

**WIDENER UNIVERSITY AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**



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YEARS ENDED JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Widener University and Affiliate  
Chester, Pennsylvania

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

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Widener University and Affiliate (the University), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our 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 Consolidated 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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*

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 11, 2022

**WIDENER UNIVERSITY AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**  
(DOLLARS IN THOUSANDS)

| <b>ASSETS</b>   | 2022       | 2021       |
|---|------------|------------|
| Cash and Cash Equivalents   | \$ 66,607  | \$ 56,046  |
| Accounts Receivable:  |            |            |
| Students (Net of Allowance for Doubtful Accounts<br>of \$4,237 in 2022 and \$3,969 in 2021)                 | 12,357     | 9,519      |
| Affiliates (Net of Allowance for Doubtful Accounts<br>of \$51 in 2022 and \$100 in 2021)                    | 400        | 556        |
| Grants and Other  | 2,326      | 3,198      |
| Prepaid Expenses and Other Assets   | 795        | 613        |
| Contributions Receivable (Net of Allowance for Doubtful<br>Accounts of \$1,814 in 2022 and \$2,101 in 2021) | 827        | 235        |
| Assets Whose Use is Limited   | 21,456     | -          |
| Long-Term Investments   | 117,662    | 118,299    |
| Loans to Students (Net of Allowance for Doubtful<br>Accounts of \$4,271 in 2022 and \$4,433 in 2021)        | 5,414      | 5,863      |
| Finance Lease Right-of-Use Assets   | 1,429      | 1,366      |
| Operating Lease Right-of-Use Assets   | 18         | 94         |
| Property and Equipment  | 459,489    | 452,756    |
| Less: Accumulated Depreciation  | (255,751)  | (247,210)  |
| Net Property and Equipment  | 203,738    | 205,546    |
| Total Assets  | \$ 433,029 | \$ 401,335 |
| <b>LIABILITIES AND NET ASSETS</b>   |            |            |
| <b>LIABILITIES</b>  |            |            |
| Accounts Payable and Accrued Expenses   | \$ 21,942  | \$ 17,098  |
| Accrued Interest  | 1,734      | 1,708      |
| Deferred Revenue and Deposits   | 14,706     | 13,091     |
| Asset Retirement Obligation   | 4,291      | 4,086      |
| Accrued Postretirement Benefit Obligation   | 52,173     | 65,812     |
| Finance Lease Obligations   | 1,451      | 1,378      |
| Operating Lease Obligations   | 18         | 94         |
| Bonds and Notes Payable   | 107,482    | 73,223     |
| U.S. Government Grants Refundable   | 4,070      | 4,638      |
| Total Liabilities   | 207,867    | 181,128    |
| <b>NET ASSETS</b>   |            |            |
| Without Donor Restrictions  | 157,978    | 149,196    |
| With Donor Restrictions   | 67,184     | 71,011     |
| Total Net Assets  | 225,162    | 220,207    |
| Total Liabilities and Net Assets  | \$ 433,029 | \$ 401,335 |

See accompanying Notes to Consolidated Financial Statements.

**WIDENER UNIVERSITY AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2022 AND 2021  
(DOLLARS IN THOUSANDS)**

|   | 2022              | 2021              |
|---|-------------------|-------------------|
| <b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>   |                   |                   |
| Operating Activities:   |                   |                   |
| Revenue, Gains, and Other Support:  |                   |                   |
| Tuition and Fees (Net of Scholarship and Fellowships<br>of \$92,509 in 2022 and \$91,902 in 2021) | \$ 119,177        | \$ 123,291        |
| Federal Grants and Contracts  | 1,502             | 1,860             |
| State Grants and Contracts  | 945               | 1,092             |
| Interest on Loans   | 159               | 215               |
| Contributions   | 1,247             | 978               |
| Investment Returns Designated for Current Operations:   |                   |                   |
| Endowment Spending  | 4,455             | 4,239             |
| Other Investment Income   | 52                | 70                |
| Miscellaneous Income  | 2,011             | 991               |
| Auxiliary Enterprises   | 18,239            | 5,761             |
| Revenues and Gains Without Donor Restrictions   | 147,787           | 138,497           |
| <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>  | <b>16,371</b>     | <b>7,898</b>      |
| Total Revenues and Gains without Donor Restrictions   | 164,158           | 146,395           |
| <b>EXPENSES</b>   |                   |                   |
| Educational and General Expenses:   |                   |                   |
| Instructional   | 73,227            | 72,276            |
| Research  | 600               | 417               |
| Public Service  | 618               | 558               |
| Academic Support  | 13,882            | 13,228            |
| Student Services  | 21,371            | 18,047            |
| Institutional Support   | 22,392            | 16,136            |
| Auxiliary Enterprises   | 21,438            | 16,762            |
| HEERF Grants to Students  | 4,056             | 1,603             |
| Total Expenses  | 157,584           | 139,027           |
| Total Operating Income  | 6,574             | 7,368             |
| <b>NONOPERATING ACTIVITIES</b>  |                   |                   |
| Net (Depreciation) Appreciation in Fair Value of Investments                                      | (5,492)           | 10,193            |
| Loss on Extinguishment of Debt  | (5,288)           | -                 |
| Gain (Loss) on Disposition of Property  | 76                | (82)              |
| Net Change in Postretirement Benefit Obligation   | 13,067            | (501)             |
| Voluntary Retirement and Severance  | -                 | (90)              |
| Other   | (155)             | (2,431)           |
| Total Gain from Nonoperating Activities   | 2,208             | 7,089             |
| <b>TOTAL CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>                                      | <b>8,782</b>      | <b>14,457</b>     |
| <b>CHANGES IN NET ASSETS WITH DONOR RESTRICTION</b>   |                   |                   |
| Private Gifts, Grants, and Contracts  | 15,385            | 7,473             |
| Recovery (Loss) on Write-Off of Pledge Receivable   | 175               | (962)             |
| Endowment Spending  | 2,356             | 2,161             |
| Miscellaneous Income  | 2                 | 8                 |
| Investment Returns Less than Amounts Designated<br>for Operations                                 | (5,374)           | 11,765            |
| Net Assets Released from Restrictions   | (16,371)          | (7,898)           |
| Changes in Net Assets with Donor Restrictions   | (3,827)           | 12,547            |
| <b>CHANGE IN NET ASSETS</b>   | <b>4,955</b>      | <b>27,004</b>     |
| Net Assets - Beginning of Year  | 220,207           | 193,203           |
| <b>NET ASSETS - END OF YEAR</b>   | <b>\$ 225,162</b> | <b>\$ 220,207</b> |

See accompanying Notes to Consolidated Financial Statements.

