

Susquehanna University

Financial Statements

June 30, 2025 and 2024

Susquehanna University

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Independent Auditors' Report

To the Board of Trustees of
Susquehanna University

Opinion

We have audited the financial statements of Susquehanna University (the University), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is fluid and cursive, with "Baker Tilly" on the top line and "US, LLP" on the bottom line.

Pittston, Pennsylvania
October 27, 2025

Susquehanna University

Statements of Financial Position

June 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 6,682,784	\$ 4,939,182
Accounts receivable, net	2,074,367	1,227,745
Inventories and prepaid expenses	1,800,838	1,702,576
Contributions receivable, net	6,102,240	10,168,206
Student loans receivable, net	286,592	382,335
Investments	265,836,983	246,380,295
Funds held in trust by others	6,714,523	6,581,261
Other assets	5,494,847	3,065,148
Property, plant and equipment, net	101,522,240	100,795,390
Right-of-use assets	948,692	1,077,071
 Total assets	 <u>\$ 397,464,106</u>	 <u>\$ 376,319,209</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and other accrued expenses	\$ 8,714,392	\$ 7,262,195
Student deposits and other liabilities	8,890,333	3,695,079
Annuities payable	1,562,879	1,678,477
Long-term debt, net	36,407,019	39,604,387
U.S. government advances refundable	255,006	427,504
Funds held in custody for others	989,166	1,080,949
Operating lease liabilities	670,773	765,670
 Total liabilities	 <u>57,489,568</u>	 <u>54,514,261</u>
Net Assets		
Net assets without donor restrictions	<u>123,769,780</u>	<u>123,957,481</u>
Net assets with donor restrictions:		
Restricted by purpose or time	89,139,083	73,900,752
Restricted in perpetuity	127,065,675	123,946,715
 Total net assets with donor restrictions	 <u>216,204,758</u>	 <u>197,847,467</u>
Total net assets	<u>339,974,538</u>	<u>321,804,948</u>
Total liabilities and net assets	<u>\$ 397,464,106</u>	<u>\$ 376,319,209</u>

Susquehanna University

Statement of Activities

Year Ended June 30, 2025 (With Comparative Totals for 2024)

	2025			2024	
	Without Donor Restrictions	With Donor Restrictions	Total		Total
Operating Revenues and Other Additions					
Tuition and fees, net of scholarships and grants	\$ 37,356,728	\$ -	\$ 37,356,728	\$ 36,735,573	
Government grants	2,101,283	-	2,101,283	4,058,139	
Private gifts and grants	3,223,635	96,953	3,320,588	3,233,531	
Endowment income	8,536,625	47,131	8,583,756	8,264,627	
Investment income	1,605,086	-	1,605,086	1,732,234	
Other sources	1,466,287	-	1,466,287	1,350,684	
Auxiliary enterprises	31,394,894	-	31,394,894	30,221,231	
Net assets released from restrictions	998,209	(998,209)	-	-	
 Total operating revenues and other additions	 86,682,747	 (854,125)	 85,828,622	 85,596,019	
Operating Expenses					
Program expenses:					
Instruction	29,697,325	-	29,697,325	29,137,716	
Research	1,241,643	-	1,241,643	1,244,080	
Public service	237,236	-	237,236	204,473	
Academic support	5,456,976	-	5,456,976	5,155,337	
Student services	21,937,323	-	21,937,323	22,881,013	
Auxiliary enterprises	17,205,194	-	17,205,194	16,466,136	
Support expenses:					
Institutional support	12,173,296	-	12,173,296	12,603,159	
 Total operating expenses	 87,948,993	 -	 87,948,993	 87,691,914	
 Change in net assets from operating activities	 (1,266,246)	 (854,125)	 (2,120,371)	 (2,095,895)	
Nonoperating Activities					
Investment return, net of spending policy	1,507,632	14,582,552	16,090,184	18,114,817	
Change in split-interest and other agreements	-	217,362	217,362	466,275	
Gifts-endowment and other	(570,226)	4,490,194	3,919,968	11,147,182	
Other nonoperating activities	(7,787)	70,234	62,447	107,747	
Net assets released from restrictions	148,926	(148,926)	-	-	
 Total nonoperating activities	 1,078,545	 19,211,416	 20,289,961	 29,836,021	
 Change in net assets	 (187,701)	 18,357,291	 18,169,590	 27,740,126	
 Net Assets, Beginning	 123,957,481	 197,847,467	 321,804,948	 294,064,822	
 Net Assets, Ending	 \$ 123,769,780	 \$ 216,204,758	 \$ 339,974,538	 \$ 321,804,948	

See notes to financial statements

Susquehanna University

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues and Other Additions			
Tuition and fees, net of scholarships and grants	\$ 36,735,573	\$ -	\$ 36,735,573
Government grants	4,058,139	-	4,058,139
Private gifts and grants	2,960,503	273,028	3,233,531
Endowment income	8,218,664	45,963	8,264,627
Investment income	1,732,234	-	1,732,234
Other sources	1,350,684	-	1,350,684
Auxiliary enterprises	30,221,231	-	30,221,231
Net assets released from restrictions	1,314,955	(1,314,955)	-
 Total operating revenues and other additions	 86,591,983	 (995,964)	 85,596,019
Operating Expenses			
Program expenses:			
Instruction	29,137,716	-	29,137,716
Research	1,244,080	-	1,244,080
Public service	204,473	-	204,473
Academic support	5,155,337	-	5,155,337
Student services	22,881,013	-	22,881,013
Auxiliary enterprises	16,466,136	-	16,466,136
Support expenses:			
Institutional support	12,603,159	-	12,603,159
 Total operating expenses	 87,691,914	 -	 87,691,914
 Change in net assets from operating activities	 (1,099,931)	 (995,964)	 (2,095,895)
Nonoperating Activities			
Investment return, net of spending policy	3,661,342	14,453,475	18,114,817
Change in split-interest and other agreements	-	466,275	466,275
Gifts-endowment and other	39,805	11,107,377	11,147,182
Other nonoperating activities	(69,220)	176,967	107,747
Net assets released from restrictions	315,000	(315,000)	-
 Total nonoperating activities	 3,946,927	 25,889,094	 29,836,021
 Change in net assets	 2,846,996	 24,893,130	 27,740,126
 Net Assets, Beginning	 121,110,485	 172,954,337	 294,064,822
 Net Assets, Ending	 \$ 123,957,481	 \$ 197,847,467	 \$ 321,804,948

