



Nichols College

FINANCIAL STATEMENT YEAR END REVIEW JUNE 30, 2025

Overview

The June 30, 2025, audited financial statements were reviewed and accepted by the Audit Committee at its meeting on September 15, 2025. Our audit firm of Bollus Lynch, LLC gave an unmodified or “clean” audit opinion with no material weaknesses in controls identified and there were no significant audit or financial reporting items noted.

Statement of Financial Position:

Total assets for FY25 decreased by approximately \$5.5M, driven primarily by decreases in property, plant and equipment of \$3.6M, in investments of \$1.5M and in cash of \$410K.

The decrease in property, plant and equipment is due to accumulated depreciation of \$4.4M offset by additions of \$879K. The decrease in investments was primarily due to market activity and the decrease in cash is based on the timing of payments made at fiscal year-end.

Total liabilities for the period decreased by \$5.5M due to decreases in the line of credit of \$3.8M, in deferred tuition and fees of \$1M and in long-term debt of \$758K. The decrease in the line of credit is attributed to the \$3M due to/due from that was taken out of the investment portfolio. The decrease in deferred tuition and fees is a result of the timing of when the classes are held and the decrease in long-term debt is a result of the College making the required monthly payments.

Net assets were flat year over year. Details of change in net assets are displayed on the Statement of Activities.

Statement of Activities:

The increase in total net assets for FY25 was \$23K.

Total revenues of \$40.8M increased by \$1.2M from the prior year. The increase was driven by increases in net tuition and fees of \$1.2M, in auxiliary enterprises of \$1.1M, in government grants of \$512K and in contributions and gifts of \$360K. The increase in net tuition and fees was a result of a 5.11% tuition and fee increase and an increase in the

number of students compared to FY24. The increase in auxiliary enterprises is a result of an increase in resident students compared to FY24. The increase in government grants is primarily attributable to the college receiving \$474K in ERC funds in FY25 and none in FY24. Contributions and gifts increased \$360K due to an increase in giving in FY25. These increases were offset by a decrease in the endowment return appropriated for operations of \$1.9M due to the College having taken an additional \$2M from the endowment in FY24.

Total expenses increased by \$661K or 1.52% over the prior year. The major drivers of the increase were: salaries and wages \$559K, travel and entertainment \$550K, scholarships \$266K and benefits and payroll taxes \$149K. These increases were offset by savings in professional fees of \$422K, uncollectible accounts expense of \$318K, vendor services of \$140K and in interest of \$128K.

The increase in salaries and wages is due to hiring for new positions and for open positions at a higher rate. The increase in travel and entertainment is due to investiture expenses, an increase in food service catering related to conferences and events, and an increase in study abroad. The remainder of the increase is due to moving travel and entertainment expenses to the appropriate line in FY25, that had been charged to the incorrect line in FY24. The increase in scholarships is due to the work that was done in the current year to bifurcate endowed and temporarily restricted funds. This bifurcation allowed the College to give out more scholarships due to changes in some of the restrictions and utilizing the full amount allowed under the endowment spend policy. The increase in employee benefits and payroll taxes is due to the hiring of new employees as previously mentioned and more employees taking advantage of tuition remission.

The decrease in professional fees can be attributed to a decrease in legal expenses year over year. The decrease in uncollectible accounts expense was due to the College tightening its collection policies and having an employee dedicated to collections. The decrease in vendor services of \$140K was primarily due to a decrease in the tuition exchange program as a result of the College having to import fewer students to stay in compliance with the program in FY25 compared to FY24. The decrease in interest expense of \$128K was due to the College being in the line for \$3.8M less at the end of FY25 compared to FY24.

Statement of Cash Flows:

The College continues to generate cash flows from operations. The net cash provided by operating activities was \$159K compared to \$842K for the prior year.

