Asset allocation is primarily based on a strategy to provide stable earnings, while still permitting the plan to recognize potentially higher returns through a limited investment in equity securities. The target asset allocation percentages for 2012 and 2011 are as follows:

|                            |                     |            |
|----------------------------|---------------------|------------|
| Cash and cash equivalents  | Between 0% and 20%  | Target 2%  |
| Fixed income (bonds)       | Between 20% and 80% | Target 28% |
| Domestic equities          | Between 0% and 80%  | Target 46% |
| International equities     | Between 0% and 20%  | Target 14% |
| Real estate                | Between 0% and 4%   | Target 4%  |
| Low volatility hedge funds | Between 0% and 3%   | Target 3%  |
| Core hedge funds           | Between 0% and 3%   | Target 3%  |

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**Note 14: Defined Contribution Plan**

The University has a defined contribution retirement plan covering all lay faculty, administrators and professional staff who have completed at least one year of service and have reached the age of 25. Contributions to the plan are used to purchase on behalf of plan participants annuity contracts in the Teachers Insurance and Annuity Association (TIAA) or shares offered in College Retirement Equities Fund (CREF). Employee benefits under these plans call for payments at retirement based on the accumulated values in the individual participant's accounts at date of retirement and, consequently, there are no prior service costs. The University matches up to 5% of regular salary, as defined, of participating employees during the plan year. Participants are fully and immediately vested in the benefits arising from contributions made under the plan. The University's contributions to the plan were \$135,741 and \$126,708 at June 30, 2012 and 2011, respectively.

**Note 15: Endowments**

The University's endowment consists of 160 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University's governing body has interpreted the State of Kansas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the University and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the University
7. Investment policies of the University

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The composition of net assets by type of endowment fund, subject to UPMIFA, at June 30, 2012 and 2011 was:

|                                          | <b>2012</b>         |                               |                               | <b>Total</b>         |
|------------------------------------------|---------------------|-------------------------------|-------------------------------|----------------------|
|                                          | <b>Unrestricted</b> | <b>Temporarily Restricted</b> | <b>Permanently Restricted</b> |                      |
| Donor-restricted endowment funds         | \$ -                | \$ 2,199,851                  | \$ 8,428,676                  | \$ 10,628,527        |
| Board-designated endowment funds         | 678,627             | -                             | -                             | 678,627              |
| Total endowment funds, subject to UPMIFA | <u>\$ 678,627</u>   | <u>\$ 2,199,851</u>           | <u>\$ 8,428,676</u>           | <u>\$ 11,307,154</u> |

|                                          | <b>2011</b>         |                               |                               | <b>Total</b>         |
|------------------------------------------|---------------------|-------------------------------|-------------------------------|----------------------|
|                                          | <b>Unrestricted</b> | <b>Temporarily Restricted</b> | <b>Permanently Restricted</b> |                      |
| Donor-restricted endowment funds         | \$ -                | \$ 2,670,395                  | \$ 8,358,092                  | \$ 11,028,487        |
| Board-designated endowment funds         | 692,964             | -                             | -                             | 692,964              |
| Total endowment funds, subject to UPMIFA | <u>\$ 692,964</u>   | <u>\$ 2,670,395</u>           | <u>\$ 8,358,092</u>           | <u>\$ 11,721,451</u> |

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Changes in endowment net assets, subject to UPMIFA, for the years ended June 30, 2012 and 2011 was:

|                                                                  | <b>2012</b>         |                               |                               | <b>Total</b>         |
|------------------------------------------------------------------|---------------------|-------------------------------|-------------------------------|----------------------|
|                                                                  | <b>Unrestricted</b> | <b>Temporarily Restricted</b> | <b>Permanently Restricted</b> |                      |
| Endowment net assets,<br>beginning of year, subject<br>to UPMIFA | \$ 692,964          | \$ 2,670,395                  | \$ 8,358,092                  | \$ 11,721,451        |
| Investment return                                                | (751)               | (11,856)                      | -                             | (12,607)             |
| Contributions/Board designations                                 | 15,450              | -                             | 70,584                        | 86,034               |
| Appropriation of endowment<br>assets for expenditure             | (29,036)            | (458,688)                     | -                             | (487,724)            |
| Endowment net assets, end of<br>year, subject to UPMIFA          | <u>\$ 678,627</u>   | <u>\$ 2,199,851</u>           | <u>\$ 8,428,676</u>           | <u>\$ 11,307,154</u> |