Susquehanna University

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ 18,169,590	\$ 27,740,126
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization, net of accretion	9,041,764	9,623,512
Net realized and unrealized gains on investments	(25,763,666)	(27,349,086)
Change in funds held in trust by others	(133,262)	(388,154)
Contributions and other restricted revenue for endowment and plant projects	(8,738,903)	(12,695,829)
Actuarial adjustment on annuities payable	100,935	124,170
Loss on dispositions of property, plant and equipment	7,787	69,970
(Increases) decreases in:		
Contributions receivable	(249)	1,904,478
Accounts receivable	(846,622)	(419,948)
Inventories and prepaid expenses	(98,262)	814,604
Right-of-use asset and liability	223,276	(379,875)
Other assets	(2,429,700)	364,700
Increases (decreases) in:		
Accounts payable and other accrued liabilities	(567)	28,968
Student deposits and other liabilities	5,195,254	19,538
Funds held in custody for others	(91,783)	(45,301)
Net cash flows from operating activities	<u>(5,364,408)</u>	<u>(588,127)</u>
Cash Flows From Investing Activities		
Purchases of property, plant and equipment	(8,861,949)	(3,673,972)
Purchase of investments	(116,950,281)	(92,981,101)
Proceeds from sales of investments	123,425,910	96,260,588
Repayments of loans by students	95,743	215,504
Net cash flows from investing activities	<u>(2,290,577)</u>	<u>(178,981)</u>
Cash Flows From Financing Activities		
Principal repayments of long-term debt	(3,017,500)	(2,875,000)
Contributions received for endowment and plant projects	12,805,118	4,066,403
Proceeds from split-interest agreements	25,967	186,748
Decrease in U.S. government grants refundable, net	(172,498)	(191,392)
Payments to annuitants	(242,500)	(355,982)
Net cash flows from financing activities	<u>9,398,587</u>	<u>830,777</u>
Net change in cash and cash equivalents	1,743,602	63,669
Cash and Cash Equivalents, Beginning	<u>4,939,182</u>	<u>4,875,513</u>
Cash and Cash Equivalents, Ending	<u>\$ 6,682,784</u>	<u>\$ 4,939,182</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest on long-term debt	\$ 1,630,801	\$ 1,781,193
Property, plant and equipment acquired through accounts payable	<u>\$ 2,869,794</u>	<u>\$ 1,417,031</u>
Additions to right-of-use assets obtained from operating lease liabilities	<u>\$ (128,379)</u>	<u>\$ 345,638</u>

See notes to financial statements

Susquehanna University

Notes to Financial Statements
June 30, 2025 and 2024

1. Nature of Operations and Significant Accounting Policies

Susquehanna University (the University) is a national liberal arts college located in Selinsgrove, Pennsylvania currently enrolling approximately 2,118 full-time students. Founded in 1858, the University grants Bachelor of Arts, Bachelor of Music, Bachelor of Science and Master of Education degrees. The University's mission is to educate undergraduate students for productive, creative and reflective lives of achievement, leadership and service in a diverse and interconnected world. The University accomplishes this mission by offering students strong liberal arts and sciences programs, enhanced by equally strong professional programs. The accounting policies of the University reflect practices common to universities and colleges and conform to accounting principles generally accepted in the United States of America (GAAP). The more significant accounting policies are summarized below:

Net Asset Classifications

For the purposes of financial reporting, the University classifies resources into two net asset categories pursuant to any donor-imposed restrictions and applicable law. Accordingly, the net assets of the University are classified in the accompanying financial statements in the categories that follow:

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met by action of the University and/or the passage of time. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues in the net assets without donor restrictions class. 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 property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenues with donor restrictions; the restrictions are considered to be released at the time such long-lived assets are placed in service.

Revenue Recognition

Tuition and fees revenue is recognized in the fiscal year in which the academic services are delivered. Sales and services of auxiliary enterprises revenue, which consists of room and board and related services, is recognized when the related service is provided. Tuition and fees and auxiliary enterprise contracts are considered to have a duration of less than one year. Summer tuition and fees are recognized in the applicable fiscal year based on when the services are completed. A portion of Fall tuition and fees received in advance are recorded in deferred revenue and recognized in revenue in the following year.

Susquehanna University

Notes to Financial Statements
June 30, 2025 and 2024

Tuition, fees, room and board rates are approved by the Board of Trustees. The transaction price which is determined based on these approved rates net of institutional financial aid and discounts are recorded as tuition and fees and auxiliary enterprises revenue. Institutional financial aid and discounts provided by the University are reflected as a reduction of tuition and fees revenue. The University awards grants-in-aid and scholarships to individuals who meet the University's academic standards. The amounts of such awards are based upon the financial needs and/or merit of each applicant. Institutional financial aid and discounts provided to students were approximately \$91,790,000 and \$85,402,000 in 2025 and 2024, respectively.