NICHOLS COLLEGE
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
AND
INDEPENDENT AUDITOR'S REPORT

NICHOLS COLLEGE
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Nichols College

Opinion

We have audited the financial statements of Nichols College (the College), which comprise the statement of financial position as of June 30, 2025, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT

(Continued)

In performing an audit in accordance with GAAS, we:

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

Report on Summarized Comparative Information

We have previously audited the College's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ballus Lynch, LLP

Worcester, Massachusetts
September 15, 2025

NICHOLS COLLEGE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(With summarized comparative information for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Cash	\$ 553,221	\$ 962,857
Student accounts receivable, less allowance for doubtful accounts of \$2,199,763 and \$2,308,940 in 2025 and 2024, respectively	1,766,944	1,906,361
Contributions receivable, net	803,225	733,184
Other receivables	35,723	63,680
Investments	43,918,328	45,385,080
Other assets	1,208,217	1,142,972
Beneficial interests	26,775	22,508
Right-of-use assets for finance leases, net	271,047	241,657
Property and equipment, net	<u>60,228,260</u>	<u>63,826,734</u>
	<u>\$ 108,811,740</u>	<u>\$ 114,285,033</u>
Liabilities and Net Assets		
Note payable	\$ 2,046,569	\$ 5,862,114
Accounts payable, trade	520,367	233,853
Accrued and other liabilities	704,030	921,903
Deferred tuition and fees	1,939,319	2,969,297
Finance lease liabilities	278,676	240,077
Long-term debt, net	<u>17,146,148</u>	<u>17,904,489</u>
Total liabilities	<u>22,635,109</u>	<u>28,131,733</u>
Net assets		
Without donor restrictions	45,837,660	47,921,324
With donor restrictions	<u>40,338,971</u>	<u>38,231,976</u>
Total net assets	<u>86,176,631</u>	<u>86,153,300</u>
	<u>\$ 108,811,740</u>	<u>\$ 114,285,033</u>

See accompanying independent auditor's report and notes to financial statements.

NICHOLS COLLEGE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025
(With summarized comparative information for 2024)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2025	2024
Operating activities:				
Revenue and other support				
Tuition and fees, net of financial aid of \$24,102,456 and \$22,143,920 in 2025 and 2024, respectively	\$ 22,961,436	\$ -	\$ 22,961,436	\$ 21,720,200
Auxiliary enterprises	12,972,235	-	12,972,235	11,866,580
Contributions and gifts	604,218	1,422,780	2,026,998	1,666,687
Government and other grants	690,997	-	690,997	178,572
Endowment return appropriated for operations	968,082	-	968,082	2,864,779
Change in value of beneficial interests	-	4,267	4,267	134,603
Other revenue	1,099,260	29,105	1,128,365	1,097,868
Net assets released from restrictions	2,768,194	(2,768,194)	-	-
Total	42,064,422	(1,312,042)	40,752,380	39,529,289
Expenses				
Instruction	8,169,918	-	8,169,918	8,244,674
Academic support	5,178,356	-	5,178,356	4,588,956
Student services	11,801,629	-	11,801,629	11,314,964
Institutional support	8,744,943	-	8,744,943	8,849,667
Institutional development	1,000,754	-	1,000,754	1,171,475
Auxiliary enterprises	9,278,933	-	9,278,933	9,343,947
Total	44,174,533	-	44,174,533	43,513,683
Change in net assets from operating activities	(2,110,111)	(1,312,042)	(3,422,153)	(3,984,394)
Non-operating activities:				
Contributions and gifts for capital purposes	-	96,261	96,261	27,435
Contributions and gifts for long-term investment	-	608,477	608,477	305,243
Loss on disposal of property and equipment	(547,875)	-	(547,875)	-
Net investment return	477,907	3,778,796	4,256,703	5,377,332
Endowment return appropriated for operations	(155,065)	(813,017)	(968,082)	(2,864,779)
Net assets released from restrictions	251,480	(251,480)	-	-
Change in net assets from non-operating activities	26,447	3,419,037	3,445,484	2,845,231
Change in net assets	(2,083,664)	2,106,995	23,331	(1,139,163)
Net assets, beginning of year	47,921,324	38,231,976	86,153,300	87,292,463
Net assets, end of year	\$ 45,837,660	\$ 40,338,971	\$ 86,176,631	\$ 86,153,300

See accompanying independent auditor's report and notes to financial statements.