|                                                                  | <b>2011</b>         |                               |                               | <b>Total</b>         |
|------------------------------------------------------------------|---------------------|-------------------------------|-------------------------------|----------------------|
|                                                                  | <b>Unrestricted</b> | <b>Temporarily Restricted</b> | <b>Permanently Restricted</b> |                      |
| Endowment net assets,<br>beginning of year, subject<br>to UPMIFA | \$ 589,605          | \$ 1,093,476                  | \$ 8,253,115                  | \$ 9,936,196         |
| Investment return                                                | 126,834             | 2,020,022                     | -                             | 2,146,856            |
| Contributions                                                    | 4,348               | -                             | 104,977                       | 109,325              |
| Appropriation of endowment<br>assets for expenditure             | (27,823)            | (443,103)                     | -                             | (470,926)            |
| Endowment net assets, end of<br>year, subject to UPMIFA          | <u>\$ 692,964</u>   | <u>\$ 2,670,395</u>           | <u>\$ 8,358,092</u>           | <u>\$ 11,721,451</u> |

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The University's total endowment, as defined by the University, consists of amounts both subject to and not subject to UPMIFA, summarized as follows:

|                                                                 | <b>2012</b>          | <b>2011</b>          |
|-----------------------------------------------------------------|----------------------|----------------------|
| Endowment net assets, subject to UPMIFA<br>(see previous table) | \$ 11,307,154        | \$ 11,721,451        |
| Beneficial interest in perpetual trust                          | 4,272,426            | 3,837,874            |
| Pledges receivable, net                                         | 21,216               | 13,152               |
|                                                                 | <b>\$ 15,600,796</b> | <b>\$ 15,572,477</b> |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the University is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated \$0 for both June 30, 2012 and 2011.

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the University must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the University's policies, endowment assets are invested in a manner that is intended to produce results that exceed demands placed on the endowment to support the University spending policy plus the rate of inflation, as measured by the national Consumer Price Index. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the University relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The University has a spending policy of appropriating for expenditure each year an amount deemed necessary to support its operations. Spending for any given fiscal year is based on the application of the deemed spending rate applied to a 13-quarter moving average asset value of the endowment. For fiscal years ended June 30, 2012 and 2011, the University used a spending rate of 5%.

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**Note 16: Leases**

All buildings and property on which the main campus of the University is located are leased from the Sisters of Charity of Leavenworth, Inc. The lease agreement sets forth a rental payment of \$1 per annum, specifies a fixed noncancelable term of one year and includes renewal options for succeeding periods of one year. The fair value of the land exceeds 25% of the total fair value of the leased property. Accordingly, the land portion of the lease is classified as an operating lease and the buildings portion is classified as a capital lease. The University has included the estimated fair value of the land portion of the lease as a contribution in the statements of activities at \$40,000, with an offsetting rental expense in the same amount. Property and equipment and unrestricted net assets, at June 30, 2012 and 2011, include buildings under this capital lease as follows:

|                               | <b>2012</b>   | <b>2011</b>   |
|-------------------------------|---------------|---------------|
| Cost                          | \$ 25,862,752 | \$ 24,769,517 |
| Less accumulated depreciation | (14,110,801)  | (13,407,147)  |
|                               | \$ 11,751,951 | \$ 11,362,370 |

Assets under this lease cannot be pledged or otherwise encumbered.

**Note 17: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Related Party***

Major Contributor

Approximately 53% and 81% of the University's total contribution revenue for years 2012 and 2011, respectively, were provided by The Sisters of Charity of Leavenworth, Inc., and the Sisters of Charity of Leavenworth Health Systems, Inc.

Investments

At June 30, 2012 and 2011, approximately 98% and 95% of the University's investments were managed by The Sisters of Charity of Leavenworth Health System Centralized Investment Program, respectively.

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***Current Economic Conditions***

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, declines in student financial aid, enrollment revenue, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the University.

Current economic conditions have made it difficult for many donors to continue to contribute to not-for-profit organizations. As is the case with most not-for-profit organizations, a significant decline in contribution revenue, governmental support, etc., could have an adverse impact on an organization's future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for contributions and accounts receivable that could negatively impact the University's ability to maintain sufficient liquidity.