Amounts are due for tuition, fees, room and board prior to the beginning of each semester. In accordance with the University's refund policies, undergraduate students may receive a full or partial refund up to four weeks after the start of the semester; graduate students may receive a full or partial refund until the close of the first week of classes (drop/add period). Student accounts receivable includes amounts to which the University is unconditionally entitled. The University considers such amounts as unconditional based on the payment due date.

Private grants and contracts are generally deemed to be exchange (reciprocal) transactions and fall under the scope of revenue recognition standards. The performance obligation for each grant or contract is deemed to be the research itself and revenue is recognized as the eligible grant activities are conducted. Transaction prices are based on budgets in the award agreement. Private grants and contracts are generally one year or less in duration. Exchange contracts are not significant to the University's financial statements.

Government grants and contracts are deemed to be nonexchange (nonreciprocal) transactions and fall under the contribution accounting guidance. Under this guidance, revenue related to conditional grants and contracts is recorded when the conditions are met. Most grants and contracts are on a cost reimbursement basis and require the University to incur eligible expenses prior to the release of funds. The University reports these grants and contracts as changes in net assets without donor restrictions when restrictions are met in the same period.

Deferred Revenue and Deposits

Deferred revenue and deposits are included in student deposits and other liabilities on the statements of financial position and includes payments received prior to the start of the academic term.

As of June 30, 2025, the University received a conditional contribution in the amount of \$5,000,000. As the conditions associated with the contribution have not been substantially met, the unearned portion of the contribution is included in student deposits and other liabilities on the statements of financial position.

The following table depicts activities for deferred revenue related to net student costs for the year ended June 30, 2025.

	Balance at June 30, 2024	Revenue Recognized Included in June 30, 2025 Balance	Cash Received in Advance of Performance	Balance at June 30, 2025
Comprehensive fee, net	\$ 31,500	\$ 31,500	\$ -	\$ -
Student credit balances	1,228,000	1,228,000	1,373,000	1,373,000
Freshman deposits	2,000	2,000	2,000	2,000

Susquehanna University

Notes to Financial Statements
June 30, 2025 and 2024

The following table depicts activities for deferred revenue related to net student costs for the year ended June 30, 2024.

	Balance at June 30, 2023	Revenue Recognized Included in June 30, 2024 Balance	Cash Received in Advance of Performance	Balance at June 30, 2024
Comprehensive fee, net	\$ 3,500	\$ 3,500	\$ 31,500	\$ 31,500
Student credit balances	1,219,000	1,219,000	1,228,000	1,228,000
Freshman deposits	4,800	4,800	2,000	2,000

Nonoperating Activities

Nonoperating activities reflect transactions affecting the net assets associated with endowment and capital campaign contributions, gains or losses on investments, change in value of split-interest agreements and other activities of a nonoperating nature.

Cash and Cash Equivalents

The University considers all highly liquid investments, except for those held for long-term investment, with a maturity of three months or less when purchased to be cash equivalents.

Contributions Receivable

Unconditional promises to give are recognized in the period received. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of the fundraising activity.

Student Accounts Receivable

Student accounts receivable are carried at the unpaid balance of the original amount billed to students less an estimate made for credit losses which is based on a review of all outstanding amounts. Such estimate is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the statement of financial position date. Receivables are written off when the University determined that such receivables are deemed uncollectible. Recoveries of student accounts previously written off are recorded when received. Accounts receivable of approximately \$2,074,000 and \$1,288,000 are presented in the June 30, 2025 and 2024 statements of financial position net of allowances for credit losses of approximately \$60,000, respectively. A student account receivable is considered to be delinquent if any portion of the receivable balance is outstanding for more than 30 days after the billing date. Interest is charged on delinquent student account receivable and is recognized as it is charged.

Other Assets

Other assets primarily include works of art received by the University, self-funded insurance plan trust account balance and cash surrender value of University owned life insurance policies. Works of art totaled approximately \$1,192,000 and \$1,186,000 for the years ended June 30, 2025 and 2024, respectively. These assets have been recorded at fair value at the time of the donation. Cash surrender value of donated life insurance was approximately \$420,000 and \$525,000 at June 30, 2025 and 2024, respectively. The University is both the owner and beneficiary of these policies.

Self-Funded Insurance Plan

The University participates in a self-funded insurance plan to cover employee medical claims. Under the terms of the underlying trust agreement, a trust account was established to administer the stop/loss premium and medical claim payments. Specific and aggregate stop/loss coverage on the health plan is provided to limit the ultimate exposure of the University. The value of the trust account, less an estimated liability which includes an estimate of incurred but not reported claims based on data compiled from historical and actuarial experience, is recorded in other assets in the statements of financial position. The balance (deficit) of the trust account was approximately \$1,900,000 and \$(450,000) at June 30, 2025 and 2024, respectively.

Property, Plant and Equipment

Property, plant and equipment are stated at cost at date of acquisition or fair value at date of donation. Significant improvements and minor renewals are capitalized while routine maintenance and repairs are expensed as incurred. The University depreciates its assets on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 40 years. The University capitalizes equipment additions of \$3,000 or more.

Student Loans Receivable, Net and U.S. Government Advances Refundable

Student loans receivable reflected on the statements of financial position includes approximately \$230,000 and \$311,000 of Perkins loans and approximately \$230,000 and \$244,000 of University-provided loans, less an allowance for credit losses of approximately \$174,000 and \$173,000 at June 30, 2025 and 2024, respectively. Loans receivable are carried at the original amount less an estimate made for credit losses.

These loans were made with funds advanced to the University by the federal government under the Perkins Student Loan Program (the Program). The Program expired on September 30, 2017 and after June 30, 2018 no new loans were permitted. In the event that the University no longer participates in the Program, the amounts are refundable to the federal government. The federal government's portion of these funds was approximately \$255,000 and \$428,000 at June 30, 2025 and 2024, respectively, and is recorded as a liability in the statements of financial position. As of June 30, 2025, the University continues to service the Program.

