VILLANOVA UNIVERSITY
and Subsidiaries

FINANCIAL STATEMENTS
May 31, 2025

VILLANOVA UNIVERSITY

FINANCIAL STATEMENTS
May 31, 2025

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KPMG LLP
Suite 1000
30 North Third Street
Harrisburg, PA 17101

Independent Auditors' Report

To the Board of Trustees of
Villanova University:

Opinion

We have audited the consolidated financial statements of Villanova University and its subsidiaries (the University), which comprise the consolidated statements of financial position as of May 31, 2025 and 2024, and the related consolidated statements of activities and change in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of May 31, 2025 and 2024, and the changes in its net assets and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

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 U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 that the consolidated financial statements are 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.

KPMG LLP

Harrisburg, Pennsylvania
October 13, 2025

VILLANOVA UNIVERSITY AND SUBSIDIARIES

Consolidated Statements of Financial Position at May 31, 2025 and May 31, 2024

(in thousands)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 53,913	$ 63,200
Accounts receivable, net	17,333	16,015
Assets whose use is limited	92,567	226,854
Pledges receivable, net	120,619	107,201
Other assets	69,567	12,879
Student loans receivable, net	3,621	3,922
Investments	1,490,877	1,390,313
Right of use assets under operating leases	3,182	13,943
Land, buildings and equipment, net	1,006,309	881,522
Total assets	$ 2,857,988	$ 2,715,849
LIABILITIES		
Accounts payable	$ 28,428	$ 44,805
Accrued expenses	48,430	45,480
Deposits	5,807	7,111
Deferred revenues	24,915	22,603
Short-term obligations	53,033	-
Accrued postretirement benefits	5,377	5,756
Refundable government loan funds	4,548	4,234
Operating lease liabilites	3,646	14,366
Long-term debt	395,342	417,726
Total liabilities	569,526	562,081
NET ASSETS		
Without donor restrictions	1,144,397	1,129,083
With donor restrictions	1,144,065	1,024,685
Total net assets	2,288,462	2,153,768
Total liabilities and net assets	$ 2,857,988	$ 2,715,849

The accompanying notes are an integral part of the consolidated financial statements.

VILLANOVA UNIVERSITY AND SUBSIDIARIES

Consolidated Statement of Activities and Change in Net Assets for the Year Ended May 31, 2025

(with comparative summary information for the year ended May 31, 2024)
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total	2024 Total
OPERATING REVENUES				
Student related revenue:				
Student tuition and fees, net	$ 382,017	$ -	$ 382,017	$ 364,402
Sales and services of auxiliary enterprises, net	109,299	-	109,299	104,939
Total student related revenue	491,316	-	491,316	469,341
Gifts	17,066	55,038	72,104	61,770
Government grants	15,951	-	15,951	15,002
Private grants	2,651	-	2,651	2,917
Endowment resources	26,040	34,720	60,760	52,135
Investment income, net	14,669	8	14,677	8,710
Other sources	35,131	409	35,540	41,040
Net assets released from restrictions	52,522	(52,522)	-	-
Total operating revenues	655,346	37,653	692,999	650,915
OPERATING EXPENSES				
Salaries and benefits	419,589	-	419,589	385,195
Other operating expenses	176,335	-	176,335	166,113
Depreciation	45,816	-	45,816	42,320
Interest	11,416	-	11,416	6,908
Total operating expenses	653,156	-	653,156	600,536
Change in net assets from operating activities prior to non-recurring loss	2,190	37,653	39,843	50,379
Loss on decommissioned facilities	-	-	-	(4,050)
Change in net assets from operating activities	2,190	37,653	39,843	46,329
NON-OPERATING				
Investment return, net of management fees	30,857	76,079	106,936	136,538
Endowment resources	(26,040)	(34,720)	(60,760)	(52,135)
Endowment and other gifts	-	46,203	46,203	43,236
Adjustment for retirement plan obligations	-	-	-	15,343
Settlement cost of pension termination	-	-	-	(18,778)
Capital gifts released from restriction	5,835	(5,835)	-	-
Gain on bond refinancing	2,472	-	2,472	-
Total nonoperating activities	13,124	81,727	94,851	124,204
Total change in net assets	15,314	119,380	134,694	170,533
Net assets				
Beginning of year	1,129,083	1,024,685	2,153,768	1,983,235
End of year	$ 1,144,397	$ 1,144,065	$ 2,288,462	$ 2,153,768

The accompanying notes are an integral part of the consolidated financial statements.

VILLANOVA UNIVERSITY AND SUBSIDIARIES

Consolidated Statement of Activities and Change in Net Assets for the Year Ended May 31, 2024
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Student related revenue:			
Student tuition and fees, net	$ 364,402	$ -	$ 364,402
Sales and services of auxiliary enterprises, net	104,939	-	104,939
Total student related revenue	469,341		469,341
Gifts	23,807	37,963	61,770
Government grants	15,002	-	15,002
Private grants	2,917	-	2,917
Endowment resources	21,919	30,216	52,135
Investment income, net	8,702	8	8,710
Other sources	40,403	637	41,040
Net assets released from restrictions	42,832	(42,832)	-
Total operating revenues	624,923	25,992	650,915
OPERATING EXPENSES			
Salaries and benefits	385,195	-	385,195
Other operating expenses	166,113	-	166,113
Depreciation	42,320	-	42,320
Interest	6,908	-	6,908
Total operating expenses	600,536	-	600,536
Change in net assets from operating activities prior to non-recurring loss	24,387	25,992	50,379
Loss on decommissioned facilities	(4,050)	-	(4,050)
Change in net assets from operating activities	20,337	25,992	46,329
NON-OPERATING			
Investment return, net of management fees	40,651	95,887	136,538
Endowment resources	(21,919)	(30,216)	(52,135)
Endowment and other gifts	-	43,236	43,236
Adjustment for retirement plan obligations	15,343	-	15,343
Settlement cost of pension termination	(18,778)	-	(18,778)
Capital gifts released from restriction	54,165	(54,165)	-
Total nonoperating activities	69,462	54,742	124,204
Total change in net assets	89,799	80,734	170,533
Net assets			
Beginning of year	1,039,284	943,951	1,983,235
End of year	$ 1,129,083	$ 1,024,685	$ 2,153,768

The accompanying notes are an integral part of the consolidated financial statements.