NICHOLS COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

(With summarized comparative information for 2024)

	Instruction	Academic Support	Student Services	Institutional Support	Institutional Development	Auxiliary Enterprises	Totals	
							2025	2024
Salaries and wages	\$ 5,475,457	\$ 2,166,590	\$ 5,094,246	\$ 3,110,318	\$ 542,151	\$ 346,810	\$ 16,735,572	\$ 16,176,525
Employee benefits and payroll taxes	1,179,179	541,049	1,524,929	1,074,922	132,276	137,681	4,590,036	4,440,752
Food services	-	-	-	-	-	2,533,641	2,533,641	2,523,165
Professional fees	15,141	47,196	461,531	301,652	4,078	1,878	831,476	1,253,295
Vendor services	10,898	82,671	428,130	2,130,304	52,309	547,716	3,252,028	3,392,365
Utilities	-	-	1,042	165,164	-	177,518	343,724	343,105
Supplies	10,481	166,830	345,108	56,487	5,027	75,658	659,591	700,302
Repairs and maintenance	-	9,252	33,662	14,503	303	115,163	172,883	218,133
Rent	-	68,088	364,979	-	-	8,656	441,723	415,618
General insurance	-	-	76,555	444,707	-	38,585	559,847	505,353
Small equipment/software	-	51,064	140,285	370,266	-	18,411	580,026	565,378
Advertising	-	83,886	179,741	192,661	-	-	456,288	342,201
Printing and mailing	40	14,094	80,840	7,931	105,596	7,066	215,567	305,768
Dues and subscriptions	4,110	18,574	76,259	92,415	5,309	1,550	198,217	174,980
Travel and entertainment	46,615	206,699	896,377	258,095	101,505	358,934	1,868,225	1,318,109
Scholarships	-	960,764	-	-	-	-	960,764	695,097
Credit card and bank fees	-	-	-	5,355	13,547	21,560	40,462	20,759
Uncollectible accounts expense	-	-	-	173,311	-	-	173,311	491,871
Operation and maintenance	630,589	336,314	924,864	146,738	17,069	2,144,001	4,199,575	4,153,723
Interest	113,737	60,660	166,814	27,251	3,079	386,706	758,247	886,259
Depreciation and amortization	683,671	364,625	1,002,718	163,807	18,505	2,324,483	4,557,809	4,555,349
Other	-	-	3,549	9,056	-	32,916	45,521	35,576
	<u>\$ 8,169,918</u>	<u>\$ 5,178,356</u>	<u>\$ 11,801,629</u>	<u>\$ 8,744,943</u>	<u>\$ 1,000,754</u>	<u>\$ 9,278,933</u>	<u>\$ 44,174,533</u>	<u>\$ 43,513,683</u>

See accompanying independent auditor's report and notes to financial statements.

NICHOLS COLLEGE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2025
(With summarized comparative information for 2024)

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 23,331	\$ (1,139,163)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	4,477,582	4,501,776
Amortization of debt issuance costs	10,713	10,466
Amortization of right-of-use assets, financing leases	69,514	43,107
Uncollectible accounts expense	173,311	491,871
Change in value of beneficial interests	(4,267)	(134,603)
Net investment gains	(3,339,820)	(4,346,095)
Loss on disposal of property and equipment	547,875	-
Contributions and gifts for capital purposes	(96,261)	(27,435)
Contributions and gifts for long-term investment	(608,477)	(305,243)
(Increase) decrease in operating assets:		
Student accounts receivable	(33,894)	60,957
Contributions receivable	(61,785)	2,196,822
Other receivables	27,957	124,194
Other assets	(65,245)	(390,778)
Increase (decrease) in operating liabilities:		
Accounts payable, trade	286,514	(85,417)
Accrued and other liabilities	(217,873)	(212,034)
Deferred tuition and fees	(1,029,978)	54,140
Total adjustments	135,866	1,981,728
Net cash provided by operating activities	159,197	842,565
Cash flows from investing activities:		
Expenditures for property and equipment	(1,426,983)	(1,487,439)
Distributions from beneficial interest in trust	-	1,500,000
Proceeds from sales and maturities of investments	8,146,059	21,739,074
Purchases of investments	(3,339,487)	(20,851,344)
Net cash provided by investing activities	3,379,589	900,291
Cash flows from financing activities:		
Net payments of note payable	(3,815,545)	(1,656,609)
Repayments of long-term debt	(769,054)	(665,022)
Repayments of financing lease liabilities	(60,305)	(39,600)
Contributions and gifts received for capital purposes	96,261	27,435
Contributions and gifts received for long-term investment	600,221	317,692
Net cash used in financing activities	(3,948,422)	(2,016,104)
Net decrease in cash	(409,636)	(273,248)
Cash, beginning of year	962,857	1,236,105
Cash, end of year	\$ 553,221	\$ 962,857