**WIDENER UNIVERSITY AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**  
(DOLLARS IN THOUSANDS)

|  | 2022      | 2021      |
|--|-----------|-----------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |           |           |
| Change in Net Assets   | \$ 4,955  | \$ 27,004 |
| Adjustments to Reconcile Change in Net Assets to             |           |           |
| Net Cash Provided by Operating Activities:                   |           |           |
| Depreciation and Amortization                                | 14,437    | 14,135    |
| Net Depreciation (Appreciation) in Fair Value of Investments | 4,098     | (28,763)  |
| Contributions Restricted for Long-Term Investment            | (825)     | (322)     |
| Payments under Lease Obligations                             | (106)     | (132)     |
| Loss on Extinguishment of Debt                               | 5,288     | -         |
| (Gain) Loss on Disposition of Property                       | (76)      | 82        |
| Changes in Assets and Liabilities:                           |           |           |
| Accounts Receivable (Gross)                                  | (2,078)   | 1,162     |
| Allowance for Doubtful Accounts                              | 268       | (36)      |
| Contributions Receivable                                     | (592)     | 877       |
| Prepaid Expenses and Other Assets                            | (182)     | 376       |
| Accounts Payable and Accrued Expenses, Net of                |           |           |
| Investing Activities   | 4,844     | 2,646     |
| Accrued Interest   | 26        | (48)      |
| Deferred Revenue and Deposits                                | 1,615     | 983       |
| Asset Retirement Obligation                                  | 205       | 177       |
| Postretirement Benefit Obligation                            | (13,639)  | 4         |
| Net Cash Provided by Operating Activities                    | 18,238    | 18,145    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |           |           |
| Net Decrease in Loans to Students                            | 449       | 392       |
| Purchase of Property and Equipment                           | (20,132)  | (3,859)   |
| Proceeds from Sale of Property                               | 8,778     | -         |
| Proceeds from Sales of Investments                           | 36,461    | 37,564    |
| Purchases of Investments                                     | (39,922)  | (32,969)  |
| Net Cash Provided (Used) by Investing Activities             | (14,366)  | 1,128     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |           |           |
| Proceeds from Contributions Restricted for Long-Term         |           |           |
| Investment   | 825       | 322       |
| Proceeds from Issuance of 2021 Bonds                         | 85,344    | -         |
| Payments for Refunding of Bonds                              | (53,518)  | -         |
| Payments under Financing Leases                              | (860)     | (544)     |
| Repayments on Bonds Payable                                  | (2,225)   | (2,156)   |
| Payment of Bond Issuance Costs                               | (853)     | (6)       |
| Net Change in U.S. Government Grants Refundable              | (568)     | (1,188)   |
| Net Cash Provided (Used) by Financing Activities             | 28,145    | (3,572)   |
| <b>NET INCREASE IN CASH AND CASH</b>                         |           |           |
| <b>EQUIVALENTS</b>   | 32,017    | 15,701    |
| Cash and Cash Equivalents - Beginning of Year                | 56,046    | 40,345    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>               | \$ 88,063 | \$ 56,046 |
| <b>SUPPLEMENTAL DISCLOSURE</b>                               |           |           |
| Cash Paid for Interest Expense, Net of Capitalized Interest  | \$ 3,603  | \$ 3,483  |
| <b>NONCASH TRANSACTIONS</b>                                  |           |           |
| Equipment Financed with Leases                               | \$ -      | \$ 1,465  |
| Cash and Cash Equivalents, End of Year                       | \$ 66,607 | \$ 56,046 |
| Assets Whose Use is Limited (Restricted), End of Year        | 21,456    | -         |
|  | \$ 88,063 | \$ 56,046 |

See accompanying Notes to Consolidated Financial Statements.

**WIDENER UNIVERSITY AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**  
**(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 consolidated 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 consolidated financial statements for the reader.

During fiscal year 2016, Cares Twenty One S.R.L. (the Affiliate) was formed in Costa Rica. The Affiliate's purpose is to own and operate a property within Costa Rica for educational purposes. The University is the sole owner of the Affiliate.

**Basis of Presentation**

The University's consolidated financial statements are prepared in accordance with generally accepted accounting principles 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 AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**  
**(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 on investments of endowment and similar funds are reported as follows:

1. As increases 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 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 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 consolidated financial statements as net assets with donor restriction until transferred to net assets without donor restrictions.

**WIDENER UNIVERSITY AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**  
**(DOLLARS IN THOUSANDS)**

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

**Principals of Consolidation**

The consolidated financial statements of the University include the accounts of the Affiliate. All significant interorganizational transactions have been eliminated in these consolidated financial statements.

**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 program, loss on extinguishment of debt, and severance expense, 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 \$21,456 at June 30, 2022. 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 AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**  
**(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 stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is recorded annually based on historical experience and management's evaluation of individual accounts. 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 \$10,000 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 Perkins Loan Program 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 consolidated 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 consolidated statements of activities.

**WIDENER UNIVERSITY AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**  
**(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 consolidated statements of financial position.

ROU assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The University has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated 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 AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**  
**(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 consolidated 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 consolidated 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 consolidated 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 \$1,595 and \$1,795 as of June 30, 2022 and 2021, 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, 2022 and 2021, 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 consolidated 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 AND AFFILIATE**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tuition and Fee Revenue (Continued)**

Four summer terms are offered: half summer I from mid-May to the end of June; half summer II from early July to mid-August; full-term summer I from mid-May to mid-August; and full-term summer II from end of May to mid-August. Payments of tuition and housing for all of the summer terms are recognized as performance obligations are met. Because the academic terms for Full-term Summer I and II 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 non-exchange 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 non-exchange transactions are recognized when the barrier is satisfied. As of June 30, 2022, the University has unrecorded conditional grant agreements of \$1,540 from government sponsors related to Higher Education Emergency Relief Funds (HEERF).

