

Delaware Valley University

Financial Statements Years Ended June 30, 2024 and 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Delaware Valley University

Financial Statements
Years Ended June 30, 2024 and 2023

Delaware Valley University

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Independent Auditor's Report

The Board of Trustees
Delaware Valley University
Philadelphia, Pennsylvania

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Delaware Valley University (the "University"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 audits.

BDO USA, P.C.

November 8, 2024

Financial Statements

Delaware Valley University

Statements of Financial Position

<i>June 30,</i>	2024	2023
Assets		
Cash	\$ 72,935	\$ 3,083,659
Accounts receivable:		
Tuition, net	1,632,566	1,365,318
Student loans	52,257	83,714
Other	737,568	1,112,954
Refundable advances for student loans	-	239,478
Capital campaign pledges receivable, net	2,731,078	2,001,442
Inventory	1,270,054	1,227,977
Prepaid expenses and other assets	2,851,011	1,466,619
Investments	39,654,065	37,158,450
Cash held by trustee	-	485,140
Beneficial interest in charitable remainder trusts	460,646	473,851
Property and equipment, net	64,126,603	64,895,170
Total assets	\$ 113,588,783	\$ 113,593,772
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 1,698,376	\$ 1,891,418
Accrued expenses	5,065,512	4,465,458
Deposits and deferred revenue	2,382,859	2,847,661
Funds held in custody for others	638,038	829,103
Line of credit	2,413,516	-
Notes payable, net	3,255,576	3,296,693
Bonds payable, net	30,698,231	31,980,114
Total liabilities	46,152,108	45,310,447
Net Assets		
Without donor restrictions	29,870,055	33,258,487
With donor restrictions	37,566,620	35,024,838
Total net assets	67,436,675	68,283,325
Total liabilities and net assets	\$ 113,588,783	\$ 113,593,772

See accompanying notes to financial statements.

Delaware Valley University

Statement of Activities and Changes in Net Assets

<i>Year Ended June 30, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue, Gains and Other Support			
Tuition and fees, net of institutional scholarships of \$39,268,278	\$ 38,296,226	\$ -	\$ 38,296,226
Federal grants and contracts	173,184	-	173,184
State grants and contracts	424,407	-	424,407
Contributions and gifts	763,230	1,770,317	2,533,547
Contributions and gifts - non financial assets	282,929	-	282,929
Investment income, net	605,940	754,269	1,360,209
Auxiliary enterprises	15,182,642	800	15,183,442
Other	1,422,385	341,407	1,763,792
Net assets released from restrictions	2,463,281	(2,463,281)	-
Total operating revenue, gains and other support	59,614,224	403,512	60,017,736
Operating Expenses			
Instruction	20,526,292	-	20,526,292
Sponsored research	129,359	-	129,359
Public service	54,278	-	54,278
Academic support	6,330,139	-	6,330,139
Student services	10,757,769	-	10,757,769
Institutional support	13,706,326	-	13,706,326
Student aid program	424,897	-	424,897
Auxiliary enterprises	11,449,567	-	11,449,567
Total operating expenses	63,378,627	-	63,378,627
Changes in net assets from operating activities	(3,764,403)	403,512	(3,360,891)
Nonoperating Activities			
Loss on Perkins Loan	(392,832)	-	(392,832)
Endowment gifts	-	455,453	455,453
Investment gains	768,803	1,682,817	2,451,620
Total nonoperating activities	375,971	2,138,270	2,514,241
Changes in net assets	(3,388,432)	2,541,782	(846,650)
Net Assets, Beginning of Year	33,258,487	35,024,838	68,283,325
Net Assets, End of Year	\$ 29,870,055	\$ 37,566,620	\$ 67,436,675

See accompanying notes to financial statements.

Delaware Valley University

Statement of Activities and Changes in Net Assets

<i>Year Ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue, Gains and Other Support			
Tuition and fees, net of institutional scholarships of \$36,497,194	\$ 34,368,336	\$ -	\$ 34,368,336
Federal grants and contracts	100,510	-	100,510
State grants and contracts	378,043	-	378,043
Contributions and gifts	3,416,660	2,579,392	5,996,052
Contributions and gifts - non financial assets	206,610	-	206,610
Investment income, net	622,109	648,185	1,270,294
Auxiliary enterprises	14,498,842	-	14,498,842
Other	1,386,423	396,118	1,782,541
Net assets released from restrictions	2,681,537	(2,681,537)	-
Total operating revenue, gains and other support	57,659,070	942,158	58,601,228
Operating Expenses			
Instruction	20,709,216	-	20,709,216
Sponsored research	183,016	-	183,016
Public service	192,430	-	192,430
Academic support	6,265,734	-	6,265,734
Student services	10,498,398	-	10,498,398
Institutional support	13,835,201	-	13,835,201
Student aid program	322,767	-	322,767
Auxiliary enterprises	10,576,571	-	10,576,571
Total operating expenses	62,583,333	-	62,583,333
Changes in net assets from operating activities	(4,924,263)	942,158	(3,982,105)
Nonoperating Activities			
Loss on refunding of note	(244,818)	-	(244,818)
Endowment gifts	-	750,466	750,466
Investment gains	811,128	1,575,914	2,387,042
Total nonoperating activities	566,310	2,326,380	2,892,690
Changes in net assets	(4,357,953)	3,268,538	(1,089,415)
Net Assets, Beginning of Year	37,616,440	31,756,300	69,372,740
Net Assets, End of Year	\$ 33,258,487	\$ 35,024,838	\$ 68,283,325

See accompanying notes to financial statements.

