

**WIDENER UNIVERSITY**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2024 AND 2023**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Widener University  
Chester, Pennsylvania

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

#### ***Opinion***

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

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

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
October 22, 2024

**WIDENER UNIVERSITY**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**  
(DOLLARS IN THOUSANDS)

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 48,447	\$ 61,191
Accounts Receivable:		
Students (Net of Allowance for Credit Losses of \$4,175 in 2024 and \$3,983 in 2023)	7,766	5,449
Affiliates	400	400
Grants and Other	2,365	1,587
Prepaid Expenses and Other Assets	876	739
Contributions Receivable (Net of Allowance for Doubtful Accounts of \$1,858 in 2024 and \$2,073 in 2023)	753	878
Assets Whose Use is Limited	6,097	11,802
Long-Term Investments	121,894	116,839
Loans to Students (Net of Allowance for Credit Losses of \$3,760 in 2024 and \$4,010 in 2023)	7,520	6,445
Finance Lease Right-of-Use Assets, Net	367	1,013
Operating Lease Right-of-Use Assets	293	227
Property and Equipment	493,265	479,959
Less: Accumulated Depreciation	<u>(283,877)</u>	<u>(269,471)</u>
Net Property and Equipment	<u>209,388</u>	<u>210,488</u>
 Total Assets	 <u><u>\$ 406,166</u></u>	 <u><u>\$ 417,058</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 21,198	\$ 18,771
Accrued Interest	1,631	1,686
Deferred Revenue and Deposits	8,572	6,930
Asset Retirement Obligation	4,731	4,506
Accrued Postretirement Benefit Obligation	25,028	24,585
Finance Lease Obligations	378	1,034
Operating Lease Obligations	294	227
Bonds Payable	101,238	104,415
U.S. Government Grants Refundable	<u>5,081</u>	<u>5,003</u>
Total Liabilities	168,151	167,157
<b>NET ASSETS</b>		
Without Donor Restrictions	162,418	178,208
With Donor Restrictions	<u>75,597</u>	<u>71,693</u>
Total Net Assets	<u>238,015</u>	<u>249,901</u>
 Total Liabilities and Net Assets	 <u><u>\$ 406,166</u></u>	 <u><u>\$ 417,058</u></u>

See accompanying Notes to Financial Statements.

**WIDENER UNIVERSITY**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2024 AND 2023**  
(DOLLARS IN THOUSANDS)

	2024	2023
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Operating Activities:		
Revenue, Gains, and Other Support:		
Tuition and Fees (Net of Scholarship and Fellowships of \$110,881 in 2024 and \$92,306 in 2023)	\$ 114,884	\$ 112,150
Federal Grants and Contracts	1,742	1,728
State Grants and Contracts	1,240	754
Interest on Loans	128	146
Contributions	883	1,152
Investment Returns Designated for Current Operations:		
Endowment Spending	5,091	4,751
Other Investment Income	2,798	2,003
Miscellaneous Income	1,681	1,479
Auxiliary Enterprises	22,844	19,285
Revenues and Gains Without Donor Restrictions	151,291	143,448
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	8,061	9,813
Total Revenues and Gains Without Donor Restrictions	159,352	153,261
<b>EXPENSES</b>		
Educational and General Expenses:		
Instructional	75,734	71,244
Research	752	804
Public Service	737	664
Academic Support	16,277	14,238
Student Services	23,941	22,456
Institutional Support	25,926	24,100
Auxiliary Enterprises	24,015	21,971
HEERF Grants to Students	-	33
Total Expenses	167,382	155,510
Total Operating Loss	(8,030)	(2,249)
<b>NONOPERATING ACTIVITIES</b>		
Net Appreciation (Depreciation) in Fair Value of Investments	286	(4,255)
Loss on Disposition of Subsidiary	(192)	-
Net Change in Postretirement Benefit Obligation	(929)	26,809
Voluntary Retirement and Severance	(6,876)	-
Other	(49)	(75)
Total (Loss) Gain from Nonoperating Activities	(7,760)	22,479
<b>TOTAL CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	(15,790)	20,230

See accompanying Notes to Financial Statements.

**WIDENER UNIVERSITY**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**  
**YEARS ENDED JUNE 30, 2024 AND 2023**  
(DOLLARS IN THOUSANDS)

	<u>2024</u>	<u>2023</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTION</b>		
Private Gifts, Grants, and Contracts	\$ 6,293	\$ 8,946
Recovery on Write-Off of Pledge Receivable	88	34
Endowment Spending	2,668	2,505
Miscellaneous Income	13	10
Investment Returns Net of Amounts Designated for Operations	2,903	2,827
Net Assets Released from Restrictions	<u>(8,061)</u>	<u>(9,813)</u>
Changes in Net Assets with Donor Restrictions	<u>3,904</u>	<u>4,509</u>
<b>CHANGE IN NET ASSETS</b>	(11,886)	24,739
Net Assets - Beginning of Year	<u>249,901</u>	<u>225,162</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 238,015</u></u>	<u><u>\$ 249,901</u></u>

See accompanying Notes to Financial Statements.

**WIDENER UNIVERSITY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2024 AND 2023**  
(DOLLARS IN THOUSANDS)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (11,886)	\$ 24,739
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation and Amortization	14,452	14,239
Net Appreciation in Fair Value of Investments	(11,399)	(6,438)
Contributions Restricted for Long-Term Investment	(427)	(814)
Payments under Lease Obligations	(106)	(73)
Loss on Disposition of Subsidiary	192	-
Changes in Assets and Liabilities:		
Accounts Receivable, Gross	(3,287)	459
Allowance for Doubtful Accounts	192	(345)
Contributions Receivable	125	(51)
Prepaid Expenses and Other Assets	(137)	56
Finance Lease Right-of-Use Assets, Net	646	416
Operating Lease Right-of-Use Assets	(66)	141
Accounts Payable and Accrued Expenses, Net of		
Investing Activities	1,853	(6,318)
Accrued Interest	(55)	(48)
Deferred Revenue and Deposits	1,642	(243)
Asset Retirement Obligation	225	215
Postretirement Benefit Obligation	443	(27,588)
Net Cash Used by Operating Activities	<u>(7,593)</u>	<u>(1,653)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Increase in Loans to Students	(1,075)	(1,031)
Purchase of Property and Equipment	(13,284)	(17,653)
Proceeds from Sale of Subsidiary	360	-
Proceeds from Sales of Investments	125,034	37,739
Purchases of Investments	<u>(118,690)</u>	<u>(30,478)</u>
Net Cash Used by Investing Activities	<u>(7,655)</u>	<u>(11,423)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted for		
Long-Term Investment	427	814
Payments under Financing Leases	(656)	(801)
Repayments on Bonds Payable	(3,050)	(2,940)
Net Change in U.S. Government Grants Refundable	78	933
Net Cash Used by Financing Activities	<u>(3,201)</u>	<u>(1,994)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(18,449)</u>	<u>(15,070)</u>
Cash and Cash Equivalents - Beginning of Year	<u>72,993</u>	<u>88,063</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 54,544</u></u>	<u><u>\$ 72,993</u></u>

See accompanying Notes to Financial Statements.