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.

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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:

|                                    | <u>2022</u>       | <u>2021</u>       |
|------------------------------------|-------------------|-------------------|
| Revenue Recognized over Time:      |                   |                   |
| Undergraduate Tuition and Fees     | \$ 54,458         | \$ 57,649         |
| Extended Learning Tuition and Fees | 2,512             | 2,443             |
| Graduate Tuition and Fees          | <u>62,207</u>     | <u>63,199</u>     |
| Total                              | <u>\$ 119,177</u> | <u>\$ 123,291</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:

|                               | <u>2022</u>      | <u>2021</u>     |
|-------------------------------|------------------|-----------------|
| Revenue Recognized over Time: |                  |                 |
| Housing                       | \$ 10,324        | \$ 2,896        |
| Dining                        | 6,599            | 2,745           |
| Other                         | <u>1,316</u>     | <u>120</u>      |
| Total                         | <u>\$ 18,239</u> | <u>\$ 5,761</u> |

**Performance Obligations and Revenue Recognition**

The University has four academic terms: fall, spring, summer 1, and summer 2. Tuition revenue is recognized in the fiscal year in which the academic programs are delivered. Auxiliary 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 consolidated 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 8 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 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, 2022 and 2021, respectively, the balance of contract assets as shown as students accounts receivable on the consolidated statements of financial position was \$12,357 and \$9,519. At the beginning of 2021, the balance of contract assets was \$10,150.



**WIDENER UNIVERSITY AND AFFILIATE**  
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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<br>Terms<br>(Tuition<br>and Housing) | Student<br>Organizations | Other<br>Organizations | Deposits      | Total            |
|--|---|--------------------------|------------------------|---------------|------------------|
| Balance - June 30, 2020  | \$ 11,705                                   | \$ 284                   | \$ 91                  | \$ 28         | \$ 12,108        |
| Revenue Recognized   | (11,705)                                    | (284)                    | (91)                   | (28)          | (12,108)         |
| Payments Received and/or Amounts<br>Billed in Advance of Performance | <u>12,740</u>                               | <u>211</u>               | <u>110</u>             | <u>30</u>     | <u>13,091</u>    |
| Balance - June 30, 2021  | 12,740                                      | 211                      | 110                    | 30            | 13,091           |
| Revenue Recognized   | (12,740)                                    | (211)                    | (110)                  | (30)          | (13,091)         |
| Payments Received and/or Amounts<br>Billed in Advance of Performance | <u>14,285</u>                               | <u>183</u>               | <u>133</u>             | <u>105</u>    | <u>14,706</u>    |
| Balance - June 30, 2022  | <u>\$ 14,285</u>                            | <u>\$ 183</u>            | <u>\$ 133</u>          | <u>\$ 105</u> | <u>\$ 14,706</u> |

The balance of deferred revenue at June 30, 2022, will be recognized as revenue over the related academic term beginning on July 1, 2022, 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 \$53,096. 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:

|                              | <u>2022</u>      | <u>2021</u>      |
|------------------------------|------------------|------------------|
| Cash and Cash Equivalents    | \$ 66,607        | \$ 56,046        |
| Student Receivable           | 12,357           | 9,519            |
| Affiliates Receivable        | 400              | 556              |
| Grants and Other Receivables | <u>2,326</u>     | <u>3,198</u>     |
| Total                        | <u>\$ 81,690</u> | <u>\$ 69,319</u> |

The University endowment funds consist of donor endowment and quasi-endowment. 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, 2022 and 2021.

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Contributions receivable are summarized as follows at June 30:

|  | <u>2022</u>   | <u>2021</u>   |
|--|---------------|---------------|
| Unconditional Promised Expected to be Collected:     |               |               |
| Within One Year                                      | \$ 596        | \$ 301        |
| Between One and Five Years                           | 2,089         | 2,006         |
| After Five Years                                     | <u>61</u>     | <u>114</u>    |
| Subtotal   | 2,746         | 2,421         |
| Less:  |               |               |
| Allowance for Uncollectible Contributions Receivable | (1,814)       | (2,101)       |
| Present Value Discount (1.2% to 3.4%)                | <u>(105)</u>  | <u>(85)</u>   |
| Total  | <u>\$ 827</u> | <u>\$ 235</u> |

Development costs were \$1,902 and \$1,829 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 5 INVESTMENTS**

The University records investments at fair value. Long term investments are comprised primarily of the endowment funds, which has a fair value of \$113,852 and \$114,876 as of June 30, 2022 and 2021, 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 \$192 and \$326 as of June 30, 2022 and 2021, respectively.

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

|                    | <u>2022</u>       | <u>2021</u>       |
|--------------------|-------------------|-------------------|
| Equity Funds       | \$ 59,541         | \$ 65,047         |
| Commodities        | 2,127             | 4,986             |
| Venture Capital    | 14,161            | 12,312            |
| Natural Resources  | 6,100             | 5,530             |
| Fixed Income       | 23,182            | 20,192            |
| Real Estate        | 8,713             | 6,726             |
| Money Market Funds | 44                | 112               |
| Other              | 3,602             | 3,068             |
| Total              | <u>\$ 117,470</u> | <u>\$ 117,973</u> |