Delaware Valley University

Statements of Cash Flows

Year Ended June 30,	2024	2023
Cash Flows from Operating Activities		
Changes in net assets	\$ (846,650)	\$ (1,089,416)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	4,158,724	4,144,169
Amortization of bond premium	(81,683)	(123,538)
Amortization of debt issuance costs	19,799	22,456
Provision for doubtful accounts	253,090	201,910
Investment gains	(2,451,620)	(2,387,043)
Loss (gain) on disposal of equipment	22,321	(5,000)
Loss on refunding of bonds	-	244,468
Change in beneficial interest in charitable remainder trusts	13,205	9,315
(Increase) decrease in operating assets:		
Accounts receivable, net:		
Tuition	(517,248)	(188,254)
Capital campaign pledges	(732,726)	(1,461,871)
Other	375,387	2,076,713
Perkins capital distribution	(153,354)	(239,478)
Inventory	(42,077)	(218,655)
Prepaid and deferred expenses	(1,384,391)	201,402
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	407,011	(3,008,314)
Deposits and deferred revenue	(464,802)	142,989
Funds held in custody for others	(191,065)	2,888
Net cash used in operating activities	(1,616,079)	(1,675,259)
Cash Flows from Investing Activities		
Student loans collected	31,457	1,040,091
Loss on Perkins Loan	392,832	-
Purchase of investments	(11,104,857)	(7,210,565)
Proceeds from sale and maturity of investments	11,060,862	7,171,670
Purchase of property and equipment	(3,412,479)	(5,149,178)
Net cash used in investing activities	(3,032,185)	(4,147,982)
Cash Flows from Financing Activities		
Increase in line of credit	2,413,516	-
Payments on notes payable	(41,116)	(39,713)
Bond Proceeds	-	27,970,000
Bond Premium	-	2,044,981
Bond Issuance Cost Liability	-	(506,626)
Payments on bonds payable	(1,220,000)	(1,455,000)
Redemption of Bonds	-	(25,250,000)
Decrease in refundable advances for student loan	-	(922,482)
Net cash provided by financing activities	1,152,400	1,841,160
Net decrease in cash	(3,495,864)	(3,982,081)
Cash, Beginning of Year	3,568,799	7,550,880
Cash, End of Year	\$ 72,935	\$ 3,568,799
Supplemental Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents, unrestricted	\$ 72,935	\$ 3,083,659
Cash held by trustee	-	485,140
Total Cash and Cash Equivalents	\$ 72,935	\$ 3,568,799
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amounts capitalized	\$ 1,633,491	\$ 1,281,374
Property and equipment in accounts payable	\$ 576,972	\$ 474,358
Property and equipment acquired through finance lease	\$ 1,427,959	\$ 67,550

See accompanying notes to financial statements.

Delaware Valley University

Notes to Financial Statements

1. Nature of Activities

Delaware Valley University (the “University”) is a private coeducational four-year institution located in Doylestown, Bucks County, Pennsylvania. The University was founded in 1896 and currently enrolls just under 1,600 full-time undergraduate students. The University’s focus is experiential education in the areas of high-science agriculture, biological and physical sciences, liberal arts, teacher education and business. In addition to 29 full-time undergraduate degree programs, the University offers Associate of Science degree programs, and Continuing and Professional Studies programs including evening and summer sessions. The University offers graduate degrees: a Master of Science degree in Educational Leadership, a Master of Science in Special Education, a Master of Science in Teaching and Learning, a Master of Arts in Criminal Justice, a Master of Business Administration with various specializations, a Master of Arts in Counseling Psychology, a Master of Science in Agribusiness Management, a Master of Healthcare Administration, a Master of Arts in Management and Organizational Leadership, a Master of Science in Physician Assistant Studies, a Master of Science in Speech-Language Pathology, and a Doctorate of Education in Educational Leadership. The University also offers more than 20 graduate certificate programs across multiple disciplines.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

These financial statements present financial information showing the financial position, the activities, and the cash flows of the University reflecting the presence or absence of donor-imposed restrictions. Accordingly, the amounts of net assets are classified according to the nature of restrictions, as follows:

With Donor Restrictions - Net assets with donor restrictions result from contributions and other inflows of assets (such as investment income and gains) whose use by the University is limited by the donor-imposed stipulations that require the University use or expend the donated assets as specified and/or are satisfied either by the passage of time or by actions of the University. This category also results from contributions and other inflows of assets whose use by the University is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Board of Trustees pursuant to those stipulations. However, donors may release the restrictions on net assets with donor restrictions.

Without Donor Restrictions - Net assets without donor restrictions are available for use in general operations and result from revenues that were not restricted by donors or the donor-imposed restrictions have expired.

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 are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of donor-imposed stipulations are reported as net assets released from restrictions.

Delaware Valley University

Notes to Financial Statements

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 certain performance-related barriers are met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash to acquire or construct long-lived assets are reclassified from net assets with donor restrictions to net assets without donor restrictions on the statements of activities and changes in net assets at the point in time that the acquired or constructed property, plant, or equipment is placed in service. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contributed revenue in accordance with donor-imposed restrictions, if any, on the contributions.

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. It also requires estimates and assumptions that affect 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 management's estimates.

Cash and Cash Equivalents

The University considers highly liquid investments with original maturities of 90 days or less from the date of purchase, to be cash equivalents. At various times throughout the year, the University may have cash balances in financial institutions which exceed the amounts that are federally insured. Cash balances that exceeded federally insured limits totaled \$0 and \$2,833,659 at June 30, 2024 and 2023, respectively.

Cash Held by Trustee

Cash held by trustee consists primarily of cash and cash equivalents held by a trustee in fulfillment of debt agreements. These funds are restricted to future debt service or capital projects, as defined by the debt agreement.

Accounts Receivable

Accounts receivable arising from the University's contracts with customers (e.g. current and former students) are reported net of an allowance for estimated credit losses. The allowance is based on the five-year average of uncollectible accounts and assessment of individual accounts. These estimated uncollectible accounts can be affected by changes in the student's economic circumstances. As a result, it is reasonably possible that the allowance for estimated credit losses could change in the near term. The allowance for estimated credit losses was immaterial for the years ended June 30, 2024 and 2023.

Delaware Valley University

Notes to Financial Statements

Capital Campaign Pledges Receivable

Pledges receivable are recorded at their present value, net of an allowance for uncollectible contributions receivable. An allowance for uncollectible contributions receivable is provided based upon the University's judgment including such factors as prior collection history, the type of contributions and the nature of fund-raising activity. The University records contributions receivable as with donor restrictions based on donor stipulations. For gifts that are restricted due to purpose requirements by the donor, the University releases the total amount of the gift from restriction upon satisfaction of the purpose restriction, including amounts that are outstanding contributions receivable deemed to be collectible.

Contributions of Non-Financial Assets

Donated property, marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Such in-kind contributions are usually used for the operation of the University. The University records these types of contributions as either with or without donor restrictions based on donor stipulations. For gifts that are restricted due to purpose requirements by the donor, the University releases the total amount of the gift from restriction upon satisfaction of the purpose restriction.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets represent amounts expended for goods and services that will benefit future periods. These balances will fluctuate from year to year depending on timing and business activities in a given period.

Investments

Investments in marketable securities with readily determinable market prices are stated at fair value in the statements of financial position. Investments received as gifts are recorded at fair value as determined upon receipt. The cost of investments sold is determined by use of the specific identification method. Interest and dividend income are included in operating revenues and realized and unrealized gains and losses are included in the nonoperating section of the statements of activities and changes in net assets as changes in unrestricted net assets, unless their use is restricted by explicit donor-imposed stipulations, or by law.

