VILLANOVA UNIVERSITY
and Subsidiaries

FINANCIAL STATEMENTS

May 31, 2026



VILLANOVA UNIVERSITY

FINANCIAL STATEMENTS
May 31, 2026

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Independent Auditors' Report

The Board of Trustees of
Villanova University:

Opinion

We have audited the consolidated financial statements of Villanova University and its subsidiaries (the University), which comprise the consolidated statements of financial position as of May 31, 2026 and 2025, and the related consolidated statements of activities and change in nets assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of May 31, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

In performing an audit in accordance with GAAS, we:

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

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

KPMG LLP

New York, New York
September 28, 2026

VILLANOVA UNIVERSITY AND SUBSIDIARIES

Consolidated Statements of Financial Position at May 31, 2026 and May 31, 2025

(in thousands)

	2026	2025
ASSETS		
Cash and cash equivalents	$ 50,485	$ 53,913
Accounts receivable, net	16,545	17,333
Assets whose use is limited	43	92,567
Pledges receivable, net	115,389	120,619
Other assets	65,170	69,567
Student loans receivable, net	2,798	3,621
Investments	1,711,665	1,490,877
Right of use assets under operating leases	2,007	3,182
Land, buildings and equipment, net	1,143,452	1,006,309
Total assets	$ 3,107,554	$ 2,857,988
LIABILITIES		
Accounts payable	$ 61,574	$ 28,428
Accrued expenses	49,008	48,430
Deposits	4,613	5,807
Deferred revenues	25,891	24,915
Short-term obligations	53,033	53,033
Accrued postretirement benefits	5,015	5,377
Refundable government loan funds	3,791	4,548
Operating lease liabilites	2,321	3,646
Long-term debt, net	386,425	395,342
Total liabilities	591,671	569,526
NET ASSETS		
Without donor restrictions	1,193,526	1,144,397
With donor restrictions	1,322,357	1,144,065
Total net assets	2,515,883	2,288,462
Total liabilities and net assets	$ 3,107,554	$ 2,857,988

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

VILLANOVA UNIVERSITY AND SUBSIDIARIES

Consolidated Statement of Activities and Change in Net Assets for the Year Ended May 31, 2026
(with comparative summary information for the year ended May 31, 2025)
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total	2025 Total
OPERATING REVENUES				
Student related revenue:				
Student tuition and fees, net	$ 401,002	$ -	$ 401,002	$ 382,017
Sales and services of auxiliary enterprises, net	113,418	-	113,418	109,299
Total student related revenue	514,420	-	514,420	491,316
Gifts	22,474	52,785	75,259	72,104
Government grants	15,146	-	15,146	15,951
Private grants	4,085	-	4,085	2,651
Endowment resources	28,889	38,638	67,527	60,760
Investment income, net	9,746	7	9,753	14,677
Other sources	35,860	999	36,859	35,540
Net assets released from restrictions	69,406	(69,406)	-	-
Total operating revenues	700,026	23,023	723,049	692,999
OPERATING EXPENSES				
Salaries and benefits	445,200	-	445,200	419,589
Other operating expenses	206,383	-	206,383	176,335
Depreciation	48,319	-	48,319	45,816
Interest	11,212	-	11,212	11,416
Total operating expenses	711,114	-	711,114	653,156
Change in net assets from operating activities	(11,088)	23,023	11,935	39,843
NON-OPERATING				
Investment return, net of management fees	76,163	169,631	245,794	106,936
Endowment resources	(28,889)	(38,638)	(67,527)	(60,760)
Endowment and other gifts	-	39,401	39,401	46,203
Change in split interest agreements	-	(2,182)	(2,182)	-
Capital gifts released from restriction	12,943	(12,943)	-	-
Gain on bond refinancing	-	-	-	2,472
Total nonoperating activities	60,217	155,269	215,486	94,851
Total change in net assets	49,129	178,292	227,421	134,694
Net assets				
Beginning of year	1,144,397	1,144,065	2,288,462	2,153,768
End of year	$ 1,193,526	$ 1,322,357	$ 2,515,883	$ 2,288,462