See accompanying independent auditor's report and notes to financial statements.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION

Nichols College (the “College”) is a nonprofit, private college, located in Dudley, Massachusetts. The College is governed by a Board of Trustees. The College is empowered to award associate, baccalaureate and master’s degrees as well as programs of continuing education.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The College prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the College are described subsequently to enhance the usefulness and understandability of the financial statements.

Summarized comparative information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College’s financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Basis of accounting

The financial statements of the College have been prepared on the accrual method of accounting. Accordingly, assets are recorded when the College obtains the rights of ownership or is entitled to claims for receipt and liabilities are recorded when the obligation is incurred.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the College’s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The College’s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the College, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. In addition, the governing board of the College may elect to designate such resources for specific purposes. This designation may be removed at the board’s discretion.

Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the College must continue to use the resources in accordance with the donor’s instructions.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets (continued)

The College's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the College, unless the donor provides more specific directions about the period of its use.

Classification of transactions

All revenues and net gains other than endowment investments are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash

The College maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The College has not experienced any losses in such accounts. The College believes it is not exposed to any significant credit risk on cash.

Student accounts receivable

Student accounts receivable are reported net of any anticipated losses due to uncollectible amounts. The College considers an account to be past due when a student leaves mid-semester with an unpaid account balance or when a student has an account balance after the final payment due date of the semester. Past due accounts are subject to past due letter collection efforts and are subsequently placed with third-party collection agencies. If an account balance still exists at the conclusion of a twelve-month collection period, the account is written off. The collectability of individual accounts is evaluated closely at the close of each fiscal year, and the allowance for uncollectable accounts is adjusted to a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The College does not assess finance charges against student receivables that are past due.

Opening and closing balances for student accounts receivable were as follows:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>July 1, 2023</u>
Accounts receivable	<u>\$ 1,766,944</u>	<u>\$ 1,906,361</u>	<u>\$ 2,459,189</u>

Contributions receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS (Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at fair value. The net investment return is reported in the statement of activities as increases or decreases in net assets without donor restrictions unless its use is restricted by explicit donor stipulations or by law.

Endowment funds

The College's endowment consists of individual donor restricted funds established for a variety of purposes. The endowment includes both donor restricted endowment funds and funds designated by the College to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed or legal restrictions.

As required by generally accepted accounting principles, the College classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 that is not classified as non-expendable net assets is classified as expendable net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by state law.

In accordance with the Uniform Prudent Management of Institutional Funds Act, the College may consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the College and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the College; and the investment policies of the College.

The College has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding for its programs while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the College's Finance Committee shall seek to invest the endowment funds in such a manner that the investments will provide a spendable return consistent with a long-term goal of preserving the funds in real terms. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the College 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 College has invested in debt and equity securities that target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The College has a policy of appropriating for distribution, as needed, amounts for the purpose of scholarships and financial aid, special programs, capital improvements, and academic and athletic support programs. In establishing this policy, the College considered the long-term expected return on its endowment. This is consistent with the College's objective to maintain the purchasing power of its endowment.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor imposed restrictions require the College to retain as a fund of perpetual duration. The College may appropriate for expenditure from these underwater endowment funds in accordance with the prudent measures prescribed by state law. There were no such deficiencies at June 30, 2025.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS (Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets.

Leases

The College determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The College also considers whether its service arrangements include the right to control the use of an asset.

The College recognizes most leases on its statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of activities.

The College made an accounting policy election available under ASC 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the College made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The College has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate asset classes. The non-lease components typically represent additional services transferred to the College, such as maintenance agreements, which are variable in nature and recorded in variable lease expense in the period incurred.

Debt issuance costs

Debt issuance costs represent fees and other costs associated with obtaining long-term financing. Such costs are being amortized on a straight-line basis over the terms of the financing. Long-term financing is presented net of unamortized debt issuance costs on the statement of financial position.