Investment fees were \$243 and \$93 for the years ended June 30, 2022 and 2021, 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:

|                                    | <u>Fair Value Measurements Using</u> |                |                | <u>Fair Value</u> |
|------------------------------------|--------------------------------------|----------------|----------------|-------------------|
|                                    | <u>Level 1</u>                       | <u>Level 2</u> | <u>Level 3</u> |                   |
| Assets:                            |                                      |                |                |                   |
| Equity Funds                       | \$ 16                                | \$ -           | \$ -           | \$ 16             |
| Other                              | 3,602                                | -              | -              | 3,602             |
| Subtotal                           | <u>\$ 3,618</u>                      | <u>\$ -</u>    | <u>\$ -</u>    | 3,618             |
| Investments Measured at Fair Value |                                      |                |                |                   |
| Using Net Asset Value per Share    |                                      |                |                | 113,852           |
| Equity Method Investments          |                                      |                |                | 192               |
| Total Investments                  |                                      |                |                | <u>\$ 117,662</u> |

|                                    | <u>Fair Value Measurements Using</u> |                |                | <u>Fair Value</u> |
|------------------------------------|--------------------------------------|----------------|----------------|-------------------|
|                                    | <u>Level 1</u>                       | <u>Level 2</u> | <u>Level 3</u> |                   |
| Assets:                            |                                      |                |                |                   |
| Equity Funds                       | \$ 29                                | \$ -           | \$ -           | \$ 29             |
| Other                              | 3,068                                | -              | -              | 3,068             |
| Subtotal                           | <u>\$ 3,097</u>                      | <u>\$ -</u>    | <u>\$ -</u>    | 3,097             |
| Investments Measured at Fair Value |                                      |                |                |                   |
| Using Net Asset Value per Share    |                                      |                |                | 114,876           |
| Equity Method Investments          |                                      |                |                | 326               |
| Total Investments                  |                                      |                |                | <u>\$ 118,299</u> |

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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:

| 2022                                     |                     |                                      |
|--|---------------------|--------------------------------------|
| Investment Category                      | Investment Strategy | Redemption Terms                     |
| Strategic Solutions Global Equity LLC    | Equity              | Monthly, with 5 days prior notice    |
| High Quality Bond Fund                   | Fixed               | Weekly, with 5 days prior notice     |
| Global Absolute Alpha Company A          | Hedge Fund          | Quarterly, with 65 days prior notice |
| SSgA S&P Global LargeMidCap Natural Resr | Natural Resources   | Monthly, with 30 days prior notice   |
| SSgA US High Yield Bond Index Common Tru | Real Assets         | Daily, with 2 days prior notice      |
| SSgA Tuckerman US REIT Index NL QP       | Real Assets         | Daily, with 2 days prior notice      |
| CF REIT Portfolio, LLC                   | Real Assets         | Daily, with 2 days prior notice      |
| CF Credit Series                         | Fixed               | Monthly, with 90 Days Prior Notice   |
| 2021                                     |                     |                                      |
| Investment Category                      | Investment Strategy | Redemption Terms                     |
| Strategic Solutions Global Equity LLC    | Equity              | Monthly, with 5 days prior notice    |
| High Quality Bond Fund                   | Fixed               | Weekly, with 5 days prior notice     |
| Global Absolute Alpha Company A          | Hedge Fund          | Quarterly, with 65 days prior notice |
| SSgA S&P Global LargeMidCap Natural Resr | Natural Resources   | Monthly, with 30 days prior notice   |
| SSgA S&P 500 Index Non-Lending Strat.    | Equity              | Daily, with 2 days prior notice      |
| SSgA US Aggregate Bond Index NL Strat.   | Fixed               | Daily, with 2 days prior notice      |
| CF REIT Portfolio, LLC                   | Real Assets         | Daily, with 2 days prior notice      |
| CF Credit Series                         | Fixed               | Monthly, with 90 Days Prior Notice   |

The University has \$41,952 and \$37,701 as of June 30, 2022 and 2021, 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.

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

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

The University's nonmarketable investments are generally not redeemable as of June 30, 2022 and 2021. Major categories held at June 30 and their significant investment strategies include:

| 2022                                       |                      |
|--|----------------------|
| 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      |
| 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          |

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

| 2021                                     |                      |
|--|----------------------|
| 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       |
| 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              |
| Commonfund Private Credit Fund 2018      | Private Capital      |
| Commonfund Private Credit Fund II        | Private Capital      |
| Cerberus Offshore LLOF 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          |
| Environmental Sustainability Ptrs. 2020  | Real Assets          |

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

The University's best estimate of the remaining life of finite lived investments, the amount of the University's unfunded commitments related to the investment at June 30, 2022, and the terms and conditions upon which the University may redeem its investment for each major category of alternative investments are summarized below:

| Alternative Investment Category                       | Estimated<br>Remaining Life | Unfunded<br>Commitments<br>at June 30,<br>2022 | Redemption<br>Terms |
|---|-----------------------------|--|---------------------|
| Private Equity Partners VI                            | 0                           | \$ 36  | N/A                 |
| Private Equity Partners VII                           | 0                           | 40   | N/A                 |
| CCI-SSG Global Private Equity Fund                    | 4                           | 610  | N/A                 |
| CCI-SSG Global Private Equity Fund II, L <sup>1</sup> | 6                           | 794  | N/A                 |
| CCI-SSG Global Private Equity Fund III, <sup>1</sup>  | 9                           | 1,650  | N/A                 |
| CCI-OCIO Global Private Equity Fund IV                | 11                          | 2,558  | N/A                 |
| Int'l Private Equity Partners V                       | 0                           | 26   | N/A                 |
| Int'l Private Equity Partners VI                      | 0                           | 37   | N/A                 |
| Venture Partners VII                                  | 0                           | 10   | N/A                 |
| Venture Partners VIII                                 | 0                           | 23   | N/A                 |
| Venture Partners IX                                   | 2                           | 15   | N/A                 |
| Venture Partners XI <sup>1</sup>                      | 4                           | 97   | N/A                 |
| Venture Partners XII <sup>1</sup>                     | 7                           | 220  | N/A                 |
| Venture Partners XIII <sup>1</sup>                    | 9                           | 520  | N/A                 |
| Venture Partners XIV                                  | 11                          | 1,860  | N/A                 |
| Commonfund Private Credit Fund 2018, L.P.             | 5                           | 869  | N/A                 |
| Commonfund Private Credit Fund II, L.P.               | 8                           | 1,027  | N/A                 |
| Cerberus Offshore LLOF III, L.P.                      | 0                           | 474  | N/A                 |
| Environmental Sustainability Prtnrs 2020              | 10                          | 1,200  | N/A                 |
| Natural Resources Partners VII                        | 0                           | 20   | N/A                 |
| Natural Resources Partners VIII                       | 0                           | 15   | N/A                 |
| Natural Resources Partners IX                         | 1                           | 245  | N/A                 |
| Natural Resources Partners XI <sup>1</sup>            | 8                           | 714  | N/A                 |
| SSG Realty Opportunities Fund 2014                    | 0                           | 622  | N/A                 |
| Commonfund Real Estate Opportunity Fund               | 11                          | 2,288  | N/A                 |
| Commonfund Real Estate Opportunity Fd II              | 14                          | 3,882  | N/A                 |
| Total   |                             | <u>\$ 19,852</u>                               |                     |

**NOTE 6 STUDENT LOANS RECEIVABLE**

The University issues uncollateralized loans to students based on financial need. Student loans are funded through the Perkins Federal Loan Program. Allowances for doubtful accounts 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.

