

Susquehanna University

Financial Statements and
Supplemental Information

June 30, 2024 and 2023

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Independent Auditors' Report

To the Board of Trustees of
Susquehanna University

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and Financial Responsibility Supplemental Schedule, as required by *Title 34 CFR Section 668.172*, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Pittston, Pennsylvania
October 22, 2024

Susquehanna University

Statements of Financial Position

June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 4,939,182	\$ 4,875,513
Accounts receivable, net	1,227,745	807,797
Inventories and prepaid expenses	1,702,576	2,517,180
Contributions receivable, net	10,168,206	3,443,258
Student loans receivable, net	382,335	597,839
Investments	246,380,295	222,224,406
Funds held in trust by others	6,581,261	6,193,107
Other assets	3,065,148	3,429,847
Property, plant and equipment, net	100,795,390	105,757,819
Right-of-use assets	1,077,071	731,433
Total assets	<u>\$ 376,319,209</u>	<u>\$ 350,578,199</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and other accrued expenses	\$ 7,262,195	\$ 5,963,045
Student deposits and other liabilities	3,695,079	3,675,541
Annuities payable	1,678,477	1,723,542
Long-term debt, net	39,604,387	42,674,670
U.S. government advances refundable	427,504	618,896
Funds held in custody for others	1,080,949	1,126,250
Operating lease liabilities	765,670	731,433
Total liabilities	<u>54,514,261</u>	<u>56,513,377</u>
Net Assets		
Net assets without donor restrictions	<u>123,957,481</u>	<u>121,110,485</u>
Net assets with donor restrictions:		
Restricted by purpose or time	73,900,752	51,228,686
Restricted in perpetuity	<u>123,946,715</u>	<u>121,725,651</u>
Total net assets with donor restrictions	<u>197,847,467</u>	<u>172,954,337</u>
Total net assets	<u>321,804,948</u>	<u>294,064,822</u>
Total liabilities and net assets	<u>\$ 376,319,209</u>	<u>\$ 350,578,199</u>

See notes to financial statements

Susquehanna University

Statement of Activities

Year Ended June 30, 2024 (With Comparative Totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Revenues and Other Additions				
Tuition and fees, net of scholarships and grants	\$ 36,735,573	\$ -	\$ 36,735,573	\$ 35,963,016
Government grants	4,058,139	-	4,058,139	1,803,669
Private gifts and grants	2,960,503	273,028	3,233,531	2,364,696
Endowment income	8,218,664	45,963	8,264,627	8,115,576
Investment income	1,732,234	-	1,732,234	1,026,614
Other sources	1,350,684	-	1,350,684	1,604,195
Auxiliary enterprises	30,221,231	-	30,221,231	28,838,547
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	79,716,313
Operating Expenses				
Program expenses:				
Instruction	29,137,716	-	29,137,716	29,280,011
Research	1,244,080	-	1,244,080	988,609
Public service	204,473	-	204,473	227,780
Academic support	5,155,337	-	5,155,337	5,305,861
Student services	22,881,013	-	22,881,013	22,979,423
Auxiliary enterprises	16,466,136	-	16,466,136	16,281,406
Support expenses:				
Institutional support	12,603,159	-	12,603,159	12,973,171
Total operating expenses	87,691,914	-	87,691,914	88,036,261
Change in net assets from operating activities	(1,099,931)	(995,964)	(2,095,895)	(8,319,948)
Nonoperating Activities				
Investment return, net of spending policy	3,661,342	14,453,475	18,114,817	8,649,050
Change in split interest and other agreements	-	466,275	466,275	332,648
Gifts-endowment and other	39,805	11,107,377	11,147,182	2,322,466
Other nonoperating activities	(69,220)	176,967	107,747	984,329
Net assets released from restrictions	315,000	(315,000)	-	-
Total nonoperating activities	3,946,927	25,889,094	29,836,021	12,288,493
Change in net assets	2,846,996	24,893,130	27,740,126	3,968,545
Net Assets, Beginning	121,110,485	172,954,337	294,064,822	290,096,277
Net Assets, Ending	\$ 123,957,481	\$ 197,847,467	\$ 321,804,948	\$ 294,064,822

