

**WIDENER UNIVERSITY AND AFFILIATE**  
**CONSOLIDATED FINANCIAL STATEMENTS,**  
**SUPPLEMENTAL INFORMATION, AND**  
**SINGLE AUDIT COMPLIANCE REPORTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**



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**WIDENER UNIVERSITY AND AFFILIATE  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Widener University and Affiliate  
Chester, Pennsylvania

We have audited the accompanying consolidated financial statements of Widener University and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Widener University and Affiliate as of June 30, 2020 and 2019 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The financial responsibility ratio supplemental schedule and the financial responsibility ratio supplemental disclosure are required by the Department of Education and are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The financial responsibility ratio supplemental schedule and the financial responsibility ratio supplemental disclosure are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 6, 2020, on our consideration of Widener University and Affiliate’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 result of that testing, and not to provide an opinion on the effectiveness of Widener University and Affiliate’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 Widener University and Affiliate’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania

October 6, 2020, except for the financial responsibility ratio supplemental schedule and the financial responsibility ratio supplemental disclosure as to which the date is April 14, 2021.

**WIDENER UNIVERSITY AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**  
(DOLLARS IN THOUSANDS)

| <b>ASSETS</b>  | 2020       | 2019       |
|--|------------|------------|
| Cash and Cash Equivalents  | \$ 40,345  | \$ 49,518  |
| Accounts Receivable:   |            |            |
| Students (Net of Allowance for Doubtful Accounts of \$4,005 in 2020 and \$2,985 in 2019)             | 10,150     | 6,871      |
| Affiliates (Net of Allowance for Doubtful Accounts of \$- in 2020 and \$193 in 2019)                 | 782        | 668        |
| Grants and Other   | 3,467      | 1,683      |
| Prepaid Expenses and Other Assets  | 989        | 1,227      |
| Contributions Receivable (Net of Allowance for Doubtful Accounts of \$957 in 2020 and \$957 in 2019) | 1,112      | 1,271      |
| Long-Term Investments  | 94,131     | 98,447     |
| Loans to Students (Net of Allowance for Doubtful Accounts of \$4,720 in 2020 and \$4,320 in 2019)    | 6,255      | 7,710      |
| Property and Equipment   | 450,439    | 434,176    |
| Less: Accumulated Depreciation   | (234,358)  | (221,433)  |
| Net Property and Equipment   | 216,081    | 212,743    |
| Total Assets   | \$ 373,312 | \$ 380,138 |
| <b>LIABILITIES AND NET ASSETS</b>  |            |            |
| Accounts Payable and Accrued Expenses  | \$ 14,452  | \$ 18,999  |
| Accrued Interest   | 1,756      | 1,795      |
| Deferred Revenue and Deposits  | 12,108     | 10,564     |
| Asset Retirement Obligation  | 3,909      | 4,214      |
| Accrued Postretirement Benefit Obligation  | 65,808     | 58,020     |
| Obligations Under Capital Leases   | 898        | 791        |
| Bonds and Notes Payable  | 75,352     | 77,387     |
| U.S. Government Grants Refundable  | 5,826      | 6,632      |
| Total Liabilities  | 180,109    | 178,402    |
| Net Assets:  |            |            |
| Without Donor Restrictions   | 134,739    | 140,998    |
| With Donor Restrictions  | 58,464     | 60,738     |
| Total Net Assets   | 193,203    | 201,736    |
| Total Liabilities and Net Assets   | \$ 373,312 | \$ 380,138 |

See accompanying Notes to Consolidated Financial Statements.

**WIDENER UNIVERSITY AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2020 AND 2019  
(DOLLARS IN THOUSANDS)**

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| <b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>  |                   |                   |
| Operating Activities:  |                   |                   |
| Revenue, Gains, and Other Support:   |                   |                   |
| Tuition and Fees (Net of Scholarship and Fellowships of \$89,882 in 2020 and \$87,205 in 2019) | \$ 121,289        | \$ 121,898        |
| Federal Grants and Contracts   | 1,383             | 1,459             |
| State Grants and Contracts   | 661               | 717               |
| Interest on Loans  | 131               | 155               |
| Contributions  | 1,418             | 1,500             |
| Investment Returns Designated for Current Operations:  |                   |                   |
| Endowment Spending   | 2,868             | 3,343             |
| Other Investment Income  | 557               | 967               |
| Miscellaneous Income   | 1,920             | 2,422             |
| Auxiliary Enterprises  | 18,390            | 24,167            |
| Revenues and Gains Without Donor Restrictions  | 148,617           | 156,628           |
| <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>   | <b>8,537</b>      | <b>6,198</b>      |
| Total Revenues and Gains Without Donor Restrictions  | 157,154           | 162,826           |
| <b>EXPENSES</b>  |                   |                   |
| Educational and General Expenses:  |                   |                   |
| Instructional  | 70,188            | 67,246            |
| Research   | 588               | 765               |
| Public Service   | 583               | 516               |
| Academic Support   | 13,711            | 14,013            |
| Student Services   | 19,453            | 19,354            |
| Institutional Support  | 24,198            | 24,959            |
| Auxiliary Enterprises  | 21,579            | 22,691            |
| CARES Act Grants To Students   | 1,136             | -                 |
| Total Expenses   | 151,436           | 149,544           |
| Total Operating Income   | 5,718             | 13,282            |
| <b>NONOPERATING ACTIVITIES</b>   |                   |                   |
| Net (Depreciation) Appreciation in Fair Value of Investments                                   | (2,256)           | 473               |
| Net Change in Postretirement Benefit Obligation  | (8,173)           | (2,180)           |
| Voluntary Retirement and Severance   | (1,420)           | (55)              |
| Other  | (128)             | (14)              |
| Total Loss from Nonoperating Activities  | (11,977)          | (1,776)           |
| <b>TOTAL CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>                                   | (6,259)           | 11,506            |
| <b>CHANGE IN NET ASSETS - WITH DONOR RESTRICTION</b>   |                   |                   |
| Private Gifts, Grants, and Contracts   | 6,522             | 7,580             |
| Loss on Write-Off of Pledge Receivable   | 80                | (4,805)           |
| Endowment Spending   | 2,106             | 1,958             |
| Miscellaneous Income   | (2)               | 18                |
| Investment Returns Less Than Amounts Designated for Operations                                 | (2,443)           | 658               |
| Net Assets Released From Restrictions  | (8,537)           | (6,198)           |
| Change in Net Assets With Donor Restrictions   | (2,274)           | (789)             |
| <b>CHANGE IN NET ASSETS</b>  | (8,533)           | 10,717            |
| Net Assets - Beginning of Year   | 201,736           | 191,019           |
| <b>NET ASSETS - END OF YEAR</b>  | <b>\$ 193,203</b> | <b>\$ 201,736</b> |

See accompanying Notes to Consolidated Financial Statements.

**WIDENER UNIVERSITY AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2020 AND 2019  
(DOLLARS IN THOUSANDS)**

|   | 2020       | 2019      |
|---|------------|-----------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |            |           |
| Change in Net Assets  | \$ (8,533) | \$ 10,717 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: |            |           |
| Depreciation and Amortization   | 12,958     | 12,452    |
| Net Appreciation in Fair Value of Investments   | (356)      | (6,454)   |
| Contributions Restricted for Long-Term Investment   | (204)      | 2,303     |
| Changes in Assets and Liabilities:  |            |           |
| Accounts Receivable (Gross)   | (6,197)    | (1,481)   |
| Allowance for Doubtful Accounts   | 1,020      | 578       |
| Contributions Receivable  | 159        | 3,825     |
| Prepaid Expenses and Other Assets   | 238        | 648       |
| Accounts Payable and Accrued Expenses, Net of Investing Activities                          | (4,547)    | (228)     |
| Accrued Interest  | (39)       | (44)      |
| Deferred Revenue and Deposits   | 1,544      | (360)     |
| Asset Retirement Obligation   | (305)      | 201       |
| Postretirement Benefit Obligation   | 7,788      | 1,609     |
| Net Cash Provided by Operating Activities   | 3,526      | 23,766    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |            |           |
| Net Decrease in Loans to Students   | 1,455      | 2,281     |
| Purchase of Property and Equipment  | (15,824)   | (17,839)  |
| Proceeds from Sales of Investments  | 36,110     | 37,073    |
| Purchases of Investments  | (31,437)   | (33,735)  |
| Net Cash Used by Investing Activities   | (9,696)    | (12,220)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |            |           |
| Proceeds from Contributions Restricted for Long-Term Investment                             | 204        | (2,303)   |
| Payments Under Capital Leases   | (334)      | (288)     |
| Repayments on Bonds Payable   | (2,066)    | (1,971)   |
| Net Change in U.S. Government Grants Refundable   | (807)      | (79)      |
| Net Cash Used by Financing Activities   | (3,003)    | (4,641)   |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>                                 | (9,173)    | 6,905     |
| Cash and Cash Equivalents - Beginning of Year   | 49,518     | 42,613    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | \$ 40,345  | \$ 49,518 |
| <b>SUPPLEMENTAL DISCLOSURE</b>  |            |           |
| Cash Paid for Interest Expense, Net of Capitalized Interest                                 | \$ 3,924   | \$ 3,967  |
| <b>NONCASH TRANSACTIONS</b>   |            |           |
| Equipment Financed with Capital Leases  | \$ 440     | \$ 601    |
| Accounts Payable for Capital Projects   | \$ -       | \$ 3,014  |

See accompanying Notes to Consolidated Financial Statements.

**WIDENER UNIVERSITY AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**  
**(DOLLARS IN THOUSANDS)**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Operations**

Founded in Wilmington, Delaware, in 1821, Widener University (the University) comprises eight schools and colleges that offer liberal arts and sciences, professional, and pre-professional curricula. A metropolitan teaching institution, the University is a three-campus university offering more than 150 programs of study leading to one of 90 associate, bachelors, masters, or doctoral degrees. The University's schools include the College of Arts and Sciences, School of Business Administration, School of Engineering, School of Human Service Professions, Delaware Law School, Commonwealth Law School, the School of Nursing, and the Center for Extended Learning.

The University is incorporated in both the Commonwealth of Pennsylvania and the state of Delaware. The University is a private, nonprofit institution of higher education with campuses in Chester, Pennsylvania; Harrisburg, Pennsylvania; and Wilmington, Delaware. The consolidated financial statements of the University have been prepared on the accrual basis of accounting. The significant accounting policies followed by the University are described below to enhance the usefulness of the financial statements for the reader.

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

**Basis of Presentation**

The University's consolidated financial statements are prepared in accordance with generally accepted accounting principles for nonprofit organizations.

Net assets and revenues, expenses, gains, and losses are classified as without donor restrictions or with donor restrictions based on the absence or existence of donor-imposed restrictions as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions.

*Net assets with donor restrictions* – Net assets whose use by the University are subject to donor-imposed stipulations that may or will be met either by actions of the University or the passage of time are reported as net assets with donor restrictions. Additionally, funds received as gifts which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity are reported as net assets with donor restrictions. The investment returns on these gifts held in perpetuity are included in net assets with donor restrictions until such time that the funds are drawn in accordance with the University's spending policy and utilized in accordance with the donor restriction.