**WIDENER UNIVERSITY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2024 AND 2023**  
(DOLLARS IN THOUSANDS)

	<u>2024</u>	<u>2023</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest Expense, Net of Capitalized Interest	<u>\$ 3,610</u>	<u>\$ 3,723</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Equipment Financed with Leases	<u>\$ 173</u>	<u>\$ 305</u>
Capital Expenditures Included in Accrued Expenses	<u>\$ 574</u>	<u>\$ 3,147</u>
Cash and Cash Equivalents - End of Year	<u>\$ 48,447</u>	<u>\$ 61,191</u>
Assets Whose Use is Limited - End of Year	<u>6,097</u>	<u>11,802</u>
Cash, Cash Equivalents, and Restricted Cash - End of Year	<u>\$ 54,544</u>	<u>\$ 72,993</u>

*See accompanying Notes to Financial Statements.*

**WIDENER UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**  
**(DOLLARS IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Operations**

Founded in 1821, Widener University (the University) is a private, metropolitan university that connects curricula to societal issues through civic engagement. The University provides a unique combination of liberal arts and professional education, offering powerhouse programs, faculty mentorship, and hands-on experiences that put students on the inside track to success. Dynamic teaching, active scholarship, personal attention, applied leadership, extensive career preparation, and experiential learning are key components of the Widener experience.

Approximately 5,500 undergraduate and graduate students study in the College of Arts and Sciences, School of Business Administration, School of Engineering, College of Health and Human Services, School of Nursing, Delaware School of Law, Commonwealth School of Law, and the Center for Graduate and Continuing Studies. The University offers more than 100 programs of study leading to associate's, bachelor's, master's, and doctoral degrees and specialized certificates online and at its three campuses in Chester and Harrisburg, Pennsylvania, and Wilmington, Delaware. The University is accredited university-wide by the Middle States Commission on Higher Education (MSCHE). The individual colleges and schools hold additional specialized accreditations for their various programs. The University is incorporated in both the Commonwealth of Pennsylvania and the state of Delaware. The financial statements of the University have been prepared on the accrual basis of accounting. The significant accounting policies followed by the University are described below to enhance the usefulness of the financial statements for the reader.

**Basis of Presentation**

The University's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for nonprofit organizations.

Net assets and revenues, expenses, gains, and losses are classified as without donor restrictions or with donor restrictions based on the absence or existence of donor-imposed restrictions as follows:

*Net Assets without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions.

*Net Assets with Donor Restrictions* – Net assets whose use by the University are subject to donor-imposed stipulations that may or will be met either by actions of the University or the passage of time are reported as net assets with donor restrictions. Additionally, funds received as gifts which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity are reported as net assets with donor restrictions. The investment returns on these gifts held in perpetuity are included in net assets with donor restrictions until such time that the funds are drawn in accordance with the University's spending policy and utilized in accordance with the donor restriction.

**WIDENER UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**  
**(DOLLARS IN THOUSANDS)**

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

**Basis of Presentation (Continued)**

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The University allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be readily identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated by various statistical bases.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions received is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Contributions made toward long-lived assets are held as net assets with donor restrictions until the asset is placed in service. At such time, the contribution is considered to be released from restriction and reclassified to net assets without donor restriction.

Income and realized and unrealized net gains or losses on investments of endowment and similar funds are reported as follows:

1. As increases or decreases in net assets with donor restriction if the terms of the gift or the University interpretation of relevant state law require that they be added to the principal of a permanent endowment fund;
2. As increases or decreases in net assets with donor restriction based upon relevant state law or if the terms of the gift impose restrictions on the use of the income; or
3. As increases or decreases in net assets without donor restrictions in all other cases.

Commonwealth of Pennsylvania law permits the University to allocate to income each year a portion of endowment net realized gains under an endowment spending policy, limited to 7% of the trailing three-year average of the market value of the endowment assets. Since endowment net realized and unrealized gains may eventually be spent by the University, endowment net realized and unrealized gains are recorded in the financial statements as net assets with donor restriction until transferred to net assets without donor restrictions.

**WIDENER UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**  
**(DOLLARS IN THOUSANDS)**

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

**Nonoperating Activities**

Nonoperating activities reflect transactions of a long-term investment or capital nature, including investment returns net of the amount the University has appropriated for current operational support in accordance with the University's endowment spending guidelines, changes in the postretirement benefit obligation, voluntary retirement programs, and other transactions that are not accounted for as part of ongoing budgeted operations.

**Cash and Cash Equivalents**

Cash equivalents include all highly liquid interest-bearing deposits with maturities of three months or less at time of purchase, except those held for long-term investment purposes. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, the University's cash may exceed FDIC insurable limits.

**Assets Whose Use is Limited**

Assets whose use is limited represent project funds totaling \$6,097 and \$11,802 at June 30, 2024 and 2023, respectively. These funds consist of cash and cash equivalents and are restricted to fund various University capital projects.

**Investments**

Investments are stated at fair market value as provided by external investment managers or quoted market values. Investments acquired by gift are recorded at the fair value on the date the gift was received. Cost of investments sold is determined on the first in, first out method, and investment transactions are recognized on the settlement date.

Valuations for private debt and equity funds and other alternative investments are based on valuations provided by external investment managers or on audited financial statements when available. Valuations provided by external investment managers include estimates, appraisals, assumptions, and methods that are reviewed by management.

The University generally uses net asset value per share as reported by investment managers as the practical expedient estimate of fair value without further adjustment for its investments in alternative investment funds for which there is no readily determinable market value.

**WIDENER UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**  
**(DOLLARS IN THOUSANDS)**

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

**Accounts Receivable**

Accounts receivable include student accounts receivable, affiliate receivables, grants, and other receivables. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The measurement of expected credit losses is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. Bad debts are written off when deemed uncollectible. Receivables are generally unsecured.

**Property and Equipment**

Property and equipment are recorded at cost, net of depreciation, except for gifts of physical properties, which are recorded at their appraised value when received. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets: buildings, 50 years; building improvements, 15 years; equipment, 7 years; and personal computers, 4 years. Capital expenses greater than \$10 are capitalized.

**Art Collection**

The University houses a collection of American paintings and the Alfred O. Deshong Collection of European paintings and Oriental art objects that it does not capitalize. These collections adhere to the University's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) use any proceeds from sale of collection items to acquire new collection items or the direct care of the existing collection. The University defines direct care as activities to enhance the life, usefulness, or quality of the collection, thereby ensuring that it will continue to benefit the public for years to come.