See notes to financial statements

Susquehanna University

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues and Other Additions			
Tuition and fees, net of scholarships and grants	\$ 35,963,016	\$ -	\$ 35,963,016
Government grants	1,803,669	-	1,803,669
Private gifts and grants	1,670,121	694,575	2,364,696
Endowment income	8,067,624	47,952	8,115,576
Investment income	1,026,614	-	1,026,614
Other sources	1,604,195	-	1,604,195
Auxiliary enterprises	28,838,547	-	28,838,547
Net assets released from restrictions	601,452	(601,452)	-
Total operating revenues and other additions	79,575,238	141,075	79,716,313
Operating Expenses			
Program expenses:			
Instruction	29,280,011	-	29,280,011
Research	988,609	-	988,609
Public service	227,780	-	227,780
Academic support	5,305,861	-	5,305,861
Student services	22,979,423	-	22,979,423
Auxiliary enterprises	16,281,406	-	16,281,406
Support expenses:			
Institutional support	12,973,171	-	12,973,171
Total operating expenses	88,036,261	-	88,036,261
Change in net assets from operating activities	(8,461,023)	141,075	(8,319,948)
Nonoperating Activities			
Investment return, net of spending policy	1,622,737	7,026,313	8,649,050
Change in split interest and other agreements	-	332,648	332,648
Gifts-endowment and other	45,548	2,276,918	2,322,466
Other nonoperating activities	922,172	62,157	984,329
Net assets released from restrictions	783,055	(783,055)	-
Total nonoperating activities	3,373,512	8,914,981	12,288,493
Change in net assets	(5,087,511)	9,056,056	3,968,545
Net Assets, Beginning	126,197,996	163,898,281	290,096,277
Net Assets, Ending	<u>\$ 121,110,485</u>	<u>\$ 172,954,337</u>	<u>\$ 294,064,822</u>

See notes to financial statements

Susquehanna University

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	\$ 27,740,126	\$ 3,968,545
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization, net of accretion	9,623,512	9,171,385
Net realized and unrealized gains on investments	(27,349,086)	(17,639,887)
Change in funds held in trust by others	(388,154)	(167,003)
Contributions and other restricted revenue for endowment and plant projects	(12,695,829)	(2,204,738)
Actuarial adjustment on annuities payable	124,170	14,597
Loss on dispositions of property, plant and equipment	69,970	265,829
Bad debts	-	90,963
(Increases) decreases in:		
Contributions receivable	1,904,478	(551,001)
Accounts receivable	(419,948)	1,128,352
Inventories and prepaid expenses	814,604	(254,109)
Right of use asset and liability	(379,875)	122,243
Other assets	364,700	806,456
Increases (decreases) in:		
Accounts payable and other accrued liabilities	28,968	(772,797)
Student deposits and other liabilities	19,538	(380,484)
Funds held in custody for others	(45,301)	(90,137)
Net cash flows from operating activities	(588,127)	(6,491,786)
Cash Flows From Investing Activities		
Purchases of property, plant and equipment	(3,673,972)	(3,808,906)
Purchase of investments	(92,981,101)	(137,100,537)
Proceeds from sales of investments	96,260,588	144,372,279
Repayments of loans by students	215,504	261,287
Net cash flows from investing activities	(178,981)	3,724,123
Cash Flows From Financing Activities		
Principal repayments of long-term debt	(2,875,000)	(2,760,000)
Contributions received for endowment and plant projects	4,066,403	3,393,827
Proceeds from split-interest agreements	186,748	2,484
Decrease in U.S. government grants refundable, net	(191,392)	(243,960)
Payments to annuitants	(355,982)	(215,637)
Net cash flows from financing activities	830,777	176,714
Net change in cash and cash equivalents	63,669	(2,590,949)
Cash and Cash Equivalents, Beginning	4,875,513	7,466,462
Cash and Cash Equivalents, Ending	<u>\$ 4,939,182</u>	<u>\$ 4,875,513</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest on long-term debt	<u>\$ 1,781,193</u>	<u>\$ 1,856,415</u>
Property, plant and equipment acquired through accounts payable	<u>\$ 1,417,031</u>	<u>\$ 146,848</u>
Additions to right-of-use assets obtained from operating lease liabilities	<u>\$ 345,638</u>	<u>\$ 167,283</u>

See notes to financial statements

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 2,110 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 fee 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 fee 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, 2024 and 2023

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 fee 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 \$85,402,000 and \$81,811,000 in 2024 and 2023, 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.