**WIDENER UNIVERSITY AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**  
**(DOLLARS IN THOUSANDS)**

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

**Basis of Presentation (Continued)**

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The University allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be readily identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated by various statistical bases.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions received is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Contributions made toward long-lived assets are held as net assets with donor restrictions until the asset is placed in service. At such time, the contribution is considered to be released from restriction and reclassified to net assets without donor restriction.

Income and realized and unrealized net gains on investments of endowment and similar funds are reported as follows:

- (1) As increases in net assets with donor restriction if the terms of the gift or the University interpretation of relevant state law require that they be added to the principal of a permanent endowment fund;
- (2) As increases in net assets with donor restriction based upon relevant state law or if the terms of the gift impose restrictions on the use of the income; or
- (3) As increases in net assets without donor restrictions in all other cases.

Commonwealth of Pennsylvania law permits the University to allocate to income each year a portion of endowment net realized gains under an endowment spending policy, limited to 7% of the trailing three-year average of the market value of the endowment assets. Since endowment net realized and unrealized gains may eventually be spent by the University, endowment net realized and unrealized gains are recorded in the financial statements as net assets with donor restriction until transferred to net assets without donor restrictions.

**WIDENER UNIVERSITY AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**  
**(DOLLARS IN THOUSANDS)**

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

**Principals of Consolidation**

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

**Nonoperating Activities**

Nonoperating activities reflect transactions of a long-term investment or capital nature, including investment returns net of the amount the University has appropriated for current operational support in accordance with the University's endowment spending guidelines, changes in the postretirement benefit obligation, voluntary retirement program and severance expense, and other transactions that are not accounted for as part of ongoing budgeted operations.

**Cash and Cash Equivalents**

Cash equivalents include all highly liquid interest-bearing deposits with maturities of three months or less at time of purchase, except those held for long-term investment purposes. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times the University's cash may exceed FDIC insurable limits.

**Investments**

Investments are stated at fair market value as provided by external investment managers or quoted market values. Investments acquired by gift are recorded at the fair value on the date the gift was received. Cost of investments sold is determined on the first-in, first-out method, and investment transactions are recognized on the settlement date.

Valuations for private debt and equity funds and other alternative investments are based on valuations provided by external investment managers or on audited financial statements when available. Valuations provided by external investment managers include estimates, appraisals, assumptions, and methods that are reviewed by management.

The University generally uses net asset value per share as reported by investment managers as the practical expedient estimate of fair value without further adjustment for its investments in alternative investment funds for which there is no readily determinable market value.

**Accounts Receivable**

Accounts receivable include student accounts receivable, affiliate receivables, grants, and other receivables. Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is recorded annually based on historical experience and management's evaluation of individual accounts. Bad debts are written off when deemed uncollectible. Receivables are generally unsecured.

**WIDENER UNIVERSITY AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**  
**(DOLLARS IN THOUSANDS)**

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

**Property and Equipment**

Property and equipment are recorded at cost, net of depreciation, except for gifts of physical properties, which are recorded at their appraised value when received. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets: buildings, 50 years; building improvements, 15 years; equipment, 7 years; and personal computers, 4 years. Capital expenses greater than \$10,000 are capitalized.

**Art Collection**

The University houses a collection of American paintings and the Alfred O. Deshong Collection of European paintings and Oriental art objects at the Widener University Art Collection and Gallery that it does not capitalize. These collections adhere to the University's policy to (a) maintain them for public exhibition, education, or research; and (b) protect, keep unencumbered, care for, and preserve them.

**Deferred Revenue**

Deferred revenue primarily consists of unearned tuition and fees related to summer semesters and prepaid tuition, fees, and contract advances. Such amounts will be recognized as revenue as they are earned.

**U.S. Government Grants Refundable**

Funds provided by the U.S. government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collections. These funds are ultimately refundable to the U.S. government and are presented in the accompanying consolidated statements of financial position as a liability.

**Asset Retirement Obligation**

The University recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the University capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statements of activities.

**Fair Value of Financial Instruments**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date and requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

**WIDENER UNIVERSITY AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**  
**(DOLLARS IN THOUSANDS)**

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

**Fair Value of Financial Instruments (Continued)**

The standard describes three levels of inputs that may be used to measure fair value:

*Level 1:* Quoted prices in active markets for identical assets or liabilities.

*Level 2:* Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3:* Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**Use of Estimates**

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

**Self-Insurance**

The University maintains a self-insurance program for its employees' health care costs beginning in November 2016. The University is liable for losses on claims up to \$175 per claim and \$10,500 in total for the year. The University has third-party insurance coverage for any losses in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statement of financial position date as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs was \$1,796 and \$1,935 as of June 30, 2020 and 2019, respectively.

**Federal Income Taxes**

The University has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code. As such, it is subject to tax only on income from activities unrelated to its tax-exempt mission. For the years ended June 30, 2020 and 2019, the University generated no significant unrelated business income subject to tax, and no provision for income taxes was provided. The University believes it has taken no significant uncertain tax positions.

**WIDENER UNIVERSITY AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**  
**(DOLLARS IN THOUSANDS)**

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

**Tuition and Fee Revenue**

The University recognizes revenue from student tuition and fees within the fiscal year in which educational services are provided. Any payments received in advance are classified as deferred revenue in the accompanying consolidated statements of financial position. The University provides financial aid to eligible students, generally in a package that can include loans, compensation under work-study programs, and/or grant and scholarship awards. The loans are provided primarily through programs with the U.S. government under which the University is responsible only for certain administrative duties. The grant and scholarships include awards provided from gifts and grants from private donors, income earned on endowment funds restricted for student aid, and University funds.

Four summer terms are offered: half summer I from mid-May to the end of June; half summer II from early July to mid-August; full-term summer I from mid-May to mid-August; and full-term summer II from end of May to mid-August. Payments of tuition and housing for all of the summer terms are recognized as performance obligations are met. Because the academic terms for Full-term Summer I and II span two reporting periods, a portion of the revenues are included in deferred revenue.

**Sponsored Awards**

The University receives sponsored program funding from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large.

Revenues from exchange transactions are recognized as performance obligations are satisfied.

Revenues from non-exchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligations to make future payments). Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied.

Indirect costs recovered on federally sponsored programs are generally based on predetermined reimbursement rates, which are stated as a percentage and distributed based on the modified total direct costs incurred. The University negotiates its federal indirect rate with its cognizant federal agency. Indirect costs recovered on all other grants and contracts are based on rates negotiated with the respective sponsors. Funds received for sponsored research activity are subject to audit. Based upon information currently available, management believes that any liability resulting from such audits will not materially affect the financial position or operations of the University.

**WIDENER UNIVERSITY AND AFFILIATE**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Auxiliary Enterprises Revenue**

Auxiliary enterprises revenue includes revenues from contracts with customers to provide student housing and dining facilities, the campus store, child development center and other miscellaneous activities. Performance obligations for housing and dining services are delivered over the academic terms. Consequently, revenue from housing and dining services is recognized ratably as services are rendered.

**Reclassifications**

Certain reclassifications have been made to the 2019 amounts to conform to the 2020 presentation.

**Adoption of New Accounting Standard**

The University has adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2017-07, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The amendments in this ASU require that an employer disaggregate the service cost component from the other components of net benefit cost. The amendments also provide explicit guidance on how to present the service cost component and the other components of net benefit cost in the statement of activities and allow only the service cost component of net benefit cost to be eligible for capitalization. Adoption of ASU 2017-07 resulted in the reclassification of the presentation of the other components of net benefit cost between operating and non-operating expenses. As required by this ASU, the amendments were applied retrospectively for the presentation of the service cost component and the other components of net periodic postretirement benefit cost in the statement of activities.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue Recognition**

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to our customers (students), in an amount that reflects the consideration we expect to be entitled in exchange for those goods or services.

The following table shows the University's tuition revenue disaggregated according to the timing of transfer of goods or service and by source:

| <b>Revenue Recognized over Time:</b> | <b>Year Ended<br/>June 30, 2020</b> | <b>Year Ended<br/>June 30, 2019</b> |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Undergraduate Tuition and Fees       | \$ 59,153                           | \$ 60,590                           |
| Extended Learning Tuition and Fees   | 2,584                               | 2,317                               |
| Graduate Tuition and Fees            | 59,552                              | 58,991                              |
| Total                                | \$ 121,289                          | \$ 121,898                          |

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**NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

The following table shows the University's auxiliary revenues disaggregated according to the timing of transfer of goods or service and by source:

| <b>Revenue Recognized over Time:</b> | <b>Year Ended</b>    |    | <b>Year Ended</b>    |  |
|--------------------------------------|----------------------|----|----------------------|--|
|                                      | <b>June 30, 2020</b> |    | <b>June 30, 2019</b> |  |
| Housing \$                           | 10,954               | \$ | 14,346               |  |
| Dining                               | 6,885                |    | 9,070                |  |
| Other                                | 551                  |    | 751                  |  |
| Total \$                             | <u>18,390</u>        | \$ | <u>24,167</u>        |  |

**Performance Obligations and Revenue Recognition**

The University has four academic terms: fall, spring, summer 1, and summer 2. Tuition revenue is recognized in the fiscal year in which the academic programs are delivered. Auxiliary revenue is recognized in the fiscal year in which housing and food services are provided. Any payments received prior to fiscal year end related to academic terms that occur subsequent to fiscal year end are recorded as deferred revenue in the accompanying consolidated statements of financial position.

Customer contracts generally have separately stated prices for each performance obligation contained in the contract. Therefore, each performance obligation generally has its own standalone selling price. Arrangements for payment are agreed to prior to registration of the student's first academic term. Generally, payments for tuition, fees and auxiliaries are due approximately two weeks prior to the start of the academic terms. Students may also enter into a payment plan in which payment is due at predetermined dates during the course of a semester. Many students obtain Title IV or other financial aid resulting in the University receiving a significant amount of the transaction price at the beginning of the academic term.

**Transaction Price**

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services. Tuition and auxiliary revenues are reported at established rates.

Students may receive discounts, scholarships or refunds, which gives rise to variable consideration. The amount of discounts or scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the transaction price is reduced directly by these discounts or scholarships from the amount of the standard rates charged.

Students who adjust their course load or withdraw completely within the first 8 days of the academic term (add/drop period) may receive a full or partial refund in accordance with the University's refund policy. Once the add/drop period passes, students are no longer eligible for a refund.

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**NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

If a student withdraws prior to completing an academic term, federal regulations permit the University to retain only a set percentage of the total tuition and auxiliary revenues received from such student, which varies with, but generally equals or exceeds, the percentage of the academic term completed by such student. Payment amounts received by the University in excess of such set percentages of tuition are refunded to the student or the appropriate funding source.

Management reassesses collectability throughout the period revenue is recognized by the University based on the aging of the students' accounts receivable balances.