VILLANOVA UNIVERSITY AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended May 31, 2025 and 2024
(in thousands)

	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES		
Increase in net assets	$ 134,694	$ 170,533
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	45,816	42,320
Gain on bond refinancing	(2,472)	-
Loss on decommissioned facilities	-	4,050
Contributions restricted for long-term investment	(82,260)	(62,661)
Realized gains on sales of investments	(57,410)	(52,826)
Change in market value of investments	(56,323)	(89,282)
Pension and other postretirement benefit plan adjustments	70	3,838
Change in operating lease assets and liabilities	41	22
Amortization of debt premium, net	(2,518)	(1,933)
Changes in operating assets and liabilities:		
Receivables, net	(14,736)	(17,158)
Accounts payable and accrued expenses	2,613	4,036
Other changes	(3,165)	(5,182)
Net cash used by operating activities	(35,650)	(4,243)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	768,891	510,946
Purchases of investments	(755,722)	(417,799)
Student loans receivable	301	587
Deposits on campus acquisition	(53,064)	-
Purchase of land, buildings and equipment	(186,643)	(117,332)
Decrease/(increase) in assets whose use is limited	134,287	(226,850)
Net cash used by investing activities	(91,950)	(250,448)
CASH FLOW FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investment	82,260	62,661
Repayment of debt principal	(90,520)	(16,520)
Proceeds from borrowing	73,226	234,358
Draws on line of credit	53,033	-
Refundable government loan funds	314	(1,964)
Net cash provided by financing activities	118,313	278,535
Net (decrease)/increase in cash and cash equivalents	(9,287)	23,844
Cash and cash equivalents at beginning of year	63,200	39,356
Cash and cash equivalents at end of year	$ 53,913	$ 63,200
SUPPLEMENTAL DISCLOSURES		
Purchases of land, buildings, and equipment in accounts payable	$ 12,383	$ 28,423
Cash paid for interest	10,069	8,250
Tax payments	1,251	1,259

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1 - SUMMARY OF NATURE OF OPERATIONS, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES:

Nature of Operations

Villanova University and Subsidiaries (the "University") is an independent, coeducational institution offering undergraduate and graduate instruction, located in Radnor Township, Delaware County, Pennsylvania. The campus at Villanova covers approximately 296 acres and comprises 96 buildings. The University also has a conference center (The Inn at Villanova University) approximately one-half mile from the campus which encompasses 33 acres. Additionally, the University is acquiring two campuses as described in Note 15. The Cabrini campus will open in Fall 2026 and provide an additional 112 acres. The University has approximately 10,100 students, of whom approximately 7,000 are full-time undergraduates.

Significant Accounting Policies and Reporting Practices

Principles of Consolidation

The consolidated financial statements include the accounts of the University and its subsidiaries. The Aldwyn Lane Limited Partnership (ALLP) and the Aldwyn Lane Limited Liability Corporation (ALLLC) are University subsidiaries under common control. These entities were formed to purchase two office buildings adjacent to the campus and are currently dormant as the properties are occupied exclusively by the University. All intercompany balances and transactions have been eliminated in consolidation.

Financial Statement Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

Resources are categorized for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into similar categories.

- **Without Donor Restrictions -** Net assets without donor restrictions generally result from revenues derived from providing services, receiving contributions without donor restrictions, receiving dividends and interest from investing in income-producing assets, and gains and losses from investments without donor restrictions, less expenses incurred in providing services, raising contributions, and performing administrative functions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.

- **With Donor Restrictions –** Net assets with donor restrictions generally result from contributions and other inflows of assets whose use by the University is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of the University pursuant to those stipulations or by law, or represent corpus of contributions and other inflows of assets whose use by the University is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the University. Gifts of cash and other non-capital assets are reported as net assets with donor restrictions if the gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose for restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from restrictions. Contributions related to the construction or acquisition of fixed assets are also classified as net assets with donor restrictions. When the associated assets are placed in service, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as capital gifts released from restriction within non-operating activity.

NOTE 1 - SUMMARY OF NATURE OF OPERATIONS, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES: (Continued)

Fair Value

The University utilizes the fair value standard, which defines the term “fair value,” establishes a measurement framework for generally accepted accounting principles in the United States (US GAAP), and expands disclosures regarding fair value measurements.

The standard established a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- *Level 1* – Observable inputs to the valuation methodology are quoted or published prices (unadjusted) for identical assets or liabilities in active markets;
- *Level 2* – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument; and
- *Level 3* – Unobservable inputs to the valuation methodology in which there is little or no market data and which are significant to the fair value measurement

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.

The University utilizes the practical expedient to estimate the fair value of alternative investments at the measurement date using the net asset value (NAV) reported by the managers of such investments in accordance with their respective operating agreements, which generally requires fair valuation in accordance with US GAAP. Adjustment is required if the University expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US GAAP. The University holds alternative investments in its portfolio, consisting of public equities, diversifying assets, and private investments, which are generally valued based on the most current NAV. These amounts represent fair value of these investments at May 31, 2025 and 2024.

The University performs additional procedures including due diligence reviews on its investments and other procedures with respect to the capital account balance or NAV provided to ensure conformity with US GAAP. The University has assessed factors including, but not limited to, managers’ compliance with the Fair Value Measurement standard, price transparency, and valuation procedures in place.

Investments in public equity consist of separate accounts, commingled funds, daily traded mutual funds, and limited partnership investments. Commingled funds and limited partnership interests are valued at NAV and are categorized as Investments at NAV in the fair value hierarchy.

