Nichols College

FINANCIAL STATEMENT YEAR END REVIEW JUNE 30, 2026

Overview

The June 30, 2026, audited financial statements were reviewed and accepted by the Audit Committee at its meeting on September 21, 2026. 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 FY26 increased by approximately $3.6M, driven primarily by increases in investments of $6.2M and in cash of $764K offset by a decrease in property, plant and equipment of $3.2M.

The decrease in property, plant and equipment is due to accumulated depreciation of $4.4M offset by additions of $1.2M. The increase in investments was primarily due to market activity and the increase in cash is based on the timing of payments made at fiscal year-end.

Total liabilities for the period decreased by $397K due to a decrease in long-term debt of $781K, in accounts payable of $158K and in notes payable of $66K offset by increases in accrued and other liabilities of $342K, in deferred tuition and fees of $140K and in financing lease liabilities of $126K.

Net assets increased $3.9M compared to FY25.

Statement of Activities:

The increase in total net assets for FY26 was $3.9M.

Total revenues of $43M increased by $1.2M from the prior year. The increase was driven by increases in government grants of $2.8M, in contributions and gifts of $812K, and in other revenue of $165K.

Total expenses increased by $726K or 1.64% over the prior year. The major increases were vendor services $727K, endowed scholarships $369K, employee benefits and payroll taxes

of $256K and professional fees $123K. These increases were offset by savings in salaries of $515K and in interest expense of $207K.

Statement of Cash Flows:

The College continues to generate cash flows from operations. The net cash provided by operating activities was $3M compared to $159K for the prior year.

NICHOLS COLLEGE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2026

AND

INDEPENDENT AUDITOR'S REPORT

NICHOLS COLLEGE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2026

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BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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, 2026, and 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, 2026, 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.

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 June 30, 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ballus Lynch, LLP

Worcester, Massachusetts
September 21, 2026

NICHOLS COLLEGE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2026
(With summarized comparative information for 2025)

	2026	2025
Assets		
Cash	$ 1,317,240	$ 553,221
Student accounts receivable, less allowances for credit losses of $2,084,146 and $2,199,763 in 2026 and 2025, respectively	1,389,124	1,766,944
Contributions receivable, net	468,480	803,225
Other receivables	72,879	35,723
Investments	50,140,026	43,918,328
Other assets	1,473,121	1,208,217
Beneficial interests	32,757	26,775
Right-of-use assets for finance leases, net	401,109	271,047
Property and equipment, net	57,063,735	60,228,260
	$ 112,358,471	$ 108,811,740
Liabilities and Net Assets		
Note payable	$ 1,980,654	$ 2,046,569
Accounts payable, trade	362,365	520,367
Accrued and other liabilities	1,046,118	704,030
Deferred tuition and fees	2,079,305	1,939,319
Finance lease liabilities	404,979	278,676
Long-term debt, net	16,364,985	17,146,148
Total liabilities	22,238,406	22,635,109
Net assets		
Without donor restrictions	44,492,692	45,837,660
With donor restrictions	45,627,373	40,338,971
Total net assets	90,120,065	86,176,631
	$ 112,358,471	$ 108,811,740

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

NICHOLS COLLEGE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2026
(With summarized comparative information for 2025)

