



Heidelberg University

Independent Auditor's Report and Financial Statements

June 30, 2026 and 2025



Independent Auditor's Report	1
---	----------

Financial Statements

Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

Independent Auditor's Report

Board of Trustees
Heidelberg University
Tiffin, Ohio

Opinion

We have audited the financial statements of Heidelberg University (University), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Heidelberg University, as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 University, 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 University's ability to continue as a going concern within one year after the date that the financial statements are 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Forvis Mazars, LLP

**Fort Wayne, Indiana
October 29, 2026**

Heidelberg University
Statements of Financial Position
June 30, 2026 and 2025

	2026	2025
ASSETS		
Cash and cash equivalents	\$ 4,623,690	\$ 4,664,879
Student accounts receivable, net of allowance of \$1,501,000 and \$1,424,000 in 2026 and 2025, respectively	3,291,074	2,955,289
Contributions receivable, net of allowance of \$45,294 and \$549,155 in 2026 and 2025, respectively	839,510	10,074,108
Grants receivable	1,218,150	1,114,446
Inventories	81,224	84,794
Prepaid expenses and other assets	819,533	1,166,068
Notes receivable, net of allowance of \$113,676 in 2026 and 2025	644,797	672,071
Investments	92,664,207	80,377,672
Property and equipment	100,657,559	99,180,589
Beneficial interest in perpetual trusts	6,363,749	5,765,678
Total Assets	\$ 211,203,493	\$ 206,055,594
LIABILITIES		
Accounts payable	\$ 544,924	\$ 2,776,693
Line of credit	6,000,000	4,000,000
Accrued liabilities	1,763,228	1,694,135
Deposits and funds held for others	63,696	57,273
Deferred income	3,019,411	3,135,854
Annuities and trusts payable	497,143	546,370
Debt and finance lease liabilities	33,698,097	38,019,839
Advances for federal loans	277,311	315,364
Total Liabilities	45,863,810	50,545,528
Net Assets		
Without donor restriction	64,744,718	40,209,300
With donor restriction	100,594,965	115,300,766
Total Net Assets	165,339,683	155,510,066
Total Liabilities and Net Assets	\$ 211,203,493	\$ 206,055,594

Heidelberg University
Statements of Activities
Years Ended June 30, 2026 and 2025

	2026		
	Without Donor Restriction	With Donor Restriction	Total
Revenue, Income, and Other Support			
Net tuition and fees	\$ 12,046,388	\$ -	\$ 12,046,388
Auxiliary enterprises	10,316,467	-	10,316,467
Grants and contracts	2,719	2,367,533	2,370,252
Private gifts, grants and bequests	1,818,455	5,632,946	7,451,401
Investment return designated for current operations	4,620,186	-	4,620,186
Other	1,264,452	817,826	2,082,278
Change in value of split-interest agreements	-	(12,740)	(12,740)
	<u>30,068,667</u>	<u>8,805,565</u>	<u>38,874,232</u>
Net assets released from restrictions, operating	<u>6,479,486</u>	<u>(6,479,486)</u>	<u>-</u>
Total Revenues, Income, and Other Support	<u>36,548,153</u>	<u>2,326,079</u>	<u>38,874,232</u>
Expenses			
Instruction	8,075,756	-	8,075,756
Research	1,003,158	-	1,003,158
Academic support	3,789,772	-	3,789,772
Student services	9,627,737	-	9,627,737
Auxiliary enterprises	7,109,786	-	7,109,786
Institutional support	8,137,516	-	8,137,516
Fundraising	713,363	-	713,363
Total Expenses	<u>38,457,088</u>	<u>-</u>	<u>38,457,088</u>
Change in Net Assets Before Other Activities	<u>(1,908,935)</u>	<u>2,326,079</u>	<u>417,144</u>
Other Activities			
Investment return less amounts designated for current operations	153,835	9,258,638	9,412,473
Net assets released from restriction, capital	26,290,518	(26,290,518)	-
	<u>26,444,353</u>	<u>(17,031,880)</u>	<u>9,412,473</u>
Change in Net Assets	<u>24,535,418</u>	<u>(14,705,801)</u>	<u>9,829,617</u>
Net Assets, Beginning of Year	<u>40,209,300</u>	<u>115,300,766</u>	<u>155,510,066</u>
Net Assets, End of Year	<u>\$ 64,744,718</u>	<u>\$ 100,594,965</u>	<u>\$ 165,339,683</u>