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

The following table depicts activities for deferred revenue related to net student costs for the year ended June 30, 2023.

	Balance at June 30, 2022	Revenue Recognized Included in June 30, 2023 Balance	Cash Received in Advance of Performance	Balance at June 30, 2023
Comprehensive fee, net	\$ 24,500	\$ 24,500	\$ 3,500	\$ 3,500
Student credit balances	1,298,900	1,298,900	1,219,000	1,219,000
Freshman deposits	55,800	55,800	4,800	4,800

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 balance sheet 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 \$1,288,000 and \$868,000 are presented in the June 30, 2024 and 2023 statements of financial position net of allowances for credit losses of approximately \$60,000 and allowances for doubtful accounts of \$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 \$1,186,000 and \$1,157,000 for the years ended June 30, 2024 and 2023, respectively. These assets have been recorded at fair value at the time of the donation. Cash surrender value of donated life insurance was approximately \$525,000 and \$546,000 at June 30, 2024 and 2023, 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 of the trust account was approximately \$(450,000) and \$113,000 at June 30, 2024 and 2023, 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 \$311,000 and \$527,000 of Perkins loans and approximately \$244,000 and \$264,000 of University-provided loans, less an allowance for credit losses of approximately \$173,000 and \$194,000 at June 30, 2024 and 2023, 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 \$428,000 and \$619,000 at June 30, 2024 and 2023, respectively and is recorded as a liability in the statements of financial position. As of June 30, 2024, 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 accounts receivable and student loan receivables to present the net amount expected to be collected as of the balance sheet 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 balance sheet 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.

The University utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the University's historical loss experience. In determining its loss rates, the University evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables and changes in the terms of receivables. For receivables that are not expected to be collected within the normal business cycle, the University considers current and forecasted direction of the economic and business environment.

Funds Held in Custody for Others

Funds held in custody 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 ending June 30 were as follows:

	<u>2024</u>	<u>2023</u>
State grants	\$ 2,594,000	\$ 2,459,000
Federal grants	3,059,000	2,665,000

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, 2024 and 2023. 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.

Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized.

On June 30, 2024, the University adopted the ASU prospectively. The adoption of ASU No. 2016-13 had no impact of the financial statements for the year ended June 30, 2024.

2. Restrictions and Limitations on Net Assets Balances

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

	<u>2024</u>	<u>2023</u>
Net assets:		
Without donor restrictions:		
Investment in property, plant and equipment	\$ 61,191,004	\$ 63,083,149
Board-designated endowment funds	38,149,605	34,679,542
Reserves and operating funds	<u>24,616,872</u>	<u>23,347,794</u>
	<u>123,957,481</u>	<u>121,110,485</u>
With donor restrictions:		
Net investment gains on donor endowments restricted for future periods, scholarship and educational	62,369,053	47,977,309
Contributions receivable restricted for future periods:		
Capital purposes	7,822,556	77,574
Other	1,323,630	1,410,595
Donor purpose restrictions, fixed assets	1,347,897	340,000
Other donor purpose and time restrictions	210,520	596,112
Endowment funds	120,969,392	118,570,220
Student loan funds	827,096	827,096
Donor contributions and annuities for endowments	<u>2,977,323</u>	<u>3,155,431</u>
	<u>197,847,467</u>	<u>172,954,337</u>
Total	<u><u>\$ 321,804,948</u></u>	<u><u>\$ 294,064,822</u></u>

3. Contributions Receivable

Unconditional promises to give are as follows at June 30:

	2024	2023
Due less than one year	\$ 1,101,880	\$ 1,571,988
Due in one through five years	9,847,229	2,259,611
Due in over five years	1,000,000	-
Total unconditional promises to give	11,949,109	3,831,599
Allowance for doubtful contributions	(274,373)	(209,163)
Discounts to net present value at 0.3% - 4.2%	(1,506,530)	(179,178)
Net unconditional promises to give	<u>\$ 10,168,206</u>	<u>\$ 3,443,258</u>

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

	2024	2023
Without donor restrictions	\$ 236,902	\$ 181,405
Donor restricted, operations	2,096,320	2,608,236
Donor restricted, plant projects	9,000,000	100,000
Donor restricted, endowment	615,887	941,958
Gross unconditional promises to give	11,949,109	3,831,599
Less unamortized discount	(1,506,530)	(179,178)
Allowance for uncollectible promises	(274,373)	(209,163)
Total	<u>\$ 10,168,206</u>	<u>\$ 3,443,258</u>

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.

Susquehanna University

Notes to Financial Statements

June 30, 2024 and 2023

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 following tables present the financial instruments measured at fair value as of June 30, 2024 and 2023 by caption on the statements of financial position by the valuation hierarchy defined above:

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>	113,882,099
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>
2023				
	Level 1	Level 2	Level 3	Total Fair Value
Assets reported at fair value:				
Investments:				
Short-term investments	\$ 15,504,436	\$ -	\$ 183,044	\$ 15,687,480
Equities:				
Domestic	18,462,435	-	1,908,028	20,370,463
Foreign	19,054,182	-	-	19,054,182
Mutual funds	9,496,320	-	-	9,496,320
Domestic fixed income	541,119	37,151,478	1,411,996	39,104,593
Total investments by valuation hierarchy	<u>\$ 63,058,492</u>	<u>\$ 37,151,478</u>	<u>\$ 3,503,068</u>	103,713,038
Alternative investments (measured at net asset value)				<u>118,511,368</u>
Total investments				<u>\$ 222,224,406</u>
Funds held in trust by others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,193,107</u>	<u>\$ 6,193,107</u>

Susquehanna University

Notes to Financial Statements

June 30, 2024 and 2023

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

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

The following table lists the investments in alternative investments by major category as of June 30, 2023:

	Fair Value as of June 30, 2023	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge funds	\$ 43,620,535	\$ -	Illiquid, Monthly, Bi-Monthly, Quarterly, Annually	8-123 Days
Pooled vehicles	69,501,927	16,158,389	Illiquid, Quarterly, Annually	95-100 Days
Real estate fund	275,920	3,245,115	Illiquid	N/A
Private equity	5,112,986	465,000	Illiquid, Quarterly	90 Days
Total	\$ 118,511,368	\$ 19,868,504		

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.

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, 2024 were \$1,190,000 and \$1,386,000, respectively. Purchases and sales for funds held in trust by others for the year ended June 30, 2023 were \$1,698,000 and \$1,771,000, respectively.

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 \$2,119,000 and \$2,001,000 at June 30, 2024 and 2023, 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 \$1,459,000 and \$1,503,000 at June 30, 2024 and 2023, 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 \$6,581,000 and \$6,193,000 at June 30, 2024 and 2023, 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 \$94,000 and \$112,000 for the years ended June 30, 2024 and 2023, respectively.

6. Property, Plant and Equipment

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

	2024	2023
Land	\$ 5,992,491	\$ 5,992,491
Improvements other than buildings	21,277,108	21,147,708
Buildings and improvements	223,680,867	222,861,270
Equipment and furnishings	40,351,864	39,119,837
Vehicles	1,528,781	1,509,884
Library materials	4,825,537	4,765,288
Construction in progress	1,669,210	144,092
	299,325,858	295,540,570
Less accumulated depreciation	(198,530,468)	(189,782,751)
	<u>\$ 100,795,390</u>	<u>\$ 105,757,819</u>

Depreciation expense totaled approximately \$9,439,000 and \$9,501,000 for the years ended June 30, 2024 and 2023, respectively.

Construction in progress at June 30, 2024 includes improvements to the Garrett Sports Complex and University Avenue housing which are planned to be completed prior to June 30, 2025. Construction in progress at June 30, 2023 includes improvements to student housing. The University had outstanding commitments related to these projects of approximately \$1,637,000 and \$0 as of June 30, 2024 and 2023, respectively.