The University's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statements of financial position are exposed to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

Alternative investments are valued by management at fair value using the net asset value per share, as a practical expedient, established by the fund manager. Because such investments are not readily marketable, the fair value is subject to uncertainty, and therefore may differ from the value that would have been used had a ready market for such investments existed. Net realized and unrealized investment gains and losses are reflected in the statements of activities and changes in net assets.

Delaware Valley University

Notes to Financial Statements

The University has a formal investment policy that enables it to utilize a portion of investment return for operating purposes. The University's Board of Trustees sets the level of distribution within the limitation imposed by Pennsylvania statute.

Split-Interest Agreements

The University's split-interest agreements with donors consist of charitable gift annuities and charitable remainder unitrusts. Assets are invested and distributions are made to beneficiaries in accordance with the terms and conditions of their respective agreements. Contribution revenue for charitable gift annuities is recognized at the date the agreement is established, net of the liability for the present value of the estimated future payments. Contribution revenue for charitable remainder trusts is recognized upon the establishment of the agreement, at the fair value of the estimated future receipts discounted for the estimated time period to complete the agreement. Such revenues are recorded as increases in net assets with restrictions unless the donor has given the University the right to use the assets without restrictions.

The present value of payments to beneficiaries of charitable gift annuities and the estimated future receipts from charitable remainder trusts are calculated using discount rates which represent the risk-adjusted rates in existence at the date of the gift and current market rates, as applicable. Gains and losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset category in the statements of activities.

Inventory

Inventories are comprised of livestock, feed and items held for production or resale. Inventories are stated at the lower of cost or market with cost being determined using the first-in first-out ("FIFO") method, except for livestock which is stated at market.

Property and Equipment and Depreciation

Land acquired prior to 1962 is stated at appraised value due to the lack of available cost records. The difference between appraised value and cost is not considered to be material to the financial statements. Subsequent land acquisitions and improvements are stated at cost. Buildings and improvements and all furniture and equipment are stated at cost. Donated property is recorded at estimated fair value on the date received. Expenditures for new construction, major renewals and replacements, and furniture and equipment (\$5,000 or greater per item) are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	10 to 40 years
Equipment, furniture, and vehicles	5 to 15 years

The carrying value of property, plant and equipment is evaluated on an on-going basis, based on estimated future undiscounted cash flows. In the event such cash flows are not expected to be sufficient to recover the carrying value of the assets, the useful lives of the assets are revised or the assets are written down to the estimated fair values.

Delaware Valley University

Notes to Financial Statements

Deposits and Deferred Revenue

Deposits and deferred revenue relate primarily to tuition and fees received prior to June 30 for the subsequent fiscal year.

Revenue Recognition

The University accounts for its revenue generating transactions in accordance with ASC 606, *Revenue from Contracts with Customers* or ASC Subtopic 958-605 *Not for Profit Entities - Revenue*, as appropriate. For those transactions subject to ASC 606, the University measures revenue from contracts with customers based on the consideration specified in a contract with a customer and recognizes revenue as a result of satisfying its promise to transfer goods or services in the contract with a customer. The University does not capitalize contract costs. The performance obligations related to contracts with students involves providing instruction, housing and dining (if applicable), and access to the University's facilities and services throughout the contract term. As a result, the performance obligations are satisfied over time ratably throughout each contract's applicable period. The University enters into contracts that include various combinations of services, which are generally capable of being distinct and are accounted for as separate performance obligations.

Students are invoiced before the beginning of each term and are required to have satisfactory financial arrangements in place or have paid the balance in full by the University's published due date. Satisfactory arrangements may include delaying all or a portion of the balance due by enrollment in a payment plan, with final payment no later than 30 days after the end of the specific term. The University does not consider the payment plan participation fees for this option a significant financing component.

Tuition and fees from student services are recognized ratably over the academic time period to which they apply, based on the start and end dates for each course during a term or sub-term. A portion of tuition and fees charged in the current fiscal year for the summer term is deferred and recognized in the subsequent fiscal year.

Tuition discounts in the form of scholarships, grants, and other aid, including those funded by the endowment, operations, research funds, and gifts, are reported as a reduction of tuition revenues. A tuition discount represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. For any such arrangements, the transaction price only includes tuition and fees net of the awarded discounts or institutional aid. Tuition and fees is net of any amounts that the University has estimated are not likely to be collected, based on historical experience. Historically, the University has not experienced material withdrawals, refunds, or uncollectible amounts, which would represent other variable consideration under ASC 606.

The University's student population consists primarily of residents of the state of Pennsylvania and surrounding states. As a result, the University's student enrollment and/or each student's ability to pay tuition and fees may be impacted by the economy and school competition (both private and public) in this geographic area.

Auxiliary enterprises revenue is generally recognized when services are rendered or as activities have been completed. This revenue stream arises primarily from the provision of housing and dining meal plans to the University's students, and access to the University's facilities and services throughout the contract term.

Delaware Valley University

Notes to Financial Statements

Contributions and gifts are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions where donor restrictions are met within the same fiscal year as the contribution is received are included in net assets without donor restrictions.

Contributions and gifts - nonfinancial assets are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Other revenues generally arise from non-student contracts, and are recognized based on the date of the event or when the service is provided.

Income Taxes

The Internal Revenue Service has ruled the University is tax-exempt as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes is required in the accompanying financial statements. With respect to any unrelated business income generated by the University, it records income taxes using the liability method under which deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax basis of assets and liabilities. Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rate expected to apply to taxable income in the period that the deferred tax asset or liability is expected to be realized or to be settled. As of June 30, 2024 and 2023, the University had no deferred tax assets or liabilities, net of valuation allowance.

The University follows the Financial Accounting Standards Board ("FASB") guidance that requires a tax position to be recognized or derecognized based on the "more likely than not" threshold. The University analyzed its tax positions for the years ended June 30, 2024 and 2023 and determined that there were no uncertain tax positions that would have a material impact on the University's financial statements. The University's policy is to recognize interest and penalties, if any, related to unrecognized tax benefits in operating expenses. No interest or penalties were recognized in fiscal years 2024 and 2023.

Nonoperating Activities

For the purpose of the statements of activities and changes in net assets, the University considers changes in net assets excluding nonoperating activities as its operating measure. Nonoperating activities include changes related to realized and unrealized investment gains and losses on investments, other gains and/or losses, capital grants, and permanently restricted contributions.

Delaware Valley University

Notes to Financial Statements

Endowment Spending Policy

The Commonwealth of Pennsylvania law permits the University to allocate to income each year a portion of the endowment return. The law allows non-profit organizations to spend a percentage of the market value of their endowment funds, including realized and unrealized gains. The percentage must, by law, be between 2% and 7%. The endowment market value is based on the average market value for the past three years as of December 31. The University's policy for fiscal years 2024 and 2023 allowed for a payout of up to 5% of the average market value.