Investments in diversifying assets consist of hedge funds, private credit, and opportunistic investments. Diversifying assets are valued at NAV and are categorized in accordance with the fair value standard. The liquidity terms for the hedge funds vary by individual investment, from monthly liquidity to illiquid. All of these investments are classified as Investments at NAV in the fair value hierarchy. Private credit and opportunistic investments consist of limited partnership interests and the liquidity terms are generally illiquid.

NOTE 1 - SUMMARY OF NATURE OF OPERATIONS, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES: (Continued)

Fair Value (Continued)

Private investments consist of limited partnership interests. Limited partnership interests are valued at NAV and are categorized in accordance with the fair value standard. Since the University does not have the ability to redeem from the limited partnerships at the measurement date or is restricted from redeeming for an uncertain or extended period of time from the measurement date, the investments are classified as Investments at NAV in the fair value hierarchy using the practical expedient.

Investments in split-interest agreements consist of irrevocable charitable remainder trusts, charitable gift annuities, and pooled income funds where the University serves as trustee. The assets, invested in equity or debt securities, are measured at fair value on a recurring basis at quoted market prices and are thus categorized as Level 1. Liabilities represent the present value of the estimated future distributions to beneficiaries over the terms of the agreements and are included in accrued expenses on the Consolidated Statements of Financial Position. Investment gains and losses, and gains and losses associated with changes in the estimates of future distributions to beneficiaries, are included in investment return, net of management fees.

Investments of operating funds include fixed-income securities with original maturities of greater than one year. The assets are valued using observable market data to the degree that they can be valued based on quoted market prices; however, some of these investments are traded infrequently. They are categorized as Level 2 in the fair value hierarchy.

Operating funds are classified as follows for the year ended May 31, based on the maturity of the underlying investments:

	(in thousands)	
	2025	2024
Cash and cash equivalents	$ 53,913	$ 63,200
Investments	66,555	69,843
Total	$ 120,468	$ 133,043

Cash and Cash Equivalents

Cash and cash equivalents represent demand deposits and other investments with an original maturity date not exceeding 90 days.

Investments

The Investments balance represents investments of operating funds, the endowment, and other investments. Operating fund investments are liquid investments with varying maturity dates. These investments are valued using observable market data to the degree that they can be valued based on quoted market prices. These investments of operating funds are categorized as Level 2 in the fair value hierarchy.

Endowment cash and cash equivalents are liquid investments with a maturity date of less than one year, though certain investments may be in securities with maturities of up to 13 months. The intent of the endowment cash and cash equivalents is to fund future investments in other asset categories. The University has elected to classify all cash equivalents within the endowment as investments.

The University records investments at fair value. Gains or losses on investments are recognized as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Accounts Receivable, net

Accounts Receivable, net consist of student receivable balances, grant receivable balances, and other miscellaneous receivables. The receivables are shown net of allowances for doubtful accounts, which totaled $1,617,000 and $3,239,000 as of May 31, 2025 and 2024, respectively.

NOTE 1 - SUMMARY OF NATURE OF OPERATIONS, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES: (Continued)

Investment Income

Investment income related to investments is recorded as non-operating income, and the portion of investment income that is utilized for operations under the University's endowment spending formula (see description in Note 4) is shown as a reduction in non-operating income ("Endowment resources"). Investment income related to the endowment is classified as net assets without donor restrictions or net assets with donor restrictions, depending on donor specifications and applicable law. Investment income related to operating funds is recorded as operating revenue.

Student Loans Receivable

Student loans receivable are stated net of allowances for doubtful accounts. Student loans receivable are principally amounts due from students under U.S. Government-sponsored loan programs, which are subject to significant restrictions.

Land, Buildings, and Equipment

Land, buildings and equipment are carried at cost on date of acquisition or fair value on the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of land improvements (10-25 years), buildings and improvements (10-55 years) and equipment (4-10 years). Capitalized software costs included in equipment relate to purchased software, which is capitalized and depreciated on a straight-line basis over a five-year period.

Deferred Revenue and Other Assets

All revenues received and expenses paid prior to the end of the fiscal year which relate to the following fiscal year are recorded as deferred revenues or other assets, respectively.

Certain deferred revenue represents payments received prior to the start of the academic term or the following fiscal year. The following table depicts significant components of deferred revenue:

	(in thousands)			
	Balance at May 31, 2024	Revenue recognized in FY2025	Cash received in advance of performance	Balance at May 31, 2025
Tuition and Fees, net	$ 15,811	$ 15,811	$ 20,544	$ 20,544
Room and Board	-	-	106	106
Athletic Revenue	5,711	2,050	13	3,674
Summer Events	876	876	591	591
Miscellaneous Revenue	205	205	-	-
	$ 22,603	$ 18,942	$ 21,254	$ 24,915

The balance of deferred revenue at May 31, 2025, less any refunds issued, will be recognized as revenue over the applicable period, as services are rendered.

Noncash Gifts

Noncash gifts are recorded at fair value on the date of donation.

Employee Health Insurance

The University is self-insured for employee health expenses and pays the actual cost of claims, and bears risk related to these claims. There are risk-mitigation strategies in place such as stop loss insurance to reduce the impact of catastrophic claims.

NOTE 1 - SUMMARY OF NATURE OF OPERATIONS, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES: (Continued)

Use of Estimates

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

Revenue recognition and disaggregation of revenue

Tuition revenue is recognized in the fiscal year in which the academic programs are delivered. Institutional scholarships awarded to students reduce the amount of revenue recognized. In addition, students who adjust their course load or withdraw completely within the first week of the academic term may receive a partial refund in accordance with the University's refund policy. Historically, refunds have totaled less than 1% of the total amount billed. Refunds issued reduce the amount of revenue recognized. Payments for tuition are due approximately three weeks prior to the start of the academic term.