The prescribed practices for the Program do not provide for accrual of interest on student loans receivable. Accordingly, interest on loans is recorded as received and is reinvested to support additional loans; uncollectible loans are not recognized until the loans are canceled or written-off in conformity with the Program's requirements. The impact of recording interest income on a cash basis is not considered significant. In addition, the credit quality of the student is not evaluated until after the initial approval and calculation of the loans. Delinquent loans and the allowance for losses on loans receivable are reviewed by management, but are not material to the overall financial statements.

The University recognizes an allowance for credit losses for student loan receivables to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the statements of financial position date. Receivables are written off when the University determined that such receivables are deemed uncollectible. The University pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the University measures those receivables individually. The University also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

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Notes to Financial Statements
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Funds Held in Trust for Others

Funds held in trust for others represents agency funds that are managed by the Student Government Association (SGA). They are responsible for distributing the student activity fee, which is billed to every full-time student attending the University. Student clubs apply for funding and must submit budgets to SGA. The Division of Student Life assists SGA with managing these funds.

Grants to Specified Students

Amounts received from state and federal agencies designated for the benefit of specified students are considered agency transactions and, therefore, are not reflected as revenues and expenses of the University. The approximate amounts of such grants for the years ended June 30 were as follows:

	2025	2024
State grants	\$ 2,630,000	\$ 2,594,000
Federal grants	3,865,000	3,059,000

Income Tax Status

The Internal Revenue Service has determined that the University is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation.

The University follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the University for uncertain tax positions as of June 30, 2025 and 2024. The University's tax returns are subject to review and examination by federal and state authorities.

Advertising Expenses

Advertising costs are expensed when incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Reclassifications

Reclassifications have been reflected in the current period presentation for prior year balances. Such reclassifications are for comparative purposes only and do not restate the prior year financial statements.

Susquehanna University

Notes to Financial Statements
June 30, 2025 and 2024

2. Restrictions and Limitations on Net Assets Balances

At June 30, the University's net assets were allocated as follows:

	2025	2024
Net assets:		
Without donor restrictions:		
Investment in property, plant and equipment	\$ 65,115,221	\$ 61,191,004
Board-designated endowment funds	40,799,480	37,924,635
Reserves and operating funds	<u>17,855,079</u>	<u>24,841,842</u>
	<u>123,769,780</u>	<u>123,957,481</u>
With donor restrictions:		
Net investment gains on donor endowments restricted for future periods, scholarship and educational	76,975,842	62,369,053
Contributions receivable restricted for future periods:		
Capital purposes	4,844,668	7,822,556
Other	486,973	1,323,630
Donor purpose restrictions, fixed assets	5,745,427	1,347,897
Other donor purpose and time restrictions	235,044	210,520
Endowment funds	124,247,904	120,969,392
Student loan funds	827,096	827,096
Donor contributions and annuities for endowments	<u>2,841,804</u>	<u>2,977,323</u>
	<u>216,204,758</u>	<u>197,847,467</u>
Total	<u>\$ 339,974,538</u>	<u>\$ 321,804,948</u>

3. Contributions Receivable

Unconditional promises to give are as follows at June 30:

	2025	2024
Due less than one year	\$ 1,089,009	\$ 1,101,880
Due in one through five years	5,880,958	9,847,229
Due in over five years	-	1,000,000
Total unconditional promises to give	6,969,967	11,949,109
Allowance for uncollectible promises	(200,389)	(274,373)
Discounts to net present value at 0.3% - 4.4%	<u>(667,338)</u>	<u>(1,506,530)</u>
Net unconditional promises to give	<u>\$ 6,102,240</u>	<u>\$ 10,168,206</u>

Susquehanna University

Notes to Financial Statements
June 30, 2025 and 2024

Restrictions applicable to contributions receivable, net at June 30 are as follows:

	2025	2024
Without donor restrictions	\$ 468,974	\$ 236,902
Donor-restricted, operations	1,183,393	2,096,320
Donor-restricted, plant projects	5,000,000	9,000,000
Donor-restricted, endowment	317,600	615,887
 Gross unconditional promises to give	 6,969,967	 11,949,109
Less unamortized discount	(667,338)	(1,506,530)
Allowance for uncollectible promises	(200,389)	(274,373)
 Total	 \$ 6,102,240	 \$ 10,168,206

4. Fair Value Measurements, Investments and Other Financial Instruments

Fair Value Hierarchy

Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which is based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Susquehanna University

Notes to Financial Statements
June 30, 2025 and 2024

The following tables present the financial instruments measured at fair value as of June 30, 2025 and 2024 by caption on the statements of financial position by the valuation hierarchy defined above:

	2025			Total Fair Value
	Level 1	Level 2	Level 3	
Assets reported at fair value:				
Investments:				
Short-term investments	\$ 21,483,250	\$ -	\$ 192,401	\$ 21,675,651
Equities:				
Domestic	706,136	-	1,715,458	2,421,594
Foreign	22,121,088	-	-	22,121,088
Mutual funds	13,003,235	-	-	13,003,235
Domestic fixed income	28,171,156	1,480,667	1,789,610	31,441,433
Total investments by valuation hierarchy	<u>\$ 85,484,865</u>	<u>\$ 1,480,667</u>	<u>\$ 3,697,469</u>	<u>90,663,001</u>
Alternative investments (measured at net asset value)				<u>175,173,982</u>
Total investments				<u>\$ 265,836,983</u>
Funds held in trust by others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,714,523</u>	<u>\$ 6,714,523</u>
 2024				
	Level 1	Level 2	Level 3	Total Fair Value
Assets reported at fair value:				
Investments:				
Short-term investments	\$ 18,623,370	\$ -	\$ 147,110	\$ 18,770,480
Equities:				
Domestic	27,853,489	-	1,845,267	29,698,756
Foreign	14,616,003	-	-	14,616,003
Mutual funds	11,682,961	-	-	11,682,961
Domestic fixed income	556,045	36,972,698	1,585,156	39,113,899
Total investments by valuation hierarchy	<u>\$ 73,331,868</u>	<u>\$ 36,972,698</u>	<u>\$ 3,577,533</u>	<u>113,882,099</u>
Alternative investments (measured at net asset value)				<u>132,498,196</u>
Total investments				<u>\$ 246,380,295</u>
Funds held in trust by others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,581,261</u>	<u>\$ 6,581,261</u>