See Notes to Financial Statements

2025		
Without Donor Restriction	With Donor Restriction	Total
\$ 11,831,241	\$ -	\$ 11,831,241
9,752,253	-	9,752,253
2,532	3,021,621	3,024,153
1,358,886	1,814,120	3,173,006
4,391,526	-	4,391,526
1,161,419	569,761	1,731,180
-	(7,921)	(7,921)
28,497,857	5,397,581	33,895,438
4,719,116	(4,719,116)	-
33,216,973	678,465	33,895,438
9,119,199	-	9,119,199
1,550,585	-	1,550,585
2,179,772	-	2,179,772
9,022,677	-	9,022,677
6,854,001	-	6,854,001
8,101,658	-	8,101,658
793,296	-	793,296
37,621,188	-	37,621,188
(4,404,215)	678,465	(3,725,750)
(204,141)	4,281,775	4,077,634
163,252	(163,252)	-
(40,889)	4,118,523	4,077,634
(4,445,104)	4,796,988	351,884
44,654,404	110,503,778	155,158,182
\$ 40,209,300	\$ 115,300,766	\$ 155,510,066

Heidelberg University
Statement of Functional Expenses
Year Ended June 30, 2026

	Program Activities					Support Activities				2026 Total Expenses
	Instruction	Research	Academic Support	Student Services	Auxiliary Enterprises	Total Program	Institutional Support	Fundraising	Total Support	
Salaries and wages	\$ 4,269,753	\$ 423,017	\$ 1,177,116	\$ 3,679,374	\$ 755,300	\$ 10,304,560	\$ 2,084,317	\$ 291,883	\$ 2,376,200	\$ 12,680,760
Employee benefits	1,561,101	154,663	430,375	1,345,247	276,152	3,767,538	762,065	106,718	868,783	4,636,321
Accounting	10	-	-	-	-	10	(329,594)	-	(329,594)	(329,584)
Advertising and promotion	960	-	1,000	107,025	-	108,985	48,628	2,500	51,128	160,113
Conferences/conventions/meetings	198,934	718	75,118	255,627	249,053	779,450	28,488	1,809	30,297	809,747
Information technology	-	-	74,046	73,656	22,883	170,585	856,916	39	856,955	1,027,540
Insurance	-	-	-	-	-	-	792,830	-	792,830	792,830
Legal	-	-	-	-	-	-	87,270	-	87,270	87,270
Licenses and fees	3,149	704	1,762	129,424	19,548	154,587	59,267	745	60,012	214,599
Management	76,562	37,423	560,787	793,664	3,772,690	5,241,126	423,634	48,704	472,338	5,713,464
Membership and subscriptions	15,230	-	61,998	31,839	627	109,694	282,875	874	283,749	393,443
Occupancy	94,146	27,673	48,243	159,518	299,172	628,752	159,379	8,674	168,053	796,805
Office expenses	281,932	129,008	90,239	825,951	238,942	1,566,072	1,127,458	119,579	1,247,037	2,813,109
Travel	171,820	28,110	546,040	446,542	2,788	1,195,300	21,793	1,269	23,062	1,218,362
Utilities	450,024	77,832	232,063	572,388	473,877	1,806,184	654,248	41,906	696,154	2,502,338
Interest	244,312	31,820	125,984	305,931	256,274	964,321	276,593	22,750	299,343	1,263,664
Depreciation and amortization	707,823	92,190	365,001	901,551	742,480	2,809,045	801,349	65,913	867,262	3,676,307
Totals	<u>\$ 8,075,756</u>	<u>\$ 1,003,158</u>	<u>\$ 3,789,772</u>	<u>\$ 9,627,737</u>	<u>\$ 7,109,786</u>	<u>\$ 29,606,209</u>	<u>\$ 8,137,516</u>	<u>\$ 713,363</u>	<u>\$ 8,850,879</u>	<u>\$ 38,457,088</u>

Heidelberg University
Statement of Functional Expenses
Year Ended June 30, 2025

	Program Activities					Support Activities				2025
	Instruction	Research	Academic Support	Student Services	Auxiliary Enterprises	Total Program	Institutional Support	Fundraising	Total Support	Total Expenses
Salaries and wages	\$ 4,892,201	\$ 457,005	\$ 797,515	\$ 3,561,124	\$ 689,750	\$ 10,397,595	\$ 1,948,741	\$ 325,120	\$ 2,273,861	\$ 12,671,456
Employee benefits	1,792,281	167,426	292,174	1,304,635	252,693	3,809,209	713,931	119,109	833,040	4,642,249
Accounting	119	22	31	125	107	404	118,667	11	118,678	119,082
Advertising and promotion	1,593	-	3,536	440,415	-	445,544	37,004	2,249	39,253	484,797
Conferences/conventions/meetings	215,796	830	110,808	273,882	476,179	1,077,495	46,127	2,195	48,322	1,125,817
Information technology	240	-	67,116	74,853	11,357	153,566	741,621	-	741,621	895,187
Insurance	-	-	-	-	-	-	712,108	-	712,108	712,108
Legal	1,113	210	287	30,154	1,003	32,767	64,343	102	64,445	97,212
Licenses and fees	11,407	891	8,081	142,846	73,842	237,067	11,352	881	12,233	249,300
Management	216,602	410,756	247,672	506,258	3,422,002	4,803,290	753,394	51,815	805,209	5,608,499
Membership and subscriptions	12,514	-	58,750	36,368	1,665	109,297	175,016	999	176,015	285,312
Occupancy	120,375	52,814	36,299	150,905	366,010	726,403	228,007	10,701	238,708	965,111
Office expenses	320,582	127,308	53,662	588,791	224,963	1,315,306	958,186	145,894	1,104,080	2,419,386
Travel	79,719	39,158	128,593	380,011	2,458	629,939	15,770	370	16,140	646,079
Utilities	464,307	107,209	120,109	489,093	439,699	1,620,417	578,821	42,723	621,544	2,241,961
Interest	257,824	48,671	66,422	271,587	232,291	876,795	259,964	23,723	283,687	1,160,482
Depreciation and amortization	732,526	138,285	188,717	771,630	659,982	2,491,140	738,606	67,404	806,010	3,297,150
Totals	\$ 9,119,199	\$ 1,550,585	\$ 2,179,772	\$ 9,022,677	\$ 6,854,001	\$ 28,726,234	\$ 8,101,658	\$ 793,296	\$ 8,894,954	\$ 37,621,188