**Deferred Revenue**

Deferred revenue primarily consists of unearned tuition and fees related to summer semesters and prepaid tuition, fees, and contract advances. Such amounts will be recognized as revenue as they are earned.

**U.S. Government Grants Refundable**

Funds provided by the U.S. government under the federal loan programs are loaned to qualified students and may be reloaned after collections. These funds are ultimately refundable to the U.S. government and are presented in the accompanying statements of financial position as a liability.

**Asset Retirement Obligation**

The University recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the University capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statements of activities.

**WIDENER UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**  
**(DOLLARS IN THOUSANDS)**

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

**Leases**

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

ROU assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The University has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense is incurred and these leases are not included as lease liabilities or ROU assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the University has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

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

**Fair Value of Financial Instruments**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date and requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes 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 and 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.

*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.

**WIDENER UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(DOLLARS IN THOUSANDS)**

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

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

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**Use of Estimates**

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

**Self-Insurance**

The University maintains a self-insurance program for its employees' health care costs beginning in November 2016. The University is liable for losses on claims up to \$175 per claim and \$10,500 in total for the year. The University has third-party insurance coverage for any losses in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statement of financial position date as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs was \$1,044 and \$1,102 as of June 30, 2024 and 2023, respectively.

**Federal Income Taxes**

The University has been recognized by the Internal Revenue Service as a tax exempt organization described in Section 501(c)(3) of the Internal Revenue Code. As such, it is subject to tax only on income from activities unrelated to its tax exempt mission. For the years ended June 30, 2024 and 2023, the University generated no significant unrelated business income subject to tax, and no provision for income taxes was provided. The University believes it has taken no significant uncertain tax positions.

**Tuition and Fee Revenue**

The University recognizes revenue from student tuition and fees within the fiscal year in which educational services are provided. Any payments received in advance are classified as deferred revenue in the accompanying statements of financial position. The University provides financial aid to eligible students, generally in a package that can include loans, compensation under work-study programs, and/or grant and scholarship awards. The loans are provided primarily through programs with the U.S. government under which the University is responsible only for certain administrative duties. The grant and scholarships include awards provided from gifts and grants from private donors, income earned on endowment funds restricted for student aid, and University funds.

**WIDENER UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(DOLLARS IN THOUSANDS)**

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

**Tuition and Fee Revenue (Continued)**

Various summer terms are offered ranging from mid-May to mid-August. Payments of tuition and housing for all summer terms are recognized as performance obligations are met. Because there are academic terms that span two reporting periods, a portion of the revenues are included in deferred revenue.

**Sponsored Awards**

The University receives sponsored program funding from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large.

Revenues from exchange transactions are recognized as performance obligations are satisfied.

Revenues from nonexchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligations to make future payments). Revenues from conditional nonexchange transactions are recognized when the barrier is satisfied.

Indirect costs recovered on federally sponsored programs are generally based on predetermined reimbursement rates, which are stated as a percentage and distributed based on the modified total direct costs incurred. The University negotiates its federal indirect rate with its cognizant federal agency. Indirect costs recovered on all other grants and contracts are based on rates negotiated with the respective sponsors. Funds received for sponsored research activity are subject to audit. Based upon information currently available, management believes that any liability resulting from such audits will not materially affect the financial position or operations of the University.

**Auxiliary Enterprises Revenue**

Auxiliary enterprises revenue includes revenues from contracts with customers to provide student housing and dining facilities, the campus store, child development center, and other miscellaneous activities. Performance obligations for housing and dining services are delivered over the academic terms. Consequently, revenue from housing and dining services is recognized ratably as services are rendered.

**Adoption of New Accounting Standard**

Effective July 1, 2023, the University adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which modifies the measurement of expected credit losses. The University adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the University's financial statements but did change how the allowance for credit losses is determined.



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**NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS**

**Revenue Recognition**

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

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

	2024	2023
Revenue Recognized Over Time:		
Undergraduate Tuition and Fees	\$ 51,792	\$ 49,372
Extended Learning Tuition and Fees	2,491	2,706
Graduate Tuition and Fees	60,601	60,072
Total	<u>\$ 114,884</u>	<u>\$ 112,150</u>

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

	2024	2023
Revenue Recognized Over Time:		
Housing	\$ 13,482	\$ 10,610
Dining	8,839	6,501
Other	523	2,174
Total	<u>\$ 22,844</u>	<u>\$ 19,285</u>

**Performance Obligations and Revenue Recognition**

The University has various academic terms spanning fall, spring, and summer sessions. Tuition and fees revenue is recognized in the fiscal year in which the academic programs are delivered. Auxiliary enterprises revenue is recognized in the fiscal year in which housing and food services are provided. Any payments received prior to fiscal year-end related to academic terms that occur subsequent to fiscal year-end are recorded as deferred revenue in the accompanying statements of financial position.

Customer contracts generally have separately stated prices for each performance obligation contained in the contract. Therefore, each performance obligation generally has its own standalone selling price. Arrangements for payment are agreed to prior to registration of the student's first academic term. Generally, payments for tuition, fees, and auxiliaries are due approximately two weeks prior to the start of the academic terms. Students may also enter into a payment plan in which payment is due at predetermined dates during the course of a semester. Many students obtain Title IV or other financial aid resulting in the University receiving a significant amount of the transaction price at the beginning of the academic term.

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**NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

**Transaction Price**

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

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

Students who adjust their course load or withdraw completely within the first eight days of the academic term (add/drop period) may receive a full or partial refund in accordance with the University's refund policy. Once the add/drop period passes, students are no longer eligible for a full refund.

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

Management reassesses collectability throughout the period revenue is recognized by the University based on the aging of the students' accounts receivable balances.

**Contract Balances**

Tuition, fees, and auxiliary revenues are recognized in the period classes and services are provided and amounts received for future periods are reported as deferred revenue. Students are billed at the beginning of each academic term and payment is due at pre-established dates prior to the start of the academic term. The University's performance obligations are to provide educational services in the form of instruction as well as housing facilities and meals during the academic term. As these performance obligations are satisfied over the academic term, deferred revenue is reduced.

At June 30, 2024 and 2023 the balance of contract assets as shown as students accounts receivable on the statements of financial position was \$7,766 and \$5,449, respectively. At the beginning of 2023, the balance of contract assets was \$4,824.