**Note 18: Operating Lease**

The University (lessee) has entered into an agreement with the Roman Catholic Archdiocese of Kansas City in Kansas (lessor), through St. Thomas Aquinas High School, for use of a building located at St. Thomas Aquinas.

The operating lease commenced January 2002 and runs for a period of 15 years. Monthly lease payments are \$10,897.

At the expiration of the original term, the University will have options to renew the lease for additional periods of 10 to 25 years.

**Note 19: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

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**Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

***Investments, Beneficial Interest in Perpetual Trust and Restricted Funds Held by Bond Trustee and Cash Equivalents***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include fixed income mutual funds and equity mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include a beneficial interest in a perpetual trust, corporate debt, asset-backed securities, commercial paper, mortgage-backed securities, international government bonds and the Wellington commingled hedge fund. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include real estate trusts and hedge funds.

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The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the Topic 820 fair value hierarchy in which the fair value measurements fall at June 30, 2012 and 2011:

|                                                   | Fair Value           | 2012<br>Fair Value Measurements Using                                            |                                                           |                                                    |
|---------------------------------------------------|----------------------|----------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                                   |                      | Quoted<br>Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Cash and short-term investments                   | \$ 600,559           | \$ 600,559                                                                       | \$ -                                                      | \$ -                                               |
| U.S. government treasuries and agency obligations | 691,761              | 528,568                                                                          | 163,193                                                   | -                                                  |
| Corporate debt                                    | 817,673              | -                                                                                | 817,673                                                   | -                                                  |
| Asset-backed securities                           | 88,650               | -                                                                                | 88,650                                                    | -                                                  |
| Commercial paper and certificates of deposit      | 87,812               | -                                                                                | 87,812                                                    | -                                                  |
| Mortgage-backed securities                        | 636,896              | -                                                                                | 636,896                                                   | -                                                  |
| International government bond                     | 244,450              | -                                                                                | 244,450                                                   | -                                                  |
| Domestic common stock                             | 1,545,137            | 1,545,137                                                                        | -                                                         | -                                                  |
| Global/international common stock                 | 1,195,333            | 1,195,333                                                                        | -                                                         | -                                                  |
| Mutual funds                                      |                      |                                                                                  |                                                           |                                                    |
| Dodge & Cox mutual fund                           | 808,595              | 808,595                                                                          | -                                                         | -                                                  |
| PIMCO Total Return Fund-Institutional             | 1,261,774            | 1,261,774                                                                        | -                                                         | -                                                  |
| Other mutual funds                                | 1,840,854            | 1,840,854                                                                        | -                                                         | -                                                  |
| Wellington commingled hedge fund                  | 298,070              | -                                                                                | 298,070                                                   | -                                                  |
| Core hedge                                        | 537,565              | -                                                                                | -                                                         | 537,565                                            |
| Real estate                                       | 689,641              | -                                                                                | -                                                         | 689,641                                            |
| Total investments                                 | <u>11,344,770</u>    | <u>7,780,820</u>                                                                 | <u>2,336,744</u>                                          | <u>1,227,206</u>                                   |
| Beneficial interest in perpetual trust            | 4,272,426            | -                                                                                | 4,272,426                                                 | -                                                  |
| Restricted funds held by bond trustee             | 500,910              | 500,910                                                                          | -                                                         | -                                                  |
|                                                   | <u>\$ 16,118,106</u> | <u>\$ 8,281,730</u>                                                              | <u>\$ 6,609,170</u>                                       | <u>\$ 1,227,206</u>                                |