	Without Donor Restrictions	With Donor Restrictions	Totals 2026	Totals 2025
Operating activities:				
Revenue and other support				
Tuition and fees, net of financial aid of $24,293,238 and $24,102,456 in 2026 and 2025, respectively	$ 21,373,373	$ -	$ 21,373,373	$ 22,961,436
Auxiliary enterprises	12,829,611	-	12,829,611	12,972,235
Contributions and gifts of financial assets	1,001,249	1,837,857	2,839,106	2,026,998
Government and other grants	3,518,787	-	3,518,787	690,997
Endowment return appropriated for operations	948,104	-	948,104	1,774,625
Change in value of beneficial interests	-	5,982	5,982	4,267
Other revenue	1,257,723	35,465	1,293,188	1,128,365
Net assets released from restrictions	2,016,927	(2,016,927)	-	-
Total	42,945,774	(137,623)	42,808,151	41,558,923
Expenses				
Instruction	7,519,347	-	7,519,347	7,947,904
Academic support	4,992,570	-	4,992,570	5,059,949
Student services	12,125,865	-	12,125,865	11,476,009
Institutional support	8,996,494	-	8,996,494	8,691,819
Institutional development	1,128,163	-	1,128,163	994,674
Auxiliary enterprises	10,138,527	-	10,138,527	10,004,178
Total	44,900,966	-	44,900,966	44,174,533
Change in net assets from operating activities	(1,955,192)	(137,623)	(2,092,815)	(2,615,610)
Non-operating activities:				
Contributions and gifts of financial assets for capital purposes	-	40,013	40,013	96,261
Contributions and gifts of financial assets for long-term investment	-	427,954	427,954	608,477
Gain (loss) on disposal of property and equipment	2,435	-	2,435	(547,875)
Net investment return	733,335	5,780,616	6,513,951	4,256,703
Endowment return appropriated for operations	(155,065)	(793,039)	(948,104)	(1,774,625)
Net assets released from restrictions	29,519	(29,519)	-	-
Change in net assets from non-operating activities	610,224	5,426,025	6,036,249	2,638,941
Change in net assets	(1,344,968)	5,288,402	3,943,434	23,331
Net assets, beginning of year	45,837,660	40,338,971	86,176,631	86,153,300
Net assets, end of year	$ 44,492,692	$ 45,627,373	$ 90,120,065	$ 86,176,631

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

NICHOLS COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2026
(With summarized comparative information for 2025)

	Instruction	Academic Support	Student Services	Institutional Support	Institutional Development	Auxiliary Enterprises	Totals 2026	Totals 2025
Salaries and wages	$ 5,054,145	$ 1,827,202	$ 5,261,397	$ 3,211,274	$ 532,700	$ 333,672	$ 16,220,390	$ 16,735,572
Employee benefits and payroll taxes	1,205,098	510,748	1,572,254	1,291,363	155,014	111,362	4,845,839	4,590,036
Food services	-	-	-	-	-	2,621,390	2,621,390	2,533,641
Professional fees	21,462	8,055	602,176	292,197	30,699	-	954,589	831,476
Vendor services	9,680	111,481	752,233	2,408,330	119,802	577,759	3,979,285	3,252,028
Utilities	-	-	1,659	160,427	20	1,727,483	1,889,589	1,823,816
Supplies	10,802	150,547	368,874	42,079	6,011	68,870	647,183	659,591
Repairs and maintenance	-	7,322	31,060	17,635	-	193,494	249,511	172,883
Rent	-	39,047	389,722	315	-	8,821	437,905	441,723
General insurance	-	-	95,675	510,067	-	42,152	647,894	559,847
Small equipment/software	3,551	64,191	191,397	201,538	35	5,015	465,727	580,026
Advertising	-	77,106	47,686	192,080	-	-	316,872	456,288
Printing and mailing	-	16,710	97,138	9,658	80,356	8,762	212,624	215,567
Dues and subscriptions	8,496	11,503	103,747	71,922	6,579	3,440	205,687	198,217
Travel and entertainment	50,433	222,403	914,276	164,371	148,791	446,130	1,946,404	1,868,225
Scholarships	-	1,329,892	-	-	-	-	1,329,892	960,764
Credit card and bank fees	-	-	-	7,547	13,817	25,729	47,093	40,462
Provision for credit losses	-	-	-	134,170	-	-	134,170	173,311
Operation and maintenance	398,242	212,396	584,089	94,365	11,833	1,354,024	2,654,949	2,719,483
Interest	82,695	44,104	121,286	19,595	2,457	281,163	551,300	758,247
Depreciation and amortization	674,743	359,863	989,623	159,882	20,049	2,294,126	4,498,286	4,557,809
Other	-	-	1,573	7,679	-	35,135	44,387	45,521
	$ 7,519,347	$ 4,992,570	$ 12,125,865	$ 8,996,494	$ 1,128,163	$ 10,138,527	$ 44,900,966	$ 44,174,533

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

NICHOLS COLLEGE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2026
(With summarized comparative information for 2025)