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

Student loans receivable consist of the following:

|                                       | <u>2022</u>     | <u>2021</u>     |
|---------------------------------------|-----------------|-----------------|
| Federal Government Programs, Gross    | \$ 7,734        | \$ 9,423        |
| Institutional Programs, Gross         | 1,951           | 873             |
| Less Allowance for Doubtful Accounts: |                 |                 |
| Beginning of Year                     | (4,433)         | (4,720)         |
| Increases                             | 162             | 287             |
| End of Year                           | <u>(4,271)</u>  | <u>(4,433)</u>  |
| Student Loans Receivable, Net         | <u>\$ 5,414</u> | <u>\$ 5,863</u> |

Government advances and related interest earned on Perkins Loans of \$4,070 and \$4,638 as of June 30, 2022 and 2021, 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:

|                                     | <u>2022</u>       | <u>2021</u>       |
|-------------------------------------|-------------------|-------------------|
| Land                                | \$ 16,575         | \$ 17,030         |
| Buildings:                          |                   |                   |
| Cost of Buildings                   | 208,340           | 218,701           |
| Less: Accumulated Depreciation      | <u>(92,022)</u>   | <u>(90,560)</u>   |
| Net Cost of Buildings               | 116,318           | 128,141           |
| Building Improvements:              |                   |                   |
| Cost of Improvements                | 150,399           | 137,354           |
| Less: Accumulated Depreciation      | <u>(91,749)</u>   | <u>(87,429)</u>   |
| Net Cost of Improvements            | 58,650            | 49,925            |
| Furniture and Equipment:            |                   |                   |
| Cost of Furniture and Equipment     | 69,607            | 68,011            |
| Less: Accumulated Depreciation      | <u>(61,886)</u>   | <u>(59,609)</u>   |
| Net Cost of Furniture and Equipment | 7,721             | 8,402             |
| Computers:                          |                   |                   |
| Cost of Computers                   | 11,411            | 10,297            |
| Less: Accumulated Depreciation      | <u>(10,094)</u>   | <u>(9,612)</u>    |
| Net Cost of Computer Equipment      | 1,317             | 685               |
| Construction in Progress            | <u>3,157</u>      | <u>1,363</u>      |
| Net Property and Equipment          | <u>\$ 203,738</u> | <u>\$ 205,546</u> |



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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 2022 and 2021. 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:

|   | 2022     | 2021     |
|---|----------|----------|
| Asset Retirement Obligation - Beginning of Year | \$ 4,086 | \$ 3,909 |
| Accretion                                       | 205      | 194      |
| Less: Disposals                                 | -        | (17)     |
| Asset Retirement Obligation - End of Year       | \$ 4,291 | \$ 4,086 |

Depreciation and accretion costs are approximately \$214 and \$138 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 8 LEASES**

The University has operating and finance leases for certain equipment. The leases expire at various dates through 2025 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>2022</u>   | <u>2021</u>   |
|--|---------------|---------------|
| Lease Cost:  |               |               |
| Finance Lease Cost:  |               |               |
| Amortization of Right-of-Use Assets  | \$ 840        | \$ 556        |
| Interest on Lease Liabilities  | 30            | 28            |
| Operating Lease Cost   | 76            | 104           |
| Sublease Income  | (55)          | (55)          |
| Total Lease Cost   | <u>\$ 891</u> | <u>\$ 633</u> |
| <br>   |               |               |
| Cash Paid for Amounts Included in the<br>Measurement of Lease Liabilities: |               |               |
| Finance - Financing Cash Flows   | \$ 829        | \$ 544        |
| Finance - Operating Cash Flows   | 30            | 28            |
| Operating - Operating Cash Flows   | 76            | 104           |
| Right-of-Use Assets Obtained in Exchange<br>for Lease Liabilities:         |               |               |
| Finance Leases   | 903           | 1,465         |
| Weighted-Average Remaining Lease Term:                                     |               |               |
| Finance Leases   | 2.36          | 2.53          |
| Operating Leases   | 0.81          | 1.18          |
| Risk-Free Discount Rate:   |               |               |
| Finance Leases   | 1.61 %        | 1.95 %        |
| Operating Leases   | 1.20 %        | 1.20 %        |

A maturity analysis of annual undiscounted cash flows for leases liabilities as of June 30, 2022, is as follows:

| <u>Year Ending June 30,</u>  | <u>Financing<br/>Leases</u> | <u>Operating<br/>Leases</u> |
|------------------------------|-----------------------------|-----------------------------|
| 2023                         | \$ 722                      | \$ 18                       |
| 2024                         | 461                         | -                           |
| 2025                         | 293                         | -                           |
| Total                        | <u>1,476</u>                | <u>18</u>                   |
| Less: Present Value Discount | (25)                        | -                           |
| Lease Liability              | <u>\$ 1,451</u>             | <u>\$ 18</u>                |