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 .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, 2024 and 2023, 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 7.60% as of June 30, 2024.

Susquehanna University

Notes to Financial Statements

June 30, 2024 and 2023

8. Long-Term Debt

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

	2024	2023
PHEFA 2001	\$ 2,300,000	\$ 2,600,000
SCHEA University Revenue Bonds 2015	17,212,500	18,785,000
SCHEA University Revenue Bonds 2017	18,915,000	19,917,500
	38,427,500	41,302,500
Plus unamortized bond premium	1,433,277	1,669,803
Less deferred financing costs	(256,390)	(297,633)
Total bonds, net	<u>\$ 39,604,387</u>	<u>\$ 42,674,670</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 (3.85% at June 30, 2024). 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, 2024, the University was in compliance with its debt covenants.

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

Years ending June 30:	
2025	\$ 3,018,000
2026	3,145,000
2027	3,277,000
2028	3,118,000
2029	2,823,000
Thereafter	23,046,500
Total	<u>\$ 38,427,500</u>

The University incurred interest costs of approximately \$1,803,000 and \$1,879,000 at June 30, 2024 and 2023, 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 \$41,000 and \$44,000 for the years ended June 30, 2024 and 2023, respectively. Amortization expense for bond premiums was approximately \$237,000 and \$251,000 for the years ended June 30, 2024 and 2023, 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 \$429,000 and \$390,000 as of June 30, 2024 and 2023, 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 primary electrical account is managed as a block and index account 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. The current contract for the primary electrical account is with Constellation NewEnergy through May 2026. 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 through May 2026.

Currently, the natural gas accounts are contracted with Direct Energy to August 2027. All accounts are currently on a fixed price contract. Effective August 2024 forward, the three largest accounts will be 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.

The University contracted with WGL Energy Systems, Inc. (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, 2024 are:

Years ending June 30:	
2025	\$ 288,963
2026	228,533
2027	118,026
2028	66,232
2029	18,932
Thereafter	<u>81,000</u>
Total lease payments	801,686
Less present value discount	<u>(36,016)</u>
Operating lease liabilities as of June 30, 2024	<u>\$ 765,670</u>

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

Lease Cost	Classification	June 30, 2024	June 30, 2023
Operating lease cost	Rental expense	\$ 313,000	\$ 288,000

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

Lease Term and Discount Rate	June 30, 2024	June 30, 2023
Weighted-average remaining lease term (years):		
Operating leases	2.69	2.77
Weighted-average discount rate:		
Operating leases	3.80%	3.96%

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 35% and 34% of amounts paid to all vendors for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, amounts due to these vendors represented 3% and 7% 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, 2024 and 2023.

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.

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. At June 30, 2024, donor-restricted endowment funds with original gift values of approximately \$4,544,000, fair values of approximately \$4,476,000 and deficiencies of approximately \$68,000 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions with donor restrictions and continued distribution for certain programs that was deemed prudent by the Board of Trustees. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets with donor restrictions. At June 30, 2023, donor-restricted endowment funds with original gift values of approximately \$7,728,000, fair values of approximately \$7,174,000 and deficiencies of approximately \$554,000 were reported in net assets with donor restrictions.

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, 2024 and 2023. 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, 2024:

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

Endowment net asset composition by type of fund consists of the following as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 169,702,959	\$ 169,702,959
Board-designated endowment funds	34,679,542	-	34,679,542
Total endowment net assets	<u>\$ 34,679,542</u>	<u>\$ 169,702,959</u>	<u>\$ 204,382,501</u>

Susquehanna University

Notes to Financial Statements
June 30, 2024 and 2023

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	\$ 37,924,635	\$ 187,416,695	\$ 225,341,330

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	\$ 33,099,569	\$ 159,678,792	\$ 192,778,361
Investment return:			
Investment income	-	109,248	109,248
Net appreciation, realized and unrealized	2,599,636	14,043,134	16,642,770
Total investment return	2,599,636	14,152,382	16,752,018
Contributions	45,548	2,551,088	2,596,636
Other	-	290,970	290,970
Appropriation of endowment assets for expenditure	(1,065,211)	(6,970,273)	(8,035,484)
Endowment net assets, June 30, 2023	\$ 34,679,542	\$ 169,702,959	\$ 204,382,501

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 \$578,000 and \$658,000 for the years ended June 30, 2024 and 2023, 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 \$2,405,000 and \$2,468,000 for the years ended June 30, 2024 and 2023, respectively.