Allocation of Certain Expenses

The statements of activities and changes in net assets presents expenses by functional classification. Operation and maintenance of buildings and equipment, interest and depreciation expense are allocated based on square footage and/or underlying functional category. Fringe benefits are allocated based on the percentage of the salary in each underlying functional category.

Liquidity and Availability of Financial Resources

The University's working capital and cash flows have seasonal variations during the year attributable to cash received from students registering for the fall, spring and summer semester terms. To manage liquidity, the University maintains a line of credit with a financial institution of \$6,000,000 that can be drawn upon as needed but must be repaid in full by the maturity date. The following reflects the University's financial assets as of the statements of financial position date available for general operations within one year. Financial assets include cash and the right to receive cash. Additionally, financial assets include certain board approved appropriations from the endowment fund that are available for expenditure within one year and exclude certain cash and receivable balances with donor-imposed restrictions or other restrictions on its use:

<i>June 30,</i>	2024	2023
Cash and cash equivalents	\$ 72,935	\$ 3,083,659
Cash held by bond trustee	-	473,851
Accounts receivable, net	2,609,612	2,478,273
Pledges receivable, net	1,055,418	1,824,353
Endowment appropriations available for operations	82,995	117,980
Unused credit line	3,586,484	6,000,000
Total Financial Assets	7,407,444	13,978,116
Less amounts not available for general expenditures within one year:		
Cash restricted for future use	2,626,431	2,945,208
Bond Reserve	-	473,851
Total financial assets at year-end available for general expenditure	\$ 4,781,013	\$ 10,559,057

Delaware Valley University

Notes to Financial Statements

Impairment

Long-term assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. No impairment losses were reported for the fiscal years ended June 30, 2024 and 2023.

Risks and Uncertainties

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act.”

The CARES Act provided an employee retention credit to employers that kept employees on their payroll due to COVID-19 and/or experienced a decline in revenues due to COVID-19. The University filed for \$2,511,125 of payroll credits in the year ended June 30, 2023. The credits are recognized as contribution income for the year ended June 30, 2023.

Recent Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses* (Topic 326) (“ASU 2016-13”), which required entities to disclose more information about expected credit losses on financial instruments and other commitments. This ASU changed the impairment model for most financial assets measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. The ASU is effective for fiscal years beginning after December 15, 2022 and was adopted by the University for the year ended June 30, 2024. The adoption of ASU 2016-13 did not have a material impact on the University’s financial statements.

3. Accounts Receivable, Tuition, Net

Accounts receivable, tuition, net of allowance for doubtful accounts as of June 30, 2024 and 2023, is as follows:

	2024	2023
Accounts receivable, tuition	\$ 2,415,401	\$ 2,305,943
Allowance for doubtful accounts	(782,835)	(940,625)
Total	\$ 1,632,566	\$ 1,365,318

Delaware Valley University

Notes to Financial Statements

4. Accounts Receivable, Student Loans

Prior to the year ended June 30, 2018, the University administered loans to students who qualified under the Federal Perkins Loan Program. The loans bore interest at an annual rate of 3% to 5%. The Federal Perkins Loan Program expired in 2017 and there were no Federal Perkins Loans awarded in the years ended June 30, 2024 or 2023. As part of the wind down of the Perkins Loan Program, the Secretary of the Department of Education (the "Department") requires all institutions to assign to the Department all Perkins loans that have been in default for more than two years by June 30, 2024. The University has fully complied with the mandate, and is in the process of liquidating the Federal Perkins Loan Program during the year ended June 30, 2024.

5. Pledges Receivable, Net

The University has outstanding pledges receivable for its capital campaign. As of June 30, 2024 and 2023, pledges receivable consisted of the following:

	2024	2023
Receivable in less than one year	\$ 1,055,418	\$ 1,824,353
Receivable in one to five years	1,753,250	292,750
Receivable more than five years	24,800	20,800
Total	2,833,468	2,137,903
Allowance for uncollectible pledges	(20,450)	(19,861)
Discount to net present value (discount rates of 1.2% to 3.4%)	(81,940)	(116,600)
Net pledges receivable	\$ 2,731,078	\$ 2,001,442

Management believes the University's allowance for doubtful pledges at June 30, 2024 and 2023 is adequate based upon information currently known. However, events impacting donors' ability to fulfill their commitments can occur in subsequent years which may result in a material change in the allowance for doubtful collections.

6. Accounts Receivable, Other

Included in accounts receivable, other as of June 30, 2024 and 2023 are various receivables associated with the production areas of the University (horticulture, dairy, etc.), and federal and state grant programs. No allowance is recorded as amounts are considered collectible by management and there are no expected credit losses related to accounts receivable, other.

Delaware Valley University

Notes to Financial Statements

7. Fair Value Measurements, Investments and Other Financial Instruments

The University measures its beneficial interests and investments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as 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. The framework that the authoritative guidance established for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement is recorded is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level - 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the University for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level - 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets and other observable inputs.

Level - 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

Net Asset Value ("NAV") - represents the University's ownership interest in certain alternative investments. As a practical expedient, the University uses its ownership interest in the NAV to determine the fair value of all alternative investments that do not have a readily determinable fair value and have financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

Delaware Valley University

Notes to Financial Statements

The following table summarizes financial instruments measured at fair value on a recurring basis for the University as of June 30, 2024:

	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Reported at fair value					
Cash and cash equivalents	\$ 1,676,262	\$ 1,676,262	\$ -	\$ -	\$ -
U.S. government securities	974,808	974,808	-	-	-
Municipal bonds	698,212	-	698,212	-	-
Corporate bonds	5,576,964	-	5,576,964	-	-
Common stock					
Consumer cyclical	2,468,394	2,468,394	-	-	-
Consumer defensive	332,708	332,708	-	-	-
Financial	1,978,153	1,978,153	-	-	-
Health care	1,964,952	1,964,952	-	-	-
Industrials	1,705,522	1,705,522	-	-	-
Information technology	4,879,303	4,879,303	-	-	-
Materials	618,474	618,474	-	-	-
Telecommunications	543,546	543,546	-	-	-
Equity mutual funds					
International	6,409,396	6,409,396	-	-	-
Large cap	1,640,443	1,640,443	-	-	-
Mid cap	920,804	920,804	-	-	-
Small cap	3,966,319	3,966,319	-	-	-
Fixed income	158,546	158,546	-	-	-
Other	2,796,253	2,796,253	-	-	-
Total investments at fair value	\$ 39,309,059	\$ 33,033,883	\$ 6,275,176	\$ -	\$ -
Alternative investments reported at net asset value	\$ 345,006	\$ -	\$ -	\$ -	\$ 345,006
Total	\$ 39,654,065	\$ 33,033,883	\$ 6,275,176	\$ -	\$ -
Beneficial interest in charitable remainder unitrusts	\$ 460,646	\$ -	\$ -	\$ 460,646	\$ -