Heidelberg University
Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	2026	2025
Operating Activities		
Change in net assets	\$ 9,829,617	\$ 351,884
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	3,676,307	3,317,780
Contributions restricted for long-term investment	(2,338,256)	(1,108,780)
Contributions restricted for capital asset purchases	(9,317,398)	(6,244,962)
Realized and unrealized gains on investments	(11,981,189)	(6,374,718)
Provision for (recovery of) credit loss	77,317	(6,266)
Changes in		
Grants and student accounts receivable	(516,806)	(479,811)
Contributions receivable, including remainder trusts	9,234,598	1,708,207
Notes receivable	27,274	51,345
Prepaid expenses and other assets	346,535	231,956
Inventories	3,570	(17,588)
Beneficial interest in perpetual trusts	(598,071)	(259,216)
Accounts payable	(583,139)	15,178
Accrued liabilities	69,093	77,026
Deposits and funds held for others	6,423	7,824
Deferred income	(116,443)	(208,241)
Annuities and trusts payable	(49,227)	(46,228)
Advances for federal loans	(38,053)	(83,237)
Net Cash Used in Operating Activities	(2,267,848)	(9,067,847)
Investing Activities		
Purchase of property and equipment	(6,781,277)	(15,436,111)
Purchase of investments	(27,709,236)	(22,112,631)
Sales and maturities of investments	27,403,890	35,491,084
Net Cash Used in Investing Activities	(7,086,623)	(2,057,658)
Financing Activities		
Payments on long-term debt and finance lease liabilities	(10,127,905)	(645,816)
Proceeds from long-term debt	5,785,533	3,677,165
Gross borrowings under line-of-credit agreement	5,000,000	5,000,000
Gross repayments under line-of-credit agreement	(3,000,000)	(4,000,000)
Proceeds from contributions restricted for capital asset purchase	9,317,398	6,244,962
Proceeds from contributions restricted for long-term investment	2,338,256	1,108,780
Net Cash Provided by Financing Activities	9,313,282	11,385,091
Increase (Decrease) in Cash and Cash Equivalents	(41,189)	259,586
Cash and Cash Equivalents, Beginning of Year	4,664,879	4,405,293
Cash and Cash Equivalents, End of Year	\$ 4,623,690	\$ 4,664,879
Supplemental Cash Flows Information		
Interest paid	\$ 1,265,944	\$ 1,163,884
Property and equipment purchases in accounts payable	\$ 1,648,630	\$ 1,394,932

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Heidelberg University (University) was incorporated as a not-for-profit organization in 1850, under the laws of the state of Ohio. The University is an independent, church-related, liberal arts educational institution offering undergraduate and graduate degrees.

Use of Estimates

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

Cash and Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. The University's cash equivalents consisted primarily of overnight sweep accounts. At June 30, 2026, the University's cash accounts exceeded federally insured limits by approximately \$4,156,000.

Cash and cash equivalents that are awaiting longer-term investing have been classified as investments.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Investment return includes dividend, interest, and other investment income and realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The University maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated annually to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

Derivative Financial Instruments

The University engages in derivative activities involving equity options. The University writes call and put options on various equity securities. These derivatives are primarily used to generate trading revenue and income and to a lesser extent to hedge against changes in equity prices. These derivative instruments do not qualify for hedge accounting and are accounted for at fair value. The call options are covered due to the University owning the equity securities that the options are written against. The written put options expose the University to a potential commitment to purchase the underlying equity securities at expiration of the option contract. The University's open contract written put commitments are insignificant at June 30, 2026 and 2025.

Inventories

Inventories consist primarily of books and supplies and are stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out (FIFO) method.