Deferred tuition and fees

Certain deposits and advance payments received for tuition and fees related to the College's Summer Continuing Education and Graduate programs and tuition billed relating to the ensuing academic year are deferred and are recorded as deferred tuition and fees.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS (Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tuition and fees (continued)

Opening and closing balances for deferred tuition and fees were as follows:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>July 1, 2023</u>
Deferred tuition and fees	<u>\$ 1,939,319</u>	<u>\$ 2,969,297</u>	<u>\$ 2,915,157</u>

Impairment of long-lived assets and long-lived assets to be disposed of

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Measure of operations

In its statement of activities, the College includes in its definition of *operations* all revenues and expenses that are an integral part of its programs and supporting activities. Contributions restricted for endowment and capital purposes and investment earnings related to the endowment are recognized as non-operating activities. In addition, the Board of Trustees may designate unrestricted funds for specific non-operating capital or endowment purposes.

Contributions and gifts of financial assets

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributions of nonfinancial assets

The College receives contributions in a form other than cash or investments. If material, donated supplies and other items are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the College receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the College's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use.

Expense recognition and allocation

The cost of providing the College's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS (Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense recognition and allocation (continued)

- Operation and maintenance, depreciation, amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

Management periodically evaluates the basis on which costs are allocated.

Institutional support expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the College.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The College generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, joint costs have been allocated between fundraising, academic and institutional support expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred. Advertising expense was \$456,288 and \$342,201 in 2025 and 2024, respectively.

Tax-exempt status

The College is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the College are tax deductible to donors under Section 170 of the IRC. The College is not classified as a private foundation.

3 - LIQUIDITY AND AVAILABLE FUNDS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2025 and 2024 are:

	<u>2025</u>	<u>2024</u>
Financial assets		
Cash	\$ 553,221	\$ 962,857
Student accounts receivable, net	1,766,944	1,906,361
Contributions receivable, net	803,225	733,184
Other receivables	35,723	63,680
Investments	<u>43,918,328</u>	<u>45,385,080</u>
Total financial assets	47,077,441	49,051,162
Less: Financial assets held to meet donor-imposed restrictions		
Purpose-restricted net assets	10,404,765	9,936,940
Contributions receivable unavailable for spending for more than one year, some of which are also subject to purpose restrictions	803,225	732,184
Donor-restricted endowment funds	29,104,206	27,539,344
Less: Board-designated endowment funds	<u>4,404,061</u>	<u>4,139,098</u>
Amount available for general expenditures within one year	<u>\$ 2,361,184</u>	<u>\$ 6,703,596</u>

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS (Continued)

3 - LIQUIDITY AND AVAILABLE FUNDS (Continued)

The above table reflects donor-restricted endowment funds as unavailable because it is the College's intention to invest those resources for the long-term support of the College. However, in the case of need, the Board of Trustees could appropriate resources from the donor-restricted funds available for general use (\$29,104,206, of which \$16,962,510 is the original gift) or from its board-designated endowment fund \$4,404,061. Note 2 provides more information about those funds and about the spending policies for all endowment funds.

The College regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to the available financial assets summarized above, the College has various sources of liquidity at its disposal, including a line of credit. See note 9 for information about the College's line of credit. Further, the College anticipates collecting sufficient contributions and revenue to cover general expenditures not covered by donor-restricted resources and endowment appropriations.

4 - CONTRIBUTIONS RECEIVABLE

Payments of contributions receivable as of June 30, 2025 are expected to be received as follows:

2026	\$	330,000
2027		236,500
2028		157,100
2029		106,500
2030		106,500
		936,600
Less: Allowance for uncollectible contributions receivable		89,247
Unamortized discount		44,128
	\$	<u>803,225</u>

5 - INVESTMENTS

Investments are included in the following classes of net assets:

	<u>2025</u>	<u>2024</u>
With donor restrictions		
Donor restricted endowment	\$ 29,104,206	\$ 27,539,344
Purpose restrictions	10,404,765	9,936,940
Without donor restrictions		
Board-designated endowment	4,404,061	4,139,098
Undesignated	5,296	3,769,698
	\$ <u>43,918,328</u>	\$ <u>45,385,080</u>