**WIDENER UNIVERSITY**  
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**NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

**Contract Balances (Continued)**

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

	Summer Terms (Tuition and Housing)	Student Organizations	Other Organizations	Deposits	Total
Balance - June 30, 2022	\$ 6,752	\$ 183	\$ 133	\$ 105	\$ 7,173
Revenue Recognized	(6,752)	(183)	(133)	(105)	(7,173)
Payments Received and/or Amounts Billed in Advance of Performance	6,448	268	111	103	6,930
Balance - June 30, 2023	6,448	268	111	103	6,930
Revenue Recognized	(6,448)	(268)	(111)	(103)	(6,930)
Payments Received and/or Amounts Billed in Advance of Performance	\$ 8,129	\$ 250	\$ 109	\$ 84	8,572
Balance - June 30, 2024	<u>\$ 8,129</u>	<u>\$ 250</u>	<u>\$ 109</u>	<u>\$ 84</u>	<u>\$ 8,572</u>

The balance of deferred revenue at June 30, 2024, will be recognized as revenue over the related academic term beginning on July 1, 2024, as services are rendered.

**Practical Expedients**

As the University's performance obligations have an original expected duration of one year or less, the University has applied the practical expedient to not disclose the amount of the transaction price allocated to our performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and when the entity expects to recognize this amount as revenue. All consideration from contracts with customers is included in the transaction price.

**NOTE 3 LIQUIDITY**

To help manage unanticipated liquidity needs, the University has signed a line of credit in the amount of \$5,000 in 2018 which it could draw upon. Additionally, the University has a quasi-endowment of \$52,428. Although the University does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its quasi-endowment could be made available, if necessary. However, both the quasi-endowment and donor endowment contain lock-up provisions that would reduce the total investments that could be made available.

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**NOTE 3 LIQUIDITY (CONTINUED)**

The University's financial assets due within one year of the balance sheet date for general expenditure are as follows at June 30:

	2024	2023
Cash and Cash Equivalents	\$ 48,447	\$ 61,191
Student Receivable	7,766	5,449
Affiliates Receivable	400	400
Grants and Other Receivables	2,365	1,587
Total	<u>\$ 58,978</u>	<u>\$ 68,627</u>

The University endowment funds consist of donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Income from the donor endowment is restricted for specific purposes and, therefore, is not available for general expenditure. The quasi-endowment has a spending rate of 7.0% for both the years ended June 30, 2024 and 2023.

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Contributions receivable are summarized as follows at June 30:

	2024	2023
Unconditional Promises Expected to be Collected:		
Within One Year	\$ 1,212	\$ 904
Between One and Five Years	1,517	2,186
After Five Years	27	55
Subtotal	<u>2,756</u>	<u>3,145</u>
Less:		
Allowance for Uncollectible Contributions Receivable	(1,857)	(2,073)
Present Value Discount (1.6% to 4.6%)	(146)	(194)
Total	<u>\$ 753</u>	<u>\$ 878</u>

Development costs were \$1,865 and \$1,779 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 5 INVESTMENTS**

The University records investments at fair value. Long-term investments are comprised primarily of the endowment funds, which have a fair value of \$117,256 and \$112,904 as of June 30, 2024 and 2023, respectively, and are invested through fund managers.

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**NOTE 5 INVESTMENTS (CONTINUED)**

The University has investments in University Technology Park, Inc., and Uno Providence LLC, which are recorded using the equity method of accounting and totaled \$169 and \$166 as of June 30, 2024 and 2023, respectively.

Investments that are recorded at fair value at June 30 are summarized as follows:

	2024	2023
Equity Funds	\$ 65,405	\$ 60,684
Commodities	1,590	1,434
Venture Capital	12,904	12,377
Natural Resources	5,958	6,637
Fixed Income	21,343	22,707
Real Estate	10,020	8,788
Money Market Funds	256	374
Other	4,249	3,672
Total	<u>\$ 121,725</u>	<u>\$ 116,673</u>

Investment fees were \$260 and \$233 for the years ended June 30, 2024 and 2023, respectively.

The following tables present the University's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis at June 30:

2024				
Fair Value Measurements Using				Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Equity Funds	\$ 220	\$ -	\$ -	\$ 220
Other	4,249	-	-	4,249
Subtotal	<u>\$ 4,469</u>	<u>\$ -</u>	<u>\$ -</u>	4,469
Investments Measured at Fair Value				
Using Net Asset Value per Share				117,256
Equity Method Investments				169
Total Investments				<u>\$ 121,894</u>

  

2023				
Fair Value Measurements Using				Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Equity Funds	\$ 97	\$ -	\$ -	\$ 97
Other	3,672	-	-	3,672
Subtotal	<u>\$ 3,769</u>	<u>\$ -</u>	<u>\$ -</u>	3,769
Investments Measured at Fair Value				
Using Net Asset Value per Share				112,904
Equity Method Investments				166
Total Investments				<u>\$ 116,839</u>

**WIDENER UNIVERSITY**  
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**NOTE 5 INVESTMENTS (CONTINUED)**

The University's major categories of alternative marketable investments held at June 30, their significant investment strategies, and the conditions upon which the University may redeem its investment for each major category are summarized below:

2024		
Investment Category	Investment Strategy	Redemption Terms
Fidelity 500 Index	Equity	Daily, with 1 day prior notice
Commonfund OCIO Global Equity LLC	Equity	Monthly, with 5 days prior notice
City National Bank DDA	Fixed	Daily by 2:00pm EST
City National Rochdale Government MM Fund	Fixed	Daily by 2:00pm EST
High Quality Bond Fund	Fixed	Weekly, with 5 days prior notice
CF Credit Series	Fixed	Monthly, with 90 Days Prior Notice
Fidelity U.S. Bond Index Fund	Fixed	Daily, with 1 day prior notice
CF REIT Portfolio, LLC	Real Assets	Monthly, with 5 days prior notice
GMO Resources Class R6	Real Assets	Daily, with 1 day prior notice
2023		
Investment Category	Investment Strategy	Redemption Terms
CF Strategic Solutions Global Equity LLC	Equity	Monthly, with 5 days prior notice
SSgA S&P 500 Index NL Strat	Equity	Daily, with 2 days prior notice
High Quality Bond Fund	Fixed	Weekly, with 5 days prior notice
SSgA US Aggregate Bond Index NL	Fixed	Daily, with 2 days prior notice
State Street Inst US Govt Money Mkt Fund	Fixed	Daily by 3:00pm EST
CF Credit Series	Fixed	Monthly, with 90 days prior notice
CF REIT Portfolio, LLC	Real Assets	Daily, with 2 days prior notice
SSgA S&P Global LargeMidCap Natural Resr ZVMW	Natural Resources	Monthly, with 30 days prior notice
Global Absolute Alpha Company D	Hedge Fund	Quarterly, with 65 days prior notice

The University has \$44,247 and \$41,088 as of June 30, 2024 and 2023, respectively, of investments in nonmarketable alternative investment funds which are reported at estimated fair value. The unobservable inputs used to determine the fair value of these investments have been estimated based on the net asset value per share as provided by the investment managers as the practical expedient estimate of fair value of the investment without further adjustment. All of those investments are redeemable with the fund at net asset value under the original terms of the partnership agreements and/or subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the University's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the University were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

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**NOTE 5 INVESTMENTS (CONTINUED)**

The University is not aware of any fund specific secondary market information available for its alternative investment funds.