Income Taxes

The University is exempt from income taxes under Section 501 of the U.S. Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income. The University files tax returns in the U.S. federal jurisdiction.

Property and Equipment

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Assets under finance lease agreements are depreciated over the shorter of the lease term or their respective estimated useful lives. The University provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives.

The University capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. Total interest capitalized and incurred each year was:

	<u>2026</u>	<u>2025</u>
Interest costs capitalized	\$ 128,430	\$ 7,978
Interest costs charged to expense	<u>1,263,664</u>	<u>1,152,504</u>
Total interest incurred	<u>\$ 1,392,094</u>	<u>\$ 1,160,482</u>

Long-lived Asset Impairment

The University evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2026 and 2025.

Student Accounts and Notes Receivable

Student accounts receivable are stated at the amount of consideration from students, of which the University has an unconditional right to receive, less applied scholarships and loan proceeds. The University provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Tuition is generally due at the beginning of the semester unless the student has signed a payment plan. Accounts that are past due without payments for three consecutive months, and have had no response to the due diligence process are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the student.

Notes receivable consist of amounts due under the Federal Perkins Loan Program (Program) and are stated at their outstanding principal amounts, net of an allowance for doubtful notes. The federal government guarantees all or a significant portion of loans issued under the Program. Loans are made to students based on demonstrated financial need and satisfaction of federal eligibility requirements. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. The University provides an allowance for doubtful notes, which is based upon a review of outstanding loans, historical collection information, and existing conditions. Loans that are delinquent continue to accrue interest. Loans that are past due for at least one payment are considered delinquent. Loans with a delinquent balance greater than 90 days and still accruing interest amount to approximately \$606,000 and \$641,000 at June 30, 2026 and 2025, respectively.

Net Assets

The University's financial statements have been prepared to focus on the organization as a whole and to present balances and transactions classified in accordance with the existence or absence of donor-imposed restrictions. Net assets and related activity are classified as without donor restrictions and with donor restrictions as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. The net asset without donor restrictions class included assets and liabilities of the University and may be used at the discretion of management to support the University's purposes and operations.

Net Assets with Donor Restrictions – Net assets that are subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time or are to be maintained in perpetuity by the University. Unconditional promises to give that are due in future periods are classified as net assets with donor restrictions. Generally, the donors of assets with donor restrictions permit the University to use all or part of the income earned on related investments for general or specific purposes. Donor-imposed restrictions limiting the use of the assets or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

Tuition and Auxiliary Services Revenue

Tuition revenue is recognized over the term of the semester as the University provides services to students. Revenue is reported at the amount of consideration which the University expects to be entitled in exchange for providing tuition and auxiliary services. The University determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided for scholarships and other price concessions provided to students.

Deferred Revenue

Income from prepaid tuition is deferred and recognized over the periods to which the tuition relates.

Contributions

Contributions are provided to the University either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the University overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. The University records these costs as direct deductions from the related debt. Such costs are being amortized over the term of the respective debt using the effective interest method.

Self-Insurance

The University has elected to self-insure certain costs related to employee health insurance. Costs resulting from noninsured losses are charged to expense when incurred. The University has purchased insurance that limits its exposure for individual claims to \$150,000 each.

Government Grants

Support funded by grants is recognized as the University meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expense by function. Certain costs have been allocated among the program, institutional support, and fund raising categories based on the estimates of time spent by University personnel and other methods.

Note 2. Contributions Receivable

	2026	2025
Due within one year	\$ 411,297	\$ 5,602,538
Due in one to five years	494,583	5,330,568
Thereafter	-	50,000
	<u>905,880</u>	<u>10,983,106</u>
Less		
Allowance for uncollectible contributions	(45,294)	(549,155)
Unamortized discount (3.79% for 2026 and 2025, respectively)	<u>(21,076)</u>	<u>(359,843)</u>
	<u><u>\$ 839,510</u></u>	<u><u>\$ 10,074,108</u></u>

Note 3. Investments and Investment Return

The University's investments at fair value are as follows:

	<u>2026</u>	<u>2025</u>
Money market funds	\$ 8,831,907	\$ 7,487,750
U.S. Government and agency securities	12,233,560	11,017,968
Corporate bonds	4,524,742	4,075,139
Common stocks and mutual funds		
Communication services	4,702,768	4,044,778
Consumer discretionary	5,895,826	5,977,012
Consumer staples	3,779,615	3,935,512
Energy	3,220,798	2,731,539
Financials	7,698,471	7,291,639
Health care	6,840,473	6,783,990
Industrials	7,509,201	6,662,688
Information technology	21,623,430	15,015,781
Materials	2,281,702	1,973,351
Real estate	1,506,177	1,519,679
Utilities	2,015,537	1,860,846
Total	<u>\$ 92,664,207</u>	<u>\$ 80,377,672</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Dividends and interest	\$ 2,051,470	\$ 2,094,442
Net realized and unrealized gains on investments	<u>11,981,189</u>	<u>6,374,718</u>
Total return on investments	14,032,659	8,469,160
Investment return designated for current operations	<u>(4,620,186)</u>	<u>(4,391,526)</u>
Investment return less amounts designated for current operations	<u>\$ 9,412,473</u>	<u>\$ 4,077,634</u>