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**NOTE 9 LONG-TERM DEBT**

Bonds and notes payable comprise the following at June 30:

|  | Dated | Security            | Due Serially to | Original Amount | Interest Rate  | Outstanding Principal Balance |                  |
|--|-------|---------------------|-----------------|-----------------|----------------|-------------------------------|------------------|
|  |       |                     |                 |                 |                | 2022                          | 2021             |
| Pennsylvania Higher Education Facilities Authority Bonds | 2013  | Dormitory           | 2043            | \$ 11,980       | 5.50%          | \$ -                          | \$ 11,980        |
| Pennsylvania Higher Education Facilities Authority Bonds | 2013A | Refinancing         | 2038            | 52,875          | 4.00% to 5.50% | 7,220                         | 45,080           |
| Pennsylvania Higher Education Facilities Authority Bonds | 2014  | Refinancing         | 2038            | 19,605          | 2.00% to 5.00% | 15,505                        | 16,140           |
| Pennsylvania Higher Education Facilities Authority Bonds | 2021A | Capital Renovations | 2051            | 26,130          | 3.00% to 4.00% | 26,130                        | -                |
| Pennsylvania Higher Education Facilities Authority Bonds | 2021B | Refinancing         | 2043            | 55,060          | .86% to 3.73%  | 55,060                        | -                |
| Total  |       |                     |                 |                 |                | <u>103,915</u>                | <u>73,200</u>    |
| Unamortized Discount on Bonds                            |       |                     |                 |                 |                | -                             | (324)            |
| Unamortized Premium on Bonds                             |       |                     |                 |                 |                | 4,642                         | 994              |
| Unamortized Issuance Costs on Bonds                      |       |                     |                 |                 |                | <u>(1,075)</u>                | <u>(647)</u>     |
| Bonds Payable  |       |                     |                 |                 |                | <u>\$ 107,482</u>             | <u>\$ 73,223</u> |

In August 2013, the University borrowed \$11,980 for the construction of dormitory facilities on the Main Campus. Financing was arranged through a bond offering with the Authority. The bond offering original principal consisted of term bonds of \$1,235 that bear interest at 5.5% and are due on July 15, 2035; term bonds of \$2,130 that bear interest at 5.5% and are due on July 15, 2038; and term bonds of \$8,615 that bear interest at 5.5% and are due on July 15, 2043. The 2013 bonds were fully refinanced in July 2021 under the 2021B bonds.

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 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 thirteen 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.

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

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 nineteen years beginning July 15, 2015, and maturing July 15, 2034; 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.

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 \$2,792 and \$3,690 for the years ended June 30, 2022 and 2021, respectively.

At June 30, 2022, the University's obligations mature as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u>     |
|-----------------------------|-------------------|
| 2023                        | \$ 2,940          |
| 2024                        | 3,050             |
| 2025                        | 3,170             |
| 2026                        | 3,290             |
| 2027                        | 3,405             |
| Thereafter                  | 88,060            |
| Total                       | <u>\$ 103,915</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 makes a matching contribution of 100% of participants' deferrals up to the first 5% after the employee has met the age and service requirements.

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

The University also makes a nondiscretionary employer contribution of 5% of eligible compensation for employees, even if the employees have not elected to make their own deferral contributions after they meet the age and service requirements. Employees vest immediately in all contributions made by the University. In fiscal year 2021, the University temporarily suspended its contributions to these funds.

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 \$2,901 and \$2,710 for the years ended June 30, 2022 and 2021, respectively.

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 consolidated statement of financial position of \$52,173 and \$65,812 as of June 30, 2022 and 2021, respectively. Information with respect to the plans is as follows:

|   | <u>2022</u>        | <u>2021</u>       |
|---|--------------------|-------------------|
| Change in Benefit Obligation:   |                    |                   |
| Benefit Obligation at Beginning of Year   | \$ 65,812          | \$ 65,808         |
| Service Cost  | 1,159              | 1,226             |
| Interest Cost   | 1,499              | 1,457             |
| Plan Participants' Contributions  | 222                | 234               |
| Actuarial Gain  | (14,566)           | (956)             |
| Benefits Paid   | (2,008)            | (1,976)           |
| Medicare Part D Prescription Drug<br>Federal Subsidy  | 55                 | 19                |
| Benefit Obligation at End of Year   | <u>\$ 52,173</u>   | <u>\$ 65,812</u>  |
|   | <u>2022</u>        | <u>2021</u>       |
| Change in Plan Assets:  |                    |                   |
| Fair Value of Plan Assets, Beginning of Year  | \$ -               | \$ -              |
| Employer Contributions  | 1,742              | 1,786             |
| Plan Participant Contributions  | 234                | 221               |
| Actual Benefits Paid  | (1,976)            | (2,007)           |
| Fair Value of Plan Assets, End of Year  | <u>\$ -</u>        | <u>\$ -</u>       |
|   | <u>2022</u>        | <u>2021</u>       |
| Other Changes in Benefit Obligations Previously<br>Recognized in Changes in Net Assets Without<br>Donor Restrictions: |                    |                   |
| Net Actuarial Gain  | \$ (14,566)        | \$ (956)          |
| Amortization of Prior Service Credit  | 36                 | 36                |
| Amortization of Actuarial Loss  | (499)              | (917)             |
| Total   | <u>\$ (15,029)</u> | <u>\$ (1,837)</u> |

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

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 consolidated statements of activities) includes the following components:

|  | <u>2022</u>     | <u>2021</u>     |
|--|-----------------|-----------------|
| Service Cost                             | \$ 1,159        | \$ 1,226        |
| Interest Cost                            | 1,499           | 1,457           |
| Amortization of Prior Service Credit     | (36)            | (36)            |
| Amortization of Unrecognized Loss        | 499             | 917             |
| Net Periodic Postretirement Benefit Cost | <u>\$ 3,121</u> | <u>\$ 3,564</u> |

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

|   | <u>2022</u>   | <u>2021</u>   |
|---|---------------|---------------|
| Weighted-Average Assumptions Used to Determine Postretirement Benefit Obligation: |               |               |
| Effective Discount Rate for Benefit Obligation                                    | 4.64%         | 2.80%         |
| Health Care Trend Rates - Medical   |               |               |
| Trend for Next Year   | 7.70%         | 5.75%         |
| Ultimate Trend  | 4.50%         | 4.50%         |
| Year Ultimate Trend Reached   | 2030          | 2030          |
| Health Care Trend Rates - Retiree Drug Subsidy                                    |               |               |
| Trend for All Years   | 4.50%         | 4.50%         |
| Measurement Date  | June 30, 2022 | June 30, 2021 |

|  |       |           |
|--|-------|-----------|
| Weighted-Average Assumptions Used to Determine Benefit Cost: |       |           |
| Effective Discount Rate for Benefit Obligation               | 2.80% | 2.73%     |
| Effective Discount Rate for Interest on Benefit Obligation   | 2.34% | 2.25%     |
| Effective Discount Rate for Service Cost                     | 2.98% | 2.95%     |
| Effective Discount Rate for Interest on Service Cost         | 2.81% | 2.74%     |
| Health Care Trend Rates - Medical                            |       |           |
| Trend for Next Year  | 5.75% | 5.90%     |
| Ultimate Trend   | 4.50% | 4.50%     |
| Year Ultimate Trend Reached                                  | 2030  | 22-Jul-05 |
| Health Care Trend Rates - Retiree Drug Subsidy               |       |           |
| Trend for All Years  | 4.50% | 4.50%     |

For the year ended June 30, 2022, the net actuarial gain in the postretirement benefit obligation was primarily driven by an increase in the discount rate from 2.8% in 2021 to 4.64% in 2022.