	2026	2025
Cash flows from operating activities:		
Change in net assets	$ 3,943,434	$ 23,331
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	4,399,698	4,477,582
Amortization of debt issuance costs	10,713	10,713
Amortization of right-of-use assets, financing leases	87,875	69,514
Provision for credit losses	134,170	173,311
Uncollectible contributions receivable	320,000	-
Change in value of beneficial interests	(5,982)	(4,267)
Net investment gains	(5,611,596)	(3,339,820)
(Gain) loss on disposal of property and equipment	(2,435)	547,875
Contributions and gifts for capital purposes	(40,013)	(96,261)
Contributions and gifts for long-term investment	(427,954)	(608,477)
(Increase) decrease in operating assets:		
Student accounts receivable	243,650	(33,894)
Contributions receivable	46,893	(61,785)
Other receivables	(37,156)	27,957
Other assets	(264,904)	(65,245)
Increase (decrease) in operating liabilities:		
Accounts payable, trade	(285,356)	286,514
Accrued and other liabilities	342,088	(217,873)
Deferred tuition and fees	139,986	(1,029,978)
Total adjustments	(950,323)	135,866
Net cash provided by operating activities	2,993,111	159,197
Cash flows from investing activities:		
Expenditures for property and equipment	(1,105,384)	(1,426,983)
Proceeds from sales and maturities of investments	1,170,782	8,146,059
Purchases of investments	(1,780,884)	(3,339,487)
Net cash (used in) provided by investing activities	(1,715,486)	3,379,589
Cash flows from financing activities:		
Net payments of note payable	(65,915)	(3,815,545)
Repayments of long-term debt	(791,876)	(769,054)
Repayments of financing lease liabilities	(91,634)	(60,305)
Contributions and gifts received for capital purposes	40,013	96,261
Contributions and gifts received for long-term investment	395,806	600,221
Net cash used in financing activities	(513,606)	(3,948,422)
Net increase (decrease) in cash	764,019	(409,636)
Cash, beginning of year	553,221	962,857
Cash, end of year	$ 1,317,240	$ 553,221

See accompanying independent auditor's report and 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, 2025, 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets (continued)

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.

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 allowances for credit losses. 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 credit losses 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Student accounts receivable (continued)

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

	June 30, 2026	June 30, 2025	July 1, 2024
Student accounts receivable, net	$ 1,389,124	$ 1,766,944	$ 1,906,361

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.

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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment funds (continued)

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. The policy sets the annual distribution through a quantitative formula incorporating both market-based and stability-based factors. 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.

Depending upon market conditions and the needs and available resources of the College, appropriations for expenditure may be temporarily suspended to facilitate preservation of the endowment or be made in excess of the spending policy as deemed prudent by the Board. In 2026, the Board approved a draw of $948,104 based on this spending policy formula. In 2025, the Board approved a draw of $968,082 based on this spending policy formula, as well as an additional $806,543 which represented accumulated unspent endowment funds from previous years.

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, 2026.

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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

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, which approximates the level-yield method, 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.

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

	June 30, 2026	June 30, 2025	July 1, 2024
Deferred tuition and fees	$ 2,079,305	$ 1,939,319	$ 2,969,297

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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense recognition and allocation (continued)

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 institutional development, 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 $316,872 and $456,288 in 2026 and 2025, 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, 2026 and 2025 are:

	2026	2025
Financial assets		
Cash	$ 1,317,240	$ 553,221
Student accounts receivable, net	1,389,124	1,766,944
Contributions receivable, net	468,480	803,225
Other receivables	72,879	35,723
Investments	50,140,026	43,918,328
Total financial assets	53,387,749	47,077,441
Less: Financial assets held to meet donor-imposed restrictions		
Purpose-restricted net assets	11,516,050	10,404,765
Contributions receivable unavailable for spending for more than one year, some of which are also subject to purpose restrictions	468,480	803,225
Donor-restricted endowment funds	33,610,086	29,104,206
Less: Board-designated endowment funds	4,965,287	4,404,061
Amount available for general expenditures within one year	$ 2,827,846	$ 2,361,184

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 ($33,610,086, of which $17,500,661 is the original gift) or from its board-designated endowment fund of $4,965,287. Note 2 provides more information about those funds and about the spending policies for all endowment funds.