15. Fund Raising Expenses

The Advancement Office has primary responsibilities to raise endowment, capital and operating funds from the University's supporters. Fund raising expenses of approximately \$2,267,000 and \$2,786,000 were incurred during the years ended June 30, 2024 and 2023, respectively.

16. Related-Parties

Contributions made by noncompensated members of the Board of Trustees and officers of the University totaled approximately \$905,000 and \$1,007,000 for the years ended June 30, 2024 and 2023, respectively. Outstanding contributions receivable from members of the Board of Trustees or officers of the University totaled approximately \$1,521,000 and \$2,023,000 at June 30, 2024 and 2023, respectively.

Included in the investment balance is a charitable remainder unitrust of approximately \$924,000 and \$865,000 as of June 30, 2024 and 2023, respectively, from which annual distributions are made to a related party. Also included in the investment balance is a charitable remainder annuity trust of \$1,096,000 and \$1,040,000 as of June 30, 2024 and 2023, 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, 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	<u>\$ 75,088,755</u>	<u>\$ 12,603,159</u>	<u>\$ 87,691,914</u>

Expenses by nature and function for the year ended June 30, 2023 are as follows:

	Program	Support	Total
Salaries and wages	\$ 28,470,913	\$ 6,049,142	\$ 34,520,055
Employee benefits	10,065,137	2,885,586	12,950,723
Services, supplies and other	20,190,656	3,118,488	23,309,144
Off campus studies	3,092,402	-	3,092,402
Depreciation	8,938,524	562,490	9,501,014
Amortization	-	(230,124)	(230,124)
Interest	1,775,608	103,546	1,879,154
Facilities operation and maintenance	2,529,850	484,043	3,013,893
Total expenses	<u>\$ 75,063,090</u>	<u>\$ 12,973,171</u>	<u>\$ 88,036,261</u>

18. Department of Education Financial Responsibility

The Department of Education (ED) revised the regulations for financial responsibility effective July 1, 2019. The regulations require the University to provide additional disclosures, including a financial responsibility supplemental schedule, to assist ED in measuring financial responsibility through the composite score of financial ratios. The financial responsibility supplemental schedule must contain all financial elements required to calculate the composite score ratios, with a cross-reference to the financial statement line or note that contains the element.

Net assets:

Annuities with donor restrictions \$ 1,899,055

Note 6 provides information on the University's land, buildings and equipment, net, but does not provide a breakout by the implementation date of July 1, 2019. The following table provides a breakdown of land, buildings and equipment, net, at June 30, 2024 based on the July 1, 2019 implementation date.

	Pre- Implementation	Post- Implementation - With Debt	Post- Implementation - Without Debt	Total
Property and equipment, net	\$ 93,363,913	\$ -	\$ 4,685,201	\$ 98,049,114
Right-of-use asset	-	-	1,077,071	1,077,071
Subtotal	<u>\$ 93,363,913</u>	<u>\$ -</u>	<u>\$ 5,762,272</u>	99,126,185
Construction in progress				<u>1,669,205</u>
Total				<u>\$ 100,795,390</u>

Note 8 provides information on the University's long-term debt but does not provide a breakout by the implementation date of July 1, 2019. The following table provides a breakdown of long-term debt for long-term purposes, at June 30, 2024 based on the July 1, 2019 implementation date.

	Pre- Implementation	Post- Implementation	Total
Long-term debt for long-term purposes	\$ 39,604,387	\$ -	\$ 39,604,387
Lease liability	-	765,670	765,670
Total	<u>\$ 39,604,387</u>	<u>\$ 765,670</u>	<u>\$ 40,370,057</u>

19. 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.