The University's nonmarketable investments are generally not redeemable as of June 30, 2024 and 2023. Major categories held at June 30 and their significant investment strategies include:

2024	
Alternative Investment Category	Investment Strategy
Private Equity Partners VI	Private Equity
Private Equity Partners VII	Private Equity
CCI-SSG Global Private Equity Fund	Private Equity
CCI-SSG Global Private Equity Fund II, L	Private Equity
CCI-SSG Global Private Equity Fund III	Private Equity
CCI-SSG Global Private Equity Fund IV	Private Equity
OCIO Global Private Equity Fund V, L.P.	Private Equity
Int'l Private Equity Partners VI	International Equity
Venture Partners VII	Venture
Venture Partners VIII	Venture
Venture Partners IX	Venture
Venture Partners XI	Venture
Venture Partners XII	Venture
Venture Partners XIII	Venture
Venture Partners XIV	Venture
CF Venture Partners XV	Venture
Cerberus Offshore LLOF III, L.P.	Private Capital
Commonfund Private Credit Fund 2018	Private Capital
Commonfund Private Credit Fund II, L.P.	Private Capital
Commonfund Private Credit Fund III, L.P.	Private Capital
Natural Resources Partners VII	Natural Resources
Natural Resources Partners VIII	Natural Resources
Natural Resources Partners IX	Natural Resources
Natural Resources Partners XI	Natural Resources
Natural Resources Partners XII	Natural Resources
Strategic Solutions Core Real Estate Fd.	Real Estate
SSG Realty Opportunities Fund 2014	Real Estate
Commonfund Real Estate Opportunity Fund	Real Estate
Commonfund Real Estate Opportunity Fund II	Real Estate
Environmental Sustainability Prtnrs 2020	Real Assets
Environmental Solutions Prtnrs II	Real Assets

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**NOTE 5 INVESTMENTS (CONTINUED)**

	2023
Alternative Investment Category	Investment Strategy
Private Equity Partners VI	Private Equity
Private Equity Partners VII	Private Equity
CCI-SSG Global Private Equity Fund	Private Equity
CCI-SSG Global Private Equity Fund II, L	Private Equity
CCI-SSG Global Private Equity Fund III	Private Equity
CCI-SSG Global Private Equity Fund IV	Private Equity
Int'l Private Equity Partners V	International Equity
Int'l Private Equity Partners VI	International Equity
Venture Partners VII	Venture
Venture Partners VIII	Venture
Venture Partners IX	Venture
Venture Partners XI	Venture
Venture Partners XII	Venture
Venture Partners XIII	Venture
Venture Partners XIV	Venture
Commonfund Private Credit Fund 2018	Private Capital
Cerberus Offshore LLOF III, L.P.	Private Capital
Commonfund Private Credit Fund II, L.P.	Private Capital
Commonfund Private Credit Fund III, L.P.	Private Capital
Natural Resources Partners VII	Natural Resources
Natural Resources Partners VIII	Natural Resources
Natural Resources Partners IX	Natural Resources
Natural Resources Partners XI	Natural Resources
Strategic Solutions Core Real Estate Fd.	Real Estate
SSG Realty Opportunities Fund 2014	Real Estate
Commonfund Real Estate Opportunity Fund	Real Estate
Commonfund Real Estate Opportunity Fund II	Real Estate
Environmental Sustainability Prtnrs 2020	Real Assets



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**NOTE 5 INVESTMENTS (CONTINUED)**

The University's best estimate of the remaining life of finite lived investments and the amount of the University's unfunded commitments related to the investment at June 30, 2024, for each major category of alternative investments are summarized below:

Alternative Investment Category	Estimated Remaining Life	Unfunded Commitments at June 30, 2024
Private Equity Partners VI	-	\$ 36
Private Equity Partners VII	-	37
CCI-SSG Global Private Equity Fund	-	518
CCI-SSG Global Private Equity Fund II, L	-	434
CCI-SSG Global Private Equity Fund III	2	615
CCI-OCIO Global Private Equity Fund IV <sup>1</sup>	4	1,513
OCIO Global Private Equity Fund V, L.P.	11	5,700
Int'l Private Equity Partners VI	9	37
Venture Partners VII	-	10
Venture Partners VIII	-	17
Venture Partners IX	-	10
Venture Partners XI	2	67
Venture Partners XII	5	80
Venture Partners XIII	7	175
Venture Partners XIV	9	910
CF Venture Partners XV	11	3,860
Cerberus Offshore LLOF III, L.P.	N/A	474
Commonfund Private Credit Fund 2018, L.P	3	891
Commonfund Private Credit Fund II, L.P.	6	628
Commonfund Private Credit Fund III, L.P.	7	2,071
Natural Resources Partners VII	-	20
Natural Resources Partners VIII	-	13
Natural Resources Partners IX	-	203
Natural Resources Partners XI	6	377
Natural Resources Partners XII	11	1,200
Strategic Solutions Core Real Estate Fd.	9	-
SSG Realty Opportunities Fund 2014	12	622
Commonfund Real Estate Opportunity Fund	8	1,045
Commonfund Real Estate Opportunity Fund II	11	2,264
Environmental Sustainability Prtnrs 2020	N/A	356
Environmental Solutions Prtnrs II	N/A	1,500
Total		<u>\$ 25,683</u>

**NOTE 6 STUDENT LOANS RECEIVABLE**

The University issues uncollateralized loans to students based on financial need. Student loans are funded through federal and institutional loan programs. Allowances for credit losses are established based upon prior collection experience and current economic factors, which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms.

**WIDENER UNIVERSITY**  
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**NOTE 6 STUDENT LOANS RECEIVABLE (CONTINUED)**

Student loans receivable consist of the following:

	2024	2023
Federal Government Programs, Gross	\$ 8,697	\$ 8,312
Institutional Programs, Gross	2,583	2,143
Less Allowance for Credit Losses:		
Beginning of Year	(4,010)	(4,271)
Decreases	250	261
End of Year	(3,760)	(4,010)
Student Loans Receivable, Net	<u>\$ 7,520</u>	<u>\$ 6,445</u>

Government advances and related interest earned on Perkins loans and other federal loans of \$5,081 and \$5,003 as of June 30, 2024 and 2023, respectively, are ultimately refundable to the United States Government and thus are reported as a liability.