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|                                                   | 2011                                                                             |                                                           |                                                    |                     |
|---------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|---------------------|
|                                                   | Fair Value Measurements Using                                                    |                                                           |                                                    |                     |
| Fair Value                                        | Quoted<br>Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |                     |
| Cash and short-term investments                   | \$ 252,478                                                                       | \$ 252,478                                                | \$ -                                               | \$ -                |
| U.S. government treasuries and agency obligations | 375,511                                                                          | 223,990                                                   | 151,521                                            | -                   |
| Corporate debt                                    | 813,006                                                                          | -                                                         | 813,006                                            | -                   |
| Asset-backed securities                           | 139,677                                                                          | -                                                         | 139,677                                            | -                   |
| Commercial paper and certificates of deposit      | 107,011                                                                          | -                                                         | 107,011                                            | -                   |
| Mortgage-backed securities                        | 827,908                                                                          | -                                                         | 827,908                                            | -                   |
| International government bond                     | 107,086                                                                          | -                                                         | 107,086                                            | -                   |
| Domestic common stock                             | 1,720,101                                                                        | 1,720,101                                                 | -                                                  | -                   |
| Global/international common stock                 | 1,273,119                                                                        | 1,273,119                                                 | -                                                  | -                   |
| Mutual funds                                      |                                                                                  |                                                           |                                                    |                     |
| Dodge & Cox mutual fund                           | 842,388                                                                          | 842,388                                                   |                                                    | -                   |
| PIMCO Total Return Fund-Institutional             | 1,674,272                                                                        | 1,674,272                                                 | -                                                  | -                   |
| Other mutual funds                                | 1,535,116                                                                        | 1,535,116                                                 |                                                    | -                   |
| Wellington commingled hedge fund                  | 254,805                                                                          |                                                           | -                                                  | 254,805             |
| Core hedge                                        | 569,472                                                                          | 118,910                                                   | -                                                  | 450,562             |
| Real estate                                       | 992,421                                                                          | -                                                         | -                                                  | 992,421             |
| Total investments                                 | <u>11,484,371</u>                                                                | <u>7,640,374</u>                                          | <u>2,146,209</u>                                   | <u>1,697,788</u>    |
| Beneficial interest in perpetual trust            | 3,837,874                                                                        | -                                                         | 3,837,874                                          | -                   |
| Restricted funds held by bond trustee             | 488,571                                                                          | 488,571                                                   | -                                                  | -                   |
|                                                   | <u>\$ 15,810,816</u>                                                             | <u>\$ 8,128,945</u>                                       | <u>\$ 5,984,083</u>                                | <u>\$ 1,697,788</u> |

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The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

|                                                        | <b>Hedge<br/>Funds</b> | <b>Real<br/>Estate</b> | <b>Commingled<br/>Hedge Fund</b> | <b>Total<br/>(Level 3)</b> |
|--------------------------------------------------------|------------------------|------------------------|----------------------------------|----------------------------|
| Balance at June 30, 2010                               | \$ 59,363              | \$ 109,982             | \$ 137,952                       | \$ 307,297                 |
| Actual return on assets                                |                        |                        |                                  |                            |
| Relating to assets still held at<br>the reporting date | 86,487                 | 345,042                | (144,869)                        | 286,660                    |
| Relating to assets sold during<br>the period           | 808                    | (39,737)               | -                                | (38,929)                   |
| Purchases                                              | 314,239                | -                      | 245                              | 314,484                    |
| Transfers in                                           | 6,430                  | 678,218                | 261,478                          | 946,126                    |
| Transfers out                                          | (282)                  | -                      | -                                | (282)                      |
| Sales                                                  | (16,483)               | (101,085)              | -                                | (117,568)                  |
| Balance at June 30, 2011                               | 450,562                | 992,420                | 254,806                          | 1,697,788                  |
| Actual return on assets                                |                        |                        |                                  |                            |
| Relating to assets still held at<br>the reporting date | (163,722)              | (299,884)              | (88,416)                         | (552,022)                  |
| Relating to assets sold during<br>the period           | 26                     | 44                     | -                                | 70                         |
| Purchases                                              | 179,232                | 2,758                  | -                                | 181,990                    |
| Transfers in                                           | 74,756                 | -                      | -                                | 74,756                     |
| Transfers out                                          | -                      | -                      | (166,390)                        | (166,390)                  |
| Sales                                                  | (3,289)                | (5,697)                | -                                | (8,986)                    |
| Balance at June 30, 2012                               | <u>\$ 537,565</u>      | <u>\$ 689,641</u>      | <u>\$ -</u>                      | <u>\$ 1,227,206</u>        |

Transfers in and out of Level 3 were based upon the University's analysis of the investments composition and interpretation of observable inputs.

# UNIVERSITY OF SAINT MARY

## Developing and Evaluating Curriculum

Faculty members are expected to participate in the development and evaluation of curriculum. The following policies are excerpts from the faculty section of the employee handbook.

Faculty members are expected to participate in other operational concerns of the institution which include service in such areas as the following: service on department committees, attendance at department meetings, and participation in the decision making and curriculum development processes; service as a moderator of student activities; fulfillment of special assignments, e.g., administrative assignments such as recruitment, research for USM, or other similar service to USM; and service as a chair of a department or a committee, or as a director of a program. Evidence of one's service to USM is usually contained in the end-of-year activity report.