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

VILLANOVA UNIVERSITY AND SUBSIDIARIES

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

(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Student related revenue:			
Student tuition and fees, net	$ 382,017	$ -	$ 382,017
Sales and services of auxiliary enterprises, net	109,299	-	109,299
Total student related revenue	491,316		491,316
Gifts	17,066	55,038	72,104
Government grants	15,951	-	15,951
Private grants	2,651	-	2,651
Endowment resources	26,040	34,720	60,760
Investment income, net	14,669	8	14,677
Other sources	35,131	409	35,540
Net assets released from restrictions	52,522	(52,522)	-
Total operating revenues	655,346	37,653	692,999
OPERATING EXPENSES			
Salaries and benefits	419,589	-	419,589
Other operating expenses	176,335	-	176,335
Depreciation	45,816	-	45,816
Interest	11,416	-	11,416
Total operating expenses	653,156	-	653,156
Change in net assets from operating activities	2,190	37,653	39,843
NON-OPERATING			
Investment return, net of management fees	30,857	76,079	106,936
Endowment resources	(26,040)	(34,720)	(60,760)
Endowment and other gifts	-	46,203	46,203
Capital gifts released from restriction	5,835	(5,835)	-
Gain on bond refinancing	2,472	-	2,472
Total nonoperating activities	13,124	81,727	94,851
Total change in net assets	15,314	119,380	134,694
Net assets			
Beginning of year	1,129,083	1,024,685	2,153,768
End of year	$ 1,144,397	$ 1,144,065	$ 2,288,462

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

VILLANOVA UNIVERSITY AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended May 31, 2026 and 2025
(in thousands)

	2026	2025
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	$ 227,421	$ 134,694
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	48,319	45,816
Gain on bond refinancing	-	(2,472)
Contributions restricted for long-term investment	(73,463)	(82,260)
Realized gains on sales of investments	(64,439)	(57,410)
Change in market value of investments	(189,953)	(56,323)
Pension and other postretirement benefit plan adjustments	19	70
Change in operating lease assets and liabilities	(124)	41
Amortization of debt premium, net	(1,847)	(2,518)
Changes in operating assets and liabilities:		
Receivables, net	6,018	(14,736)
Accounts payable and accrued expenses	9,081	2,613
Other changes	4,072	(3,165)
Net cash used by operating activities	(34,896)	(35,650)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	488,902	768,891
Purchases of investments	(455,298)	(755,722)
Student loans receivable, net	823	301
Deposits on campus acquisition	(160)	(53,064)
Purchase of land, buildings and equipment	(160,819)	(186,643)
Decrease in assets whose use is limited	92,524	134,287
Net cash used by investing activities	(34,028)	(91,950)
CASH FLOW FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investment	73,463	82,260
Repayment of debt principal	(7,210)	(90,520)
Proceeds from borrowing	-	73,226
Draws on line of credit	-	53,033
Refundable government loan funds	(757)	314
Net cash provided by financing activities	65,496	118,313
Net change in cash and cash equivalents	(3,428)	(9,287)
Cash and cash equivalents at beginning of year	53,913	63,200
Cash and cash equivalents at end of year	$ 50,485	$ 53,913
SUPPLEMENTAL DISCLOSURES		
Purchases of land, buildings, and equipment in accounts payable	$ 37,026	$ 12,383
Cash paid for interest	12,208	10,069
Tax payments	1,455	1,251

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

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

Nature of Operations

Villanova University and Subsidiaries (the "University") is an independent, coeducational institution offering undergraduate and graduate instruction, primarily located in Radnor Township, Delaware County, Pennsylvania. The "Villanova Campus" covers approximately 296 acres and comprises 96 buildings. The "Cabrini Campus" acquired by the University in June 2024 and open in Fall 2026, is located less than two miles from the Villanova campus and covers approximately 112 acres and comprises 21 buildings. The University also has a conference center (The Inn at Villanova University) approximately one-half mile from the campus which encompasses 33 acres. The University has approximately 10,100 students, of whom approximately 7,000 are full-time undergraduates.