**Contract Balances**

Tuition, fees and auxiliary revenues are recognized in the period classes and services are provided and amounts received for future periods are reported as deferred revenue. Students are billed at the beginning of each academic term and payment is due at pre-established dates prior to the start of the academic term. The University's performance obligations are to provide educational services in the form of instruction as well as housing facilities and meals during the academic term. As these performance obligations are satisfied over the academic term, deferred revenue is reduced.

The activity and balances for deposits and deferred revenue from contracts with customers are shown in the following table:

|  | Summer Terms<br>(Tuition & Housing) | Student<br>Organizations | Other<br>Organizations | Deposits | Total    |
|--|-------------------------------------|--------------------------|------------------------|----------|----------|
| Balance at June 30, 2018   | \$ 10,444                           | \$ 320                   | \$ 95                  | \$ 65    | 10,924   |
| Revenue Recognized   | (10,444)                            | (320)                    | (95)                   | (65)     | (10,924) |
| Payments Received and/or Amounts<br>Billed in Advance of Performance | 10,149                              | 274                      | 125                    | 16       | 10,564   |
| Balance at June 30, 2019   | 10,149                              | 274                      | 125                    | 16       | 10,564   |
| Revenue Recognized   | (10,149)                            | (274)                    | (125)                  | (16)     | (10,564) |
| Payments Received and/or Amounts<br>Billed in Advance of Performance | 11,705                              | 284                      | 91                     | 28       | 12,108   |
| Balance at June 30, 2020   | \$ 11,705                           | \$ 284                   | \$ 91                  | \$ 28    | 12,108   |

The balance of deferred revenue at June 30, 2020 will be recognized as revenue over the related academic term beginning on July 1, 2020 as services are rendered.

**Practical Expedients**

As the University's performance obligations have an original expected duration of one year or less, the University has applied the practical expedient to not disclose the amount of the transaction price allocated to our performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and when the entity expects to recognize this amount as revenue. All consideration from contracts with customers is included in the transaction price.



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**NOTE 3 LIQUIDITY**

To help manage unanticipated liquidity needs, the University has signed a line of credit in the amount of \$5,000 in 2018 which it could draw upon. Additionally, the University has a quasi-endowment of \$40,900. Although the University does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its quasi-endowment could be made available if necessary. However, both the quasi-endowment and donor endowment contain lock-up provisions that would reduce the total investments that could be made available.

The University's financial assets due within one year of the balance sheet date for general expenditure are as follows at June 30:

|                              | 2020             | 2019             |
|------------------------------|------------------|------------------|
| Cash and Cash Equivalents    | \$ 40,345        | \$ 49,518        |
| Student Receivable           | 10,150           | 6,871            |
| Affiliates Receivable        | 782              | 668              |
| Grants and Other Receivables | 3,467            | 1,683            |
|                              | <u>\$ 54,744</u> | <u>\$ 58,740</u> |

The University endowment funds consist of donor endowment and quasi-endowment. Income from the donor endowment is restricted for specific purposes and, therefore, is not available for general expenditure. The quasi-endowment has a spending rate of 5.5% and 6.2% for the years ended June 30, 2020 and 2019, respectively.

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Contributions receivable are summarized as follows at June 30:

|  | 2020            | 2019            |
|--|-----------------|-----------------|
| Unconditional Promised Expected to be Collected:     |                 |                 |
| Within One Year                                      | \$ 40           | \$ 82           |
| Between One and Five Years                           | 2,085           | 2,277           |
| After Five Years                                     | 62              | 28              |
|  | <u>2,187</u>    | <u>2,387</u>    |
| Less:  |                 |                 |
| Allowance for Uncollectible Contributions Receivable | (957)           | (957)           |
| Present Value Discount (1.2% - 3.4%)                 | (118)           | (159)           |
|  | <u>\$ 1,112</u> | <u>\$ 1,271</u> |

Development costs were \$2,184 and \$1,891 for the years ended June 30, 2020 and 2019, respectively.

**WIDENER UNIVERSITY AND AFFILIATE**  
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**NOTE 5 INVESTMENTS**

The University records investments at fair value. Long-term investments are comprised primarily of the endowment funds, which has a fair value of \$90,187 and \$94,575 as of June 30, 2020 and 2019, respectively, and are invested through fund managers.

The University has investments in University Technology Park, Inc. and Uno Providence LLC, which are recorded using the equity method of accounting and totaled \$767 and \$750 as of June 30, 2020 and 2019, respectively.

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

|                    | <u>2020</u>      | <u>2019</u>      |
|--------------------|------------------|------------------|
| Equity Funds       | \$ 54,633        | \$ 58,607        |
| Commodities        | 2,963            | 2,606            |
| Venture Capital    | 5,414            | 4,493            |
| Natural Resources  | 6,779            | 8,158            |
| Fixed Income       | 18,218           | 18,162           |
| Real Estate        | 2,201            | 2,572            |
| Money Market Funds | 88               | 68               |
| Other              | 3,068            | 3,031            |
| Total              | <u>\$ 93,364</u> | <u>\$ 97,697</u> |

Investment fees were \$69 and \$164 for the years ended June 30, 2020 and 2019, respectively.

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**NOTE 5 INVESTMENTS (CONTINUED)**

The following tables present the University's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis:

|   | Fair Value       | Fair Value Measurements<br>at June 30, 2020 Using |         |         |
|---|------------------|---|---------|---------|
|   |                  | Level 1   | Level 2 | Level 3 |
| Assets:   |                  |   |         |         |
| Equity Funds  | \$ 108           | \$ 108  | \$ -    | \$ -    |
| Other   | 3,069            | 3,069   | -       | -       |
| Subtotal  | 3,177            | 3,177   | -       | -       |
| Investments Measured at Fair Value<br>using Net Asset Value per Share | 90,187           |   |         |         |
| Equity Method Investments   | 767              |   |         |         |
| Total Investments   | <u>\$ 94,131</u> |   |         |         |

|   | Fair Value       | Fair Value Measurements<br>at June 30, 2019 Using |         |         |
|---|------------------|---|---------|---------|
|   |                  | Level 1   | Level 2 | Level 3 |
| Assets:   |                  |   |         |         |
| Equity Funds  | \$ 88            | \$ 88   | \$ -    | \$ -    |
| Money Market Funds  | 1                | 1   | -       | -       |
| Other   | 3,033            | 3,033   | -       | -       |
| Subtotal  | 3,122            | 3,122   | -       | -       |
| Investments Measured at Fair Value<br>using Net Asset Value per Share | 94,575           |   |         |         |
| Equity Method Investments   | 750              |   |         |         |
| Total Investments   | <u>\$ 98,447</u> |   |         |         |

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

The University's major categories of alternative marketable investments held at June 30, their significant investment strategies, and the conditions upon which the University may redeem its investment for each major category are summarized below:

| June 30, 2020                            |                     |  |
|--|---------------------|--|
| Investment Category                      | Investment Strategy | Redemption Terms                         |
| Strategic Solutions Global Equity LLC    | Equity              | Monthly, with 5 days prior notice        |
| State Street Inst US Govt Money Mkt Fund | Fixed               | Daily, by 3:00 PM EST Day of Transaction |
| High Quality Bond Fund                   | Fixed               | Weekly, with 5 days prior notice         |
| CF Credit Series                         | Fixed               | Monthly, with 90 Days Prior Notice       |
| Global Absolute Alpha Company A          | Hedge Fund          | Quarterly, with 65 days prior notice     |
| SSgA S&P Global LargeMidCap Natural Resr | Natural Resources   | Monthly, with 30 days prior notice       |
| SSgA Tuckerman US REIT Index NL QP       | Real Assets         | Daily, with 2 days prior notice          |

  

| June 30, 2019                            |                     |  |
|--|---------------------|--|
| Investment Category                      | Investment Strategy | Redemption Terms                         |
| Strategic Solutions Global Equity        | Equity              | Monthly, with 5 Days Prior Notice        |
| State Street Inst US Govt Money Mkt Fund | Fixed               | Daily, by 3:00 PM EST Day of Transaction |
| High Quality Bond Fund                   | Fixed               | Weekly, with 5 Days Prior Notice         |
| CF Credit Series                         | Fixed               | Monthly, with 90 Days Prior Notice       |
| Global Absolute Alpha Company            | Hedge Fund          | Quarterly, with 65 Days Prior Notice     |
| SSgA S&P Global Large Midcap Nat Res     | Natural Resources   | Monthly, with 30 Days Prior Notice       |
| SSgA US High Yield Bond Index Common Tru | Real Assets         | Daily, with 2 Days Prior Notice          |
| SSgA Tuckerman US REIT Index NL QP       | Real Assets         | Daily, with 2 Days Prior Notice          |

The University has \$22,955 and \$23,430 as of June 30, 2020 and 2019, respectively, of investments in nonmarketable alternative investment funds which are reported at estimated fair value. The unobservable inputs used to determine the fair value of these investments have been estimated based on the net asset value per share as provided by the investment managers as the practical expedient estimate of fair value of the investment without further adjustment. All of those investments are redeemable with the fund at net asset value under the original terms of the partnership agreements and/or subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the University's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the University were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

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**NOTE 5 INVESTMENTS (CONTINUED)**

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

The University's nonmarketable investments are generally not redeemable as of June 30, 2020 and 2019. Major categories held at June 30, and their significant investment strategies include:

| June 30, 2020                              |                      |
|--|----------------------|
| Alternative<br>Investment Category         | Investment Strategy  |
| Private Equity Partners VI                 | Private Equity       |
| Private Equity Partners VII                | Private Equity       |
| CCI-SSG Global Private Equity Fund         | Private Equity       |
| CCI-SSG Global Private Equity Fund II, L   | Private Equity       |
| CCI-SSG Global Private Equity Fund III     | Private Equity       |
| Int'l Private Equity Partners V            | International Equity |
| Int'l Private Equity Partners VI           | International Equity |
| Venture Partners VII                       | Venture              |
| Venture Partners VIII                      | Venture              |
| Venture Partners IX                        | Venture              |
| Venture Partners XI                        | Venture              |
| Venture Partners XII                       | Venture              |
| Venture Partners XIII                      | Venture              |
| Commonfund Private Credit Fund 2018        | Private Capital      |
| Cerberus Offshore LLOF III, L.P.           | Private Capital      |
| Natural Resources Partners VII             | Natural Resources    |
| Natural Resources Partners VIII            | Natural Resources    |
| Natural Resources Partners IX              | Natural Resources    |
| Natural Resources Partners XI <sup>1</sup> | Natural Resources    |
| Strategic Solutions Core Real Estate Fd.   | Real Estate          |
| SSG Realty Opportunities Fund 2014         | Real Estate          |
| Commonfund Real Estate Opportunity Fund    | Real Estate          |

| June 30, 2019                            |                      |
|--|----------------------|
| Alternative<br>Investment Category       | Investment Strategy  |
| Private Equity Partners VI               | Private Equity       |
| Private Equity Partners VII              | Private Equity       |
| CCI-SSG Global Private Equity Fund       | Private Equity       |
| CCI-SSG Global Private Equity Fund II, L | Private Equity       |
| Int'l Private Equity Partners V          | International Equity |
| Int'l Private Equity Partners VI         | International Equity |
| Venture Partners VII                     | Venture              |
| Venture Partners VIII                    | Venture              |
| Venture Partners IX                      | Venture              |
| Venture Partners XI                      | Venture              |
| Venture Partners XII                     | Venture              |
| Commonfund Private Credit Fund 2018      | Private Capital      |
| Cerberus Offshore LLOF III, L.P.         | Private Capital      |
| Natural Resources Partners VII           | Natural Resources    |
| Natural Resources Partners VIII          | Natural Resources    |
| Natural Resources Partners IX            | Natural Resources    |
| Natural Resources Partners XI            | Natural Resources    |
| Strategic Solutions Core Real Estate Fd. | Real Estate          |
| SSG Realty Opportunities Fund 2014       | Real Estate          |
| Commonfund Real Estate Opportunity Fund  | Real Estate          |