The University's expected employer contributions are \$1,842 for the year ending June 30, 2023.

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

At June 30, 2022, the University's expected future benefit payments for future service are as follows:

| Estimated Future Benefits Payments<br>Reflecting Expected Future Service<br>for the Fiscal Year Ending June 30, | <u>Amount</u> |
|---|---------------|
| 2023  | \$ 1,773      |
| 2024  | 1,986         |
| 2025  | 2,242         |
| 2026  | 2,459         |
| 2027  | 2,653         |
| 2028 to 2032  | 16,218        |

At June 30, 2022, the items not yet recognized as a component of net periodic postretirement benefit cost are as follows:

|                                 |                          |
|---------------------------------|--------------------------|
| Unrecognized Prior Service Cost | \$ (9)                   |
| Unrecognized Net Gain           | <u>(4,897)</u>           |
| Total Unamortized Items         | <u><u>\$ (4,906)</u></u> |

**NOTE 11 NET ASSET BALANCES**

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

|  | <u>2022</u>             | <u>2021</u>             |
|--|-------------------------|-------------------------|
| Funds Held for Accumulated Gains on True Endowment | \$ 17,704               | \$ 22,559               |
| Funds Held for Scholarships                        | 2,000                   | 1,769                   |
| Funds Held for Special Projects                    | <u>6,021</u>            | <u>6,195</u>            |
| Total  | <u><u>\$ 25,725</u></u> | <u><u>\$ 30,523</u></u> |

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

|  | <u>2022</u>             | <u>2021</u>             |
|--|-------------------------|-------------------------|
| Funds Held in Support of Scholarships            | \$ 20,291               | \$ 19,682               |
| Funds Held in Support of Academic Professorships | 5,242                   | 5,237                   |
| Funds Held in Support of General Operations      | 2,408                   | 2,319                   |
| Funds Held for Other Purposes                    | 12,724                  | 12,456                  |
| Land Held for Conservation                       | 794                     | 794                     |
| Total  | <u><u>\$ 41,459</u></u> | <u><u>\$ 40,488</u></u> |

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**NOTE 12 ENDOWMENTS**

The University's endowment consists of 334 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.

**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 as net assets with donor restrictions 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, 2022 and 2021. 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. Deficiencies of this nature were approximately \$14 as of June 30, 2022, with a fair market value of \$528 and original gifts of \$543. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of newly endowed funds. There were no such deficiencies of this nature for the year ended June 30, 2021.

**Net Asset Classifications of Endowment Funds**

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

|                                  | 2022                         |                           |                   |
|----------------------------------|------------------------------|---------------------------|-------------------|
|                                  | Without Donor<br>Restriction | With Donor<br>Restriction | Total             |
| Donor-Restricted Endowment Funds | \$ -                         | \$ 60,944                 | \$ 60,944         |
| Board-Designated Endowment Funds | 53,096                       | -                         | 53,096            |
| Total                            | <u>\$ 53,096</u>             | <u>\$ 60,944</u>          | <u>\$ 114,040</u> |
|                                  | 2021                         |                           |                   |
|                                  | Without Donor<br>Restriction | With Donor<br>Restriction | Total             |
| Donor-Restricted Endowment Funds | \$ -                         | \$ 64,716                 | \$ 64,716         |
| Board-Designated Endowment Funds | 50,233                       | -                         | 50,233            |
| Total                            | <u>\$ 50,233</u>             | <u>\$ 64,716</u>          | <u>\$ 114,949</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:

|  | 2022                         |                           |                   |
|--|------------------------------|---------------------------|-------------------|
|  | Without Donor<br>Restriction | With Donor<br>Restriction | Total             |
| Endowment Net Assets -   |                              |                           |                   |
| Beginning of Year  | \$ 50,233                    | \$ 64,716                 | \$ 114,949        |
| Investment Return  |                              |                           |                   |
| Investment Loss  | (98)                         | (140)                     | (238)             |
| Net Depreciation (Realized and<br>Unrealized Gains and Losses) | (1,933)                      | (1,850)                   | (3,783)           |
| Total Investment Loss  | (2,031)                      | (1,990)                   | (4,021)           |
| Contributions  | 9,001                        | 749                       | 9,750             |
| Loss on Write-Off of Pledges                                   | -                            | 175                       | 175               |
| Appropriation of Endowment<br>Assets for Expenditure           | (4,107)                      | (2,706)                   | (6,813)           |
| Endowment Net Assets - End<br>of Year                          | <u>\$ 53,096</u>             | <u>\$ 60,944</u>          | <u>\$ 114,040</u> |
|  |                              |                           |                   |
|  | 2021                         |                           |                   |
|  | Without Donor<br>Restriction | With Donor<br>Restriction | Total             |
| Endowment Net Assets -   |                              |                           |                   |
| Beginning of Year  | \$ 40,900                    | \$ 50,194                 | \$ 91,094         |
| Investment Return  |                              |                           |                   |
| Investment Loss  | (34)                         | (47)                      | (81)              |
| Net Appreciation (Realized and<br>Unrealized Gains and Losses) | 13,279                       | 16,158                    | 29,437            |
| Total Investment Gain  | 13,245                       | 16,111                    | 29,356            |
| Contributions  | -                            | 1,861                     | 1,861             |
| Recovery on Write-Off of Pledges                               | -                            | (961)                     | (961)             |
| Appropriation of Endowment<br>Assets for Expenditure           | (3,912)                      | (2,489)                   | (6,401)           |
| Endowment Net Assets - End<br>of Year                          | <u>\$ 50,233</u>             | <u>\$ 64,716</u>          | <u>\$ 114,949</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.