Delaware Valley University

Notes to Financial Statements

The following table summarizes financial instruments measured at fair value on a recurring basis for the University as of June 30, 2023:

	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Reported at fair value					
Cash and cash equivalents	\$ 2,871,879	\$ 2,871,879	\$ -	\$ -	\$ -
U.S. government securities	737,422	737,422	-	-	-
Municipal bonds	704,496	-	704,496	-	-
Corporate bonds	4,484,432	-	4,484,432	-	-
Common stock					
Consumer cyclical	3,084,714	3,084,714	-	-	-
Consumer defensive	719,117	719,117	-	-	-
Financial	2,130,844	2,130,844	-	-	-
Health care	2,305,995	2,305,995	-	-	-
Industrials	1,488,808	1,488,808	-	-	-
Information technology	4,456,674	4,456,674	-	-	-
Materials	660,819	660,819	-	-	-
Telecommunications	594,691	594,691	-	-	-
Equity mutual funds					
International	6,197,559	6,197,559	-	-	-
Large cap	1,134,585	1,134,585	-	-	-
Mid cap	1,065,258	1,065,258	-	-	-
Small cap	1,992,088	1,992,088	-	-	-
Other	2,100,449	2,100,449	-	-	-
Total investments at fair value	\$ 36,729,830	\$ 31,540,902	\$ 5,188,928	\$ -	\$ -
Alternative investments reported at net asset value	\$ 428,620	\$ -	\$ -	\$ -	\$ 428,620
Total	\$ 37,158,450	\$ 31,540,902	\$ 5,188,928	\$ -	\$ 428,620
Beneficial interest in charitable remainder unitrusts	\$ 473,851	\$ -	\$ -	\$ 473,851	\$ -

Delaware Valley University

Notes to Financial Statements

The following table represents the University's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments and the significant unobservable inputs and the ranges of values for those inputs at June 30, 2024 and 2023.

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values	
	2024	2023			2024	2023
Beneficial interest in charitable remainder trusts	\$ 460,646	\$ 473,851	Discounted cash flow	Discount rate	3.0% - 3.6%	3.0% - 3.6%
				Payout data	7 - 16 years	8 -17 years
				Annual payout	5.4% - 6.5% of market value	

The following is a description of the valuation methodologies used for assets measured and disclosed at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023:

Equities, including common stock, are valued at the closing price reported on the active market on which the individual securities are traded. These investments are classified within Level 1 of the fair value hierarchy.

Corporate and municipal bonds are valued using inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived from observable market data by correlation or other means.

Equity mutual funds and taxable fixed income mutual funds are valued at net asset value of shares held at year end. These investments are classified within Level 1 of the fair value hierarchy.

Cash and cash equivalents and U.S. Government securities are valued based upon a readily available market price at year end. These investments are classified within Level 1 of the fair value hierarchy.

Charitable remainder unitrusts are valued at the present value of remainder interest, which approximates fair value based on unobservable inputs, as observable inputs are not available, using valuation methodologies to determine fair value to include discounted cash flows and other similar techniques. These investments are classified within Level 3 of the fair value hierarchy.

Delaware Valley University

Notes to Financial Statements

The following is a description of the valuation methodologies used for assets measured and disclosed at net asset value. There have been no changes in the methodologies used at June 30, 2024 and 2023:

Alternative investments are comprised of hedge funds and private equity investments. The University measures the fair value of the alternative investments based on the NAV as calculated on the reporting entity's measurement date as the fair value of the investment. The University measures the fair value of an investment that does not have a readily determinable fair value, based on the NAV of the investment as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a value significantly different than the NAV. If the practical expedient NAV is not as of the reporting entity's measurement date, then the NAV is adjusted to reflect any significant events that would materially affect the value of the security and the NAV of the University as of the valuation date. In using the NAV as a practical expedient, certain attributes of the investment, that may impact the fair value of the investment, are not considered in measuring fair value. Attributes of those investments include the investment strategies of the investees and may also include, but are not limited to, restrictions on the investor's ability to redeem its investments at the measurement date at NAV as well as any unfunded commitments. The private equity funds have unfunded commitments of \$150,000 as of June 30, 2024 and 2023 and lock out periods through December 31, 2024.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methodologies are appropriate, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

		Charitable Remainder Unitrusts
Balance, June 30, 2022	\$	483,166
Net losses		(9,315)
Balance, June 30, 2023	\$	473,851
Net losses		(13,205)
Balance, June 30, 2024	\$	460,646

Losses of \$13,205 for 2024 and \$9,315 for 2023 included in earnings for the year are attributable to the changes in the fair value for the years ended June 30, 2024 and 2023, respectively, and are reported in investment gains in the non-operating activity section of the statement of activities and changes in net assets.

Delaware Valley University

Notes to Financial Statements

Investment return for the year ended June 30, 2024 is summarized as follows:

	Total	Without Donor Restrictions	With Donor Restrictions
Operating revenue			
Interest and dividend income	\$ 1,360,209	\$ 605,940	\$ 754,269
Nonoperating activities:			
Net realized gains	966,897	214,726	752,171
Net unrealized gains	1,484,723	554,077	930,646
Total nonoperating activities	2,451,620	768,803	1,682,817
Total	\$ 3,811,829	\$ 1,374,743	\$ 2,437,086

Investment return for the year ended June 30, 2023 is summarized as follows:

	Total	Without Donor Restrictions	With Donor Restrictions
Operating revenue			
Interest and dividend income	\$ 1,270,293	\$ 622,108	\$ 648,185
Nonoperating activities:			
Net realized gains	777,649	257,439	520,210
Net unrealized gains	1,609,393	553,689	1,055,704
Total nonoperating activities	2,387,042	811,128	1,575,914
Total	\$ 3,678,318	\$ 1,433,237	\$ 2,245,081

Investment Expenses

Expenses relating to investment income, including custodial fees and investment advisory fees, amounted to \$139,643 and \$134,578 for the years ended June 30, 2024 and 2023, respectively, and have been charged against investment income both in the table above and in the accompanying statement of activities and changes in net assets.

Delaware Valley University

Notes to Financial Statements

8. Property and Equipment, Net

The components of property and equipment, net as of June 30, 2024 and 2023 are as follows:

	2024	2023
Land and improvements	\$ 23,464,756	\$ 22,954,880
Buildings and improvements	98,558,676	96,741,307
Furniture and equipment	27,519,519	26,204,864
Livestock	986,800	1,027,000
Construction in progress	1,137,226	1,348,768
Total	151,666,977	148,276,819
Less: accumulated depreciation	(87,540,374)	(83,381,649)
Property and equipment, net	\$ 64,126,603	\$ 64,895,170

The University owns approximately 283 acres of land in Bucks and Montgomery counties under agricultural conservation easements pursuant to the Agricultural Area Security Law. Under these agricultural conservation easements, the University's use of the land is limited to the production of crops, livestock and livestock products, and other agricultural production.