Significant Accounting Policies and Reporting Practices

Principles of Consolidation

The consolidated financial statements include the accounts of the University and its subsidiaries. The Aldwyn Lane Limited Partnership and the Aldwyn Lane Limited Liability Corporation are University subsidiaries under common control. These entities were formed to purchase two office buildings adjacent to the campus and are currently dormant as the properties are occupied exclusively by the University. As of May 31, 2026, the Aldwyn Lane Limited Partnership was dissolved, and the Aldwyn Lane Limited Liability Corporation was in the process of dissolution. All intercompany balances and transactions have been eliminated in consolidation.

Financial Statement Presentation

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

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

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

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

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

Fair Value

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

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

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

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

The University utilizes the practical expedient to estimate the fair value of alternative investments at the measurement date using the net asset value (NAV) reported by the managers of such investments in accordance with their respective operating agreements, which generally requires fair valuation in accordance with US GAAP. Adjustment is required if the University expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US GAAP. The University holds alternative investments in its portfolio, consisting of public equities, diversifying assets, and private investments, which are generally valued based on the most current NAV. These amounts represent fair value of these investments at May 31, 2026 and 2025.

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

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

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

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

Fair Value (Continued)

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

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

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

	(in thousands)	
	2026	2025
Cash and cash equivalents	$ 50,485	$ 53,913
Investments	65,641	66,555
Total	$ 116,126	$ 120,468

Cash and Cash Equivalents

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

Investments

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

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

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

Investment Income

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

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

Accounts Receivable, net

Accounts Receivable, net consist of student receivable balances, grant receivable balances, and other miscellaneous receivables. The receivables are shown net of allowances for doubtful accounts, which totaled $1,132,000 and $1,617,000 as of May 31, 2026 and 2025, respectively.

Student Loans Receivable

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

Land, Buildings, and Equipment

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

Deferred Revenue and Other Assets

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

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

	(in thousands)			
	Balance at May 31, 2025	Revenue recognized in FY2026	Cash received in advance of performance	Balance at May 31, 2026
Tuition and Fees, net	$ 20,544	$ 20,544	$ 19,917	$ 19,917
Room and Board	106	106	969	969
Athletic Revenue	3,674	957	1,547	4,264
Summer Events	591	591	741	741
Miscellaneous Revenue	-	-	-	-
	$ 24,915	$ 22,198	$ 23,174	$ 25,891

The balance of deferred revenue at May 31, 2026, less any refunds issued, will be recognized as revenue over the applicable period, as services are rendered.

Noncash Gifts

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

Employee Health Insurance

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

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

Use of Estimates

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

Revenue recognition and disaggregation of revenue

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

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

	(in thousands)	
	2026	2025
Undergraduate	$ 485,065	$ 465,897
Graduate and other special programs	56,562	52,510
Law school	37,898	33,363
College of Professional Studies	11,320	9,016
Financial Aid	(189,843)	(178,769)
Student tuition and fees, net	$ 401,002	$ 382,017

Performance Obligations

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

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

Contract Balances

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

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

Measure of Operations

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

Student tuition and fees as well as sales and services of auxiliary enterprises are shown net of student financial aid. For the years ended May 31, 2026 and 2025, student financial aid for tuition and fees totaled $189,843,000 and $178,769,000, respectively.

Student financial aid related to auxiliary revenues totaled $7,218,000 and $7,334,000 for the years ended May 31, 2026 and 2025, respectively.

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

For the years ended May 31, 2026 and 2025, expenses were incurred associated with campus acquisitions prior to those campuses generating student-related revenue. Those expenses are shown within operating expenses on the Consolidated Statement of Activities and total $10,573,000 and $8,586,000, respectively. For the year ended May 31, 2026, these expenses were partially funded by a supplemental draw from the board designated endowment of $4,600,000, authorized as reimbursement of a portion of the 2026 and 2025 costs associated with the Rosemont College transaction (see Note 15 for additional campus acquisition disclosure).