Susquehanna University

Notes to Financial Statements
June 30, 2025 and 2024

The following table lists the investments in alternative investments by major category as of June 30, 2025:

	<u>Fair Value as of June 30, 2025</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Hedge funds(a)	\$ 75,459,350	\$ -	Illiquid, Monthly, Bi-Monthly, Quarterly, Annually	3-123 Days
Pooled vehicles(b)	93,068,661	21,235,782	Illiquid, Quarterly, Annually, Bi-Annually	95-96 Days
Real estate fund(c)	2,443,304	2,659,219	Illiquid	N/A
Private equity(d)	4,202,667	465,000	Illiquid, Quarterly	90 Days
Total	\$ 175,173,982	\$ 24,360,001		

The following table lists the investments in alternative investments by major category as of June 30, 2024:

	<u>Fair Value as of June 30, 2024</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Hedge funds(a)	\$ 42,902,206	\$ -	Illiquid, Monthly, Bi-Monthly, Quarterly, Annually	8-123 Days
Pooled vehicles(b)	83,959,768	18,013,373	Illiquid, Quarterly, Annually, Bi-Annually	95-96 Days
Real estate fund(c)	907,391	4,192,496	Illiquid	N/A
Private equity(d)	4,728,831	465,000	Illiquid, Quarterly	90 Days
Total	\$ 132,498,196	\$ 22,670,869		

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Short-Term Investments - The carrying values of short-term investments approximate fair value due to the short-term nature of the securities and are classified as Level 1.

Equities - Investments in equity securities are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available.

Mutual Funds - Investments in mutual funds are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available.

Domestic Fixed Income - Investments in fixed income securities are comprised of U.S. Treasury notes, mortgage backed securities, municipal bonds, commercial paper and corporate bonds and notes. U.S. Treasury notes are classified as Level 1 as they trade with sufficient frequency and volume to enable us to obtain pricing information on an ongoing basis. The remaining fixed income securities are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from other markets that are not active or are for the same or similar assets in active markets.

Alternative Investments - The University measures the fair value for these investments based on net assets value (NAV) as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a significantly different value. If not determined as of the University's measurement date, NAV is adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in NAV, including, but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If the University sold all or a portion of its alternative investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions and the overall economic environment. Investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

- (a) Hedge funds are investment funds which pursue a wide range of strategies, such as long/short equity, macro, relative value, and event-driven approaches. They may use techniques including: leverage, derivatives, and short selling, with the objective of generating returns which are less dependent on the direction of traditional markets.
- (b) Pooled vehicles are investment structures that combine capital from multiple investors to access a diversified portfolio of managers, asset classes, and strategies. These structures provide diversification, scale, and efficient access to capital markets or strategies which may be less practical than direct investment. The College has pooled vehicles holdings in absolute return, hedged equities, global equities, private debt, and private equity.
- (c) Real estate funds investment in real estate or real estate-related assets, either through direct ownership of commercial, residential, or industrial properties, or indirectly through real estate companies or debt instruments. Underlying returns are generally derived from rental income or property value appreciation. These funds often serve as an inflation hedge and portfolio diversifiers.
- (d) Private equity funds invest in private companies with the goal of enhancing value over the long term. These investments may span early-stage ventures, growth capital, or buyouts and returns realized through company sales, recapitalizations, or public offerings. Private equity investments are long-term (typically 7-10 year fund life) and illiquid, but are designed to capture higher potential returns than public market liquid equivalents.

The category includes investments in fund-of-funds, which invest in 15-30 private real estate funds. Private real estate funds take ownership positions in land, buildings, equity-like investments in mortgages or land leases that include substantial participation in revenues, capital appreciation, and private-operating companies

Funds Held in Trust by Others - Funds Held in Trust by Others are measured at fair value using the University's percentage of the earnings of the underlying trust assets applied to the fair value of the underlying assets. This is considered a Level 3 measurement because even though the measurement is based on the underlying fair value of the trust assets as reported by the trustee, the University will never receive those assets to have the ability to direct the trustee to redeem them. Purchases and sales of funds held in trust by others for the year ended June 30, 2025 were \$1,025,000 and \$980,000, respectively. Purchases and sales of funds held in trust by others for the year ended June 30, 2024 were \$1,190,000 and \$1,386,000, respectively.

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June 30, 2025 and 2024

While the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

5. Annuity Agreements and Funds Held in Trust by Others

The University's annuity agreements with donors consist primarily of charitable remainder trusts and annuity agreements for which the University serves as trustee. Assets held in these trusts, recorded at fair value, are included in investments. These assets amounted to approximately \$2,215,000 and \$2,119,000 at June 30, 2025 and 2024, respectively.

Contribution revenues are recognized at the date the trusts are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The assumptions used in determining the liabilities include the annuitants' life expectancies and discount rates ranging from 1.0% to 6.2%. Adjustments to annuities payable are included in nonoperating activities on the statements of activities. Assets held for the University's charitable gift annuities amounted to approximately \$1,482,000 and \$1,459,000 at June 30, 2025 and 2024, respectively. The assets held are at least equal to the sum of the reserves on the outstanding annuity agreements. The reserves were calculated consistent with the assumptions underlying the rates adopted by the American Council on Gift Annuities in effect at the time of issuance of the gift annuity. The reserve assets are held in a segregated account.