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

The University's best estimate of the remaining life of finite-lived investments, the amount of the University's unfunded commitments related to the investment at June 30 2020, and the terms and conditions upon which the University may redeem its investment for each major category of alternative investments are summarized below:

| Alternative<br>Investment Category                    | Estimated<br>Remaining Life | Unfunded<br>Commitments<br>at June 30, 2020 | Redemption<br>Terms |
|---|-----------------------------|---|---------------------|
| Private Equity Partners VI                            | 0                           | \$ 37                                       | N/A                 |
| Private Equity Partners VII                           | 2                           | 41  | N/A                 |
| CCI-SSG Global Private Equity Fund                    | 9                           | 874   | N/A                 |
| CCI-SSG Global Private Equity Fund II, L <sup>1</sup> | 9                           | 1,536                                       | N/A                 |
| CCI-SSG Global Private Equity Fund III, <sup>1</sup>  | 12                          | 2,940                                       | N/A                 |
| Int'l Private Equity Partners V                       | 0                           | 26  | N/A                 |
| Int'l Private Equity Partners VI                      | 2                           | 39  | N/A                 |
| Venture Partners VII                                  | 0                           | 12  | N/A                 |
| Venture Partners VIII                                 | 2                           | 25  | N/A                 |
| Venture Partners IX                                   | 5                           | 21  | N/A                 |
| Venture Partners XI <sup>1</sup>                      | 9                           | 331   | N/A                 |
| Venture Partners XII <sup>1</sup>                     | 9                           | 1,205                                       | N/A                 |
| Venture Partners XIII <sup>1</sup>                    | 10                          | 1,860                                       | N/A                 |
| Commonfund Private Credit Fund 2018, L.P              | 9                           | 831   | N/A                 |
| Cerberus Offshore LLOF III, L.P.                      | 0                           | 474   | N/A                 |
| Natural Resources Partners VII                        | 1                           | 20  | N/A                 |
| Natural Resources Partners VIII                       | 3                           | 29  | N/A                 |
| Natural Resources Partners IX                         | 6                           | 470   | N/A                 |
| Natural Resources Partners XI <sup>1</sup>            | 9                           | 1,636                                       | N/A                 |
| SSG Realty Opportunities Fund 2014                    | 4                           | 667   | N/A                 |
| Commonfund Real Estate Opportunity Fund               | 9                           | 3,706                                       | N/A                 |
|   |                             | <u>\$ 16,780</u>                            |                     |

**NOTE 6 STUDENT LOANS RECEIVABLE**

The University issues uncollateralized loans to students based on financial need. Student loans are funded through the Perkins Federal Loan Program. Allowances for doubtful accounts are established based upon prior collection experience and current economic factors, which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms.

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

Student loans receivable consist of the following:

|                                       | 2020            | 2019            |
|---------------------------------------|-----------------|-----------------|
| Federal Government Programs, Gross    | \$ 10,975       | \$ 12,030       |
| Less: Allowance for Doubtful Accounts |                 |                 |
| Beginning of Year                     | (4,320)         | (2,935)         |
| Increases                             | (400)           | (1,385)         |
| Write-offs                            | -               | -               |
| End of Year                           | <u>(4,720)</u>  | <u>(4,320)</u>  |
| Student Loans Receivable, Net         | <u>\$ 6,255</u> | <u>\$ 7,710</u> |

Government advances and related interest earned on Perkins Loans of \$5,826 and \$6,632 as of June 30, 2020 and 2019, respectively, are ultimately refundable to the United States Government and thus are reported as a liability.

**NOTE 7 PROPERTY AND EQUIPMENT**

At June 30, property and equipment were as follows:

|                                     | 2020              | 2019              |
|-------------------------------------|-------------------|-------------------|
| Land                                | \$ 19,617         | \$ 17,396         |
| Buildings                           |                   |                   |
| Cost of Buildings                   | 217,944           | 220,165           |
| Less: Accumulated Depreciation      | <u>(86,702)</u>   | <u>(82,756)</u>   |
| Net Cost of Buildings               | 131,242           | 137,409           |
| Building Improvements               |                   |                   |
| Cost of Improvements                | 135,774           | 114,875           |
| Less: Accumulated Depreciation      | <u>(80,948)</u>   | <u>(74,804)</u>   |
| Net Cost of Improvements            | 54,826            | 40,071            |
| Furniture and Equipment             |                   |                   |
| Cost of Furniture and Equipment     | 66,443            | 64,438            |
| Less: Accumulated Depreciation      | <u>(57,351)</u>   | <u>(55,190)</u>   |
| Net Cost of Furniture and Equipment | 9,092             | 9,248             |
| Computers                           |                   |                   |
| Cost of Computers                   | 10,660            | 10,163            |
| Less: Accumulated Depreciation      | <u>(9,356)</u>    | <u>(8,683)</u>    |
| Net Cost of Computer Equipment      | 1,304             | 1,480             |
| Construction in Progress            | -                 | 7,139             |
| Net Property and Equipment          | <u>\$ 216,081</u> | <u>\$ 212,743</u> |

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**NOTE 7 PROPERTY AND EQUIPMENT (CONTINUED)**

The University has asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities at the time of disposal of certain capital assets. The liability was initially recorded at fair value, and is adjusted for accretion expenses and changes in the amount or timing of cash flows. The corresponding asset retirement costs are capitalized as part of the carrying values of the related long-lived assets and depreciated over the useful lives of the assets. The discount rate is 5% for 2020 and 2019. The liability relates to estimated costs to remove asbestos that is contained within the University's facilities, and is as follows for the years ended June 30:

|   | 2020            | 2019            |
|---|-----------------|-----------------|
| Asset Retirement Obligation - Beginning of Year | \$ 4,214        | \$ 4,013        |
| Accretion                                       | 186             | 201             |
| Less: Disposals                                 | (491)           | -               |
| Asset Retirement Obligation - End of Year       | <u>\$ 3,909</u> | <u>\$ 4,214</u> |

Depreciation and accretion costs are approximately \$289 and \$229 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 8 CAPITAL LEASES**

At June 30, property and equipment included property under capital leases, as follows:

|                                 | 2020          | 2019          |
|---------------------------------|---------------|---------------|
| Furniture and Equipment         | \$ 451        | \$ 451        |
| Computers                       | 3,052         | 2,612         |
| Less: Accumulated Depreciation  | (2,743)       | (2,445)       |
| Net of Accumulated Depreciation | <u>\$ 760</u> | <u>\$ 618</u> |

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2020:

| <u>Year Ending June 30,</u>                 | <u>Amount</u> |
|---|---------------|
| 2021  | \$ 274        |
| 2022  | 274           |
| 2023  | 274           |
| 2024  | 114           |
| Total Minimum Lease Payments                | 936           |
| Less: Amount Representing Interest          | (38)          |
| Present Value of Net Minimum Lease Payments | <u>\$ 898</u> |



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**NOTE 9 OPERATING LEASES**

The University has noncancelable operating leases ending in 2021 through 2023 for certain facilities and equipment. Rental expense under these agreements was \$209 and \$188 for the years ended June 30, 2020 and 2019, respectively. Future minimum lease payments are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------|
| 2021                        | \$ 125        |
| 2022                        | 47            |
| 2023                        | 1             |

**NOTE 10 LONG-TERM DEBT**

Bonds and notes payable comprise the following:

|  | <u>Dated</u> | <u>Security</u> | <u>Due</u><br><u>Serially to</u> | <u>Original</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Outstanding</u><br><u>Principal Balance</u><br><u>June 30</u> |                  |
|--|--------------|-----------------|----------------------------------|----------------------------------|--------------------------------|--|------------------|
|  |              |                 |                                  |                                  |                                | <u>2020</u>  | <u>2019</u>      |
| Pennsylvania Higher<br>Education Facilities<br>Authority Bonds | 2013         | Dormitory       | 2043                             | \$ 11,980                        | 5.50%                          | \$ 11,980  | \$ 11,980        |
| Pennsylvania Higher<br>Education Facilities<br>Authority Bonds | 2013A        | Refinancing     | 2038                             | 52,875                           | 4.00% to 5.50%                 | 46,590   | 48,030           |
| Pennsylvania Higher<br>Education Facilities<br>Authority Bonds | 2014         | Refinancing     | 2038                             | 19,605                           | 2.00% to 5.00%                 | 16,750   | 17,340           |
|  |              |                 |                                  |                                  |                                | <u>75,320</u>  | <u>77,350</u>    |
| Unamortized Discount on Bonds                                  |              |                 |                                  |                                  |                                | (339)  | (353)            |
| Unamortized Premium on Bonds                                   |              |                 |                                  |                                  |                                | 1,044  | 1,095            |
| Unamortized Issuance Costs<br>on Bonds                         |              |                 |                                  |                                  |                                | (673)  | (705)            |
| Bonds Payable  |              |                 |                                  |                                  |                                | <u>\$ 75,352</u>   | <u>\$ 77,387</u> |

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

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**NOTE 10 LONG-TERM DEBT (CONTINUED)**

In November 2013, the University borrowed \$52,875 for the refinancing of the 2003 revenue bonds and the partial refinancing of the 2005 revenue bonds. The 2003 revenue bonds were for the refinancing of the 1992, 1993, 1996, and 2000 revenue bonds, as well as the construction of a Science and Engineering building on the Main Campus. Financing was arranged through a bond offering with the Authority. The 2013A bond offering original principal consisted of \$22,995 of serial bonds that bear interest at the annual rate of 4.0% to 5.25% and are due over thirteen years beginning July 15, 2015 and maturing July 15, 2028; term bonds of \$4,840 that bear interest at 5.0% and are due on July 15, 2030; term bonds of \$8,270 that bear interest at 5.25% and are due on July 15, 2033; and term bonds of \$16,770 that bear interest at 5.5% and are due on July 15, 2038.

In September 2014, the University borrowed \$19,605 for the refinancing of the 2005 revenue bonds. Financing was arranged through a bond offering with the Authority. The bond offering original principal consisted of \$14,705 of serial bonds that bear interest at the annual rate of 2.0% to 5.0% and are due over nineteen years beginning July 15, 2015 and maturing July 15, 2034; term bonds of \$4,900 that bear interest at 5.0% and are due on July 15, 2038.