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

	(in thousands)	
	2026	2025
Change in net assets from operating activities, excluding revenues and expenses associated with campus acquisitions	$ (5,115)	$10,776
Plus: Operating Revenues associated with campus acquisitions:		
Endowment resources (supplemental)	4,600	-
Less: Operating Expenses associated with campus acquisitions:		
Salaries and benefits	2,385	1,501
Other operating expenses	3,634	3,364
Depreciation	189	93
Interest	4,365	3,628
Total	$ 10,573	$ 8,586
Change in net assets	$ (11,088)	$ 2,190

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

Related Parties

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

Reclassification

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

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following table reflects the University's financial assets and liquidity resources available as of May 31, 2026 and May 31, 2025. Financial assets are considered unavailable when illiquid or not convertible to cash within one year of the date of the Consolidated Statements of Financial Position. Other financial assets which are excluded from this measure of liquidity include endowments and accumulated earnings restricted by donors or the University's Board of Trustees, bond proceeds that can only be used for specific capital projects, assets held for or by others, and annuity reserves.

	(in thousands)	
	2026	2025
Financial Assets		
Cash and cash equivalents	$ 50,485	$ 53,913
Accounts receivable, net	16,132	15,412
Investments	65,641	66,555
Total financial assets available within one year	132,258	135,880
Liquidity Resources		
Available lines of credit for general purposes	60,000	60,000
Total financial assets and liquidity resources available within one year	$ 192,258	$ 195,880

As of May 31, 2026, the University had liquid assets on hand equal to 71 days of operating expenses. The University's practice is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The University maintains an unsecured line of credit totaling $60,000,000 for general purposes, representing 32 days of operating expenses. As of May 31, 2026 and 2025, there were no outstanding balances related to the line of credit.

Additionally, as of May 31, 2026 and 2025, the University had board designated endowments and other investments of $546,553,000 and $492,738,000. Although the University does not intend to spend from these investments, other than amounts appropriated for spending as part of its annual budget approval and appropriation process, they could be made available for general expenditures within one year, if necessary, subject to liquidity of the underlying investments.

NOTE 3 – DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS:

At May 31, 2026 and 2025, the fair value of cash and cash equivalents and deposits with bond trustees approximate their respective carrying amounts. The fair value of deposits with bond trustees are based on the quoted market price of the underlying securities (and would be considered Level 1).

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

The following tables present the financial instruments carried at fair value on a recurring basis and investments measured at NAV as of May 31, 2026 and May 31, 2025, respectively, and indicate the fair value hierarchy of the valuation techniques that were utilized to determine such fair value. The tables reflect Investments in the Consolidated Statements of Financial Position.

	As of May 31, 2026 (in thousands)				
	Total	Level 1	Level 2	Level 3	Investments at NAV
Cash equivalents - endowment	$ 75,174	$ 75,174	$ -	$ -	$ -
Public equities	545,255	36,560	-	-	508,695
Diversifying assets	563,577	-	-	-	563,577
Private Investments	449,157	-	-	-	449,157
Split-interest agreements	6,033	6,033	-	-	-
Investments of operating funds	65,641	-	65,641	-	-
Other investments	6,828	6,828	-	-	-
Total	$ 1,711,665	$ 124,595	$ 65,641	$ -	$ 1,521,429

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

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

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

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

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

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

NOTE 4 - NET ASSETS:

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

	(in thousands)	
	2026	2025
Without Donor Restrictions		
Unrestricted endowment	$ 546,553	$ 492,738
Other net assets without donor restrictions	646,973	651,659
	$ 1,193,526	$ 1,144,397
With Donor Restrictions		
Purpose restricted:		
Unexpended contributions for instruction and scholarships	$ 119,294	$ 108,276
Unexpended contributions for capital expenditures	67,874	68,441
Time restricted for future periods:		
Annuity and life income funds	4,216	4,701
Endowment – accumulated change in market value of investments and realized gains	526,571	397,876
Restricted for time or purpose	717,955	579,294
Restricted in perpetuity:		
Student loans	1,896	1,895
Endowment principal, primarily for scholarships and instruction	602,506	562,876
	$ 1,322,357	$ 1,144,065

NOTE 4 - NET ASSETS: (Continued)

The University's endowment consists of 1,465 individual funds established for a variety of purposes. The endowment includes donor-restricted funds, funds designated by the Board of Trustees to function as endowments, and other funds set aside internally by the University. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specific period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount.