**NOTE 7 PROPERTY AND EQUIPMENT**

At June 30, property and equipment were as follows:

	2024	2023
Land	\$ 16,455	\$ 16,575
Buildings:		
Cost of Buildings	208,070	208,340
Less: Accumulated Depreciation	(99,428)	(95,768)
Net Cost of Buildings	108,642	112,572
Building Improvements:		
Cost of Improvements	181,606	167,726
Less: Accumulated Depreciation	(106,602)	(98,859)
Net Cost of Improvements	75,004	68,867
Furniture and Equipment:		
Cost of Furniture and Equipment	71,487	70,513
Less: Accumulated Depreciation	(66,181)	(64,105)
Net Cost of Furniture and Equipment	5,306	6,408
Computers:		
Cost of Computers	14,000	12,597
Less: Accumulated Depreciation	(11,666)	(10,739)
Net Cost of Computer Equipment	2,334	1,858
Construction in Progress	1,647	4,208
Net Property and Equipment	<u>\$ 209,388</u>	<u>\$ 210,488</u>

**WIDENER UNIVERSITY**  
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**NOTE 7    PROPERTY AND EQUIPMENT (CONTINUED)**

The University has asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities at the time of disposal of certain capital assets. The liability was initially recorded at fair value, and is adjusted for accretion expenses and changes in the amount or timing of cash flows. The corresponding asset retirement costs are capitalized as part of the carrying values of the related long-lived assets and depreciated over the useful lives of the assets. The discount rate is 5% for 2024 and 2023. The liability relates to estimated costs to remove asbestos that is contained within the University's facilities, and is as follows for the years ended June 30:

	2024	2023
Asset Retirement Obligation - Beginning of Year	\$ 4,506	\$ 4,291
Accretion	225	215
Asset Retirement Obligation - End of Year	<u>\$ 4,731</u>	<u>\$ 4,506</u>

Depreciation and accretion costs are approximately \$229 and \$219 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 8    LEASES**

The University has operating and finance leases for certain equipment. The leases expire at various dates through 2028 and do not provide for renewal options. All future required payments are fixed and are not subject to future increases. Additionally, the agreements generally require the University to pay insurance and repairs. The University also receives rental income by leasing real estate to a third-party lessee operating a restaurant. This lease expires in March 2025 and will automatically renew for an additional five-year term.

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**NOTE 8 LEASES (CONTINUED)**

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

	<u>2024</u>	<u>2023</u>
Lease Cost:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 646	\$ 799
Interest on Lease Liabilities	13	30
Operating Lease Cost	125	105
Sublease Income	(55)	(55)
Total Lease Cost	<u>\$ 729</u>	<u>\$ 879</u>
 Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Finance - Financing Cash Flows	\$ 656	\$ 801
Finance - Operating Cash Flows	13	29
Operating - Operating Cash Flows	124	105
Right-of-Use Assets Obtained in Exchange for Lease Liabilities:		
Finance Leases	-	383
Operating Leases	173	305
Weighted-Average Remaining Lease Term:		
Finance Leases	0.79	1.65
Operating Leases	3.00	2.72
Risk-Free Discount Rate:		
Finance Leases	1.83 %	2.04 %
Operating Leases	6.06 %	3.60 %

A maturity analysis of annual undiscounted cash flows for leases liabilities as of June 30, 2024, is as follows:

<u>Year Ending June 30,</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2025	\$ 380	\$ 131
2026	-	97
2027	-	44
2028	-	44
2029	-	8
Total	<u>380</u>	<u>324</u>
Less: Present Value Discount	<u>(2)</u>	<u>(30)</u>
Lease Liability	<u>\$ 378</u>	<u>\$ 294</u>

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**NOTE 9 LONG-TERM DEBT**

Bonds payable comprise the following at June 30:

	Dated	Security	Due Serially to	Original Amount	Interest Rate	Outstanding Principal Balance	
						2024	2023
Pennsylvania Higher Education Facilities Authority Bonds	2013A	Refinancing	2038	\$ 52,875	4.00% to 5.50%	\$ 3,815	\$ 5,555
Pennsylvania Higher Education Facilities Authority Bonds	2014	Refinancing	2038	19,605	2.00% to 5.00%	14,160	14,845
Pennsylvania Higher Education Facilities Authority Bonds	2021A	Capital Renovations	2051	26,130	3.00% to 4.00%	26,130	26,130
Pennsylvania Higher Education Facilities Authority Bonds	2021B	Refinancing	2043	55,060	0.86% to 3.73%	53,820	54,445
Total						97,925	100,975
Unamortized Premium on Bonds						4,277	4,459
Unamortized Issuance Costs on Bonds						(964)	(1,019)
Bonds Payable						<u>\$ 101,238</u>	<u>\$ 104,415</u>

In November 2013, the University borrowed \$52,875 for the refinancing of the 2003 revenue bonds and the partial refinancing of the 2005 revenue bonds. The 2003 revenue bonds were for the refinancing of the 1992, 1993, 1996, and 2000 revenue bonds, as well as the construction of a Science and Engineering building on the Main Campus. Financing was arranged through a bond offering with the Pennsylvania Higher Education Facilities Authority (the Authority). The 2013A bond offering original principal consisted of \$22,995 of serial bonds that bear interest at the annual rate of 4.0% to 5.25% and are due over 13 years beginning July 15, 2015, and maturing July 15, 2028; term bonds of \$4,840 that bear interest at 5.0% and are due on July 15, 2030; term bonds of \$8,270 that bear interest at 5.25% and are due on July 15, 2033; and term bonds of \$16,770 that bear interest at 5.5% and are due on July 15, 2038. The 2013A bonds were partially refinanced in July 2021 under the 2021B bonds.

In September 2014, the University borrowed \$19,605 for the refinancing of the 2005 revenue bonds. Financing was arranged through a bond offering with the Authority. The bond offering original principal consisted of \$14,705 of serial bonds that bear interest at the annual rate of 2.0% to 5.0% and are due over 19 years beginning July 15, 2015, and maturing July 15, 2034; and term bonds of \$4,900 that bear interest at 5.0% and are due on July 15, 2038.

In July 2021, the University borrowed \$26,130 for the financing of renovations of existing buildings for Health Sciences programs and future planned capital projects. The 2021A bond offering original principal consisted of \$1,800 of serial bonds that bear interest at the annual rate of 3.0% and are due over two years beginning July 15, 2039, and maturing July 15, 2041; term bonds of \$8,650 that bear interest at 4.0% and are due on July 15, 2046; and term bonds of \$15,680 that bear interest at 4.0% and are due on July 15, 2051.

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**NOTE 9 LONG-TERM DEBT (CONTINUED)**

In July 2021, the University also borrowed \$55,060 for the refinancing of the 2013 and partial refinancing of the 2013A revenue bonds. The 2013 revenue bonds were for the construction of dormitory facilities on the Main Campus. The 2013A revenue bonds refinanced previous bonds and were for the construction of the Science and Engineering building on the Main Campus. The 2021B bond offering original principal consisted of \$19,440 of serial bonds that bear interest at the annual rate of 0.86% to 2.94% and are due over nine years beginning July 15, 2022, and maturing July 15, 2031; term bonds of \$18,485 that bear interest at 3.36% and are due on July 15, 2036; and term bonds of \$17,135 that bear interest at 3.73% and are due on July 15, 2043.