The following table shows the components of student tuition and fees, net of student financial aid by reportable segment for the year ended May 31:

	(in thousands)	
	2025	2024
Undergraduate	$ 471,744	$ 447,653
Graduate and other special programs	46,663	47,497
Law school	33,363	32,541
College of Professional Studies	9,016	7,548
Financial Aid	(178,769)	(170,837)
Student tuition and fees, net	$ 382,017	$ 364,402

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of accounting in ASC Topic 606. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service in the contract and recognized as revenue when, or as, the performance obligation is satisfied. The primary method used to estimate standalone selling price is the adjusted market assessment approach, under which the market is evaluated and the price that a customer would be willing to pay for the goods and services the University provides is estimated.

The University's performance obligations are primarily satisfied over time during the course of an academic semester or academic year. Villanova's transaction price is determined based on gross price, net of scholarships and other discounts. The majority of the University's revenue is derived from tuition and educational services agreements with students, and thus, is recognized over time during each academic session. The University views the knowledge gained by the student as the benefit which the student receives during the academic sessions. Residence hall revenues are recognized over time throughout the occupancy period, which is most commonly during each academic session. Dining services revenues are recognized over time throughout the semester meal plan period or at the point of sale, depending on the nature of the purchase.

Contract Balances

The timing of billings, cash collections and revenue recognition results in accounts receivable (contract assets) and deferred revenue and student deposits (contract liabilities) on the Consolidated Statements of Financial Position. Receivables are recognized only to the extent that it is probable that the University will collect substantially all of the consideration to which it is entitled in exchange for the goods and services that will be transferred to the student.

NOTE 1 - SUMMARY OF NATURE OF OPERATIONS, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES: (Continued)

Measure of Operations

The Consolidated Statement of Activities and Change in Net Assets reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating revenues in excess of operating expenses reflect all transactions that are an integral part of the University's programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from board-designated and other non-operating funds to support current operating activities. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions except those of a capital or long-term nature, such as gifts for investments and endowments. Operating revenues include realized gains appropriated in accordance with the University's endowment spending policy (see description in Note 4). The measure of operations excludes grants for capital expenditures, endowment support for non-operating activities, investment return in excess of (or less than) amounts made available for current support, and gains and losses on extinguishment of debt (when applicable).

Student tuition and fees as well as sales and services of auxiliary enterprises are shown net of student financial aid. For the year ended May 31, 2025 and 2024, student financial aid for tuition and fees totaled $178,769,000 and $170,837,000, respectively.

Student financial aid related to auxiliary revenues totaled $7,334,000 and $6,487,000 for the year ended May 31, 2025 and 2024, respectively.

Expenses associated with the operation and maintenance of plant, depreciation and interest expenses have been allocated to the functional operating expense categories in Note 11.

For the year ended May 31, 2025, expenses were incurred associated with campus acquisitions prior to those campuses generating student-related revenue (see Note 15 for additional campus acquisition disclosure). Those expenses are shown within operating expenses on the Consolidated Statement of Activities and total $8,586,000 for the year ended of May 31, 2025.

The following table shows the components of those operating expenses associated with campus acquisitions and the impact on the change in net assets from operating activities:

	(in thousands) 2025
Change in net assets from operating activities excluding expenses associated with campus acquisitions	$ 10,776
Operating Expenses associated with campus acquisitions:	
Salaries and benefits	1,501
Other operating expenses	3,364
Depreciation	93
Interest	3,628
Total	$ 8,586
Change in net assets	$ 2,190

In the year ended May 31, 2024, a loss on decommissioned facilities of $4,050,000 was recognized as the result of a write-off of the remaining book value of facilities that were taken out of service and subsequently demolished in order to make room for construction of a new library and a larger parking structure.

Total Revenue and Gains Without Donor Restrictions equaled $668,470,000 and $689,931,000 as of May 31, 2025 and 2024, respectively.

NOTE 1 - SUMMARY OF NATURE OF OPERATIONS, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES: (Continued)

Related Parties

Members of the Board and University senior management may, from time to time, be associated either directly or indirectly with companies doing business with the University. The University has a written conflict of interest policy that requires annual reporting by each Board member and University senior management. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arms' length, based on terms that are fair and reasonable to and in the best interest of the University.

Reclassification

Certain amounts from prior years have been reclassified to conform to the current year's presentation.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following table reflects the University's financial assets and liquidity resources available as of May 31, 2025 and May 31, 2024. Financial assets are considered unavailable when illiquid or not convertible to cash within one year of the date of the Consolidated Statements of Financial Position. Other financial assets which are excluded from this measure of liquidity include endowments and accumulated earnings restricted by donors or the University's Board of Trustees, bond proceeds that can only be used for specific capital projects, assets held for or by others, and annuity reserves.

	(in thousands)	
	2025	2024
Financial Assets		
Cash and cash equivalents	$ 53,913	$ 63,200
Accounts receivable, net	15,412	13,805
Investments	66,555	69,843
Total financial assets available within one year	135,880	146,848
Liquidity Resources		
Available lines of credit for general purposes	60,000	60,000
Total financial assets and liquidity resources available within one year	$ 195,880	$ 206,848

As of May 31, 2025, the University had liquid assets on hand equal to 82 days of operating expenses. The University's practice is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The University maintains two unsecured lines of credit totaling $60,000,000 for general purposes, representing 36 days of operating expenses. As of May 31, 2025 and 2024, there were no outstanding balances related to these lines of credit.

Additionally, as of May 31, 2025 and 2024, the University had board designated endowments and other investments of $493,175,000 and $477,274,000. Although the University does not intend to spend from these investments, other than amounts appropriated for spending as part of its annual budget approval and appropriation process, they could be made available for general expenditures within one year, if necessary, subject to liquidity of the underlying investments.

NOTE 3 – DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS:

At May 31, 2025 and 2024, the fair value of cash and cash equivalents and deposits with bond trustees approximate their respective carrying amounts. The fair value of deposits with bond trustees are based on the quoted market price of the underlying securities (and would be considered Level 1).