Note 4. Property and Equipment

The University's property and equipment are as follows:

	Depreciable Years	2026	2025
Buildings and improvements	10 - 50	\$ 145,306,865	\$ 119,142,347
Furnishings and equipment	5 - 10	18,659,859	17,911,611
		163,966,724	137,053,958
Accumulated depreciation		<u>(68,077,674)</u>	<u>(64,401,375)</u>
		95,889,050	72,652,583
Land		4,613,024	4,610,224
Construction in progress		<u>155,485</u>	<u>21,917,782</u>
		<u><u>\$ 100,657,559</u></u>	<u><u>\$ 99,180,589</u></u>

Note 5. Beneficial Interest in Perpetual Trusts

The University is the beneficiary under various perpetual trusts administered by outside parties. Under the terms of the trusts, the University has the irrevocable right to receive income earned on the trusts' assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$6,363,749 and \$5,765,678, which represents the University's portion of the fair value of the trusts' assets at June 30, 2026 and 2025, respectively. The income from these trusts for 2026 and 2025 was \$301,235 and \$259,216, respectively.

Note 6. Line of Credit

The University has a \$4,000,000 line of credit with The Old Fort Banking Company, which matures March 31, 2027. The line of credit bears interest at a variable rate, which was 5.75% and 6.5% at June 30, 2026 and 2025, respectively. Borrowings of \$4,000,000 were outstanding under the line of credit at both June 30, 2026 and 2025.

In March 2026, the University entered into a Priority Credit Line with Wells Fargo Bank, N.A., secured by certain University investment assets held with Wells Fargo. Available borrowings under the line are based on the value of eligible pledged investments and applicable collateral maintenance requirements. At June 30, 2026, the University had \$2,000,000 of principal outstanding and approximately \$13,369,000 of available credit under the line. The interest rate was 4.62% at June 30, 2026.

Total principal outstanding under the University's lines of credit was \$6,000,000 and \$4,000,000 at June 30, 2026 and 2025, respectively.

Note 7. Debt and Finance Lease Liabilities

Debt consists of the following:

	<u>2026</u>	<u>2025</u>
2020 United States of America acting through the Rural Housing Service of the United States Department of Agriculture, interest rate fixed at 2.75% through January 2060, interest-only payments due annually on January 7, 2021 and 2022, principal and interest payments due monthly beginning February 7, 2022, in the amount of \$129,210. Unamortized debt issuance costs were \$680,804 and \$701,434 at June 30, 2026 and 2025, respectively	\$ 33,892,544	\$ 34,501,871
Revolving Credit Note, due August 29, 2029, variable interest rate equal to the sum of Adjusted Term SOFR plus 3.0%, secured by Pledge Agreements, interest only payments due monthly, unpaid interest and principal due August 29, 2029	-	3,677,165
Finance lease, due July 2032, payable in annual installments of \$41,422, fixed interest rate of 4.85%, secured by certain related equipment	240,996	269,355
Finance lease, due October 2032, payable in annual installments of \$44,031, fixed interest rate of 4.85%, secured by certain related equipment	245,361	272,882
	34,378,901	38,721,273
Less: debt issuance costs	(680,804)	(701,434)
	<u>\$ 33,698,097</u>	<u>\$ 38,019,839</u>

The future maturities of debt and payments on finance lease liabilities are as follows:

	<u>Debt (Excluding Leases)</u>	<u>Finance Lease Liabilities</u>
2027	\$ 1,550,520	\$ 85,453
2028	1,550,520	85,453
2029	1,550,520	85,453
2030	1,550,520	85,453
2031	1,550,520	85,453
Thereafter	26,139,944	170,906
	<u>\$ 33,892,544</u>	598,171
Less amount representing interest		(111,814)
Present value of future minimum lease payments		<u>\$ 486,357</u>

Property and equipment include the following under finance leases:

	<u>2026</u>	<u>2025</u>
Vehicles and equipment	\$ 645,502	\$ 645,502
Accumulated depreciation	(198,920)	(134,480)
	<u>\$ 446,582</u>	<u>\$ 511,022</u>

On January 7, 2020, the University entered into an agreement with the issuer, United States of America, acting through the Rural Housing Service, United States of America. Under the terms of the agreement, the issuer agreed to issue debt, Series 2020, in the aggregate amount of \$36,500,000. The proceeds from the issuance were used to refinance the 2019 Series Revenue bonds. The proceeds from the 2019 Series bonds were being used to fund primarily the restoration and renovation of France Hall and Miller Hall, the construction of a new Student and Community Welcome Center, and other capital projects. The Series 2020 was advanced in series with approximately \$15,000,000 to refinance certain portions of the 2019 series and the remainder representing advances for construction. The remaining portion of the 2019 series bonds was paid off using previously unspent escrowed cash and cash equivalents that were set aside for construction projects in the accompanying statements of financial position.