Total interest was \$3,115 and \$2,988 for the years ended June 30, 2024 and 2023, respectively.

At June 30, 2024, the University's obligations mature as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 3,170
2026	3,290
2027	3,405
2028	3,490
2029	3,585
Thereafter	80,985
Total	<u>\$ 97,925</u>

**NOTE 10 EMPLOYEE BENEFIT PLANS**

The University has a 403(b) tax-deferred saving plan for faculty, administrative staff, and other employees. The plan is funded by the purchase of individual annuity contracts and mutual funds. The University contributes to eligible employees' plans on a discretionary basis. During the year ended June 30, 2024, the University made contributions totaling 5% of eligible compensation for employees who met the age and service requirements. Employees vest immediately in all contributions made by the University.

The University also makes direct pension payments to certain pensioners for service prior to the initiation of the current plans.

Total expense relating to the above savings plans and pension payments was \$2,919 and \$2,666 for the years ended June 30, 2024 and 2023, respectively.

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**NOTE 10 EMPLOYEE BENEFIT PLANS (CONTINUED)**

In addition, the University provides medical plan supplemental coverage to retirees as a postretirement benefit. The University has an accrued postretirement benefit obligation on the statements of financial position of \$25,028 and \$24,585 as of June 30, 2024 and 2023, respectively. Information with respect to the plans is as follows:

	2024	2023
Change in Benefit Obligation:		
Benefit Obligation at Beginning of Year	\$ 24,585	\$ 52,173
Service Cost	325	546
Interest Cost	1,233	1,644
Plan Participants' Contributions	130	161
Actuarial Gain	(304)	(28,454)
Benefits Paid	(941)	(1,506)
Medicare Part D Prescription Drug Federal Subsidy	-	21
Benefit Obligation at End of Year	<u>\$ 25,028</u>	<u>\$ 24,585</u>
Change in Plan Assets:		
Fair Value of Plan Assets, Beginning of Year	\$ -	\$ -
Employer Contributions	811	1,345
Plan Participant Contributions	130	161
Actual Benefits Paid	(941)	(1,506)
Fair Value of Plan Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>
Other Changes in Benefit Obligations Previously Recognized in Changes in Net Assets Without Donor Restrictions:		
Net Actuarial Gain	\$ (303)	\$ (28,454)
Amortization of Prior Service Credit	-	9
Amortization of Actuarial Gain	5,981	3,363
Total	<u>\$ 5,678</u>	<u>\$ (25,082)</u>

Net periodic postretirement benefit cost (service cost reported as an expense, the remaining components reported as a part of the net change in postretirement benefit obligation, in the statements of activities) includes the following components:

	2024	2023
Service Cost	\$ 325	\$ 546
Interest Cost	1,233	1,644
Amortization of Prior Service Credit	-	(9)
Amortization of Unrecognized Gain	(5,982)	(3,362)
Net Periodic Postretirement Benefit Income	<u>\$ (4,424)</u>	<u>\$ (1,181)</u>

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**NOTE 10 EMPLOYEE BENEFIT PLANS (CONTINUED)**

The following assumptions were used in accounting for the postretirement benefit plan:

	<u>2024</u>	<u>2023</u>
Weighted-Average Assumptions Used to Determine Postretirement Benefit Obligation:		
Effective Discount Rate for Benefit Obligation	5.49%	5.22%
Health Care Trend Rates - Medical:		
Trend for Next Year	11.75%	7.10%
Ultimate Trend	4.50%	4.50%
Year Ultimate Trend Reached	2032	2032
Health Care Trend Rates - Retiree Drug Subsidy:		
Trend for All Years	N/A	N/A
Measurement Date	June 30, 2024	June 30, 2023
Weighted-Average Assumptions Used to Determine Benefit Cost:		
Effective Discount Rate for Benefit Obligation	5.22%	4.64% / 5.25%
Effective Discount Rate for Interest on Benefit Obligation	5.17%	4.39% / 5.11%
Effective Discount Rate for Service Cost	5.26%	4.73% / 5.32%
Effective Discount Rate for Interest on Service Cost	5.22%	4.65% / 5.25%
Health Care Trend Rates - Medical:		
Trend for Next Year	7.10%	7.70% / 8.25%
Ultimate Trend	4.50%	4.50% / 4.50%
Year Ultimate Trend Reached	2032	2030
Health Care Trend Rates - Retiree Drug Subsidy:		
Trend for All Years	N/A	4.50% / N/A

For the year ended June 30, 2023, the net actuarial gain in the postretirement benefit obligation was primarily driven by a consolidation of post-retirement plans resulting in a decrease in projected claims under the single plan and standardization of benefits to participants.

The University's expected employer contributions are \$934 for the year ending June 30, 2025.

At June 30, 2024, the University's expected future benefit payments for future service are as follows:

<u>Estimated Future Benefits Payments Reflecting Expected Future Service for the Fiscal Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 934
2026	1,071
2027	1,210
2028	1,350
2029	1,488
2030 to 2034	9,250



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**NOTE 10 EMPLOYEE BENEFIT PLANS (CONTINUED)**

At June 30, 2024, the items not yet recognized as a component of net periodic postretirement benefit cost are as follows:

Unrecognized Net Gain	\$ (24,310)
Total Unamortized Items	<u><u>\$ (24,310)</u></u>

**NOTE 11 NET ASSET BALANCES**

Net assets with donor restrictions related to purpose restrictions consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Funds Held for Accumulated Gains on True Endowment	\$ 23,434	\$ 20,531
Funds Held for Scholarships	3,334	2,772
Funds Held for Special Projects	6,372	6,460
Land Held for Conservation	794	794
Total	<u><u>\$ 33,934</u></u>	<u><u>\$ 30,557</u></u>

Net assets with donor restrictions related to endowment funds consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Funds Held in Support of Scholarships	\$ 21,253	\$ 20,815
Funds Held in Support of Academic Professorships	5,290	5,247
Funds Held in Support of General Operations	2,376	2,374
Funds Held for Other Purposes	12,744	12,700
Total	<u><u>\$ 41,663</u></u>	<u><u>\$ 41,136</u></u>

The University's endowment consists of 340 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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**NOTE 12 ENDOWMENTS**

**Interpretation of Relevant Law**

The University has interpreted relevant law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies net assets with donor-restricted endowment funds as (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by relevant law. Pennsylvania law permits the board of trustees to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of the assets related to donor-restricted endowment funds averaged over a period of three or more preceding years, provided the board of trustees has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

**Return Objectives and Risk Parameters**

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the appropriate indices while assuming a moderate level of investment risk. The University expects its endowment funds, over time, to provide a board approved average rate of return annually. Actual returns in any given year may vary from that amount.