Total interest was \$3,814 and \$3,886 for the year ended June 30, 2020 and 2019, respectively. At June 30, 2020, the University's obligations mature as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u>    |
|-----------------------------|------------------|
| 2021                        | \$ 2,120         |
| 2022                        | 2,225            |
| 2023                        | 2,325            |
| 2024                        | 2,425            |
| 2025                        | 2,535            |
| Thereafter                  | 63,690           |
| Total                       | <u>\$ 75,320</u> |

**NOTE 11 EMPLOYEE BENEFIT PLANS**

The University has a 403(b) tax-deferred saving plan for faculty, administrative staff, and other employees. The plan is funded by the purchase of individual annuity contracts and mutual funds. The University makes a matching contribution of 100% of participants' deferrals up to the first 5% after the employee has met the age and service requirements. The University also makes a nondiscretionary employer contribution of 5% of eligible compensation for employees, even if the employees have not elected to make their own deferral contributions after they meet the age and service requirements. Employees vest immediately in all contributions made by the University.

The University also makes direct pension payments to certain pensioners for service prior to the initiation of the current plans.

Total expense relating to the above savings plans and pension payments was \$5,713 and \$5,283 for the years ended June 30, 2020 and 2019, respectively.

**WIDENER UNIVERSITY AND AFFILIATE**  
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**NOTE 11 EMPLOYEE BENEFIT PLANS (CONTINUED)**

In addition, the University provides medical plan supplemental coverage to retirees as a postretirement benefit. Information with respect to the plans is as follows:

|   | <u>2020</u>      | <u>2019</u>      |
|---|------------------|------------------|
| Change in Benefit Obligation                      |                  |                  |
| Benefit Obligation at Beginning of Year           | \$ 58,020        | \$ 56,411        |
| Service Cost                                      | 1,157            | 1,160            |
| Interest Cost                                     | 1,919            | 2,200            |
| Plan Participants' Contributions                  | 204              | 242              |
| Actuarial (Gain) Loss                             | 6,253            | (20)             |
| Benefits Paid                                     | (1,804)          | (2,009)          |
| Medicare Part D Prescription Drug Federal Subsidy | 59               | 36               |
| Benefit Obligation at End of Year                 | <u>\$ 65,808</u> | <u>\$ 58,020</u> |

Net periodic postretirement benefit cost (service cost reported as an expense, the remaining components reported as a part of the net change in postretirement benefit obligation, in the consolidated statements of activities) includes the following components:

|  | <u>2020</u>     | <u>2019</u>     |
|--|-----------------|-----------------|
| Service Cost                             | \$ 1,157        | \$ 1,160        |
| Interest Cost                            | 1,919           | 2,200           |
| Amortization of Prior Service Credit     | (36)            | (36)            |
| Amortization of Unrecognized Loss        | 505             | 86              |
| Net Periodic Postretirement Benefit Cost | <u>\$ 3,545</u> | <u>\$ 3,410</u> |

The accumulated postretirement benefit obligation was determined using a discount rate of 2.75% in 2020 and 3.57% in 2019 and a healthcare cost trend rate of 5.90% in 2020 and 7.05% in 2019. This rate gradually decreases to 4.5% by the year 2030 and remains constant thereafter. Increasing the assumed healthcare cost trend rate by 1.0% in each year and holding all other assumptions constant would increase accumulated postretirement benefit obligation approximately \$11,577 and \$10,035 at June 30, 2020 and 2019, respectively, and increase the aggregate of the service and interest cost components of the net periodic postretirement benefit cost by \$588 and \$605 for the years ended June 30, 2020 and 2019, respectively.

The University's expected employer contributions are \$1,855 for the year ending June 30, 2021.

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**NOTE 11 EMPLOYEE BENEFIT PLANS (CONTINUED)**

At June 30, 2020, the University's expected future benefit payments for future service are as follows:

| Estimated Future Benefits Payments<br>Reflecting Expected Future Service for<br><u>the Fiscal Year Ending June 30:</u> | <u>Amount</u> |
|--|---------------|
| 2021   | \$ 1,739      |
| 2022   | 1,888         |
| 2023   | 2,057         |
| 2024   | 2,222         |
| 2025   | 2,394         |
| 2026 - 2030  | 14,023        |

At June 30, 2020, the items not yet recognized as a component of net periodic postretirement benefit cost are as follows:

|                                 |                  |
|---------------------------------|------------------|
| Unrecognized Prior Service Cost | \$ (82)          |
| Unrecognized Net Loss           | 12,041           |
| Total Unamortized Items         | <u>\$ 11,959</u> |

In addition to service and interest costs, the components of projected net periodic postretirement benefit cost for fiscal 2020 are amortization of prior service cost of approximately \$36 and amortization of net actuarial losses of approximately \$505.

**NOTE 12 NET ASSET BALANCES**

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

|  | <u>2020</u>      | <u>2019</u>      |
|--|------------------|------------------|
| Funds Held for Accumulated Gains on True Endowment | \$ 10,311        | \$ 12,724        |
| Funds Held for Scholarships                        | 2,466            | 2,118            |
| Funds Held for Special Projects                    | 5,645            | 6,073            |
|  | <u>\$ 18,422</u> | <u>\$ 20,915</u> |

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

|  | <u>2020</u>      | <u>2019</u>      |
|--|------------------|------------------|
| Funds Held in Support of Scholarships            | \$ 19,210        | \$ 19,048        |
| Funds Held in Support of Academic Professorships | 6,109            | 6,096            |
| Funds Held in Support of General Operations      | 2,317            | 2,321            |
| Funds Held for Other Purposes                    | 11,616           | 11,568           |
| Land Held for Conservation                       | 790              | 790              |
|  | <u>\$ 40,042</u> | <u>\$ 39,823</u> |

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**NOTE 13    ENDOWMENTS**

The University's endowment consists of 322 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The University has interpreted relevant law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as net assets with donor restrictions endowment funds as (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by relevant law. Pennsylvania law permits the board of trustees to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of the assets related to donor-restricted endowment funds averaged over a period of three or more preceding years, provided the board of trustees has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

**Return Objectives and Risk Parameters**

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the appropriate indices while assuming a moderate level of investment risk. The University expects its endowment funds, over time, to provide a board-approved average rate of return annually. Actual returns in any given year may vary from that amount.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate of return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**WIDENER UNIVERSITY AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 13 ENDOWMENTS (CONTINUED)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The University has a policy of appropriating for distribution each year up to a board-approved percentage of its funds based on the average three-year rolling market value. The board-approved spending rate was 5.5% and 6.0% for the years ended June 30, 2020 and 2019, respectively. In establishing this policy, the University considered the long-term expected return on its funds. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow annually. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount. There were no deficiencies of this nature as of June 30, 2020 and 2019.

**Net Asset Classifications of Endowment Funds**

Net asset classification by type of endowment as of June 30, 2020:

|                                  | <u>Without Donor<br/>Restriction</u> | <u>With Donor<br/>Restriction</u> | <u>Total</u>     |
|----------------------------------|--------------------------------------|-----------------------------------|------------------|
| Donor-Restricted Endowment Funds | \$ -                                 | \$ 50,194                         | \$ 50,194        |
| Board-Designated Endowment Funds | 40,900                               | -                                 | 40,900           |
|                                  | <u>\$ 40,900</u>                     | <u>\$ 50,194</u>                  | <u>\$ 91,094</u> |

Changes in endowment net assets for the year ended June 30, 2020:

|  | <u>Without Donor<br/>Restriction</u> | <u>With Donor<br/>Restriction</u> | <u>Total</u>     |
|--|--------------------------------------|-----------------------------------|------------------|
| Endowment Net Assets,<br>Beginning of Year                     | \$ 43,279                            | \$ 52,272                         | \$ 95,551        |
| Investment Return  |                                      |                                   |                  |
| Investment Loss  | (16)                                 | (31)                              | (47)             |
| Net Appreciation (Realized and<br>Unrealized Gains and Losses) | <u>209</u>                           | <u>82</u>                         | <u>291</u>       |
| Total Investment Loss  | 193                                  | 51                                | 244              |
| Contributions  | -                                    | 351                               | 351              |
| Loss on Write Off of Pledges                                   | -                                    | (80)                              | (80)             |
| Appropriation of Endowment Assets<br>for Expenditure           | <u>(2,572)</u>                       | <u>(2,400)</u>                    | <u>(4,972)</u>   |
|  | <u>\$ 40,900</u>                     | <u>\$ 50,194</u>                  | <u>\$ 91,094</u> |

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

**Net Asset Classifications of Endowment Funds (Continued)**

Net asset classification by type of endowment as of June 30, 2019:

|                                  | Without Donor<br>Restriction | With Donor<br>Restriction | Total            |
|----------------------------------|------------------------------|---------------------------|------------------|
| Donor-Restricted Endowment Funds | \$ -                         | \$ 52,272                 | \$ 52,272        |
| Board-Designated Endowment Funds | 43,279                       | -                         | 43,279           |
|                                  | <u>\$ 43,279</u>             | <u>\$ 52,272</u>          | <u>\$ 95,551</u> |

Changes in endowment net assets for the year ended June 30, 2019:

|  | Without Donor<br>Restriction | With Donor<br>Restriction | Total            |
|--|------------------------------|---------------------------|------------------|
| Endowment Net Assets,<br>Beginning of Year                     | \$ 43,234                    | \$ 53,258                 | \$ 96,492        |
| Investment Return  |                              |                           |                  |
| Investment Income  | 231                          | 256                       | 487              |
| Net Appreciation (Realized and<br>Unrealized Gains and Losses) | <u>2,750</u>                 | <u>3,234</u>              | <u>5,984</u>     |
| Total Investment Loss  | 2,981                        | 3,490                     | 6,471            |
| Contributions  | 100                          | 2,593                     | 2,693            |
| Loss on Write Off of Pledges                                   | -                            | (4,804)                   | (4,804)          |
| Appropriation of Endowment Assets<br>for Expenditure           | <u>(3,036)</u>               | <u>(2,265)</u>            | <u>(5,301)</u>   |
|  | <u>\$ 43,279</u>             | <u>\$ 52,272</u>          | <u>\$ 95,551</u> |

**NOTE 14 CONTINGENCIES**

The University is party to certain claims and litigation arising in the ordinary course of business. In the opinion of management, the resolution of such claims and litigation will not materially affect the University's financial position.

Since 1997, the University has also guaranteed, on a joint and several basis with another entity, certain loans to finance the building of the University Technology Park, Inc. These loans amount to approximately \$2,800 as of June 30, 2020, of which the University has guaranteed \$1,400 of these loans.

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

The University did not have any outstanding construction commitments as of June 30, 2020.