As part of USM's decision-making process and guided by its mission, the faculty has the principal responsibility to study, make recommendations, and approve academic policy related to admissions standards, curriculum and instruction, the general education program, degree and graduation requirements, and norms for faculty rank and tenure.

August 20, 2013

Postsecondary Registration Administrator  
Iowa College Student Aid Commission  
430 East Grand  
Des Moines, IA 50309

To whom it may concern:

This shall serve as supporting documentation from The University of Saint Mary to affirm the following:

- The University of Saint Mary is committed to the delivery of online programs located in the state of Iowa.
- The University of Saint Mary agrees to provide alternatives for students to complete programs at other institutions if the university happens to close the program before students have completed their courses of study.

Thank you for reviewing the registration. Should you have any questions, please feel free to contact me at 913-758-6102.

Sincerely,



Diane Steele, SCL, Ph.D.  
President

Main Campus  
4100 South 4th Street  
Leavenworth, KS 66048  
913-682-5151 • Fax: 913-758-6140

Overland Park Campus  
11413 Pflumm Road  
Overland Park, KS 66215  
913-345-8288 • Fax: 913-345-2802

# UNIVERSITY OF SAINT MARY

## Student Complaint Process

Students can bring a complaint to the attention of the University of Saint Mary administration. The following process can be found in the Student Handbook, which is located on the Student Life homepage: <http://www.stmary.edu/Student-Life.aspx>.

In addition to its moral obligation, the university has an obligation, under Title IX, to fully investigate all allegations and actions whether or not outside legal action is taken. The university also has an obligation under Title IX to protect those who bring complaints against retaliation. Complaints may be filed by the harmed student and by outside parties who have knowledge of the incident(s).

If you or someone you know has been harmed through violations of this policy, there are several avenues for bringing a complaint against another student, faculty, staff, or contractor of the university.

Complaints may be filed electronically, through Maxient Conduct Manager.™ Students, as well as faculty and staff, may alert the university through this system. Students may file these reports anonymously. To file a report about an incident or concern access eSpire from the University of Saint Mary main web page ([www.stmary.edu](http://www.stmary.edu)). Within eSpire, select “Report a Concern” from any quick link section. Students who wish to deal with this matter without involving the Student Conduct Code, if possible, may also contact the campus counselor.

Complaints may be filed directly by contacting the director of residence life, assistant director of residence life, athletic director, vice president of student life, environmental health and safety engineer, or the director of human resources. Students may request anonymity. Students who wish to deal with this matter without involving the Student Conduct Code, if possible, may also contact the campus counselor.

Students may file a grievance by contacting the Title IX coordinator at the University of Saint Mary and/or the Office of Civil Rights. Contact information for each is listed below:

Teresa Lee  
Title IX Coordinator  
Director of Human Resources  
University of Saint Mary  
Mead Hall, Rm. 200  
4100 S. 4th St.  
Leavenworth, KS 66048  
(913) 758-4359  
[teresa.lee@stmary.edu](mailto:teresa.lee@stmary.edu)

Office of Civil Rights  
Kansas City Office  
U.S. Department of Education  
8930 Ward Parkway, Ste. 2037  
Kansas City, MO 64114-3302  
Phone: (916) 268-0550  
Fax: (816) 823-1404  
[OCR.KansasCity@ed.gov](mailto:OCR.KansasCity@ed.gov)

Complaint resolution - The university has a responsibility to adequately and impartially investigate all complaints in a timely fashion, to notify the complainant of the outcome of the investigation and to prevent reoccurrences, consistent with the nature and severity of the violations of this policy.

If administration is unable to resolve their complaint, students can find the process to file a complaint with their state, which is located on the main page of our Online Programs:  
<http://www.stmary.edu/Academic-Programs/Online-Programs.aspx>

The following note, which can be found at the bottom of the aforementioned website page, informs students how to file a complaint about the university to their appropriate state.

**Please note:**

University of Saint Mary is currently authorized or licensed\* to operate in: Kansas. University of Saint Mary will continue to monitor developments in state laws in each state in which it enrolls students and, if authorization or licensure is or becomes necessary, will work to obtain such additional approvals.