The University is also the beneficiary of certain perpetual trusts held and administered by others. The present values of the estimated future cash receipts from the trusts are recognized as assets and contribution revenues at the dates the trusts are established. Assets held in these trusts amounted to approximately \$6,715,000 and \$6,581,000 at June 30, 2025 and 2024, respectively. Distributions from the trusts are recorded as investment income and the carrying value of funds held in trust by others is adjusted for changes in the fair value of trusts. Distributions received from funds held in trust by others were approximately \$85,000 and \$94,000 for the years ended June 30, 2025 and 2024, respectively.

6. Property, Plant and Equipment

Property, plant and equipment consisted of the following at June 30:

	2025	2024
Land	\$ 5,992,491	\$ 5,992,491
Improvements other than buildings	21,240,075	21,277,108
Buildings and improvements	227,088,933	223,680,867
Equipment and furnishings	41,029,905	40,351,864
Vehicles	1,589,073	1,528,781
Library materials	4,892,438	4,825,537
Construction in progress	6,801,058	1,669,210
	308,633,973	299,325,858
Less accumulated depreciation	(207,111,733)	(198,530,468)
	<u>\$ 101,522,240</u>	<u>\$ 100,795,390</u>

Depreciation expense totaled approximately \$9,445,000 and \$9,439,000 for the years ended June 30, 2025 and 2024, respectively.

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Construction in progress at June 30, 2025 includes renovations to the Degenstein Campus Center, University Avenue housing, and general lighting improvements to student housing. The Degenstein Campus Center renovations phases are planned to be completed over the next two fiscal years. The University had outstanding commitments related to these projects of approximately \$4,400,000 as of June 30, 2025.

7. Line of Credit

The University has a \$10,000,000 secured line of credit available with a bank. Interest on the outstanding principal will be paid monthly at an adjustable rate with an index floor of 0.25% at the Term Secured Overnight Financing Rate (SOFR) Reference Rate for an interest period of one (1) month, SOFR plus 2.27% collateralized by the unrestricted gross revenues of the University. At June 30, 2025 and 2024, no amount was outstanding under this line of credit. The line of credit has a maturity date of December 31, 2026. The interest rate was 6.58% as of June 30, 2025.

8. Long-Term Debt

Long-term debt at June 30 consisted of the following:

	2025	2024
PHEFA 2001	\$ 2,000,000	\$ 2,300,000
SCHEA University Revenue Bonds 2015	15,550,000	17,212,500
SCHEA University Revenue Bonds 2017	<u>17,860,000</u>	<u>18,915,000</u>
	35,410,000	38,427,500
Plus unamortized bond premium	1,215,280	1,433,277
Less deferred financing costs	<u>(218,261)</u>	<u>(256,390)</u>
 Total bonds, net	 <u>\$ 36,407,019</u>	 <u>\$ 39,604,387</u>

During the fiscal year ended June 30, 2001, the University borrowed \$6,000,000 by issuing tax-exempt bonds through the Pennsylvania Higher Educational Facilities Authority (PHEFA). In May 2007, the bonds reverted to a variable rate with a weekly reset (1.80% at June 30, 2025). The bonds require future annual principal debt service payments ranging from approximately \$206,000 to \$402,000 with final maturity in 2031.

During the fiscal year ended June 30, 2016, the University borrowed \$27,305,000 through the issuance of tax-exempt revenue bonds through Snyder County Higher Education Authority (SCHEA). The bonds require future annual principal debt service payments ranging from approximately \$1,016,000 to \$2,450,000 through January 2035 and bear interest ranging from 2.375% to 5.0%.

During the fiscal year ended June 30, 2017, the University borrowed \$25,115,000 through the issuance of tax-exempt revenue bonds through SCHEA. The bonds require future annual principal debt service payments ranging from approximately \$923,000 to \$1,850,000 through January 2038 and bear interest ranging from 3.125% to 5.0%.

As of June 30, 2025, the University was in compliance with its debt covenants.

Susquehanna University

Notes to Financial Statements
June 30, 2025 and 2024

The following sets forth principal maturities for long-term debt:

Years ending June 30:	
2026	\$ 3,126,107
2027	3,260,021
2028	3,101,505
2029	2,807,761
2030	2,919,078
Thereafter	<u>20,195,528</u>
 Total	 <u>\$ 35,410,000</u>

The University incurred interest costs of approximately \$1,651,000 and \$1,803,000 at June 30, 2025 and 2024, respectively. Bond issuance costs and bond premiums are amortized over the life of the related bond issue. Amortization expense for bond issuance costs was approximately \$38,000 and \$41,000 for the years ended June 30, 2025 and 2024, respectively. Amortization expense for bond premiums was approximately \$218,000 and \$237,000 for the years ended June 30, 2025 and 2024, respectively.

9. Commitments and Contingencies

Litigation

The University is involved in various claims and litigation in the ordinary course of business. In the opinion of management, the outcome of such claims and litigation will not materially affect the University's financial position, results of its activities or liquidity.

Asset Retirement Obligations

The University recognizes a liability for the fair value of conditional asset retirement obligations if their fair values can be reasonably estimated. This liability is initially recorded as an increase to the associated asset and depreciated over the remaining useful life of the asset.

Substantially all of the University's asset retirement obligations relate to estimated costs to remove asbestos from campus facilities. The University has recorded a liability, included with other liabilities on the statements of financial position, of approximately \$472,000 and \$429,000 as of June 30, 2025 and 2024, respectively. The University reviews its estimates annually and adjusts the recorded liability as needed.