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

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

NOTE 4 - NET ASSETS: (Continued)

At May 31, 2026, the endowment net asset composition, excluding pledges, by type of fund consisted of the following:

	(in thousands)		
	Without Donor Restrictions	With Donor Restrictions	Total
Amounts required to be maintained in perpetuity	$ -	$ 553,018	$ 553,018
Other invested principal	306,572	7,444	314,016
Accumulated investment gains	239,981	526,571	766,552
Total Funds	$ 546,553	$ 1,087,033	$ 1,633,586

Changes in endowment net assets for the fiscal year ended May 31, 2026 consisted of the following:

	(in thousands)		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 492,738	$ 922,192	$ 1,414,930
Investment return:			
Investment Income	1,439	2,845	4,284
Management and Admin Fees	(4,378)	(8,658)	(13,036)
Net appreciation (realized and unrealized)	79,442	172,888	252,330
Total investment return, net	76,503	167,075	243,578
Contributions	-	36,404	36,404
Investment in Unrestricted Endowment	6,201	-	6,201
Distribution for Spending	(28,889)	(38,638)	(67,527)
Endowment net assets, end of year	$ 546,553	$ 1,087,033	$ 1,633,586

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

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

NOTE 4 - NET ASSETS: (Continued)

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

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

From time to time, certain donor restricted endowment funds may have fair value below the amount required to be maintained by donors or law ("underwater endowment"). There were no such deficiencies reported at May 31, 2026 and 2025. Management has interpreted state law to permit prudent spending from underwater endowments.

NOTE 5 - INVESTMENTS:

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

	(in thousands)		
	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest, dividends, and other income	$ 1,642	$ 3,239	$ 4,881
Net realized gains	21,122	43,317	64,439
Net change in unrealized gains and losses	58,166	131,787	189,953
Management fees and expenses	(4,767)	(8,712)	(13,479)
	$ 76,163	$ 169,631	$ 245,794

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

NOTE 5 – INVESTMENTS: (Continued)

The University uses various external investment managers to diversify its investments. The largest allocations to any individual investment manager as of May 31, 2026 and 2025 were 7.3% and 6.9%, respectively.

At May 31, 2026, based on limited partnership agreements, the University had unfunded investment commitments totaling $291,488,000, which may be drawn over the next several years.

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

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

NOTE 6 - LAND, BUILDINGS, AND EQUIPMENT:

Land, buildings, and equipment at May 31, 2026 and 2025 consisted of the following:

	(in thousands)	
	2026	2025
Land and improvements	$ 99,178	$ 95,455
Buildings and improvements	1,246,797	1,221,425
Equipment	115,779	108,902
Construction in progress	311,012	173,088
Capitalized interest	12,229	3,515
	1,784,995	1,602,385
Less accumulated depreciation	(641,543)	(596,076)
	$ 1,143,452	$ 1,006,309

NOTE 7 - ACCRUED EXPENSES:

Accrued expenses at May 31, 2026 and 2025 consisted of the following:

	(in thousands)	
	2026	2025
Faculty and Staff Salaries	$ 21,269	$ 20,574
Payroll Taxes & Withholdings	2,178	4,041
Interest on Long-Term Debt	5,039	4,000
Asset Retirement Obligations	2,403	2,409
Workers Compensation Claims	1,106	1,283
Vacation Accrual	2,687	2,687
Other	14,326	13,436
	$ 49,008	$ 48,430

NOTE 8 – LEASES:

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

Amounts recognized in the Consolidated Financial Statements and other lease metrics for the fiscal year ending May 31, 2026 and 2025:

	(in thousands)	
	2026	2025
Lease Expense		
Operating Leases	$ 1,270	$ 1,448
Short-Term Leases	475	440
Variable Leases	61	62
Total	$ 1,806	$ 1,950

	2026	2025
Other information related to Operating Leases:		
Cash payments (in thousands)	$ 1,420	$ 1,408
Right-of-use assets obtained in exchange for new lease obligations (in thousands)	-	-
Right-of-use assets adjustment due to lease remeasurements (in thousands) (a)	-	(9,464)
Weighted-average remaining lease term (in years)	3.32	3.70
Weighted average discount rate	3.22%	3.30%

(a) As of May 31, 2025, in connection with the campus acquisitions disclosed in Note 15, management reassessed the expected term of certain leases that would no longer be necessary, resulting in a remeasurement of the right-of-use asset associated with the leases.