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

Investments are composed of the following:

	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Equity securities	\$ 126,136	\$ 184,370	\$ 100,523	\$ 132,580
Exchange traded funds	360	667	4,152,410	4,190,216
Mutual funds, equities	28,518,299	29,939,910	21,205,768	28,476,154
Mutual funds, bonds	12,156,162	12,401,175	9,350,944	8,933,100
Money market funds	1,392,206	1,392,206	3,653,030	3,653,030
	<u>\$ 42,193,163</u>	<u>\$ 43,918,328</u>	<u>\$ 38,462,675</u>	<u>\$ 45,385,080</u>

The net investment return is composed of the following:

	2025	2024
Interest and dividends	\$ 1,023,221	\$ 1,104,144
Realized gains (losses)	(254,828)	1,002,995
Unrealized gains	3,594,648	3,343,100
Investment fees	(106,338)	(72,907)
	<u>\$ 4,256,703</u>	<u>\$ 5,377,332</u>

6 - BENEFICIAL INTERESTS

The College is the beneficiary of two charitable remainder trusts, where the College is not the trustee. Under the terms of the trust agreements, the donors are to receive quarterly payments starting in December 2015 and June 2020 for their remaining lifetime, after which the College receives the remaining assets in the trusts. The present value of the estimated future receipts under the trust agreements (\$26,775 as of June 30, 2025) is calculated using discount rates of 4.5% and 3.6% and is included in net assets with donor restrictions. Changes in the fair value of the beneficial interest are classified in the statement of activities as net assets with donor restrictions.

7 - PROPERTY AND EQUIPMENT

Property and equipment, together with estimated useful lives, consists of the following:

	Estimated Useful Lives	2025	2024
Land, buildings, and improvements	10 - 40 years	\$ 112,377,941	\$ 109,466,008
Vehicles and equipment	3 - 7 years	8,308,921	8,055,717
Furniture and fixtures	5 - 10 years	1,616,505	1,616,506
Construction in progress	-	887,719	3,173,747
		123,191,086	122,311,978
Less: Accumulated depreciation		62,962,826	58,485,244
		<u>\$ 60,228,260</u>	<u>\$ 63,826,734</u>

Depreciation expense was \$4,477,582 and \$4,501,776 in 2025 and 2024, respectively.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS (Continued)

8 - NOTE PAYABLE

The College has a \$10,000,000 revolving line of credit with its bank, secured by significant assets of the College. The note bears interest at the Prime Rate (7.50% as of June 30, 2024). There was \$2,046,569 and \$5,862,114 outstanding on this line of credit as of June 30, 2025 and 2024, respectively.

9 - LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2025</u>	<u>2024</u>
Bonds payable, secured by significant assets of the College, due in month installments of \$106,770 including interest at an annual rate equal to 2.95% through June 2036, then increased to the 15-year FHLB Rate plus 1.50% through June 2041.	\$ 17,306,854	\$ 18,075,908
Less: Unamortized debt issuance costs, net	<u>160,706</u>	<u>171,419</u>
	<u>\$ 17,146,148</u>	<u>\$ 17,904,489</u>

Maturities of long-term debt in subsequent years are as follows:

<u>Year Ended June 30</u>	
2026	\$ 791,878
2027	815,380
2028	838,378
2029	864,471
2030	890,136
Thereafter	<u>13,106,611</u>
	<u>\$ 17,306,854</u>

The bonds payable requires, among other considerations, the maintenance of certain financial covenants.

10 - LEASES

The College leases equipment under finance lease agreements with terms ranging from 5 to 5.5 years and interest rates ranging from 3.52% to 6.14%. The College's finance leases generally do not contain any material restrictive covenants or residual value guarantees.

Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Amortization of right-of-use assets	\$ 69,514	\$ 43,107
Interest on lease liabilities	<u>11,986</u>	<u>7,935</u>
Total finance lease cost	<u>\$ 81,500</u>	<u>\$ 51,042</u>

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - LEASES (Continued)

Supplemental statement of financial position information related to leases is as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Equipment	\$ 389,815	\$ 290,911
Less: Accumulated amortization	<u>118,768</u>	<u>49,254</u>
Right-of-use assets for finance leases, net	<u>\$ 271,047</u>	<u>\$ 241,657</u>
Weighted-average remaining lease term	3.7 years	4.4 years
Weighted-average discount rate	4.19%	4.20%

Future undiscounted cash flows and a reconciliation to the finance lease liabilities recognized on the statement of financial position are as follows as of June 30, 2025:

2026	\$ 79,155
2027	79,155
2028	79,155
2029	59,682
2030	<u>4,489</u>
	301,636
Less: Imputed interest	<u>22,960</u>
Total present value of lease liabilities	<u>\$ 278,676</u>

11 - ENDOWMENT ASSETS

Included in net assets without donor restrictions are board-designated endowment funds reserved for future operations. All spending from this reserve must be approved by the governing board. The balance in the board-designated operating reserve is \$4,404,061 and \$4,139,098 as of June 30, 2025 and 2024, respectively.

Endowment assets includes invested donor restricted and Board-designated funds. Changes in endowment assets for the year ended June 30, 2025 are as follows:

	<u>Without Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 4,139,098	\$ 27,539,344	\$ 31,678,442
Net investment return	420,028	2,826,696	3,246,724
Additions	-	597,701	597,701
Release of donor restriction	-	(1,046,518)	(1,046,518)
Appropriation for expenditure	<u>(155,065)</u>	<u>(813,017)</u>	<u>(968,082)</u>
Endowment assets, end of year	<u>\$ 4,404,061</u>	<u>\$ 29,104,206</u>	<u>\$ 33,508,267</u>

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2025 and 2024, net assets with donor restrictions are available for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Purpose restrictions, available for spending		
Public service programs	\$ 177,255	\$ 187,662
Academic support programs	3,868,071	3,090,143
Student services	989,574	935,552
Institutional support	2,073,049	4,124,560
Capital improvements	1,707,739	414,214
Scholarships and financial aid	<u>1,589,077</u>	<u>1,184,809</u>
Total purpose restricted net assets	<u>10,404,765</u>	<u>9,936,940</u>
Time restrictions		
Contributions receivable, which are unavailable for spending until due, some of which are also subject to purpose restrictions	803,225	733,184
Charitable remainder trusts, which are unavailable for spending until the deaths of the beneficiaries	<u>26,775</u>	<u>22,508</u>
Total time restricted net assets	<u>830,000</u>	<u>755,692</u>
Endowment funds, which must be appropriated by the Board of Trustees before use		
Instruction (original gifts of \$2,250,000 and \$2,319,000 in 2025 and 2024)	5,532,289	5,486,532
Academic support programs (original gifts of \$3,033,777 in 2025 and \$2,879,407 in 2024)	5,250,830	4,915,005
Student services (original gifts of \$237,966 in 2025 and \$235,366 in 2024)	356,230	342,185
Institutional support (original gifts of \$1,000,000 in 2025 and 2024)	1,625,366	1,561,442
Scholarships and financial aid (original gifts of \$10,440,767 in 2025 and \$9,820,450 in 2024)	<u>16,339,491</u>	<u>15,234,180</u>
Total endowment funds managed by the College	<u>29,104,206</u>	<u>27,539,344</u>
Total net assets with donor restrictions	<u><u>\$ 40,338,971</u></u>	<u><u>\$ 38,231,976</u></u>

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During 2025 and 2024 net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

	<u>2025</u>	<u>2024</u>
Time restrictions	\$ 830	\$ 1,372,301
Purpose restrictions		
Operating		
Instruction	32,765	5,000
Academic support programs	383,410	160,166
Student services	509,298	329,550
Institutional support	1,204,537	1,405,933
Scholarships and financial aid	<u>637,354</u>	<u>432,393</u>
	2,768,194	3,705,343
Non-operating		
Capital improvements	<u>251,480</u>	<u>1,086,360</u>
	<u>\$ 3,019,674</u>	<u>\$ 4,791,703</u>

13 - STATEMENT OF CASH FLOWS

Supplemental disclosures of cash flows information is as follows:

	<u>2025</u>	<u>2024</u>
Cash paid during the year for		
Interest	\$ 758,247	\$ 971,262