**Strategies Employed for Achieving Objectives**

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 capital appreciation (realized and unrealized) and current yield (interest and dividends). 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.

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**NOTE 12 ENDOWMENTS (CONTINUED)**

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

The University has a policy of appropriating for distribution each year up to a board approved percentage of its funds based on the average three-year rolling market value. The board approved spending rate was 7.0% for the years ended June 30, 2024 and 2023. In establishing this policy, the University considered the long-term expected return on its funds. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow annually. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount. There were no such deficiencies of this nature for the year ended June 30, 2024. For the year ended June 30, 2023, deficiencies of this nature were approximately \$1, with a fair market value of \$16 and original gifts of \$17. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of newly endowed funds.

**Net Asset Classifications of Endowment Funds**

Net asset classification by type of endowment is as follows as of June 30:

2024			
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	\$ -	\$ 65,131	\$ 65,131
Board-Designated Endowment Funds	52,409	-	52,409
Total	<u>\$ 52,409</u>	<u>\$ 65,131</u>	<u>\$ 117,540</u>

  

2023			
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	\$ -	\$ 61,682	\$ 61,682
Board-Designated Endowment Funds	51,432	-	51,432
Total	<u>\$ 51,432</u>	<u>\$ 61,682</u>	<u>\$ 113,114</u>

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**NOTE 12 ENDOWMENTS (CONTINUED)**

**Net Asset Classifications of Endowment Funds (Continued)**

Changes in endowment net assets are as follows for the years ended June 30:

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets - Beginning of Year	\$ 51,432	\$ 61,682	\$ 113,114
Investment Return:			
Investment Loss	(39)	(70)	(109)
Net Appreciation (Realized and Unrealized Gains and Losses)	5,397	5,571	10,968
Total Investment Gains	5,358	5,501	10,859
Contributions	710	528	1,238
Recovery on Write-Off of Pledges	-	88	88
Appropriation of Endowment Assets for Expenditure	(5,091)	(2,668)	(7,759)
Endowment Net Assets - End of Year	<u>\$ 52,409</u>	<u>\$ 65,131</u>	<u>\$ 117,540</u>

  

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets - Beginning of Year	\$ 53,096	\$ 60,944	\$ 114,040
Investment Return:			
Investment Loss	(93)	(120)	(213)
Net Appreciation (Realized and Unrealized Gains and Losses)	2,818	3,246	6,064
Total Investment Gains	2,725	3,126	5,851
Contributions	-	444	444
Recovery on Write-Off of Pledges	-	35	35
Appropriation of Endowment Assets for Expenditure	(4,389)	(2,867)	(7,256)
Endowment Net Assets - End of Year	<u>\$ 51,432</u>	<u>\$ 61,682</u>	<u>\$ 113,114</u>

**NOTE 13 CONTINGENCIES**

The University is party to certain claims and litigation arising in the ordinary course of business. In the opinion of management, the resolution of such claims and litigation will not materially affect the University's financial position.

Amounts received and expended by the University under various federal and state programs are subject to audit by the various federal and state agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position of the University.

**NOTE 14 RELATED PARTIES**

The University has \$1,774 and \$1,975 in gross pledges receivable due from members of the board of trustees as of June 30, 2024 and 2023, respectively.

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**NOTE 15 LINE OF CREDIT**

Effective June 27, 2018, the University signed a line of credit for \$5,000, which is secured by the University's revenues. Draws on the line of credit bear interest at the prime rate. The University was obligated for \$-0- at June 30, 2024 and 2023.

**NOTE 16 FUNCTIONAL EXPENSES**

The statements of activities present expenses by functional classification. The tables below present expenses by both their nature and function for the years ended June 30.

2024							
	Salaries and Wages	Benefits	Operations and Maintenance	Depreciation	Interest	Other	Total
Instructional	\$ 48,067	\$ 13,632	\$ 5,235	\$ 4,461	\$ 897	\$ 3,442	\$ 75,734
Research	351	95	-	-	-	306	752
Public Service	515	132	-	-	-	90	737
Academic Support	4,974	1,583	1,626	1,386	278	6,430	16,277
Student Service	9,409	3,009	2,997	2,554	513	5,459	23,941
Institutional Support	10,990	5,472	763	650	131	7,920	25,926
Auxiliary Enterprises	891	245	7,642	6,512	1,309	7,416	24,015
Total	<u>\$ 75,197</u>	<u>\$ 24,168</u>	<u>\$ 18,263</u>	<u>\$ 15,563</u>	<u>\$ 3,128</u>	<u>\$ 31,063</u>	<u>\$ 167,382</u>

  

2023							
	Salaries and Wages	Benefits	Operations and Maintenance	Depreciation	Interest	Other	Total
Instructional	\$ 45,625	\$ 12,606	\$ 4,629	\$ 4,265	\$ 865	\$ 3,254	\$ 71,244
Research	251	62	-	-	-	491	804
Public Service	461	128	-	-	-	75	664
Academic Support	4,159	1,234	1,438	1,324	269	5,814	14,238
Student Service	8,866	2,811	2,650	2,441	495	5,193	22,456
Institutional Support	11,094	7,229	675	622	126	4,354	24,100
Auxiliary Enterprises	996	295	6,757	6,226	1,262	6,435	21,971
HEERF Grants to Students	-	-	-	-	-	33	33
Total	<u>\$ 71,452</u>	<u>\$ 24,365</u>	<u>\$ 16,149</u>	<u>\$ 14,878</u>	<u>\$ 3,017</u>	<u>\$ 25,649</u>	<u>\$ 155,510</u>

The financial statements utilize, when possible, a direct allocation method for expenses of a functional category. Other categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Expenses that are allocated on a square footage basis include depreciation, interest, and operations and maintenance. Benefits and payroll taxes are allocated based on the percentage of salary expense.

Advertising costs are expensed as incurred. Advertising costs of \$2,507 and \$2,460 for the years then ended June 30, 2024 and 2023, respectively, are included in institutional support in the tables above.

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**NOTE 17 DISSOLUTION OF SUBSIDIARY**

During fiscal year 2024, the University dissolved its wholly owned subsidiary Cares Twenty One S.R.L. (Cares Twenty One). Formed in Costa Rica during fiscal year 2016, Cares Twenty One's purpose was to own and operate a property within Costa Rica for educational purposes. As Cares Twenty One ceased operations, the property was sold in August 2023 for a loss of (\$192). The dissolution of Cares Twenty One resulted in \$360 being remitted to the University. Formal dissolution of Cares Twenty One was completed in December 2023.

As a result of dissolution of Cares Twenty One, the University's financial statements are no longer presented on a consolidated basis.

**NOTE 18 SUBSEQUENT EVENTS**

In preparing these financial statements, the University has evaluated events and transactions for potential recognition or disclosure through October 22, 2024, the date the financial statements were issued.