**WIDENER UNIVERSITY AND AFFILIATE**  
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**NOTE 15 RELATED PARTIES**

The University is the sole member of the Widener Partnership Charter School, Inc., (the School) a non-profit corporation. The School's bylaws stipulate that the University will nominate and elect the members of the School's Board of Trustees and that there shall be no less than ten (10) and no more than twenty (20) trustees. The School also has an arrangement with the University that the School will reimburse the University for general and administrative services rendered at a rate of 3% of tuition revenue for the years ended June 30, 2020 and 2019. As of June 30, 2020 and 2019, the School has a payable to the University in the amount of \$198 and a payable of \$10, respectively. Rent expense charged to the School from the University for use of the school building was \$700 for the years ended June 30, 2020 and 2019. Related party expenses charged to the School from the University for management and professional services were \$178 and \$176 for the years ended June 30, 2020 and 2019, respectively.

The University is the sole member of the Neuropsychology Assessment Center (NAC), a non-profit corporation. NAC's bylaws stipulate that the University will nominate and elect the members of NAC's Board of Trustees and that there shall be no less than three (3) and no more than fifteen (15) trustees. As of June 30, 2020 and 2019, NAC had a gross payable to the University in the amount of \$-0- and \$228, respectively.

A Widener University Trustee owns Brian Communications. The University had an advertising contract with Brian Communications and paid them \$-0- and \$103 for years ended June 30, 2020 and 2019, respectively.

The University has \$833 and \$597 in gross pledges receivable due from members of the board of trustees as of June 30, 2020 and 2019, respectively.

**NOTE 16 LINE OF CREDIT**

Effective June 27, 2018, the University signed a line of credit for \$5,000, which is secured by the University's revenues. Draws on the line of credit bear interest at the prime rate. The University was obligated for \$-0- at June 30, 2020 and 2019.



**WIDENER UNIVERSITY AND AFFILIATE**  
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**NOTE 17 FUNCTIONAL EXPENSES**

The statements of activities present expenses by functional classification. The table below presents expenses by both their nature and function for the years ended June 30, 2020 and 2019.

| 2020                         | Salaries and     |                  |                  |                  |                 |                  | Total             |
|------------------------------|------------------|------------------|------------------|------------------|-----------------|------------------|-------------------|
|                              | Wages            | Benefits         | O&M              | Depreciation     | Interest        | Other            |                   |
| Instructional                | \$ 44,094        | \$ 13,559        | \$ 4,477         | \$ 3,559         | \$ 1,074        | \$ 3,425         | \$ 70,188         |
| Research                     | 243              | 48               | -                | -                | -               | 297              | 588               |
| Public Service               | 383              | 117              | -                | -                | -               | 83               | 583               |
| Academic Support             | 4,473            | 1,525            | 1,415            | 1,125            | 340             | 4,833            | 13,711            |
| Student Service              | 8,492            | 2,840            | 2,610            | 2,074            | 625             | 2,812            | 19,453            |
| Institutional Support        | 8,357            | 10,922           | 745              | 591              | 178             | 3,405            | 24,198            |
| Auxiliary Enterprises        | 1,029            | 312              | 6,653            | 5,287            | 1,596           | 6,702            | 21,579            |
| CARES Act Grants To Students | -                | -                | -                | -                | -               | 1,136            | 1,136             |
| <b>Total</b>                 | <b>\$ 67,071</b> | <b>\$ 29,323</b> | <b>\$ 15,900</b> | <b>\$ 12,636</b> | <b>\$ 3,813</b> | <b>\$ 22,693</b> | <b>\$ 151,436</b> |

  

| 2019                  | Salaries and     |                  |                  |                  |                 |                  | Total             |
|-----------------------|------------------|------------------|------------------|------------------|-----------------|------------------|-------------------|
|                       | Wages            | Benefits         | O&M              | Depreciation     | Interest        | Other            |                   |
| Instructional         | \$ 41,640        | \$ 13,273        | \$ 4,394         | \$ 3,469         | \$ 1,065        | \$ 3,405         | \$ 67,246         |
| Research              | 285              | 55               | -                | -                | -               | 425              | 765               |
| Public Service        | 334              | 98               | -                | -                | -               | 84               | 516               |
| Academic Support      | 4,418            | 1,593            | 1,440            | 1,137            | 349             | 5,076            | 14,013            |
| Student Service       | 7,857            | 2,813            | 2,654            | 2,096            | 643             | 3,291            | 19,354            |
| Institutional Support | 9,759            | 8,785            | 757              | 598              | 183             | 4,877            | 24,959            |
| Auxiliary Enterprises | 1,060            | 352              | 6,793            | 5,364            | 1,646           | 7,476            | 22,691            |
| <b>Total</b>          | <b>\$ 65,353</b> | <b>\$ 26,969</b> | <b>\$ 16,038</b> | <b>\$ 12,664</b> | <b>\$ 3,886</b> | <b>\$ 24,634</b> | <b>\$ 149,544</b> |

The financial statements utilize, when possible, a direct allocation method for expenses of a functional category. Other categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Expenses that are allocated on a square footage basis include depreciation, interest, and operations and maintenance. Benefits and payroll taxes are allocated based on the percentage of salary expense.

**NOTE 18 RISKS AND UNCERTAINTIES**

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to Widener University, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in enrollment, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes Widener University is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Due to COVID-19, the Federal Government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020 which included funding for the Higher Education Emergency Relief Fund (HEERF). These funds were awarded to institutions of higher education in two equal allotments; institutional aid to provide support for pivoting instruction to online delivery or reimbursement of refunds, and a student portion to provide emergency financial aid grants to students.

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**NOTE 18 RISKS AND UNCERTAINTIES (CONTINUED)**

The University received an allocation of \$1,397 in student portion and \$1,397 in institutional portion. As of June 30, 2020, the University had expended \$1,397 related to room and board refunds that is netted with Auxiliary Enterprise revenue on the Statement of Activities, as well as, the University had expended \$1,136 related to emergency student grants that is included in CARES Act Grants to Students expense on the Statement of Activities. \$1,397 was drawn down and received by June 30, 2020. Remaining \$1,397 remains in accounts receivable as of June 30, 2020.

**NOTE 19 SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, the University has evaluated events and transactions for potential recognition or disclosure through October 6, 2020, the date the financial statements were issued.

Subsequent to the end of the fiscal year, the University experienced certain organizational changes including voluntary retirement of staff and faculty, continuous furloughs of certain departments' employees, reduction in compensation and benefits for certain university positions. In addition, more cost reducing initiatives were introduced to decrease general expenses of the University. The full impact of these measures is unknown and cannot be reasonably estimated as these initiatives are still developing.

**WIDENER UNIVERSITY AND AFFILIATE**  
**FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL SCHEDULE**  
**JUNE 30, 2020**

|    |                                       |   |                |
|----|---------------------------------------|---|----------------|
|    | <b>Primary Reserve Ratio:</b>         |   |                |
| 1  | Statement of Financial Position (SFP) | <b>Expendable Net Assets:</b>   |                |
| 2  | SFP                                   | Net Assets without Donor Restrictions   | \$ 134,738,844 |
| 3  | Note 12                               | Net Assets with Donor Restrictions  | 58,463,821     |
| 4  | SFP                                   | Net Assets Restricted in Perpetuity   | 40,042,017     |
| 5  | Supplemental Disclosure (SD) Line 2d  | Unsecured Related-Party Receivable  | 782,018        |
| 6  | SD Line 3d                            | Donor Restricted Annuities, Term Endowments, Life Income Funds  | 161,191        |
| 7  | SD Line 4d                            | Property, Plant, and Equipment Pre-Implementation   | 199,095,419    |
| 8  | SD Line 5                             | Property, Plant, and Equipment Post-Implementation with Outstanding Debt for Original Purchase                  | -              |
| 9  | SD Line 35                            | Construction in Progress Purchased with Long-Term Debt  | -              |
| 10 | SD Line 14                            | Post-Implementation Property, Plant, and Equipment, Net, Acquired without Debt                                  | 16,986,066     |
| 11 | SD Line 15                            | Lease Right-of-Use Asset, Pre-Implementation (Grandfather of Leases Option Not Chosen)                          | -              |
| 12 | SFP                                   | Lease Right-of-Use Asset, Post-Implementation   | -              |
| 13 | SFP                                   | Intangible Assets   | -              |
| 14 | SD Line 8d                            | Post-Employment and Pension Liabilities   | 65,807,839     |
| 15 | SD Line 9d                            | Long-Term Debt for Long-Term Purposes Pre-Implementation  | 76,249,894     |
| 16 | SD Line 10                            | Long-Term Debt for Long-Term Purposes Post-Implementation   | -              |
| 17 | SD Line 17                            | Line of Credit for Construction in Progress   | -              |
| 18 | SD Line 18                            | Pre-Implementation Right-of-Use Asset Liability   | -              |
|    |                                       | Post-Implementation Right-of-Use Asset Liability  | -              |
|    |                                       | <b>Total Expenses and Losses:</b>   |                |
| 19 | Statement of Activities (SOA)         | Total Expenses (Operating and Nonoperating) without Donor Restrictions  | 152,983,342    |
| 20 | SOA                                   | Non-Service Component of Pension/Postemployment (Nonoperating) Cost, (if Loss)                                  | 8,172,595      |
| 21 | SD Line 22                            | Sale of Fixed Assets (if Loss)  | -              |
| 22 | SOA                                   | Change in Value of Interest-Rate Swap Agreements (if Loss)  | -              |
|    | <b>Equity Ratio:</b>                  |   |                |
| 23 | SFP                                   | <b>Modified Net Assets:</b>   |                |
| 24 | SFP                                   | Net Assets without Donor Restrictions   | 134,738,844    |
| 25 | SFP                                   | Net Assets with Donor Restrictions  | 58,463,821     |
| 26 | SD Line 14                            | Intangible Assets   | -              |
|    |                                       | Unsecured Related-Party Receivables   | 782,018        |
| 27 | SFP                                   | <b>Modified Assets:</b>   |                |
| 28 | SD Line 14                            | Total Assets  | 373,312,373    |
| 29 | SFP                                   | Lease Right-of-Use Asset Pre-Implementation   | -              |
| 30 | SD Line 20                            | Intangible Assets   | -              |
|    |                                       | Unsecured Related-Party Receivables   | 782,018        |
| 31 | <b>Net Income Ratio:</b>              |   |                |
|    | SOA                                   | <b>Change in Net Assets without Donor Restrictions</b>  | (6,259,089)    |
| 32 | SOA                                   | <b>Total Revenues and Gains without Donor Restriction:</b>  |                |
| 33 | SOA                                   | Total Operating Revenue (Including Net Assets Released from Restrictions)                                       | 153,727,294    |
| 34 | SOA                                   | Investments Gain, Net (Aggregate Operating and Nonoperating Interest, Dividends, Realized and Unrealized Gains) | 1,169,554      |
| 35 | SOA                                   | Non-Service Component of Pension/Postemployment (Nonoperating) Cost (if Gain)                                   | -              |
| 36 | SOA                                   | Pension-Related Changes Other than Net Periodic Pension Costs (if Gain)   | -              |
| 37 | SOA                                   | Change in Value of Annuity Agreement (Typically in Nonoperating)  | -              |
| 38 | SD Line 25                            | Change in Value of Interest-Rate Swap Agreements (if Gain)  | -              |
| 39 | SOA                                   | Sale of Fixed Assets (if Gain)  | -              |
|    |                                       | Other Gains   | -              |