Determination of the fair value of student loans receivable, which are primarily federally sponsored student loans with U.S. government mandated interest rates and repayment terms and subject to significant restrictions as to their transfer or disposition, is not practicable.

The following tables present the financial instruments carried at fair value on a recurring basis and investments measured at NAV as of May 31, 2025 and May 31, 2024, respectively, and indicate the fair value hierarchy of the valuation techniques that were utilized to determine such fair value. The tables reflect Investments in the Consolidated Statements of Financial Position.

	As of May 31, 2025 (in thousands)				
	Total	Level 1	Level 2	Level 3	Investments at NAV
Cash equivalents - endowment	$ 32,980	$ 32,980	$ -	$ -	$ -
Public equities	542,262	32,730	-	-	509,532
Diversifying assets	466,124	-	-	-	466,124
Private Investments	373,391	-	-	-	373,391
Split-interest agreements	4,911	4,911	-	-	-
Investments of operating funds	66,555	-	66,555	-	-
Other investments	4,654	4,654	-	-	-
Total	$ 1,490,877	$ 75,275	$ 66,555	$ -	$ 1,349,047

	As of May 31, 2024 (in thousands)				
	Total	Level 1	Level 2	Level 3	Investments at NAV
Cash equivalents - endowment	$ 23,135	$ 23,135	$ -	$ -	$ -
Public equities	492,985	26,997	-	-	465,988
Diversifying assets	446,313	-	-	-	446,313
Private Investments	348,719	-	-	-	348,719
Split-interest agreements	4,415	4,415	-	-	-
Investments of operating funds	69,843	-	69,843	-	-
Other investments	4,903	4,903	-	-	-
Total	$ 1,390,313	$ 59,450	$ 69,843	$ -	$ 1,261,020

The methods described in Note 1 may produce a fair value calculation that is not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

NOTE 3 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS: (Continued)

Liquidity risk is the risk that the University will not be able to meet its obligations associated with financial liabilities due to restrictions on ability to redeem investments. The University has made investments in various long-lived partnerships and, in other cases, has entered into contractual agreements that may limit its ability to initiate redemptions due to notice periods, lock-ups and gates. Details on the estimated remaining life and current redemption terms by asset class and type of investment are provided below:

	Liquidity
Cash & cash equivalents-endowment	Daily
Public equities	Varies
Diversifying assets	Varies
Private Investments	Illiquid
Split-interest agreements	Daily
Investments of operating funds	Daily
Other investments	Daily

Required notice prior to redemption varies, generally between no required advance notice to 90 days' notice.

NOTE 4 - NET ASSETS:

Net assets with and without donor restriction as of May 31 are presented below:

	(in thousands)	
	2025	2024
Without Donor Restrictions		
Unrestricted endowment	$ 492,738	$ 477,274
Other net assets without donor restrictions	651,659	651,809
	$ 1,144,397	$ 1,129,083
With Donor Restrictions		
Purpose restricted:		
Unexpended contributions for instruction and scholarships	$ 108,276	$ 99,872
Unexpended contributions for capital expenditures	68,441	45,596
Time restricted for future periods:		
Annuity and life income funds	4,701	4,305
Endowment – accumulated change in market value of investments and realized gains	397,876	356,932
Restricted for time or purpose	579,294	506,705
Restricted in perpetuity:		
Student loans	1,895	1,895
Endowment principal, primarily for scholarships and instruction	562,876	516,085
	$ 1,144,065	$ 1,024,685

NOTE 4 - NET ASSETS: (Continued)

The University's endowment consists of 1,355 individual funds established for a variety of purposes. The endowment includes donor-restricted funds, funds designated by the Board of Trustees to function as endowments, and other funds set aside internally by the University. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Commonwealth of Pennsylvania has not enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), or a version of the Uniform Management of Institutional Funds Act (UMIFA). Governing law resides in 15 Pa. C.S. § 5548, *Investment of Trust Funds*. The University has interpreted relevant Pennsylvania law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as net assets with donor restrictions (a) the original value of gifts donated to net assets with donor restrictions, (b) the original value of subsequent gifts to the net assets with donor restrictions, and (c) enhancements or diminishments of the fund from investment income, loss and spending allowance.

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 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-specific period(s) 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 a real return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both 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 and alternative investments to achieve its long-term objective within prudent risk constraints.

Under the University's spending policy, the University utilizes endowment and quasi-endowment resources to support operations at a level of 5% of the 12 calendar quarter moving average of the fair value of endowment and quasi-endowment investment assets calculated as of December 31st of the year immediately preceding the beginning of the University's fiscal year. Any difference between actual investment income and the amounts distributed is retained to support operations of future years. These retained balances are used in any year when the actual total investment return is below the spending rate. The remaining realized and unrealized gains/losses are reported as non-operating revenues. 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 spending at an amount equal to or less than total return less inflation.

NOTE 4 - NET ASSETS: (Continued)

At May 31, 2025, the endowment net asset composition, excluding pledges, by type of fund consisted of the following:

	(in thousands)		
	Without Donor Restrictions	With Donor Restrictions	Total
Amounts required to be maintained in perpetuity	$ -	$ 516,872	$ 516,872
Other invested principal	300,371	7,444	307,815
Accumulated investment gains	192,367	397,876	590,243
Total Funds	$ 492,738	$ 922,192	$ 1,414,930

Changes in endowment net assets for the fiscal year ended May 31, 2025 consisted of the following:

	(in thousands)		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 477,274	$ 835,759	$ 1,313,033
Investment return:			
Investment Income	2,158	4,066	6,224
Management and Admin Fees	(4,372)	(8,265)	(12,637)
Net appreciation (realized and unrealized)	33,766	78,460	112,226
Total investment return, net	31,552	74,261	105,813
Contributions	-	46,892	46,892
Investment in Unrestricted Endowment	9,952	-	9,952
Distribution for Spending	(26,040)	(34,720)	(60,760)
Endowment net assets, end of year	$ 492,738	$ 922,192	$ 1,414,930