\*Many states do not require specific authorization or licensure for their residents to enroll in online programs.

[View State Contact Information for Student Complaints »](#)

Clicking “View State Contact Information for Student Complaints,” will direct you to <http://www.stmary.edu/Files/State-Contact-Info-for-Student-Complaints.aspx>. Here, students can find the state contact information for student complaints. The document states the following as contact information for the state of Iowa:

***Iowa Student Aid Commission***

603 E. 12<sup>th</sup> Street, 5<sup>th</sup> Floor

Des Moines, IA 50319

[info@iowacollegeaid.gov](mailto:info@iowacollegeaid.gov)

<http://www.iowacollegeaid.gov/images/docs/file/forms/constituentrequestform.pdf>

[Thinking](#) | [Starting](#) | [Maintaining](#) | [Closing](#)

## Business Entity Search

Date: 08/15/2013

Be advised the business information on this page is for summary informational purposes only. It is not an official filing with the Secretary of State's office and should not be relied on as such. Please view actual documents filed by customers with the secretary of State's office to ensure accurate information. When filing a Uniform Commercial Code statement on an entity, consult with your attorney to ensure the correct debtor name.

### Business Summary

**Current Entity Name**

UNIVERSITY OF SAINT MARY, INC.

[File Name Change Online](#)**Business Entity ID Number**

2075182

[View History and Documents](#)**Previous Names:**

SAINT MARY COLLEGE, INC.

**Current Mailing Address:** Dale L. Culver - University of Saint Mary 4100 S. 4TH ST., Leavenworth, KS 66048[Update](#)

Business Entity Type: KANSAS NOT FOR PROFIT CORPORATION

**Date of Formation in Kansas:** 06/10/1993**State of Organization:** KS**Current Status:** ACTIVE AND IN GOOD STANDING[Certificate of Good Standing](#)**Resident Agent and Registered Office****Resident Agent:** SISTER MARY KATHLEEN STEFANI**Registered Office:** 4200 S 4TH, LEAVENWORTH, KS 66048[Update Resident Agent/Office](#)**Annual Reports**

The following annual report information is valid for active and delinquent status entities only.

**Tax Closing Month:** 06**The Last Annual Report on File:** 06/2012**Next Annual Report Due:** 12/15/2013[File Online](#)**Forfeiture Date:** 03/15/2014[Close Your Business](#)

Be advised the business information on this page is for summary informational purposes only. It is not an official filing with the Secretary of State's office and should not be relied on as such. Please view actual documents filed by customers with the secretary of State's office to ensure accurate information. When filing a Uniform Commercial Code statement on an entity, consult with your attorney to ensure the correct debtor name.

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## School Default Rates 2-Year FY 2010, 2009, and 2008

Record 1 of 1

| OPE ID | School                                                                                    | Type                                           | Control | PRGMS              |                               | FY2010 | FY2009 | FY2008 |
|--------|-------------------------------------------------------------------------------------------|------------------------------------------------|---------|--------------------|-------------------------------|--------|--------|--------|
| 001943 | University of Saint Mary<br>4100 South 4th Street Trafficway<br>Leavenworth KS 66048-5023 | Master's<br>Degree<br>or<br>Doctor's<br>Degree | Private | Both<br>(FFEL/FDL) | <b>Default Rate</b>           | 6.3    | 3.7    | 2.7    |
|        |                                                                                           |                                                |         |                    | <b>No. in Default</b>         | 21     | 9      | 6      |
|        |                                                                                           |                                                |         |                    | <b>No. in Repay</b>           | 332    | 241    | 218    |
|        |                                                                                           |                                                |         |                    | <b>Enrollment figures</b>     | 1502   | 1461   | 1192   |
|        |                                                                                           |                                                |         |                    | <b>Percentage Calculation</b> | 22.1   | 16.5   | 18.3   |

**ENROLLMENT:** To provide context for the Cohort Default Rate (CDR) data we include enrollment data (students enrolled at any time during the year) and a corresponding percentage (borrowers entering repayment divided by that enrollment figure). While there is no direct relationship between the timing of when a borrower entered repayment (October 1 through September 30) and any particular enrollment year, for the purpose of these data, we have chosen to use the academic year ending on the June 30 prior to the beginning of the cohort year (e.g., FY 2008 CDR Year will use 2006-2007 enrollment).

Current Date : 08/19/2013

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