Purchase Commitments

The University contracted with Richards Energy in May 2017 to manage all of its utility supply contracts. The two primary electrical accounts are managed as a block and index account which will typically float between 40% and 20% on the spot market, with multiple layered commodity purchases of various lengths being bought at various points during the year based on market conditions. The current contract for the primary electrical account is with Constellation NewEnergy through May 2031. The University's smaller commercial and residential electric accounts, save for two, are also supplied by Constellation NewEnergy through May 2026, but on a fixed price contract. Two electric accounts were contracted separately with WGL Energy Services, Inc. (WGL) through May 2026.

Currently, the natural gas accounts are contracted with Direct Energy to August 2027. The smaller accounts are currently on a fixed price contract. The three largest accounts are managed as block and index which will typically float between 50% and 20% on the spot market, with multiple layered contracts of various lengths being bought at various points during the year based on market conditions.

Susquehanna University

Notes to Financial Statements
June 30, 2025 and 2024

The University contracted with WGL to purchase 100% of the energy produced from a solar photovoltaic electric generating system at prices defined within the agreement. The system was built on the University's land, but is owned, operated and maintained by WGL. The term of the agreement is 25 years with an option for the University to purchase the system at fair market value at the conclusion of the contract.

Grants

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

10. Leases

The University has several noncancelable operating leases for copiers, mail machines and vehicles that expire over the next five years.

The obligations associated with these leases have been recognized as a liability in the statements of financial position based on future lease payments, discounted by the incremental borrowing rate.

The University makes certain assumptions and judgments in determining the discount rate if leases do not provide an implicit rate. The University uses their incremental borrowing rate based on information available at the commencement date in determining the present value of lease payments.

Subsequent to the lease commencement date, the University reassesses lease classification when there is a contract modification that is accounted for as a separate contract, a change in the lease term or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or terminate the lease. Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain an option to extend or terminate will be exercised.

Leases with an initial term of 12 months or less are not recorded on the statements of financial position since the University has elected the practical expedient to exclude these leases from operating right-of-use asset and lease liabilities. Short-term lease expenses are recognized on a straight-line basis over the lease term as an operating expense.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2025 are:

Years ending June 30:	
2026	\$ 278,364
2027	168,278
2028	116,974
2029	78,773
2030	105,261
 Total lease payments	 747,650
Less present value discount	(76,877)
 Operating lease liabilities as of June 30, 2025	 \$ 670,773

Susquehanna University

Notes to Financial Statements
June 30, 2025 and 2024

Lease related expenses for the years ended June 30 were as follows:

Lease Cost	Classification	2025	2024
Operating lease cost	Rental expense	\$ 324,000	\$ 313,000

The following tables include supplemental lease information as of and for the years ended June 30:

Lease Term and Discount Rate	2025	2024
Weighted-average remaining lease term (years):		
Operating leases	1.12	2.69
Weighted-average discount rate:		
Operating leases	4.05%	3.80%

11. Concentration of Credit Risk

Financial instruments that potentially subject the University to concentrations of credit risk consist principally of cash, investments and accounts receivable. The University places substantially all of its cash and liquid investments with a variety of financial institutions and limits the amount of credit exposure to any one financial institution; however, cash balances may periodically exceed federally insured limits. Marketable securities, consisting of both debt and equity instruments, are generally placed in a variety of managed funds administered by different investment managers in order to limit credit risk. Student receivables and other receivables are due from a variety of sources concentrated primarily in the eastern United States. In addition, the University's students receive a substantial amount of support from state and federal student financial assistance programs which are subject to audit by governmental agencies. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on the University's programs and activities. The University also has a concentration of payments to two vendors, the food services and health plan vendors. These vendors accounted for approximately 34% and 35% of amounts paid to all vendors for the years ended June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, amounts due to these vendors represented 2% and 3% of accounts payable.

12. Endowment

The University's endowment consists of approximately 570 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 are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Commonwealth of Pennsylvania law permits the University to allocate to income each year a portion of endowment net realized gains. See below for the University's spending policy for the years ended June 30, 2025 and 2024.

Since donor endowment net realized and unrealized gains may be spent by the University, such gains are recorded on the financial statements as net assets with donor restrictions until transferred to net assets without donor restrictions. The University only transfers to net assets without donor restrictions endowment income and gains required to annually fund its spending policy.

Susquehanna University

Notes to Financial Statements
June 30, 2025 and 2024

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration.

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 University must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the governing board, the endowment assets are invested in a manner that is intended to produce results that fund the spending from the endowment and match inflation so that the purchasing power of the endowment is maintained. This philosophy of maintaining the purchasing power of the endowment is in keeping with guidance issued by the Council of Advancement and Support of Education.

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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The University has a policy of appropriating for distribution each year a percentage of its endowment fund's average fair market value over the prior three years through the quarter ended September 30 preceding the fiscal year in which the distribution is planned. A rate of 4.5% was used for the years ended June 30, 2025 and 2024. In establishing this policy, the University considered the long-term expected return on its endowment. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to maintain its purchasing power.