At May 31, 2024, the endowment net asset composition, excluding pledges, by type of fund consisted of the following:

	(in thousands)		
	Without Donor Restrictions	With Donor Restrictions	Total
Amounts required to be maintained in perpetuity	$ -	$ 471,383	$ 471,383
Other invested principal	289,016	7,444	296,460
Accumulated investment gains	188,258	356,932	545,190
Total Funds	$ 477,274	$ 835,759	$ 1,313,033

NOTE 4 - NET ASSETS: (Continued)

Changes in endowment net assets for the fiscal year ended May 31, 2024 consisted of the following:

	(in thousands)		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 459,915	$ 735,001	$ 1,194,916
Investment return:			
Investment Income	3,034	5,333	8,367
Management and Admin Fees	(5,169)	(9,126)	(14,295)
Net appreciation (realized and unrealized)	40,468	98,531	138,999
Total investment return, net	38,333	94,738	133,071
Contributions	-	36,236	36,236
Investment in Unrestricted Endowment	945	-	945
Distribution for Spending	(21,919)	(30,216)	(52,135)
Endowment net assets, end of year	$ 477,274	$ 835,759	$ 1,313,033

From time to time, certain donor restricted endowment funds may have fair value below the amount required to be maintained by donors or law ("underwater endowment"). There were no such deficiencies reported at May 31, 2025 and 2024. Management has interpreted state law to permit prudent spending from underwater endowments.

NOTE 5 - INVESTMENTS:

Investment return reported in the Consolidated Statement of Activities for the year ended May 31 consisted of the following:

	(in thousands) 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest, dividends, and other income	$ 2,592	$ 4,187	$ 6,779
Net realized gains	25,635	31,554	57,189
Net change in unrealized gains and losses	7,444	48,879	56,323
Management fees and expenses	(4,814)	(8,541)	(13,355)
	$ 30,857	$ 76,079	$ 106,936

	(in thousands) 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest, dividends, and other income	$ 3,490	$ 5,691	$ 9,181
Net realized gains	18,677	34,149	52,826
Net change in unrealized gains and losses	24,104	65,179	89,283
Management fees and expenses	(5,620)	(9,132)	(14,752)
	$ 40,651	$ 95,887	$ 136,538

NOTE 5 – INVESTMENTS: (Continued)

The University uses various external investment managers to diversify its investments. The largest allocations to any individual investment manager as of May 31, 2025 and 2024 were 6.9% and 7.7%, respectively.

At May 31, 2025, based on limited partnership agreements, the University had unfunded investment commitments totaling $286,940,000, which may be drawn over the next several years.

The financial statements of the limited partnerships are audited annually, generally as of December 31.

Alternative investments have liquidity restrictions. Amounts can be divested only at specified times based on the terms of the investment management agreements. Refer to Note 3 for additional information regarding redemption terms by asset class and type of investment.

NOTE 6 - LAND, BUILDINGS, AND EQUIPMENT:

Land, buildings, and equipment at May 31, 2025 and 2024 consisted of the following:

	(in thousands)	
	2025	2024
Land and improvements	$ 95,455	$ 91,387
Buildings and improvements	1,221,425	1,160,967
Equipment	108,902	96,904
Construction in progress	173,088	82,523
Capitalized interest	3,515	973
	1,602,385	1,432,754
Less accumulated depreciation	(596,076)	(551,232)
	$ 1,006,309	$ 881,522

NOTE 7 - ACCRUED EXPENSES:

Accrued expenses at May 31, 2025 and 2024 consisted of the following:

	(in thousands)	
	2025	2024
Faculty and Staff Salaries	$ 20,574	$ 19,405
Payroll Taxes	1,236	1,160
Interest on Long-Term Debt	4,000	3,766
Asset Retirement Obligations	2,409	2,410
Workers Compensation Claims	1,283	1,245
Vacation Accrual	2,687	2,496
Other	16,241	14,998
	$ 48,430	$ 45,480

NOTE 8 – LEASES:

The University has operating leases for administrative offices, off-site data storage and optical fiber strands. The University's leases vary in terms of up to 25 years, including renewal periods that are considered reasonably certain. The University recognizes a right of use asset and a lease liability for operating leases based on the net present value of future minimum lease payments. Lease expense is recognized on a straight-line basis over the non-cancelable lease term, including renewal periods that are considered reasonably certain. The periods related to any renewal options deemed not reasonably certain to be exercised were excluded from the lease term with respect to the right of use asset and lease liability calculations.

Amounts recognized in the Consolidated Financial Statements and other lease metrics for the fiscal year ending May 31, 2025 and 2024:

	(in thousands) 2025	2024
Lease Expense		
Operating Leases	$ 1,448	$ 1,411
Short-Term Leases	440	526
Variable Leases	62	69
Total	$ 1,950	$ 2,006

	2025	2024
Other information related to Operating Leases:		
Cash payments (in dollars)	$ 1,407,705	$ 1,357,337
Right-of-use assets obtained in exchange for new lease obligations (in dollars)	-	733,412
Right-of-use assets adjustment due to lease remeasurements (in dollars) (a)	(9,463,797)	-
Weighted-average remaining lease term (in years)	3.70	12.80
Weighted average discount rate	3.30%	1.13%

(a) In connection with the campus acquisitions disclosed in Note 15, management reassessed the expected term of certain leases that would no longer be necessary, resulting in a remeasurement of the right-of-use asset associated with the leases.