The revolving credit note contains certain covenants. As of June 30, 2026, management is not aware of any violations of these covenants.

Note 8. Annuities and Trusts Payable

The University has been the recipient of several gift annuities and charitable remainder trusts which require future payments to the donors or their named beneficiaries. The assets received from the donor are recorded at fair value. The University has recorded a liability at June 30, 2026 and 2025, of \$497,143 and \$546,370 respectively, which represents the present value of the future obligations. The liability has been determined using discount rates between 1.60% and 6.00%.

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2026 and 2025, are restricted for the following purposes:

	2026	2025
Subject to expenditure for specified purpose	\$ 1,639,854	\$ 2,192,499
Instruction	652,676	528,798
Academic support	611,774	629,371
Scholarships	227,325	26,824,808
Facilities and other	3,131,629	30,175,476
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Instruction	4,663,514	3,290,602
Academic support	3,176,498	2,223,027
Scholarships	11,225,016	7,316,290
Facilities	689,961	448,067
General	4,343,875	3,488,619
	24,098,864	16,766,605
Subject to endowment spending policy and appropriation		
Restricted by donors for		
Instruction	10,565,270	10,501,414
Academic support	9,107,983	7,197,789
Scholarships	39,509,953	37,356,948
Facilities	1,988,193	1,988,193
General	5,129,525	5,115,929
Underwater endowments	(231,167)	(823,253)
	66,069,757	61,337,020
Total endowments	90,168,621	78,103,625
Not subject to spending policy or appropriation		
Instruction	6,363,749	5,765,678
Academic support	84,251	549,745
Scholarships	846,715	706,242
	7,294,715	7,021,665
Total net assets with donor restrictions	\$ 100,594,965	\$ 115,300,766

Net Assets Released from Restrictions

Heidelberg University
Notes to Financial Statements
June 30, 2026 and 2025

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

	<u>2026</u>	<u>2025</u>
Purpose restrictions accomplished		
Instruction	\$ 513,413	\$ 244,635
Academic support	12,844	514,840
Scholarships	94,220	153,714
Other	5,859,009	3,805,926
	<u>\$ 6,479,486</u>	<u>\$ 4,719,115</u>

During 2026 and 2025, the University released \$26,290,518 and \$163,252, respectively, of restricted net assets for capital projects.

Note 10. Employee Benefits

The University has a defined-contribution pension plan administered by the Teachers Insurance and Annuity Association College Retirement Equities Fund. The plan covers substantially all full-time administrative officers, faculty, and certain staff. During 2026 and 2025, the plan required employer contributions of 4% of employees' gross wages and individual contributions ranging from 0% to 4%. Employer benefit expense under this plan was \$246,789 and \$318,546 for 2026 and 2025, respectively.

Note 11. Significant Estimates, Concentrations, and Commitments

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

In 2026, approximately 16% of contribution revenue was from one donor. In 2025, approximately 14% of contribution revenue was from two donors.

Investments

The University invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and those such changes could materially affect the investment amounts reported in the statements of financial position.

Litigation

The University is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the University. Events could occur that would change this estimate materially in the near term.

Note 12. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets 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** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2026 and 2025:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
June 30, 2026				
Investments				
Money market funds	\$ 8,831,907	\$ 8,831,907	\$ -	\$ -
U.S. Government fund and agency securities	12,233,560	-	12,233,560	-
Corporate bonds	4,524,742	-	4,524,742	-
Common stocks and mutual funds				
Communication services	4,702,768	4,702,768	-	-
Consumer discretionary	5,895,826	5,895,826	-	-
Consumer staples	3,779,615	3,779,615	-	-
Energy	3,220,798	3,220,798	-	-
Financials	7,698,471	7,698,471	-	-
Health care	6,840,473	6,840,473	-	-
Industrials	7,509,201	7,509,201	-	-
Information technology	21,623,430	21,623,430	-	-
Materials	2,281,702	2,281,702	-	-
Real estate	1,506,177	1,506,177	-	-
Utilities	2,015,537	2,015,537	-	-
Beneficial interest in perpetual trusts	- 6,363,749	- -	- -	- 6,363,749