3 - LIQUIDITY AND AVAILABLE FUNDS (Continued)

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 8 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, 2026 are expected to be received as follows:

2027	$ 156,450
2028	170,950
2029	117,950
2030	102,950
2031	6,200
	554,500
Less: Allowance for uncollectible contributions receivable	46,498
Unamortized discount	39,522
	$ 468,480

5 - INVESTMENTS

Investments are included in the following classes of net assets:

	2026	2025
With donor restrictions		
Donor restricted endowment	$ 33,610,086	$ 29,104,206
Purpose restrictions	11,516,050	10,404,765
Without donor restrictions		
Board-designated endowment	4,965,287	4,404,061
Undesignated	48,603	5,296
	$ 50,140,026	$ 43,918,328

Investments are composed of the following:

	2026		2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Equity securities	$ 126,993	$ 199,680	$ 126,136	$ 184,370
Exchange traded funds	17,427	16,129	360	667
Mutual funds, equities	29,033,617	35,156,433	28,518,299	29,939,910
Fixed income	12,770,472	12,902,457	12,156,162	12,401,175
Money market funds	1,865,327	1,865,327	1,392,206	1,392,206
	$ 43,813,836	$ 50,140,026	$ 42,193,163	$ 43,918,328

5 - INVESTMENTS (Continued)

The net investment return is composed of the following:

	2026	2025
Interest and dividends	$ 1,076,043	$ 1,023,221
Realized gains (losses)	991,827	(254,828)
Unrealized gains	4,619,769	3,594,648
Investment fees	(173,688)	(106,338)
	$ 6,513,951	$ 4,256,703

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 ($32,757 as of June 30, 2026) 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	2026	2025
Land, buildings, and improvements	10 - 40 years	$ 110,771,255	$ 112,377,941
Vehicles and equipment	3 - 7 years	6,216,677	8,308,921
Furniture and fixtures	5 - 10 years	1,456,295	1,616,505
Construction in progress	-	1,222,240	887,719
		119,666,467	123,191,086
Less: Accumulated depreciation		62,602,732	62,962,826
		$ 57,063,735	$ 60,228,260

Depreciation expense was $4,399,698 and $4,477,582 in 2026 and 2025, respectively.

8 - NOTE PAYABLE

The College has a $10,000,000 revolving line of credit with its bank, secured by significant assets of the College. Outstanding balances are due on demand. Interest is charged at the Term SOFR Rate plus 2.61% (6.27% at June 30, 2026). There was $1,980,654 and $2,046,569 outstanding on this line of credit as of June 30, 2026 and 2025, respectively.

9 - LONG-TERM DEBT

Long-term debt consists of the following:

	2026	2025
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.	$ 16,514,978	$ 17,306,854
Less: Unamortized debt issuance costs, net	149,993	160,706
	$ 16,364,985	$ 17,146,148

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

Year Ended June 30	
2027	$ 815,380
2028	838,378
2029	864,471
2030	890,136
2031	916,567
Thereafter	12,190,046
	$ 16,514,978

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:

	2026	2025
Amortization of right-of-use assets	$ 87,875	$ 69,514
Interest on lease liabilities	14,129	11,986
Total finance lease cost	$ 102,004	$ 81,500

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

	2026	2025
Equipment	$ 607,752	$ 389,815
Less: Accumulated amortization	206,643	118,768
Right-of-use assets for finance leases, net	$ 401,109	$ 271,047
Weighted-average remaining lease term	3.52 years	3.70 years
Weighted-average discount rate	4.03%	4.19%

10 - LEASES (Continued)

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, 2026:

2027	$ 127,369
2028	127,369
2029	107,898
2030	52,704
2031	19,907
	435,247
Less: Imputed interest	30,268
Total present value of lease liabilities	$ 404,979

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 $4,965,287 and $4,404,061 as of June 30, 2026 and 2025, respectively.

Endowment assets includes invested donor restricted and Board-designated funds. Changes in endowment assets for the year ended June 30, 2026 are as follows:

	Without Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	$ 4,404,061	$ 29,104,206	$ 33,508,267
Net investment return	716,291	4,794,443	5,510,734
Additions	-	427,954	427,954
Imposition of donor restriction	-	76,522	76,522
Appropriation for expenditure	(155,065)	(793,039)	(948,104)
Endowment assets, end of year	$ 4,965,287	$ 33,610,086	$ 38,575,373

12 - NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2026 and 2025, net assets with donor restrictions are available for the following purposes or periods:

	2026	2025
Purpose restrictions, available for spending		
Public service programs	$ 187,400	$ 177,255
Academic support programs	4,357,753	3,868,071
Student services	619,972	989,574
Institutional support	2,859,187	2,073,049
Capital improvements	1,916,111	1,707,739
Scholarships and financial aid	1,575,627	1,589,077
Total purpose restricted net assets	11,516,050	10,404,765
Time restrictions		
Contributions receivable, which are unavailable for spending until due, some of which are also subject to purpose restrictions	468,480	803,225
Charitable remainder trusts, which are unavailable for spending until the deaths of the beneficiaries	32,757	26,775
Total time restricted net assets	501,237	830,000
Endowment funds, which must be appropriated by the Board of Trustees before use		
Instruction (original gifts of $2,250,000 in 2026 and 2025)	6,287,434	5,532,289
Academic support programs (original gifts of $3,040,484 in 2026 and $3,033,777 in 2025)	5,951,989	5,250,830
Student services (original gifts of $264,450 in 2026 and $237,966 in 2025)	402,262	356,230
Institutional support (original gifts of $1,000,000 in 2026 and 2025)	1,871,995	1,625,366
Scholarships and financial aid (original gifts of $10,945,727 in 2026 and $10,440,767 in 2025)	19,096,406	16,339,491
Total endowment funds managed by the College	33,610,086	29,104,206
Total net assets with donor restrictions	$ 45,627,373	$ 40,338,971

12 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During 2026 and 2025 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:

	2026	2025
Time restrictions	$ 830	$ 830
Purpose restrictions		
Operating		
Instruction	-	32,765
Public service	8,983	-
Academic support programs	232,113	206,569
Student services	465,601	491,322
Institutional support	579,265	1,012,253
Scholarships and financial aid	730,135	217,912
	2,016,927	1,961,651
Non-operating		
Capital improvements	29,519	251,480
	$ 2,046,446	$ 2,213,131

13 - STATEMENT OF CASH FLOWS

Supplemental disclosures of cash flows information is as follows:

	2026	2025
Cash paid during the year for		
Interest	$ 551,300	$ 758,247

Supplemental cash flow information related to leases is as follows for the year ended June 30, 2026:

	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows - payments on finance leases	$ 14,129	$ 11,986
Financing cash outflows - payments on finance leases	91,634	60,305
Right-of-use assets obtained in exchange for new lease obligations		
Finance leases	$ 217,937	$ 98,904

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 $568,000 and $598,000 in 2026 and 2025, respectively.

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, 2026 and 2025.

Equity securities, mutual funds (equities) 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.

15 - FAIR VALUE MEASUREMENTS (Continued)

Determination of fair value (continued)

Fixed income: Determined using contractual cash flows and the interest rate determined by the closing bid price on the last business day of the fiscal year if the same or the obligation with a similar maturity is 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.

The College's assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at June 30, 2026 as follows:

	Level 1	Level 2	Level 3	Total
Investments				
Equity securities	$ 199,680	$ -	$ -	$ 199,680
Exchange traded funds	16,129	-	-	16,129
Mutual funds, equities	35,156,433	-	-	35,156,433
Fixed income	-	12,902,457	-	12,902,457
Money market funds	1,865,327	-	-	1,865,327
Total investments	37,237,569	12,902,457	-	50,140,026
Beneficial interests	-	-	32,757	32,757
Total	$ 37,237,569	$ 12,902,457	$ 32,757	$ 50,172,783

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
Fixed income	-	12,401,175	-	12,401,175
Money market funds	1,392,206	-	-	1,392,206
Total investments	31,517,153	12,401,175	-	43,918,328
Beneficial interests	-	-	26,775	26,775
Total	$ 31,517,153	$ 12,401,175	$ 26,775	$ 43,945,103

15 - FAIR VALUE MEASUREMENTS (Continued)

Determination of fair value (continued)

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, 2026 and June 30, 2025.

The following is a reconciliation of level 3 assets:

Balance at June 30, 2025	$	26,775
Change in value of beneficial interest		5,982
Balance at June 30, 2026	$	32,757

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, 2026 and 2025, contributions receivable included $198,000 and $492,100, respectively, from members of the College's Board of Trustees. Total contributions received from board members were $1,494,698 and $374,385 in 2026 and 2025, respectively.

18 - RECLASSIFICATION

Certain amounts in the 2025 comparative information have been reclassified to conform with the 2026 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 21, 2026, 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.