**WIDENER UNIVERSITY AND AFFILIATE  
FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL DISCLOSURE  
JUNE 30, 2020**

|                   |   |                      |
|-------------------|---|----------------------|
| <b>Net Assets</b> |   |                      |
| 1                 | Net Assets with Donor Restrictions: Restricted in Perpetuity                          | <u>\$ 40,042,017</u> |
| 2                 | Other Net Assets with Donor Restrictions (Not Restricted in Perpetuity):              |                      |
|                   | a. Annuities with Donor Restrictions  | \$ 161,191           |
|                   | b. Term Endowments  | -                    |
|                   | c. Life Income Funds (Trusts)   | <u>-</u>             |
|                   | d. Total Annuities, Term Endowments, and Life Income Funds<br>with Donor Restrictions | <u>\$ 161,191</u>    |

**Property, Plant, and Equipment, Net**

|   |  |                       |
|---|--|-----------------------|
| 3 | Pre-Implementation Property, Plant, and Equipment, Net   |                       |
|   | a. Ending Balance of Last Financial Statements Submitted to and<br>Accepted by the Department of Education (June 30, 2019,<br>Financial Statement) | \$ 212,742,703        |
|   | b. Reclassify Capital Lease Assets Previously Included in PPE, Net<br>Prior to the Implementation of ASU 2016-02 Leases Standard                   | -                     |
|   | c. Less Subsequent Depreciation and Disposals (Net of<br>Accumulated Depreciation)   | <u>(13,647,284)</u>   |
|   | d. Balance Pre-Implementation Property, Plant, and Equipment, Net  | 199,095,419           |
| 4 | Debt Financed Post-Implementation Property, Plant, and Equipment, Net  |                       |
|   | Long-Lived Assets Acquired with Debt Subsequent to June 30, 2019:  |                       |
|   | a. Equipment   | -                     |
|   | b. Land Improvements   | -                     |
|   | c. Building  | <u>-</u>              |
|   | d. Total Property, Plant, and Equipment, Net Acquired with<br>Debt Exceeding 12 Months   | -                     |
| 5 | Construction in Progress - Acquired Subsequent to June 30, 2019  | -                     |
| 6 | Post-Implementation Property, Plant, and Equipment, Net, Acquired without Debt:  |                       |
|   | a. Long-Lived Assets Acquired without Use of Debt Subsequent to<br>June 30, 2019   | 16,986,066            |
| 7 | Total Property, Plant, and Equipment, Net - June 30, 2020  | <u>\$ 216,081,485</u> |

**Debt to be Excluded from Expendable Net Assets**

|    |  |                      |
|----|--|----------------------|
| 8  | Pre-Implementation Debt:   |                      |
|    | a. Ending Balance of Last Financial Statements Submitted to the<br>Department of Education (June 30, 2019):                      | \$ 78,177,118        |
|    | b. Reclassify Capital Leases Previously Included in Long-Term Debt<br>Prior to the Implementation of ASU 2016-02 Leases Standard | -                    |
|    | c. Less Subsequent Debt Repayments   | <u>(1,927,244)</u>   |
|    | d. Balance Pre-Implementation Debt   | 76,249,874           |
| 9  | Allowable Post-Implementation Debt Used for Capitalized Long-Lived Assets:   |                      |
|    | a. Equipment - All Capitalized   | -                    |
|    | b. Land Improvements   | -                    |
|    | c. Buildings   | <u>-</u>             |
|    | d. Balance Post-Implementation Debt  | -                    |
| 10 | Construction in Progress (CIP) Financed with Debt or Line of Credit  | -                    |
| 11 | Long-Term Debt not for the Purchase of Property, Plant, and Equipment<br>or Liability Greater than Assets Value                  | <u>\$ 76,249,874</u> |

12 Terms of Current Year Debt and Line of Credit for PPE Additions:

| <u>Issue Date</u> | <u>Maturity Date</u> | Nature of<br>Capitalized<br>Amounts | Amount<br>Capitalized |
|-------------------|----------------------|-------------------------------------|-----------------------|
| a.                |                      | \$                                  | -                     |
|                   |                      | -                                   | -                     |
|                   |                      | \$                                  | -                     |

**WIDENER UNIVERSITY AND AFFILIATE**  
**FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL DISCLOSURE (CONTINUED)**  
**JUNE 30, 2020**

**Lease Right-of-Use Assets and Liabilities**

|    |  |  |    |   |
|----|--|--|----|---|
| 13 | Lease Right-of-Use Assets  |  |    |   |
|    | Right-of-Use Assets as of Balance Sheet Date June 20, 2020   |  | \$ | - |
| 14 | Lease Right-of-Use Assets - Pre-Implementation   |  |    |   |
|    | Right-of-Use Assets as of Balance Sheet Date June 20, 2020,<br>Excluding Leases Entered into Before December 15, 2018      |  |    | - |
| 15 | Lease Right-of-Use Assets - Post-Implementation  |  |    |   |
|    | Right-of-Use Assets as of Balance Sheet Date June 20, 2020,<br>Excluding Leases Entered into on or After December 15, 2018 |  |    | - |
| 16 | Lease Right-of-Use Liability   |  |    |   |
|    | Lease Liabilities as of Balance Sheet Date June 20, 2020   |  |    | - |
| 17 | Lease Right-of-Use Liability - Pre-Implementation  |  |    |   |
|    | Lease Liabilities as of Balance Sheet Date June 20, 2020,<br>Excluding Leases Entered into Before December 15, 2018        |  |    | - |
| 18 | Lease Right-of-Use Liability - Post-Implementation   |  |    |   |
|    | Lease Liabilities as of Balance Sheet Date June 20, 2020,<br>Excluding Leases Entered into on or After December 15, 2018   |  |    | - |

**Unsecured Related-Party Receivables**

|    |   |  |           |                |
|----|---|--|-----------|----------------|
| 19 | Secured Related-Party Receivables                     |  | \$        | -              |
| 20 | Unsecured Related-Party Receivables                   |  |           | 782,018        |
| 21 | Total Secured and Unsecured Related-Party Receivables |  | <u>\$</u> | <u>782,018</u> |

**Sale of Fixed Assets (if Loss)**

|    |   |  |           |          |
|----|---|--|-----------|----------|
| 22 | Loss on Sale of Fixed Assets  |  | \$        | -        |
| 23 | Remaining Balance in Expense Category in which Loss on Sale of Assets is<br>Included on SOA |  |           | -        |
| 24 | Expense Category in which Loss on Sale of Assets is Included on SOA                         |  | <u>\$</u> | <u>-</u> |

**Sale of Fixed Assets (if Gain)**

|    |  |  |           |          |
|----|--|--|-----------|----------|
| 25 | Gain on Sale of Fixed Assets   |  | \$        | -        |
| 26 | Remaining Balance in Nonoperating Other Income Category in which Gain on Sale of<br>Assets is Included |  |           | -        |
| 27 | Other Income Category in which Gain on Sale of Assets is Included on SOA                               |  | <u>\$</u> | <u>-</u> |

**WIDENER UNIVERSITY AND AFFILIATE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**  
**(DOLLARS IN THOUSANDS)**

| Federal Grantor Program Title  | CFDA<br>Number | Pass-Through<br>Entity<br>Identifying<br>Number | Expenditures          |
|--|----------------|---|-----------------------|
| <b>Department of Education</b>   |                |   |                       |
| <b>Student Financial Assistance Cluster:</b>   |                |   |                       |
| Federal Direct Student Loans   | 84.268         | n/a   | \$ 91,571,018         |
| Federal Perkins Loan Program   | 84.038         | n/a   | 6,331,045             |
| Federal Pell Grant Program   | 84.063         | n/a   | 3,024,610             |
| Federal Supplemental Educational Opportunity Grant   | 84.007         | n/a   | 620,486               |
| Federal Work Study   | 84.033         | n/a   | 655,026               |
| Total Student Financial Assistance Cluster   |                |   | <u>102,202,185</u>    |
| Coronavirus Aid, Relief and Economic Security Act - Higher Education Emergency Relief Fund Student Aid Portion   | 84.425E        | n/a   | 1,136,000             |
| Coronavirus Aid, Relief and Economic Security Act - Higher Education Emergency Relief Fund Institutional Portion | 84.425F        | n/a   | 1,397,320             |
| Total Coronavirus Aid, Relief and Economic Security Act  |                |   | <u>2,533,320</u>      |
| Pass Through PA Inclusive Higher Education Consortium Fund for the Improvement of Postsecondary Education        | 84.416         | P407A100034                                     | 21,003                |
| Total Department of Education  |                |   | <u>104,756,508</u>    |
| <b>Research and Development Cluster:</b>   |                |   |                       |
| National Science Foundation:   |                |   |                       |
| Absorptive Separation of Rare Earth Elements in DNA Grafted Mesoporous Carbons                                   | 47.041         | n/a   | 39,523                |
| How Energy Economy and Muscle Properties Shape Fish Swimming Strategies  | 47.074         | n/a   | 38,997                |
| Research Coordination Networks in Undergraduate Biology Education  | 47.074         | n/a   | 7,969                 |
| Total Research and Development Cluster   |                |   | <u>86,489</u>         |
| <b>Other Programs:</b>   |                |   |                       |
| Department of Health and Human Services:   |                |   |                       |
| Pass Through University of Pennsylvania,   |                |   |                       |
| Graduate Nurse Education Network of Greater Philadelphia   | 93.779         | SONWIDEDY1-13                                   | 137,253               |
| Opioid Workforce Expansion Program- Professional   | 93.732         | n/a   | 315,508               |
| Behavior Health Workforce Education and Training Program   | 93.732         | n/a   | 161,619               |
| Child Health and Human Development Extramural Research   | 93.865         | n/a   | 75,724                |
| Discovery and Applied Research for Technological Innovations to Improve  | 93.286         | n/a   | 19,712                |
| Pass Through Crozer, Healthy Start Initiative  | 93.926         | H49MC00060-10-01                                | 189,468               |
| Total Department of Health and Human Services  |                |   | <u>899,284</u>        |
| Department of Defense / Defense Logistics Agency:  |                |   |                       |
| Pass Through University of Pennsylvania,   |                |   |                       |
| Procurement Technical Assistance Program   | 12.002         | 5-53606-D                                       | 55,578                |
| Procurement Technical Assistance Program   | 12.002         | 5-51363-D                                       | 11,368                |
| Total Department of Defense / Defense Logistics Agency   |                |   | <u>66,946</u>         |
| Department of Agriculture  |                |   |                       |
| Summer Food Program  | 10.559         | n/a   | 966                   |
| Department of the Army   |                |   |                       |
| Pass Through University of Pittsburgh  |                |   |                       |
| Orthotics and Prosthetics Outcomes Research Program  | 12.420         | W81XWH-17-1-0700                                | 44,786                |
| Department of the Interior   |                |   |                       |
| Pass Through Pennsylvania Water Resources Research Center  |                |   |                       |
| Assistance to State Water Resources Research Institutes  | 15.805         | USGU 104B                                       | 2,554                 |
| Pass Through Environmental Protection Agency, EPA Lead Detection   | 66.516         | 83945001  | 9,690                 |
| Total Department of the Interior   |                |   | <u>12,244</u>         |
| Small Business Administration:   |                |   |                       |
| Pass Through University of Pennsylvania,   |                |   |                       |
| SBDC-SBA Contract 1  | 59.037         | 551652-P  | 14,689                |
| SBDC-SBA Contract 2  | 59.037         | 554538-P  | 1,919                 |
| SBDC-SBA Contract 5  | 59.037         | SBACARES20200514                                | 7,881                 |
| Total Small Business Administration  |                |   | <u>24,489</u>         |
| Total Expenditures of Federal Awards   |                |   | <u>\$ 105,891,712</u> |

See accompanying notes to schedule of expenditures of federal awards

**WIDENER UNIVERSITY AND AFFILIATE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**  
**(DOLLARS IN THOUSANDS)**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Widener University under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 Widener University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Widener University.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies or departments of the federal government, and all subawards to the University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

**NOTE 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 INDIRECT COST RATE**

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

**NOTE 4 FEDERAL STUDENT LOAN PROGRAMS**

The Federal Perkins Loan Program is administered directly by Widener University, and balances and transactions relating to this program are included in Widener University's basic consolidated financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2020 is \$5,262,171.