At May 31, 2025, maturities of lease liabilities were as follows:

	(in thousands)
2025	$ 1,420
2026	1,354
2027	736
2028	27
2029	27
Thereafter	260
Total	$ 3,824
Less: Present value discount	(178)
Total lease liabilities	$ 3,646

NOTE 9 - LONG-TERM DEBT:

Long-term debt payable at May 31, 2025 consisted of the following:

Bond Issuance	Year of Maturity	Interest Rate	Original Face Amount (in thousands)	Outstanding Principal (in thousands)	Unamortized Premium (in thousands)	Unamortized Issuance Costs (in thousands)
Delaware County Authority Bonds (a):						
2016	2031	4% - 5%	$ 45,480	$ 28,720	$ 4,732	$ (219)
2015	2045	3% - 5%	141,270	52,155	2,785	(293)
Pennsylvania Economic Development Financing Authority Bonds:						
2024	2055	4% - 5%	216,000	216,000	19,843	(2,325)
2025A	2045	5%	66,865	66,865	7,371	(292)
				$ 363,740	$ 34,731	(3,129)
Total						$ 395,342

Long-term debt payable at May 31, 2024 consisted of the following:

Bond Issuance	Year of Maturity	Interest Rate	Original Face Amount (in thousands)	Outstanding Principal (in thousands)	Unamortized Premium (in thousands)	Unamortized Issuance Costs (in thousands)
Delaware County Authority Bonds (a):						
2016	2031	4% - 5%	$ 45,480	$ 32,405	$ 5,408	$ (250)
2015	2045	3% - 5%	141,270	128,830	7,009	(737)
2014	2024	5%	52,205	10,160	823	(51)
Pennsylvania Economic Development Financing Authority Bonds						
2024	2055	4% - 5%	216,000	216,000	20,532	(2,403)
				$ 387,395	$ 33,772	(3,441)
Total						$ 417,726

(a) The University has pledged and granted to the Delaware County Authority a lien on and security interest in the University's unrestricted revenues and certain property and equipment to collateralize the annual principal maturities and interest payments which average approximately $24,630,000 through 2030, and $20,160,000 from 2030 to 2045. The University is required to maintain unrestricted net revenues equal to 100% of the annual debt service requirement.

In April 2024, the University's 2024 Debt Series was issued through the Pennsylvania Economic Development Financing Authority to provide funding for the construction of a new library the acquisition of the campus and assets used by Cabrini University, and deferred maintenance projects on the Cabrini Campus. The 2024 Series was issued as fixed rate debt, with a principal amount of $216,000,000.

In May 2025, the University's 2025A Debt Series was issued through the Pennsylvania Economic Development Financing Authority to refinance a portion of the University's outstanding 2015 Debt Series. The 2025A Series was issued as fixed rate debt, with a principal amount of $66,865,000.

All proceeds from the noted bond issuances were spent on capitalized assets, are being held for capitalized asset purchases, or refinanced other previous bond issuances which were spent on capitalized assets.

NOTE 9 - LONG-TERM DEBT: (Continued)

Aggregate maturities of long-term debt including call provisions at 100% for each of the next five fiscal years are as follows:

	(in thousands)
2026	$ 7,210
2027	6,970
2028	7,255
2029	11,530
2030	11,150
Thereafter	319,625
	$ 363,740

Interest paid on long-term debt amounted to $10,069,000 and $8,250,0000 for the years ended May 31, 2025 and 2024, respectively. Interest expense allocated to the functional expense categories in Note 11 amounted to $11,416,000 and $6,908,000 for the years ended May 31, 2025 and 2024, respectively.

The Delaware County Authority bond agreements contain certain covenants, including financial covenants that require the University to generate net revenues at least equal to 100% of actual debt service requirements, and to certify that maximum annual debt service does not exceed 12% of unrestricted revenues. The University was in compliance with these requirements at May 31, 2025 and 2024.

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFIT COSTS:

The University sponsors a defined contribution retirement plan under which the University makes annual contributions for the benefit of the participants to the Teachers Insurance Annuity Association of America-College Retirement Equities Fund (TIAA-CREF), and the University has no further liability. The University's contributions to the defined contribution plan amounted to $22,078,000 and $20,692,000 for the years ended May 31, 2025 and 2024, respectively.

The University maintained a non-contributory defined benefit pension plan for certain full-time non-academic employees employed prior to May 31, 1999. Effective May 31, 2016, the defined benefit pension plan was frozen, with no future benefit accruals, as the result of a declining number of active employees participating in the plan. These employees were transitioned into the defined contribution pension plan effective June 1, 2016. The plan was fully funded as of May 31, 2021. In September 2021, the University notified participants in the defined benefit pension plan of its intention to fully terminate the plan effective October 31, 2021.

The termination process and the transfer of plan liabilities was completed in October 2023. The University settled its obligations to plan participants by offering lump-sum payments and transferring the remaining assets as annuities to a designated insurance company. The total settled benefits amounted to $48,805,000 which was funded from existing plan assets. As a result of the pension plan settlement, the University recognized a settlement cost of $18,778,000 as an adjustment to net assets without donor restrictions in the Consolidated Statement of Activities for the year ended May 31, 2024. Following the termination and settlement, the University has no remaining obligations to plan participants. As of May 31, 2024, all benefit obligations of the University have been settled and related plan assets and liabilities have been removed from the Consolidated Statement of Activities.

The University provides postretirement medical benefits to retirees who met certain eligibility requirements and who retired prior to May 31, 2018. The University accrued for expected medical postretirement benefits over the years that the employees rendered the necessary service.

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFIT COSTS: (Continued)

The components of medical postretirement benefits as of May 31, 2025 and 2024 are as follows:

	(in thousands)	
	2025	2024
Projected benefit obligation	$ 5,377	$ 5,756
Fair value of plan assets	-	-
Unfunded status	$ (5,377)	$ (5,756)
Accrued post-retirement benefits	$ (5,377)	$ (5,756)
Weighted-average assumptions:		
Discount rate	5.19%	5.25%

NOTE 11 – EXPENSES BY BOTH NATURE AND FUNCTION:

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the University. These expenses include depreciation, interest on indebtedness, and facilities operations and maintenance. Depreciation is allocated based on square footage and interest is allocated based on original purpose of the borrowed funds. Costs of other categories were allocated on estimates of time and effort.