Depreciation expense was \$4,217,854 in 2024 and \$4,144,169 in 2023.

9. Line of Credit

The University has available a \$6,000,000 unsecured revolving line of credit with a bank, payable on demand, with a total outstanding balance of \$2,413,516 and \$0 as of June 30, 2024 and 2023. Interest is payable at the bank's prime rate less 0.25% (8.25% at June 30, 2024). The line of credit is available for general working capital requirements.

Delaware Valley University

Notes to Financial Statements

10. Notes Payable, Net

Notes payable as of June 30 consist of the following:

	2024	2023
2018 Univest Bank Note; due through March 2028; rate of 3.75%; collateralized by mortgage on property	\$ 813,896	\$ 842,789
2021 Univest Bank Note; due through November 29, 2028; rate of 3.75%; collateralized by mortgage on property	441,680	453,904
2022 SBA Economic Injury Disaster Loan; due through December 2051; unsecured	2,000,000	2,000,000
Total	3,255,576	3,296,693
Notes payable, net	\$ 3,255,576	\$ 3,296,693

On April 13, 2018, the University entered into an Open-End Mortgage with Univest National Bank and Trust Company for a mortgage of \$970,000 with an interest rate of 4.35% and a maturity date of April 13, 2025 to purchase a house located at 646 East Butler Avenue. Interest and principal are payable monthly calculated using 30-year amortization. On April 21, 2021, the University refinanced this note at an interest rate of 3.75%, extending the maturity date to March 13, 2028.

On November 29, 2021, the University entered into an Open-End Mortgage with Univest National Bank and Trust Company for a mortgage of \$472,500 with an interest rate of 3.75% and a maturity date of November 29, 2028 to purchase a house located at 622 East Butler Avenue. Interest and principal are payable monthly calculated using 25-year amortization.

On April 2, 2022, the University incurred additional long-term indebtedness in the principal amount of \$2,000,000 in the form of an Economic Injury Disaster Loan from the U.S. Small Business Administration (the "SBA Loan"). The loan bears interest at a rate of 2.75% and is payable in equal monthly payments of principal and interest of \$8,975, commencing in October 2024, with all remaining principal and interest of the SBA Loan payable at maturity in December 2051. The payment obligations of the University with respect to the SBA Loan are unsecured. Material covenants under the SBA Loan are limited to general covenants to provide periodic financial reports and to maintain insurance and a negative covenant prohibiting distributions of assets to controlling persons. The University was in compliance with these covenants for the year ended June 30, 2024 and 2023.

Delaware Valley University

Notes to Financial Statements

Principal payments on notes payable are as follows as of June 30, 2024:

Year Ending June 30,

2025	\$	42,879
2026		44,538
2027		62,714
2028		787,027
2029		443,094
Thereafter		1,874,393
Total	\$	3,254,644

Total interest cost for the above debt was \$103,725 and \$105,128 for the years ended June 30, 2024 and 2023, respectively.

11. Bonds Payable

Bonds payable as of June 30, 2024 and 2023 consists of the following:

	Interest Rate	2024	2023
Bucks County Industrial Development Authority, University Revenue Bonds; Series A of 2022, due through 2047	5.00%	\$ 3,705,000	\$ 3,705,000
Bucks County Industrial Development Authority, University Revenue Bonds; Series B of 2022, due through 2052	5.00%	25,295,000	26,515,000
Unamortized deferred financing costs		(545,705)	(\$565,504)
Unamortized bond premium		2,243,936	2,325,618
Bonds payable, net		\$ 30,698,231	\$ 31,980,114

In March 2022, the University entered into an agreement with the Bucks Country Industrial Development Authority for the issuance of \$31,675,000 aggregate principal amount of the University Revenue Bonds consisting of \$3,705,000 aggregate principal amount of the University Refunding Revenue bonds, Series A of 2022 (the "Series 2022A Bonds"), and the \$27,970,000 aggregate principal amount of the University Revenue Bonds, Series B of 2022 (Forward Delivery) (the "Series 2022B Bonds").

Delaware Valley University

Notes to Financial Statements

The proceeds of the sale of the Bonds are used to finance the: (i) refunding of The Borough of Langhorne Manor Higher Education and Health Authority Refunding Revenue Note, Series 2015 (Series 2015 Note); (ii) refunding of the Pennsylvania Higher Educational Facilities Authority Revenue Bonds, Series 2012 LL1; (iii) acquisition, construction and installation of capital additions and improvements to the University's facilities, including, but not limited to, upgrades to the University's campus fiber optics and electrical distribution network, replacement of generators, HVAC and boiler equipment, roof replacements to various facilities, improvements to the University's athletic stadium, and other facility improvements and additions; and (iv) payment of the costs of issuing the Bonds.

The Series 2022A bonds were delivered on March 16, 2022. A portion of the proceeds were applied to pay in full the outstanding principal of, and unpaid accrued interest on, the Series 2015 Note. The Series 2022A bonds bear interest at a rate of 5% and have a final maturity date of November 2047. The Series 2022B bonds were delivered on August 4, 2022. The bonds bear interest at a rate of 5% and have a final maturity date of November 2052.

The bonds are a general obligation of the University, payable from any legally available funds. The bonds are secured by a pledge of the college's gross revenues and a mortgage on its core campus property.

The University must maintain certain financial covenants to be in compliance with the terms of the Bonds. The University was in compliance with these covenants and terms as of June 30, 2024.

Scheduled maturities of the Bonds are as follows at June 30, 2024:

Year Ending June 30,

2025	\$	1,280,000
2026		1,340,000
2027		1,415,000
2028		1,750,000
2029		1,570,000
Thereafter		21,645,000
Total	\$	29,000,000

Bond interest expense for the years ended June 30, 2024 and 2023 totaled \$1,422,912 and \$1,423,658, respectively.

Delaware Valley University

Notes to Financial Statements

12. Lease Commitments

The University has historically entered into a number of lease arrangements under which it is the lessee. The University leases certain equipment and furniture under non-cancellable financing leases expiring through August 2029 and operating leases expiring through March 2027. The University's leases are subject to include optional renewal periods. To the extent the initial lease term of the related lease is less than the useful life of the leasehold improvements, the University concludes it is reasonably certain that a renewal option will be exercised, and thus that renewal period is included in the lease term with the related payments reflected in the right-of-use ("ROU") asset and lease liability. Each lease is routinely evaluated to determine the likelihood that renewal periods will be exercised. All of the University's leases include fixed rental payments. In addition, the University also commonly enters into leases under which the lease payments increase at pre-determined dates based on the change in the consumer price index.