Endowment net asset composition by type of fund consists of the following as of June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 203,977,395	\$ 203,977,395
Board-designated endowment funds	<u>40,799,480</u>	<u>-</u>	<u>40,799,480</u>
Total endowment net assets	<u>\$ 40,799,480</u>	<u>\$ 203,977,395</u>	<u>\$ 244,776,875</u>

Endowment net asset composition by type of fund consists of the following as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 187,416,695	\$ 187,416,695
Board-designated endowment funds	<u>37,924,635</u>	<u>-</u>	<u>37,924,635</u>
Total endowment net assets	<u>\$ 37,924,635</u>	<u>\$ 187,416,695</u>	<u>\$ 225,341,330</u>

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Notes to Financial Statements
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Changes in endowment net assets for the year ended June 30, 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2024	\$ 37,924,635	\$ 187,416,695	\$ 225,341,330
Investment return:			
Investment income	-	121,402	121,402
Net appreciation, realized and unrealized	3,907,341	20,761,985	24,669,326
Total investment return	3,907,341	20,883,387	24,790,728
Contributions	(1,655)	3,192,993	3,191,338
Appropriation of endowment assets for expenditure	(1,030,841)	(7,515,680)	(8,546,521)
Endowment net assets, June 30, 2025	<u>\$ 40,799,480</u>	<u>\$ 203,977,395</u>	<u>\$ 244,776,875</u>

Changes in endowment net assets for the year ended June 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	\$ 34,679,542	\$ 169,702,959	\$ 204,382,501
Investment return:			
Investment income	-	108,125	108,125
Net appreciation, realized and unrealized	4,208,540	22,387,542	26,596,082
Total investment return	4,208,540	22,495,667	26,704,207
Contributions	39,805	2,425,769	2,465,574
Appropriation of endowment assets for expenditure	(1,003,252)	(7,207,700)	(8,210,952)
Endowment net assets, June 30, 2024	<u>\$ 37,924,635</u>	<u>\$ 187,416,695</u>	<u>\$ 225,341,330</u>

13. Distance Education and Online Classes

The University conducts online classes only during their winter and summer sessions. Gross tuition earned from the online classes were approximately \$703,000 and \$578,000 for the years ended June 30, 2025 and 2024, respectively.

14. Retirement Plans

For eligible employees, the University makes defined contributions to a national teachers' retirement plan which is administered by an independent organization. Total retirement plan expense amounted to approximately \$2,507,000 and \$2,405,000 for the years ended June 30, 2025 and 2024, respectively.

Susquehanna University

Notes to Financial Statements
June 30, 2025 and 2024

15. Fund Raising Expenses

The Advancement Office has primary responsibilities to raise endowment, capital and operating funds from the University's supporters. Fundraising expenses of approximately \$2,297,000 and \$2,267,000 were incurred during the years ended June 30, 2025 and 2024, respectively.

16. Related-Parties

Contributions made by noncompensated members of the Board of Trustees and officers of the University totaled approximately \$1,695,000 and \$905,000 for the years ended June 30, 2025 and 2024, respectively. Outstanding contributions receivable from members of the Board of Trustees or officers of the University totaled approximately \$1,106,000 and \$1,521,000 at June 30, 2025 and 2024, respectively.

Included in the investment balance is a charitable remainder unitrust of approximately \$980,000 and \$924,000 as of June 30, 2025 and 2024, respectively, from which annual distributions are made to a related party. Also included in the investment balance is a charitable remainder annuity trust of \$1,132,000 and \$1,096,000 as of June 30, 2025 and 2024, respectively, from which annual distributions are made to a related party. See Note 4 for further information on the investment balance.

17. Functional Expenses

The financial statements report certain categories of expenses that attribute to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, information technology and facilities operation and maintenance. Depreciation, interest and facilities operation and maintenance are allocated based on square footage. Costs of other categories were allocated on estimates of time and effort.

Expenses by nature and function for the year ended June 30, 2025 are as follows:

	Program	Support	Total
Salaries and wages	\$ 28,745,842	\$ 6,566,824	\$ 35,312,666
Employee benefits	10,197,577	1,839,693	12,037,270
Services, supplies and other	20,248,067	2,804,958	23,053,025
Off campus studies	3,328,529	-	3,328,529
Depreciation	8,912,235	532,673	9,444,908
Amortization	-	(200,107)	(200,107)
Interest	1,560,065	90,976	1,651,041
Facilities operation and maintenance	2,783,382	538,279	3,321,661
 Total expenses	 \$ 75,775,697	 \$ 12,173,296	 \$ 87,948,993

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Expenses by nature and function for the year ended June 30, 2024 are as follows:

	Program	Support	Total
Salaries and wages	\$ 27,101,724	\$ 6,169,460	\$ 33,271,184
Employee benefits	10,259,194	2,977,680	13,236,874
Services, supplies and other	21,250,762	2,507,705	23,758,467
Off campus studies	3,280,795	-	3,280,795
Depreciation	8,864,977	573,943	9,438,920
Amortization	-	(216,802)	(216,802)
Interest	1,703,378	99,333	1,802,711
Facilities operation and maintenance	2,627,925	491,840	3,119,765
 Total expenses	 \$ 75,088,755	 \$ 12,603,159	 \$ 87,691,914

18. Liquidity

The University's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for tuition charges and collections on student accounts in relation to the start of academic semesters.

The following reflects the University's financial assets as of the statements of financial position date, reduced by amounts not available for general use within one year of the statements of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include the board-approved appropriation from the endowment fund for the following year as well as donor-restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board of Trustees approves that action.

	2025	2024
Cash and cash equivalents	\$ 6,682,784	\$ 4,939,182
Accounts receivable, net	2,074,367	1,227,745
Contributions receivable, net	613,244	665,726
Investments	28,012,657	26,607,941
Appropriations for next year:		
Board-designated	1,332,215	1,295,154
Donor-restricted	7,481,150	7,180,535
 Total	 \$ 46,196,417	 \$ 41,916,283

The University has certain board-designated and donor-restricted asset appropriations for next year which are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above.

As part of the University's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the University has a board-designated endowment of \$40,799,480 and \$37,924,635 as of June 30, 2025 and 2024, respectively. Although the University does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from the University board-designated endowment could be made available if necessary. However, both the board-designated endowment and donor-restricted endowments contain investments with lock-up provisions that would reduce the total investments that could be made available.

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19. Subsequent Events

The University has evaluated subsequent events through October 27, 2025, which is the date that the financial statements were available to be issued.