At May 31, 2026, maturities of lease liabilities were as follows:

	(in thousands)
2027	$ 1,354
2028	736
2029	27
2030	27
2031	27
Thereafter	233
Total	$ 2,404
Less: Present value discount	(83)
Total lease liabilities	$ 2,321

NOTE 9 - LONG-TERM DEBT:

Long-term debt payable at May 31, 2026 consisted of the following:

			(in thousands)			
Bond Issuance	Year of Maturity	Interest Rate	Original Face Amount	Outstanding Principal	Unamortized Premium	Unamortized Issuance Costs
Delaware County Authority Bonds (a):						
2016	2031	4% - 5%	$ 45,480	$ 24,850	$ 4,056	$ (188)
2015	2045	3% - 5%	141,270	48,815	2,658	(279)
Pennsylvania Economic Development Financing Authority Bonds:						
2024	2055	4% - 5%	216,000	216,000	19,135	(2,243)
2025A	2045	5%	66,865	66,865	7,035	(279)
				$ 356,530	$ 32,884	(2,989)
Total						$ 386,425

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

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

(a) The University has pledged and granted to the Delaware County Authority a lien on and security interest in the University's unrestricted revenues and certain property and equipment to collateralize the annual principal maturities and interest payments which average approximately $23,950,000 through 2045. The University is required to maintain unrestricted net revenues equal to 100% of the annual debt service requirement.

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

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

NOTE 9 - LONG-TERM DEBT: (Continued)

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

	(in thousands)
2027	$ 6,970
2028	7,255
2029	11,530
2030	11,150
2031	11,850
Thereafter	307,775
	$ 356,530

Interest paid on long-term debt amounted to $12,208,000 and $10,069,000 for the years ended May 31, 2026 and 2025, respectively. Interest expense allocated to the functional expense categories in Note 11 amounted to $11,212,000 and $11,416,000 for the years ended May 31, 2026 and 2025, respectively.

The Delaware County Authority bond agreements contain certain covenants, including financial covenants that require the University to generate net revenues at least equal to 100% of actual debt service requirements annually, and to certify that maximum annual debt service does not exceed 12% of unrestricted revenues in order to borrow additional funds. The University was in compliance with these requirements at May 31, 2026 and 2025.

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFIT COSTS:

The University sponsors a defined contribution retirement plan under which the University makes annual contributions for the benefit of the participants to the Teachers Insurance Annuity Association of America-College Retirement Equities Fund (TIAA-CREF), and the University has no further liability. The University's contributions to the defined contribution plan amounted to $23,382,000 and $22,078,000 for the years ended May 31, 2026 and 2025, respectively.

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

The components of medical postretirement benefits as of May 31, 2026 and 2025 are as follows:

	(in thousands)	
	2026	2025
Projected benefit obligation	$ 5,015	$ 5,377
Fair value of plan assets	-	-
Unfunded status	$ (5,015)	$ (5,377)
Accrued post-retirement benefits	$ (5,015)	$ (5,377)
Weighted-average assumptions:		
Discount rate	5.12%	5.19%

NOTE 11 – EXPENSES BY BOTH NATURE AND FUNCTION:

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

	(in thousands) 2026					
	Salaries and benefits	Other Operating Expenses	Depreciation	Interest	Operations and Maintenance	Total Expenses
Instruction	$ 179,663	$ 24,880	$ 11,336	$ 397	$ 17,803	$ 234,079
Research	12,521	5,927	15	16	33	18,512
Academic Support	62,108	27,823	2,608	1,507	2,793	96,839
Student Services	57,751	50,394	7,221	10	7,191	122,567
Institutional Support	74,152	39,221	4,179	780	6,612	124,944
Auxiliary Enterprises	32,936	31,410	16,130	4,636	27,499	112,611
Operations and Maintenance	26,069	26,728	6,830	3,866	(61,931)	1,562
	$ 445,200	$ 206,383	$ 48,319	$ 11,212	$ -	$ 711,114

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

Included in the above operating expenses are expenditures related to fund-raising activities for the years ended May 31, 2026 and 2025 of $22,613,000 and $23,984,000, respectively.