Financing and operating lease right of use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the incremental borrowing rate or the risk-free rate at the commencement date in determining the present value of future payments. The risk-free rate is used for certain leases of equipment.

Property held under finance leases and recorded in other assets in the statements of financial position at June 30, 2024 and 2023, are as follows:

	2024	2023
Equipment	\$ 1,814,516	\$ 550,842
Vehicles	-	36,278
Total	\$ 1,814,516	\$ 587,120

Amortization of assets under finance leases is included in amortization expense in the statements of activities and changes in net assets and amounted to \$265,420 and \$172,099 for the years ended June 30, 2024, and 2023, respectively.

Amounts recognized as right-of-use assets related to financing and operating leases are included in other assets in the accompanying statements of financial position, while related lease liabilities are included in accrued expenses. Finance lease liabilities and right-of-use assets totaled \$1,721,478 and \$1,814,516 as of June 30, 2024. Finance lease liabilities and right-of-use assets totaled \$587,120 and \$509,796 as of June 30, 2023. Operating lease liabilities and operating right-of-use assets totaled \$20,704 and \$44,500 as of June 30, 2024 and 2023, respectively. Interest expense paid on finance leases totaled \$104,302 and \$21,978 for the years ended June 30, 2024 and 2023, respectively. Rental expense under operating leases amounted to \$21,640 and \$118,561 for the years ended June 30, 2024 and 2023.

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Notes to Financial Statements

Supplemental cash flow information related to leases for the year ended June 30, 2024, consisted of the following:

	Financing Leases	Operating Leases
Cash paid for amounts included in the measurement of lease liabilities	\$ 464,093	\$ 21,640
Right-of-use assets obtained in the exchange for operating lease obligations	-	-
Weighted - average remaining lease terms (in years)	3.90	1.12
Weighted - average discount rate	5.65%	4.03%

Supplemental cash flow information related to leases for the year ended June 30, 2023, consisted of the following:

	Financing Leases	Operating Leases
Cash paid for amounts included in the measurement of lease liabilities	\$ 227,438	\$ 64,677
Right-of-use assets obtained in the exchange for operating lease obligations	-	41,398
Weighted - average remaining lease terms (in years)	3.38	.77
Weighted - average discount rate	2.92%	3.17%

Delaware Valley University

Notes to Financial Statements

The maturity of lease liabilities under the above financing and operating leases are as follows as of June 30, 2024:

<i>Year Ending June 30,</i>	Financing Leases	Operating Leases
2025	\$ 512,423	\$ 10,448
2026	472,180	6,600
2027	411,302	1,650
2028	309,670	-
2029 and thereafter	282,796	-
Total lease payments	1,988,371	30,288
Less: Imputed interest	246,189	-
Total	\$ 1,742,182	\$ 30,288

13. Endowment Funds

The University's endowment consists of 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. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the University have interpreted Pennsylvania law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as either net assets with time and purpose donor restrictions or net assets without donor restrictions based on the existence of donor restrictions or by law.

The University considers the following factors in making a determination to allocate or accumulate donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the University and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the University
- (7) The investment policies of the University

Delaware Valley University

Notes to Financial Statements

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.

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.

Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The University has a policy of allocating for distribution each year up to 5% of its endowment fund's fair market value based on the average market value at December 31 for the prior three years, unless otherwise directed by the donor. In establishing this policy, the University considered the long-term expected return on its endowment. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at an average of 3% to 5% over the inflation rate. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional growth through new gifts and investment return.

Endowment net asset composition by fund type were as follows:

<i>June 30, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 31,120,757	\$ 31,120,757
Board-designated endowment funds	8,347,873	-	8,347,872
Total	\$ 8,347,873	\$ 31,120,757	\$ 39,468,630

<i>June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 29,001,393	\$ 29,001,393
Board-designated endowment funds	7,902,199	-	7,902,199
Total	\$ 7,902,199	\$ 29,001,393	\$ 36,903,592

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Notes to Financial Statements

Changes in endowment net assets by type of fund were as follows:

Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	Total
	Board Designated	Time or Purpose	In Perpetuity	
Endowment net assets, beginning of year	\$7,902,199	\$14,933,769	\$14,067,524	\$36,903,592
Endowment restriction reclassification	(108,738)	51,896	56,842	-
Investment return:				
Investment income	331,603	754,269	-	1,085,872
Net appreciation - realized and unrealized	768,803	1,680,588	-	2,449,391
Total investment return	1,100,406	2,434,857	-	3,535,263
Additions	-	24,999	455,453	480,452
Other changes:				
Allocation of endowment assets for expenditures	(1,466,324)	14,333	-	(1,451,991)
Underwater endowments	-	2,229	-	2,229
Transfers to create board designated endowment funds	920,330	(5,365)	-	914,965
Endowment net assets released from restriction	-	(915,880)	-	(915,880)
Endowment net assets, end of year	\$8,347,873	\$16,540,838	\$14,579,919	\$39,468,630

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	Total
	Board Designated	Time or Purpose	In Perpetuity	
Endowment net assets, beginning of year	\$7,463,854	\$13,858,724	\$13,322,270	\$34,644,848
Investment return:				
Investment income	276,862	648,185	-	925,047
Net depreciation - realized and unrealized	811,128	1,554,932	-	2,366,060
Total investment return	1,087,990	2,203,117	-	3,291,107
Additions	-	55,112	745,354	800,466
Other changes:				
Allocation of endowment assets for expenditures	(1,857,603)	-	-	(1,857,603)
Underwater endowments	-	20,982	-	20,982
Transfers to create board designated endowment funds	1,207,958	-	-	1,207,958
Endowment net assets released from restriction	-	(1,204,166)	-	(1,204,166)
Endowment net assets, end of year	\$7,902,199	\$14,933,769	\$14,067,524	\$36,903,592

Delaware Valley University

Notes to Financial Statements

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or law requires the University to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature would be reported in net assets with donor restrictions. As of June 30, 2024 and 2023, certain endowments were underwater by \$2,229 and \$20,982, respectively.