**WIDENER UNIVERSITY AND AFFILIATE**  
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**NOTE 13 CONTINGENCIES (CONTINUED)**

Since 1997, the University has also guaranteed, on a joint and several basis with another entity, certain loans to finance the building of the University Technology Park, Inc. As of June 30, 2022, these loans were paid in full and there is no remaining guarantee. As of June 30, 2021, these loans amount to approximately \$2,142, of which the University had guaranteed \$1,071 of these loans.

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.

The University did not have any outstanding construction commitments as of June 30, 2022.

**NOTE 14 RELATED PARTIES**

The University is the sole member of the Widener Partnership Charter School, Inc., (the School), a non-profit corporation. The School's bylaws stipulate that the University will nominate and elect the members of the School's Board of Trustees and that there shall be no less than ten (10) and no more than twenty (20) trustees.

On June 28, 2022, the University transferred ownership of the School to Chester Upland School District. Through June 28, 2022, the School had an arrangement with the University that the School will reimburse the University for general and administrative services rendered at a rate of 3% of tuition revenue for the years ended June 30, 2022 and 2021. Rent expense charged to the School from the University for use of the school building was \$700 for the years ended June 30, 2022 and 2021. Related party expenses charged to the School from the University for management and professional services were \$268 and \$171 for the years ended June 30, 2022 and 2021, respectively.

The University has \$1,874 and \$2,078 in gross pledges receivable due from members of the board of trustees as of June 30, 2022 and 2021, respectively.

**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, 2022 and 2021.

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**NOTE 16 FUNCTIONAL EXPENSES**

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

|                          | 2022               |           |           |              |          |           |            |
|--------------------------|--------------------|-----------|-----------|--------------|----------|-----------|------------|
|                          | Salaries and Wages |           |           |              |          |           | Total      |
|                          | Salaries and Wages | Benefits  | O&M       | Depreciation | Interest | Other     | Total      |
| Instructional            | \$ 45,059          | \$ 15,285 | \$ 4,875  | \$ 4,135     | \$ 809   | \$ 3,064  | \$ 73,227  |
| Research                 | 309                | 74        | -         | -            | -        | 217       | 600        |
| Public Service           | 402                | 122       | -         | -            | -        | 94        | 618        |
| Academic Support         | 4,038              | 1,499     | 1,514     | 1,284        | 251      | 5,296     | 13,882     |
| Student Service          | 8,434              | 3,262     | 2,791     | 2,367        | 463      | 4,054     | 21,371     |
| Institutional Support    | 12,639             | 7,006     | 711       | 603          | 118      | 1,315     | 22,392     |
| Auxiliary Enterprises    | 942                | 302       | 7,116     | 6,036        | 1,181    | 5,861     | 21,438     |
| HEERF Grants to Students | -                  | -         | -         | -            | -        | 4,056     | 4,056      |
| Total                    | \$ 71,823          | \$ 27,550 | \$ 17,007 | \$ 14,425    | \$ 2,822 | \$ 23,957 | \$ 157,584 |

  

|                          | 2021               |           |           |              |          |           |            |
|--------------------------|--------------------|-----------|-----------|--------------|----------|-----------|------------|
|                          | Salaries and Wages |           |           |              |          |           | Total      |
|                          | Salaries and Wages | Benefits  | O&M       | Depreciation | Interest | Other     | Total      |
| Instructional            | \$ 45,031          | \$ 15,894 | \$ 3,830  | \$ 4,027     | \$ 1,047 | \$ 2,447  | \$ 72,276  |
| Research                 | 221                | 49        | -         | -            | -        | 147       | 417        |
| Public Service           | 383                | 101       | -         | -            | -        | 74        | 558        |
| Academic Support         | 4,112              | 1,563     | 1,211     | 1,273        | 331      | 4,738     | 13,228     |
| Student Service          | 8,084              | 3,191     | 2,232     | 2,346        | 610      | 1,584     | 18,047     |
| Institutional Support    | 9,311              | 595       | 637       | 669          | 174      | 4,750     | 16,136     |
| Auxiliary Enterprises    | 523                | 184       | 5,691     | 5,983        | 1,556    | 2,825     | 16,762     |
| HEERF Grants to Students | -                  | -         | -         | -            | -        | 1,603     | 1,603      |
| Total                    | \$ 67,665          | \$ 21,577 | \$ 13,601 | \$ 14,298    | \$ 3,718 | \$ 18,168 | \$ 139,027 |

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.

**NOTE 17 RISKS AND UNCERTAINTIES**

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to Widener University, COVID-19 may impact various parts of its 2023 operations and financial results, including, but not limited to, declines in enrollment, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes Widener University is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

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**NOTE 17 RISKS AND UNCERTAINTIES (CONTINUED)**

Due to COVID-19, the Federal Government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020, the Coronavirus Response and Relieve Supplemental Appropriations Act (CRRSAA) on December 27, 2020, and the American Rescue Plan Act (ARP) on March 11, 2021, which include funding for the Higher Education Emergency Relief Fund (HEERF). These funds were awarded to institutions of higher education in two allotments; institutional aid to provide support for defraying expenses associated with coronavirus and a student portion to provide emergency financial aid grants to students.

Through June 30, 2022, the University has received an allocation of \$6,828 in student portion and \$8,453 in institutional portion. The University had expended \$5,522 and \$27 defraying expenses associated with coronavirus that is included in grants with donor restriction on the consolidated statements of activities, for the years ended June 30, 2022 and 2021, respectively. The University had expended \$4,056 and \$1,603 related to emergency student grants that is included in HEERF grants to students expense on the consolidated statements of activities for years ended June 30, 2022 and 2021, respectively. The University has drawn down and received \$9,338 and \$2,755 for the years ended June 30, 2022 and 2021, respectively. The University has \$144 and \$11 in accounts receivable as of June 30, 2022 and 2021, respectively, related to HEERF funding amounts to be drawn.

**NOTE 18 SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, the University has evaluated events and transactions for potential recognition or disclosure through October 11, 2022, the date the financial statements were issued.