	2024	2023
Cash and cash equivalents	\$ 4,939,182	\$ 4,875,513
Accounts receivable, net	1,227,745	807,797
Contributions receivable, net	665,726	1,081,661
Investments	26,607,941	22,897,257
Appropriations for next year:		
Board designated	1,295,154	1,263,071
Donor restricted	7,180,535	6,890,745
Total	<u>\$ 41,916,283</u>	<u>\$ 37,816,044</u>

The University has certain board designated and donor restricted asset appropriations for next year which are available for general expenditure 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 \$37,924,635 and \$34,679,542 as of June 30, 2024 and 2023, respectively. Although the University does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure 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.

20. Subsequent Events

The University has evaluated subsequent events through October 22, 2024, which is the date that the financial statements were available to be issued.

**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Board of Trustees of
Susquehanna University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Susquehanna University (the University), which comprise the University's statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests discovered no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Pittston, Pennsylvania
October 22, 2024



**Report on Compliance
for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Trustees of
Susquehanna University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Susquehanna University's (the University) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2024. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures the University's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Pittston, Pennsylvania
October 22, 2024

Susquehanna University

Financial Responsibility Supplemental Schedule

Year Ended June 30, 2024

Financial Statement and Line Name or Note Location**Primary Reserve Ratio**

Expendable Net Assets		
Statement of Financial Position	Net assets without donor restrictions	\$ 123,957,481
	Net assets with donor restrictions	
Statement of Financial Position		197,847,467
Note 4	Annuities with donor restrictions	1,899,055
Note 2	Net assets with donor restrictions - restricted in perpetuity	123,946,715
Statement of Financial Position	Net assets with donor restrictions - time or purpose	73,900,752
Note 16	Unsecured related party receivable	1,457,064
Note 18	Property, plant and equipment - pre-implementation	93,363,913
	Property, plant and equipment - post-implementation without outstanding debt for original purchase	4,685,201
Note 18	Construction in progress - post implementation without outstanding debt for original purchase	1,669,205
Statement of Financial Position	Total property, plant and equipment, net (including CIP)	99,718,319
Note 18	Lease right-of-use assets - post-implementation	1,077,071
Note 18	Long-term debt for long-term purposes - pre-implementation	39,604,387
Note 18	Lease right-of-use liability - post-implementation	765,670
Total Expenses and Losses Without Donor Restrictions		
Statement of Activities	Total expenses without donor restrictions	\$ 87,691,914
Statement of Activities	Nonoperating and net investment (loss)	69,220

Equity Ratio

Modified Net Assets		
Statement of Financial Position	Net assets without donor restrictions	\$ 123,957,481
Statement of Financial Position	Net assets with donor restrictions	197,847,467
Note 16	Unsecured related party receivables	1,457,064
Modified Assets		
Statement of Financial Position	Total assets	\$ 376,319,209
Note 16	Unsecured related party receivables	1,457,064

Net Income Ratio

Statement of Activities	Change in Net Assets Without Donor Restrictions	\$ 2,846,996
Total Revenues and Gains Without Donor Restrictions		
Statement of Activities	Total operating revenue and other additions (gains)	\$ 86,591,983
Statement of Activities	Investment return appropriated for spending	3,661,342
Statement of Activities	Non-operating revenue and other gains	354,805