14. Restriction on Net Assets

Net assets with donor restrictions (time and purpose) are available for the following purposes:

<i>Year ended June 30,</i>	2024	2023
Instruction	\$ 4,632,887	\$ 2,283,920
Sponsored research	108,776	16,871
Public service	1,148,096	239,914
Academic support	5,126,587	11,898,435
Student services	2,295,179	403,170
Institutional support	4,139,358	2,830,885
Student aid program	4,132,080	2,002,040
Facilities, operation & maintenance	1,217,735	1,141,897
Gift annuities	188,606	140,182
Auxiliary enterprises	3,000	-
Total	\$ 22,992,304	\$ 20,957,314

Delaware Valley University

Notes to Financial Statements

Net assets with donor restrictions (in perpetuity) the income from which is available for the following purposes:

<i>Year ended June 30,</i>	2024	2023
Instruction	\$ 3,865,484	\$ 3,865,484
Sponsored research	100,993	100,993
Academic support	13,528	13,528
Institutional support	355,440	355,440
Student aid program	9,199,723	8,731,508
Gift annuities	1,039,148	1,000,671
Total	\$ 14,574,316	\$ 14,067,624

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

<i>Year ended June 30,</i>	2024	2023
Instruction	\$ 483,941	\$ 501,410
Sponsored research	8,431	26,379
Public Service	26,989	264,349
Academic Support	438,752	540,803
Student services	228,614	274,435
Institutional Support	109,855	22,945
Student aid program	419,994	374,967
Facilities, operation & maintenance	651,235	568,950
Gift Annuities	95,470	107,299
Total	\$ 2,463,281	\$ 2,681,537

Delaware Valley University

Notes to Financial Statements

15. Tuition and Fees Revenue

The following table summarizes the University's revenues disaggregated by timing of transfer of goods and services:

<i>Year Ended June 30,</i>	2024	2023
Tuition and fee revenue recognized over time		
Instruction	\$ 36,692,703	\$ 33,015,913
Revenue recognized at a point in time		
Non-service related student fees	1,603,523	1,352,423
Total tuition and fees, net	\$ 38,296,226	\$ 34,368,336

16. Title IV Requirements

The University participates in Government Student Financial Assistance Programs ("Title IV") administered by the U.S. Department of Education ("ED") for the payment of student tuitions.

Substantial portions of the revenue and collection of accounts receivable as of June 30, 2024 and 2023 are dependent upon the University's continued participation in the Title IV programs.

17. Development and Fundraising Expenses

The University incurred expenses amounting to \$862,583 and \$956,040 for the years ended June 30, 2024 and 2023, respectively, related to development and fund-raising. Such amounts are included in institutional support in the accompanying statement of activities and changes in net assets.

Delaware Valley University

Notes to Financial Statements

18. Allocation of Functional Expenses

Management estimates the allocation of fringe benefits, depreciation, interest expense and expenses associated with the operations and maintenance of the physical plant. Operations and maintenance of plant includes facilities, custodial services, landscaping, public safety and risk management. Certain costs related to operation and maintenance of physical plant are allocated to functional categories based on usable square feet of space. Employee benefits are allocated based on the percentage of the salary in each underlying functional category. Depreciation and interest expense are directly charged to the functional category associated with the corresponding assets.

Year ended June 30, 2024

	Expenses Before Allocation	Employee Benefits	Depreciation	Interest	Operations and Maintenance of Plant	Allocation	Total
Instruction	\$13,673,316	\$ 2,792,725	\$ 1,165,710	\$ 176,581	\$ 2,717,960	\$ -	\$20,526,292
Sponsored research	81,197	136	7,127	-	40,899	-	129,359
Public service	17,989	-	36,289	-	-	-	54,278
Academic support	4,451,697	578,360	682,066	7,364	610,652	-	6,330,139
Student services	7,165,159	1,266,952	542,026	468,122	1,315,510	-	10,757,769
Institutional support	10,345,690	1,550,212	421,247	281,854	1,107,323	-	13,706,326
Student aid	424,897	-	-	-	-	-	424,897
Operations and maintenance of plant	4,474,440	95,671	971,545	250,690	3,148,259	(8,940,605)	-
Auxiliary enterprises	10,019,499	591,894	391,844	446,330	-	-	11,449,567
	\$50,653,884	\$ 6,875,950	\$ 4,217,854	\$1,630,941	\$ 8,940,603	\$(8,940,605)	\$63,378,627

Year ended June 30, 2023

	Expenses Before Allocation	Employee Benefits	Depreciation	Interest	Operations and Maintenance of Plant	Allocation	Total
Instruction	\$ 13,627,316	\$ 2,808,237	\$ 1,175,272	\$ 589,975	\$ 2,508,416	\$ -	\$ 20,709,216
Sponsored research	119,585	17,382	8,304	-	37,745	-	183,016
Public service	159,340	58	33,032	-	-	-	192,430
Academic support	4,302,683	717,683	671,904	9,890	563,574	-	6,265,734
Student services	7,351,105	1,207,015	548,823	177,366	1,214,089	-	10,498,398
Institutional support	11,405,514	895,048	402,612	110,075	1,021,952	-	13,835,201
Student aid	322,767	-	-	-	-	-	322,767
Operations and maintenance of plant	7,023,532	550,289	384,162	293,333	-	(8,251,316)	-
Auxiliary enterprises	6,309,865	70,981	920,060	370,125	2,905,540	-	10,576,571
	\$ 50,621,707	\$ 6,266,693	\$ 4,144,169	\$1,550,764	\$ 8,251,316	\$(8,251,316)	\$ 62,583,333

Delaware Valley University

Notes to Financial Statements

19. Retirement Plan

Retirement benefits are provided for the faculty and staff of the University through a 403(b) plan with Teachers Insurance and Annuity Association/University Retirement Equities Fund, ("TIAA/CREF"). Under the University's plan, each participant's account is credited with the participant's contributions, if eligible, the University's nonelective and matching contribution, and an allocation of Plan earnings or losses. Participants direct the investment of contributions into various investment options offered by the Plan.

The University contributes 3% of each eligible employee's qualifying compensation per calendar year as a non-elective contribution. No contribution is required by the participant. Additionally, the University provides a matching contribution for eligible employees who make elective deferral to the plan up to a maximum of 4% of compensation per calendar year. The University's contributions to the plan for 2024 and 2023 totaled \$1,457,227 and \$1,454,357, respectively.

20. Contingencies

In the course of its business operations, the University is involved in various legal matters, most of which are covered by insurance. As of June 30, 2024, management believes there is no exposure to such matters that if decided adversely, would be material to the financial statements or are not adequately covered by insurance.

21. Credit Risk Arising from Investments

Concentrations of credit risk with respect to investments are limited due to placement of the investments with investment advisors subject to the University's investment policy.

22. Related Party Transactions

There were no material related party transactions during the years ended June 30, 2024 or 2023.

23. Subsequent Events

The University evaluated subsequent events for recognition and disclosure through November 8, 2024, the date the financial statements were issued. The evaluation did not result in any subsequent events that required disclosures and/or adjustments.