Heidelberg University
Notes to Financial Statements
June 30, 2026 and 2025

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
June 30, 2025				
Investments				
Money market funds	\$ 7,487,750	\$ 7,487,750	\$ -	\$ -
U.S. Government and agency securities	11,017,968	-	11,017,968	-
Corporate bonds	4,075,139	-	4,075,139	-
Common stocks and mutual funds				
Communication services	4,044,778	4,044,778	-	-
Consumer discretionary	5,977,012	5,977,012	-	-
Consumer staples	3,935,512	3,935,512	-	-
Energy	2,731,539	2,731,539	-	-
Financials	7,291,639	7,291,639	-	-
Health Care	6,783,990	6,783,990	-	-
Industrials	6,662,688	6,662,688	-	-
Information Technology	15,015,781	15,015,781	-	-
Materials	1,973,351	1,973,351	-	-
Real estate	1,519,679	1,519,679	-	-
Utilities	1,860,846	1,860,846	-	-
Beneficial interest in perpetual trusts	5,765,678	-	-	5,765,678

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. The University has no liabilities measured at fair value on a recurring basis. Additionally, the University has no assets or liabilities measured at fair value on a nonrecurring basis.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Beneficial Interest in Perpetual Trusts

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreements. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Quantitative Information about Level 3 Fair Value Measurements

	Fair Value	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Beneficial interests in perpetual trusts		Present value of estimated distributed outcome	Market valuation of underlying assets and distributions	N/A
June 30, 2026	\$ 6,363,749			
June 30, 2025	\$ 5,765,678			

There were no transfers into or out of Level 3 beneficial interests in perpetual trusts during the year and no significant purchases, sales, contributions, distributions, or withdrawals. Changes in Level 3 investments were primarily attributable to change in value through realized and unrealized return.

Note 13. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2026	2025
Financial assets, at year-end	\$ 109,000,380	\$ 104,952,072
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(2,292,119)	(8,319,463)
Subject to appropriation and satisfaction of donor restrictions	(92,783,336)	(79,861,545)
Contributions receivable	(839,510)	(10,074,108)
Total	<u>\$ 13,085,415</u>	<u>\$ 6,696,956</u>

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

For purpose of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing mission-related activities, as well as the conduct of service undertaken to support those activities, to be general expenditures. In addition, as discussed in Note 6, the University maintains lines of credit that may be drawn upon to provide additional liquidity, as needed.

The board of trustees authorized a distribution from the endowment to support operations for fiscal year 2027 of approximately \$4,680,000. This amount is netted against restrictions subject to appropriation and satisfaction of donor restrictions in the table above.

Note 14. Endowment

The University's endowment consists of approximately 450 individual funds established for a variety of purposes. The endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The University's governing body has interpreted the State of Ohio Uniform Prudent Management of Institutional Funds Act (Ohio UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as net assets with donor restrictions (a) the original value of gifts donated to 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 donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by Ohio UPMIFA. In accordance with Ohio UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the University and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the University
7. Investment policies of the University

The composition of net assets by type of endowment fund at June 30, 2026 and 2025, was:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 90,168,621	\$ 90,168,621

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 78,103,625	\$ 78,103,625

Heidelberg University
Notes to Financial Statements
June 30, 2026 and 2025

Changes in endowment net assets for the years ended June 30, 2026 and 2025, were:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 78,103,625	\$ 78,103,625
Investment return	-	12,544,532	12,544,532
Contributions	-	4,140,650	4,140,650
Appropriation of endowment assets for expenditures	-	(4,620,186)	(4,620,186)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 90,168,621</u>	<u>\$ 90,168,621</u>

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 73,522,806	\$ 73,522,806
Investment return	-	7,863,565	7,863,565
Contributions	-	1,108,780	1,108,780
Appropriation of endowment assets for expenditures	-	(4,391,526)	(4,391,526)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 78,103,625</u>	<u>\$ 78,103,625</u>

Investment and Spending Policies

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the University must hold in perpetuity. Under the University's policies, endowment assets are invested in a manner that is intended to produce results of 6% in excess of inflation while having aversion to unnecessary risk. The University expects its endowment funds to provide an average real rate of return of approximately 9% annually over time. Actual returns in any given year may vary from this amount.

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

The University has a policy (the spending policy) of appropriating for expenditure each year 5.0% of its endowment fund's average fair value calculated on a quarterly basis using the most recent 12-quarter rolling average. In establishing this policy, the University considered the long-term expected return on its endowment. This is consistent with the University's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Underwater Endowments

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the University is required to retain as a fund of perpetual duration pursuant to donor stipulation or Ohio UPMIFA. Such endowments are often referred to as "underwater" endowments. The University is not required by donor-imposed restriction or law to use its unrestricted resources to restore the endowments to their historic dollar value.

In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. At June 30, 2026, funds with original gift values of \$4,766,787, fair values of \$4,535,620, and deficiencies of \$231,167 were reported in net assets with donor restrictions. At June 30, 2025, funds with original gift values of \$11,639,525, fair values of \$10,816,272, and deficiencies of \$823,253 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body at the time of such appropriation. Any future gains that restore the fair value of the assets of the endowment fund to the required level shall be classified as increases in net assets with donor restrictions.