	(in thousands) 2025					
	Salaries and benefits	Other Operating Expenses	Depreciation	Interest	Operations and Maintenance	Total Expenses
Instruction	$ 175,656	$ 24,563	$ 11,159	$ 387	$ 17,697	$ 229,462
Research	11,422	5,248	15	16	22	16,723
Academic Support	55,597	26,170	2,356	2,681	1,524	88,328
Student Services	54,889	36,462	7,014	10	10,013	108,388
Institutional Support	66,004	33,242	3,878	444	4,737	108,305
Auxiliary Enterprises	32,138	32,783	14,609	2,758	19,662	101,950
Operations and Maintenance	23,883	17,867	6,785	5,120	(53,655)	-
	$ 419,589	$ 176,335	$ 45,816	$ 11,416	$ -	$ 653,156

	(in thousands) 2024					
	Salaries and benefits	Other Operating Expenses	Depreciation	Interest	Operations and Maintenance	Total Expenses
Instruction	$ 166,692	$ 21,143	$ 10,103	$ 252	$ 11,883	$ 210,073
Research	10,548	6,077	15	9	27	16,676
Academic Support	51,282	25,453	1,963	1,909	1,311	81,918
Student Services	45,794	32,342	7,102	7	7,719	92,964
Institutional Support	59,455	38,793	3,267	505	2,889	104,909
Auxiliary Enterprises	29,465	30,339	14,640	3,125	16,427	93,996
Operations and Maintenance	21,959	11,966	5,230	1,101	(40,256)	-
	$ 385,195	$ 166,113	$ 42,320	$ 6,908	$ -	$ 600,536

Included in the above operating expenses are expenditures related to fund-raising activities for the year ended May 31, 2025 and 2024 of $23,984,000 and $20,145,000, respectively.

NOTE 12 - INCOME TAX:

The University is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The University files IRS Form 990-T (Exempt Organization Business Income Tax Return) annually, and is anticipating a net operating loss for the year ended May 31, 2025, with regards to unrelated business income reported on IRS Form 990-T. Management has analyzed the tax positions taken by the University, and has concluded that as of May 31, 2025 and 2024 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

NOTE 13 - COMMITMENTS AND CONTINGENCIES:

Under the terms of certain investment partnership agreements, the University and other investors are committed to fund additional investments as capital calls are exercised. Capital calls are generally exercised over a period of years and are subject to fixed expiration dates or other means of termination. The University's remaining commitments to all partnerships totaled $286,940,000 and $283,605,000 as of May 31, 2025 and 2024, respectively.

Outstanding commitments related to construction contracts totaled $115,812,000 as of May 31, 2025.

The University maintains two unsecured lines of credit for general purposes, in the amounts of $30,000,000 each. As of May 31, 2025, there were no outstanding balances related to the lines of credit.

During the year ended May 31, 2025, the University established an additional unsecured line of credit in the amount of $60,000,000 for the purpose of financing campus acquisitions described in Note 15. As of May 31, 2025, there was $53,033,000 outstanding on this line of credit presented as Short-Term Obligations on the Consolidated Statement of Financial Position and $6,967,000 available to draw. This line of credit matures March 27, 2026.

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 consolidated statement of financial position and changes in net assets, statement of activities or statement of cash flows.

NOTE 14 - UNCONDITIONAL PROMISES AND PLEDGES:

Contributions received, including unconditional promises, are recognized as revenue when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the University reports the support as net assets without donor restrictions. Conditional promises are recorded when donor stipulations are substantially met.

Unconditional promises at May 31, 2025 and 2024 and the time periods in which they are expected to be realized are as follows:

	(in thousands)	
	2025	2024
In one year or less	$ 57,446	$ 57,741
Between one year and five years	95,872	74,132
In more than five years	3,788	8,746
Less: Discount	(16,569)	(14,343)
Allowance for doubtful accounts	(19,918)	(19,075)
	$ 120,619	$ 107,201

Estimated cash flows from pledges receivable due after one year are discounted using a base rate of the Federal Reserve Treasury constant maturities 5-year rate of return, adjusted for a risk factor related to potential write-offs of uncollectible pledges.

As of May 31, 2025 and 2024, donors with outstanding pledges exceeding 5% of the University's gross pledges receivable comprise 30% and 22%, respectively, of the total.

NOTE 15 – CAMPUS ACQUISITIONS:

On June 28, 2024, the University purchased the land, buildings, and certain other assets which formerly comprised the campus of Cabrini University ("Cabrini)" in exchange for cash consideration paid to Cabrini and to the Missionary Sisters of the Sacred Heart, including cash payment into an escrow account in order to defease Cabrini's outstanding tax-exempt debt. The land, buildings, and other assets associated with the Cabrini campus totaled $71,228,000 on the Consolidated Statement of Financial Position at May 31, 2025 and are primarily under construction with an anticipated opening of Fall 2026. As part of the transaction, Villanova received $17,769,000 in restricted endowment funds from Cabrini presented as Endowment and Other Gifts with donor restrictions in the Statement of Activities as part of non-operating activities. Villanova University also made certain commitments related to the preservation of the legacy of Cabrini.

On March 29, 2025, the University and Rosemont College of the Holy Child Jesus ("Rosemont") entered into a definitive agreement, pursuant to which Rosemont will merge with and into Villanova, with Villanova being the surviving institution after the consummation of the merger. The consummation of the merger is subject to various approvals and is not expected to occur before May 31, 2027. The merger is part of a phased, multi-year transition that will combine the neighboring institutions, with the Rosemont campus ultimately becoming an additional location of Villanova. As part of this transaction, the University made cash payments to extinguish Rosemont's debt and provide funds for operations totaling $53,064,000 during the year ended May 31, 2025 and included in Other Assets on the Consolidated Statement of Financial Position. A portion of these funds are held in escrow.

NOTE 16 – SUBSEQUENT EVENTS:

In connection with the preparation of the consolidated financial statements, the University evaluated subsequent events after the statement of financial position dated May 31, 2025 through its distribution date of October 13, 2025.

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