**INDEPENDENT AUDITORS' 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***

Board of Trustees  
Widener University and Affiliate  
Chester, Pennsylvania

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, the consolidated financial statements of Widener University and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 6, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Widener University and Affiliate's internal control over financial reporting (internal control) as a basis to designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Widener University and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Widener University and Affiliate'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 may exist that have not been identified.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Widener University and Affiliate’s consolidated 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 disclosed 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 result of that testing, and not to provide an opinion on the effectiveness of Widener University and Affiliate’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Widener University and Affiliate’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 6, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
Widener University and Affiliate  
Chester, Pennsylvania

**Report on Compliance for Each Major Federal Program**

We have audited Widener University and Affiliate's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Widener University and Affiliate's major federal programs for the year ended June 30, 2020. Widener University and Affiliate's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Widener University and Affiliate's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Widener University and Affiliate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Widener University and Affiliate's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Widener University and Affiliate complied, in all material respects, with the types of 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, 2020.

### ***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 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

Widener University and Affiliate's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. Widener University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Widener University and Affiliate is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Widener University and Affiliate's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Widener University and Affiliate's internal control over compliance.

*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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002, that we consider to be significant deficiencies.

Widener University and Affiliate's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. Widener University and Affiliate's response was not subjected to the 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.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of Widener University and Affiliate as of and for the year ended June 30, 2020, and have issued our report thereon dated October 6, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
April 14, 2021

**WIDENER UNIVERSITY AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

- |  |            |                         |
|--|------------|-------------------------|
| 1. Type of auditors’ report issued:                      | Unmodified |                         |
| 2. Internal control over financial reporting:            |            |                         |
| • Material weakness(es) identified?                      | _____ yes  | _____ <u>X</u> _____ no |
| • Significant deficiency(ies) identified?                | _____ yes  | _____ <u>X</u> _____ no |
| 3. Noncompliance material to financial statements noted? | _____ yes  | _____ <u>X</u> _____ no |

**Federal Awards**

- |   |                          |                         |
|---|--------------------------|-------------------------|
| 1. Internal control over major federal programs:  |                          |                         |
| • Material weakness(es) identified?   | _____ yes                | _____ <u>X</u> _____ no |
| • Significant deficiency(ies) identified?   | _____ <u>X</u> _____ yes | _____ _____ no          |
| 2. Type of auditors’ report issued on compliance for major federal programs:                          | Unmodified               |                         |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____ <u>X</u> _____ yes | _____ _____ no          |

**Identification of Major Federal Programs**

| <b>CFDA Number(s)</b> | <b>Name of Federal Program or Cluster</b>   |
|-----------------------|---|
| 84.007                | Student Financial Assistance Cluster:<br>Federal Supplemental Educational Opportunity Grant   |
| 84.033                | Federal Work Study  |
| 84.038                | Federal Perkins Loan Program  |
| 84.063                | Federal Pell Grant Program  |
| 84.268                | Federal Direct Student Loans  |
| 84.425E               | Coronavirus Aid, Relief and Economic Security Act –<br>Higher Education Emergency Relief Fund:<br>Coronavirus Aid, Relief and Economic Security Act –<br>Higher Education Emergency Relief Fund Student Aid Portion |

**WIDENER UNIVERSITY AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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**Section I – Summary of Auditors’ Results (Continued)**

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84.425F

Coronavirus Aid, Relief and Economic Security Act –  
Higher Education Emergency Relief Fund  
Institutional Portion

Dollar threshold used to distinguish between  
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

    X     yes                 no

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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**2020-001 – Gramm-Leach Bliley Act (GLBA)**

**Federal Agency:** Department of Education

**Federal Program:** Student Financial Assistance Cluster

**CFDA Numbers:** 84.007 – Supplementary Educations Opportunity Grant; 84.033 – Work Study Program;  
84.038 – Federal Perkins Loans; 84.063 – Federal Pell Grant; 84.268 – Direct Student Loans

**Award Period:** July 1, 2019 to June 30, 2020

**Type of Finding:** Compliance and Significant Deficiency in Internal Control Over Compliance

**Criteria or Specific Requirement:** In accordance with Title IV regulations, a University is required to designate an individual to coordinate the information security program, perform a risk assessment that addresses (1) employee training and management; (2) information systems, including network and software design, as well as information processing, storage, transmission and disposal; and (3) detecting, preventing and responding to attacks, intrusions, or other systems failures, and document safeguards for identified risks (CFR 314.1(b)).

**Condition:** While the University has documented an individual responsible for coordinating the information security program and documented various safeguards in place; the University has not documented a risk assessment that shows identified risks and the related safeguards in place.

**Questioned Costs:** None

**Context:** In discussions with management, risk assessments are performed at the University, however they were not documented. Written policies and procedure representing safeguards were documented in relation to identified risks.

**WIDENER UNIVERSITY AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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**2020-001 – Student Financial Assistance Cluster (Continued)**

**Cause:** The University does have policies that address the risk assessment and related safeguards; however, the risk assessment was not documented.

**Effect:** Failure to comply with the GLBA standards puts the University at risk of compromising student personal information.

**Repeat Finding:** No

**Recommendation:** We recommend that the University ensure that the risk assessments performed are documented and include safeguards for each identified risk.

**Views of Responsible Officials and Planned Corrective Actions:** See attachment.

**2020-002 – Coronavirus Aid, Relief and Economic Security Act**

**Federal Agency:** Department of Education

**Federal Program:** Coronavirus Aid, Relief and Economic Security Act - Higher Education Emergency Relief Fund Student Aid Portion

**CFDA Numbers:** 84.425E

**Award Period:** July 1, 2019 to June 30, 2020

**Type of Finding:** Significant Deficiency in Internal Control Over Compliance

**Criteria or Specific Requirement:** Per Uniform Guidance 2 CFR 200.303, non-Federal entities receiving Federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

**Condition:** During our testing of the reporting process, we were unable to identify a specific control in place to ensure that any errors would be prevented or detected in a timely manner. However, no noncompliance was identified under the reporting requirements.

**WIDENER UNIVERSITY AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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**Section III – Findings and Questioned Costs – Major Federal Programs (Continued)**

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**2020-002 – Coronavirus Aid, Relief and Economic Security Act (Continued)**

**Questioned Costs:** None

**Context:** A control system to prevent and detect errors in the reporting process was not created at the time the reports were filed.

**Cause:** The University did not have someone reviewing the information and figures that were required to be posted on their website.

**Effect:** It was possible for errors to occur and not be caught in a timely manner.

**Repeat Finding:** No

**Recommendation:** We recommend someone other than the preparer of the reports review the reports for accuracy prior to submission.

**Views of Responsible Officials and Planned Corrective Actions:** See attachment.







## WIDENER UNIVERSITY SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2020

Department of Education

Widener University respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2020.

Audit period: July 1, 2019 – June 30, 2020.

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

### **FINDINGS—FINANCIAL STATEMENT AUDIT**

There were no financial statement findings in the prior year.

### **FINDINGS— FEDERAL AWARD PROGRAMS AUDITS**

#### **2019 – 001 Student Financial Aid Assistance Cluster**

**Condition:** The University utilizes University Accounting Service, LLC (UAS) for its third party Perkins Loan servicing. This is a very common practice for colleges and universities in order to provide the most efficient and effective means to not only collect loans but meet the federal regulations for servicing student Perkins Loans. In auditing the compliance features for the loan servicing, CLA utilizes the external compliance report performed for UAS by other auditors. We noted within the UAS compliance audit report for the year ended June 30, 2019, there was a finding for not contacting the student within the required timeframes. The audit did not specify the students that were not contacted within the required guidelines and UAS is one of the largest third party servicer for federal student loans. Therefore, we do not know if there were any Widener University students that were impacted by the non-compliance noted at UAS.

**Reason why audit finding is no longer valid or does not warrant further action:** As mentioned in the corrective action plan from the prior year, Widener University adopted a policy to conduct a quarterly review of a sample of students up until June 30, 2020. Based on the first quarter review, the University identified a few students who weren't sent the letter within the required time frame and immediately contacted UAS. The two subsequent quarterly reviews resulted in 100% compliance.

If the Department of Education has questions regarding this schedule, please call Deanna O'Driscoll, Loan Collections Officer at 610-499-4185.



## WIDENER UNIVERSITY CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2020

Department of Education

Widener University respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit period: July 1, 2019-June 30, 2020

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

2020-001 Student Financial Assistance Cluster – CFDA No. 84.007 – Supplementary Educations Opportunity Grant; 84.033 – Work Study Program; 84.038 – Federal Perkins Loans; 84.063 – Federal Pell Grant; 84.268 – Direct Student Loans

Recommendation: We recommend that the University ensure that the risk assessments performed are documented and include safeguards for each identified risk.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The University will ensure performed risk assessments and associated safeguards are appropriately documented to comply with GLBA standards.

Eric Behrens, Vice President for Library and Information Services is the person responsible for corrective action.

Planned completion date for corrective action plan: June 30, 2021

2020-002 Coronavirus Aid, Relief and Economic Security Act — CFDA No. 84.425E – Coronavirus Aid, Relief and Economic Security Act - Higher Education Emergency Relief Fund Student Aid Portion

Recommendation: We recommend someone other than the preparer of the reports review the reports for accuracy prior to submission.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

**WIDENER UNIVERSITY  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2020**

Action taken in response to finding: Although no issues were identified regarding the amounts reported and all required deadlines were met, Widener University will institute an internal control to ensure the information and figures posted on the University website will be reviewed and approved by either the AVP/Controller or Assistant Controller.

Paula Lehrberger, Director of Financial Aid Services, Enrollment Services, is the person responsible for corrective action.

Planned completion date for corrective action plan: July 2020

If the Department of Education has questions regarding this plan, please call Christopher McKenna at 610-499-4199.