The University has a policy that permits spending from underwater endowment funds depending on the degree to which the funds are underwater, unless otherwise precluded by donor stipulations or laws and regulations. The governing board appropriated for expenditure 5% for the 12 quarter rolling average. The governing board authorized an additional endowment draw of 2.25% for a total of 7.25% during the year ended June 30, 2026 and an additional endowment draw of 2.25% for a total of 7.25% during the year ended June 30, 2025.

On October 27, 2023, a formal agreement was executed by the governing board to allow the University to borrow \$4,000,000 from the endowment investments to use towards paying down the Old Fort Bank revolving bank line of credit and to provide working capital for operations of the University. The initial term is for one year and the University will pay a fixed rate of 5.0% interest to the endowment on the loan. At the end of the initial term the loan can be extended and the interest rate will be renegotiated. During 2026 and 2025, the note was extended for another year with interest charged at 5.0%. There were outstanding borrowings of \$4,000,000 at June 30, 2026 and 2025, respectively. Interest payable to the endowment fund totaled \$200,000 and \$200,000 as of June 30, 2026 and 2025, respectively.

Note 15. Revenue From Contracts with Students and Customers

Tuition, Residential Services, and Meal Plan Services Revenue

Revenue from contracts with students for tuition, residential services, and meal plan services is reported at the amount that reflects the consideration to which the University expects to be entitled in exchange for providing instruction and housing, food, and other services. These amounts are due from students, third-party payers, and others and are net of scholarships and institutional aid of \$22,859,653 and \$20,595,735 for the years ended June 30, 2026 and 2025, respectively.

Revenue is recognized as performance obligations are satisfied, which is primarily ratably over the academic term with the exception of certain meal plans that are recognized at a point in time. Generally, the University bills students prior to the beginning of the semester and student accounts receivable are due in full before classes begin unless the student has entered into a monthly payment plan.

If a student withdraws during the academic term, the student is refunded based on a defined refund schedule and what week the student is in the academic term. No refunds are awarded after the end of the ninth week of the academic term. At year-end, there is no refund liability as the academic term is substantially complete.

Tuition, residential services, and meal plan services revenue are considered to be separate contracts with separate performance obligations.

Transaction Price and Recognition

The University determines the transaction price based on standard charges for goods and services provided, reduced by certain institutional scholarships and aid in accordance with the University's policies for granting certain merit-based aid. The University determines its estimates of explicit price concessions based on its discount policies and merit awards.

From time to time the University will incur student credit balances and student deposits which represent the excess of tuition and fees and other student payments received as compared to amounts recognized as revenue. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2026 and 2025, the University has a liability for refunds or deposits from students recorded of \$63,696 and \$57,274, respectively.

For the years ended June 30, 2026 and 2025, the University recognized revenue within the scope of ASC 606 of \$17,285,533 and \$16,752,143, respectively, from goods and services that transfer to the students over time and \$5,077,322 and \$4,831,351, respectively from goods and services that transfer to students and customers at a point in time.

The University has determined that the nature, amount, timing, and uncertainty of revenue, and cash flows are affected by the following factors:

- Payers (for example, students, governmental programs, and others) that have different reimbursement and payment methodologies
- Demographic and enrollment trends
- Institutional aid and federal and state aid programs

Contract Balances

The following table provides information about the University's receivables and contract liabilities:

	<u>2026</u>	<u>2025</u>
Accounts receivable, beginning of the year	\$ 2,955,289	\$ 2,415,156
Accounts receivable, end of the year	3,291,074	2,955,289
Deferred revenue, beginning of the year	\$ 3,135,854	\$ 3,344,095
Deferred revenue, end of the year	3,019,411	3,135,854

Note 16. U.S. Department of Education Financial Responsibility Ratio Information

The following information is required by the U.S. Department of Education for the year ended June 30, 2026:

	<u>2026</u>
Property, plant, and equipment, net of accumulated depreciation - pre-implementation	\$ 49,285,953
Property, plant and equipment, net of accumulated depreciation - post-implementation with outstanding debt for original purchase	14,006,522
Property, plant and equipment, net of accumulated depreciation - post-implementation without outstanding debt for original purchase	37,209,599
Construction in progress	155,485
Annuities with donor restrictions	732,715
Unsecured related party pledges receivables	422,110
Long-term debt obtained for long-term purposes - pre-implementation	20,501,565
Long-term debt obtained for long-term purposes - post-implementation	13,877,336

Note 17. Related Party Transactions

The University maintains a policy requiring trustees to abstain from voting on matters regarding business operations where potential conflicts of interest exist. Management believes related party transactions are immaterial to the financial statements.

Note 18. Subsequent Events

Subsequent events have been evaluated through October 29, 2026, which is the date the financial statements were available to be issued.