Supplemental cash flow information related to leases is as follows for the year ended June 30, 2025:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows - payments on finance leases	\$ 11,986	\$ 7,935
Financing cash outflows - payments on finance leases	60,305	39,600
Right-of-use assets obtained in exchange for new lease obligations		
Finance leases	\$ 98,904	\$ 88,090

14 - RETIREMENT PLAN

The College offers a retirement plan which covers substantially all employees. Participants in the plan may direct investments to the Teachers Insurance Annuity Association - College Retirement Equities Fund (TIAA-CREF) as custodians of the plan. In general, contributions to this defined contribution plan are made by the College and its employees on a matching basis, with employees contributing a minimum of 3% as a condition of employment and the College matching up to 5%. Contributions provided by the College amounted to approximately \$598,000 and \$541,000 in 2025 and 2024, respectively.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS (Continued)

15 - FAIR VALUE MEASUREMENTS

The College reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by U.S. GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

Level 1: Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or 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: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

When available, the College measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the College is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

The primary uses of fair value measures in the College's financial statements are:

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- recurring measurement of endowment and long-term investments.
- recurring measurement of beneficial interests in trusts.

Determination of fair value

Following is a description of the valuation methodologies used for items measured at fair value. There have been no changes in the methodologies used during the years ended June 30, 2025 and 2024.

Equity securities, mutual funds (equities and bond based) and exchange traded funds: Valued at the closing price reported on the active market in which the individual securities are traded. The mutual and exchange traded funds held by the College are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The securities held by the College are deemed to be actively traded.

Money market funds: Valued at the closing price reported in the market in which the individual securities are traded. Fair value hierarchy for each is based on the level of active trading within the respective markets for each asset or liability.

Beneficial interests: Valued at the present value of the estimated future receipts.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College 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 fair value measurement at the reporting date.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)

15 - FAIR VALUE MEASUREMENTS (Continued)

Determination of fair value (continued)

The College's assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at June 30, 2025 as follows:

	Level 1	Level 2	Level 3	Total
Investments				
Equity securities	\$ 184,370	\$ -	\$ -	\$ 184,370
Exchange traded funds	667	-	-	667
Mutual funds, equities	29,939,910	-	-	29,939,910
Mutual funds, bonds	12,401,175	-	-	12,401,175
Money market funds	1,392,206	-	-	1,392,206
Total investments	43,918,328	-	-	43,918,328
Beneficial interests	-	-	26,775	26,775
Total	\$ 43,918,328	\$ -	\$ 26,775	\$ 43,945,103

The College's assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at June 30, 2024 as follows:

	Level 1	Level 2	Level 3	Total
Investments				
Equity securities	\$ 132,580	\$ -	\$ -	\$ 132,580
Exchange traded funds	4,190,216	-	-	4,190,216
Mutual funds, equities	28,476,154	-	-	28,476,154
Mutual funds, bonds	8,933,100	-	-	8,933,100
Money market funds	3,653,030	-	-	3,653,030
Total investments	45,385,080	-	-	45,385,080
Beneficial interests	-	-	22,508	22,508
Total	\$ 45,385,080	\$ -	\$ 22,508	\$ 45,407,588

There were no significant transfers between the levels during the year. The College's policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

The College did not measure any liabilities at fair value on a recurring or non-recurring basis on the statement of financial position as of June 30, 2025 and June 30, 2024.

The following is a reconciliation of level 3 assets:

Balance at June 30, 2024	\$ 22,508
Change in value of beneficial interest	4,267
Balance at June 30, 2025	\$ 26,775

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)

16 - CONCENTRATIONS OF RISK

The College's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Market risks include global events which could impact the value of investment securities such as a pandemic or international conflict. Further, because of the significance of the investments to the College's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

17 - RELATED-PARTY TRANSACTIONS

At June 30, 2025 and 2024, contributions receivable included \$492,100 and \$385,000, respectively, from members of the College's Board of Trustees. Total contributions received from board members were \$374,385 and \$356,075 in 2025 and 2024, respectively.

18 - RECLASSIFICATION

Certain amounts in the 2024 comparative information have been reclassified to conform with the 2025 presentation. Such reclassifications had no effect on the change in net assets as previously reported.

19 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 15, 2025, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.