Susquehanna University

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/ Program/Cluster Title	Assistance Listing Number	Pass-Through Entity Identification Number	Federal Expenditures
Student Financial Assistance Cluster			
U.S. Department of Education			
Federal supplemental educational opportunity grants	84.007	N/A	\$ 347,268
Federal work-study program	84.033	N/A	400,000
Federal Perkins loan program	84.038	N/A	527,230
Federal Pell grant program	84.063	N/A	3,010,950
Federal direct student loans	84.268	N/A	15,660,315
Teacher Education Assistance for College and Higher Education Grants	84.379	N/A	7,544
Total student financial assistance cluster			<u>\$ 19,953,307</u>
Grants			
U.S. Department of Education			
TRIO Student Support Services (SSS)	84.042A	N/A	318,742
Total Department of Education, grants			<u>318,742</u>
Total U.S. Department of Education			<u>20,272,049</u>
United States Department of Justice			
Office on Violence Against Women			
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault and Stalking on Campus	16.525	N/A	69,524
Total United States Department of Justice			<u>69,524</u>
Research and Development			
National Science Foundation			
Developing Intensive Opportunities for Physics, Chemistry and Biology	47.076	N/A	1,600
Consequences of soil microbial seed bank biodiversity for community assembly and stability. Passed-through Michigan State University	47.074	N/A	9,800
MR1: Track 1 Acquisition of a Single-Crystal X-ray Diffractometer	47.083	N/A	200,170
Total research and development cluster			<u>211,570</u>
Department of Homeland Security, Federal Emergency Management Agency (FEMA)			
Disaster Grants - Public Assistance	97.036	N/A	1,560,570
Passed Through County of Snyder			
Disaster Grants - Public Assistance	97.036	699533	538,235
Total Department of Homeland Security, Federal Emergency Management Agency (FEMA)			<u>2,098,805</u>
Total expenditures of federal awards			<u>\$ 22,651,948</u>

See notes to schedule of expenditures of federal awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Susquehanna University (the University) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position or cash flows of the University

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The University has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Loan and Loan Guarantee Programs

The Federal Perkins Loan Program is administered directly by the University, and balances and transactions relating to this program are included in the University's basic financial statements. Loans outstanding at the beginning of year and loans made during the year are included in the federal expenditures presented in the Schedule. Federal Perkins loans outstanding at June 30, 2024 totaled \$311,308.

Susquehanna University

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? X yes no

Auditee qualified as low-risk auditee? X yes no

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
Various 97.036	Student Financial Assistance Cluster Disaster Grants-Public Assistance

**Section II - Financial Statement Findings Required to be Reported in Accordance With
Government Auditing Standards**

None.

Section III - Federal Awards Findings and Questioned Costs

Finding 2024-001: Significant Deficiency

Enrollment Reporting

Program: Federal Direct Student Loans

Assistance Listing Number: 84.268

Federal Agency: U.S. Department of Education

Federal Award Identification Number: P268K242154

Federal Award Year: June 30, 2024

Criteria: 34 CFR 685.309(b) states that upon receipt of an enrollment report from the Secretary, a school must update all information included in the report and return the report to the Secretary in the manner and format prescribed by the Secretary and within the timeframe prescribed by the Secretary. Unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that a loan under title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended.

Condition: For one of the students tested, the effective date that was reported to National Student Loan Data System (NSLDS) did not match the date that the student withdrew, and the student's change of enrollment status was not reported within the 60-day requirement. There was one other student who had a change of enrollment status that was not reported within the 60-day requirement. However, the students were ultimately reported to the NSLDS.

Questioned Costs: None.

Context: Noncompliance with Federal regulations was noted for two of the 25 students who were tested. The two students were reported to NSLDS 62 days after withdrawal from the University, one of the two student also has a different effective date on NSLDS when compared to the University records. The sample was not considered statistically valid.

Effect: The accuracy of Title IV student loan records depends heavily on the accuracy of the enrollment information reported by schools. If an institution does not review, update and verify student enrollment statuses, effective dates of the enrollment status, and the anticipated completion dates, then the Title IV student loan records will be in accurate impacting student loan repayments.

Cause: There were not proper processes in place surrounding enrollment reporting in order to verify that the correct dates are reported to NSLDS within the required timeframes.

Recommendation: It is recommended that policies and procedures are put in place to verify that the correct effective dates are reported to NSLDS within required time frames. This could include a review of withdrawal or graduation dates compared to the effective dates reported to NSLDS to make sure they are accurate.

Management's Response:

Management agrees with the finding and the recommendations made by the auditor. Over the next thirty days Management will analyze the enrollment reporting control environment including (but not limited to) how enrollment status effective dates, for students who withdrawal after the completion of the semester, are identified and accounted for by Management. Within forty-five days, Management will implement enhanced enrollment reporting processes to ensure accurate and timely enrollment statuses are reported to NSLDS in compliance with federal regulations.

Susquehanna University

Schedule of Prior Year Audit Findings
Year Ended June 30, 2024

Section IV – Schedule of Prior Year Audit Findings

None