NOTE 12 - INCOME TAX:

The University is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The University files IRS Form 990-T (Exempt Organization Business Income Tax Return) annually, and is anticipating a net operating loss for the year ended May 31, 2026, with regards to unrelated business income reported on IRS Form 990-T. Management has analyzed the tax positions taken by the University, and has concluded that as of May 31, 2026 and 2025 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

NOTE 13 - COMMITMENTS AND CONTINGENCIES:

Under the terms of certain investment partnership agreements, the University and other investors are committed to fund additional investments as capital calls are exercised. Capital calls are generally exercised over a period of years and are subject to fixed expiration dates or other means of termination. The University's remaining commitments to all partnerships totaled $291,488,000 and $286,940,000 as of May 31, 2026 and 2025, respectively.

Outstanding commitments related to construction contracts totaled $27,880,000 as of May 31, 2026.

The University maintains an unsecured line of credit for general purposes, in the amount of $60,000,000. As of May 31, 2026, there were no outstanding balances related to this line of credit.

During the year ended May 31, 2025, the University established an additional unsecured line of credit in the amount of $60,000,000 for the purpose of financing campus acquisitions described in Note 15. During the year ended May 31, 2026, this line was increased to $65,000,000. As of May 31, 2026 and 2025, there was $53,033,000 outstanding on this line of credit presented as Short-Term Obligations on the Consolidated Statement of Financial Position and $11,967,000 available to draw. This line of credit matures March 26, 2027.

The University is party to certain claims and litigation arising in the ordinary course of business. In the opinion of management, the resolution of such claims and litigation will not materially affect the University's consolidated statement of financial position and changes in net assets, statement of activities or statement of cash flows.

NOTE 14 - UNCONDITIONAL PROMISES AND PLEDGES:

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

Unconditional promises at May 31, 2026 and 2025 and the time periods in which they are expected to be realized are as follows:

	(in thousands)	
	2026	2025
In one year or less	$ 61,422	$ 57,446
Between one year and five years	82,505	95,872
In more than five years	948	3,788
Less: Discount	(13,901)	(16,569)
Allowance for doubtful accounts	(15,585)	(19,918)
	$ 115,389	$ 120,619

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

As of May 31, 2026 and 2025, donors with outstanding pledges exceeding 5% of the University's gross pledges receivable comprise 27% and 30%, respectively, of the total.

NOTE 15 – CAMPUS ACQUISITIONS:

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

On March 29, 2025, the University and Rosemont College of the Holy Child Jesus ("Rosemont") entered into a definitive agreement, pursuant to which Rosemont will merge with and into Villanova, with Villanova being the surviving institution after the consummation of the merger. The consummation of the merger is subject to various approvals and is not expected to occur before May 31, 2027. The merger is part of a phased, multi-year transition that will combine the neighboring institutions, with the Rosemont campus ultimately becoming an additional location of Villanova. As part of this transaction, the University made cash payments to extinguish Rosemont's debt and provide funds for operations totaling $53,064,000 during the year ended May 31, 2025 and an additional $160,000 during the year ended May 31, 2026. These amounts are included in Other Assets on the Consolidated Statement of Financial Position.

NOTE 16 – SUBSEQUENT EVENTS:

In connection with the preparation of the consolidated financial statements, the University evaluated subsequent events after the statement of financial position dated May 31, 2026 through its distribution date of September 28, 2026.

On July 27, 2026, the University issued $50,000,000 of Villanova University Taxable Bonds, Series 2026. The bonds are unsecured general obligations of the University and mature on August 1, 2031. Proceeds of the bonds are expected to be used for general corporate purposes and to pay costs associated with the issuance. Because the bonds were issued subsequent to May 31, 2026, the related debt obligation is not reflected in the accompanying consolidated financial statements.



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