Knox College

Financial Report
June 30, 2025

Contents

Independent Auditor's Report

Board of Trustees
Knox College

Opinion

We have audited the financial statements of Knox College (the College), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 the College as of June 30, 2025 and 2024, 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 College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 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 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.

RSM US LLP

Davenport, Iowa
November 21, 2025

Knox College

Statements of Financial Position
Years Ended June 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	**$ 4,339,885**	$ 9,722,499
Grants and contracts receivable	**943,234**	1,334,866
Students and other accounts receivable, less allowances of 2025—$1,876,332; 2024—$1,708,767	**856,770**	1,858,753
Inventories	**203,896**	209,208
Other assets, principally prepaid expenses, deferred charges, and land held for sale	**3,671,631**	1,438,522
Pledges receivable, less discount and allowance of 2025—$1,210,572; 2024—$947,232	**6,384,071**	4,730,277
Loans receivable, less allowance for doubtful loans of 2025—$31,488; 2024—$31,770	**627,606**	837,442
Restricted cash	**260,772**	326,319
Deposits held in trust for capital projects	**11,458,857**	5,425,926
Land, buildings, and equipment, net of accumulated depreciation	**67,970,701**	59,528,298
Investments	**171,449,663**	172,767,612
Beneficial interest in perpetual trust	**17,964,418**	16,698,352
Total assets	**$ 286,131,504**	$ 274,878,074
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	**$ 5,098,238**	$ 4,097,460
Accrued payroll including employee benefits	**2,507,013**	2,515,983
Student deposits	**77,740**	563,637
Accrual for medical claims	**421,248**	301,192
Deferred revenues	**1,155,565**	1,389,523
Line of credit	**1,665,671**	-
Annuities payable	**1,156,610**	1,079,020
Postretirement benefit obligation	**1,482,902**	1,937,929
Federal equity in loan programs	**252,316**	263,127
Finance lease liabilities	**331**	1,901
Bonds payable, net of deferred bond financing costs	**56,713,993**	43,598,106
Total liabilities	**70,531,627**	55,747,878
Net assets:		
Without donor restrictions	**26,476,930**	32,364,765
With donor restrictions	**189,122,947**	186,765,431
Total net assets	**215,599,877**	219,130,196
Total liabilities and net assets	**$ 286,131,504**	$ 274,878,074

See notes to financial statements.

Knox College

Statement of Activities
Year Ended June 30, 2025

	Without Donor Restriction	With Donor Restriction	Total
Revenues, gains and other support:			
Tuition and fees	$ 62,800,967	$ -	$ 62,800,967
Less student aid and scholarships	(45,883,731)	-	(45,883,731)
Net tuition and fees	16,917,236	-	16,917,236
Contributions	5,950,518	11,538,622	17,489,140
Federal grants and contracts	194,269	953,417	1,147,686
Investment return, net	1,804,268	12,751,902	14,556,170
Auxiliary enterprises	10,966,639	130,982	11,097,621
Miscellaneous	556,716	46,047	602,763
Net assets released from restrictions	24,155,583	(24,155,583)	-
Total revenues, gains and other support	60,545,229	1,265,387	61,810,616
Expenses:			
Program services:			
Instruction	17,315,393	-	17,315,393
Academic support	4,928,605	-	4,928,605
Athletics	4,156,763	-	4,156,763
Student services	8,883,620	-	8,883,620
Auxiliary enterprises	13,402,802	-	13,402,802
Supporting services:			
Management and general	13,271,525	-	13,271,525
Fundraising	4,928,688	-	4,928,688
Total expenses	66,887,396	-	66,887,396
Other changes in net assets:			
Net periodic benefit cost	137,677	-	137,677
Other components of net periodic benefit cost	316,655	-	316,655
Adjustments of amounts due under annuity and life income agreements	-	(173,937)	(173,937)
Change in value of beneficial interest in perpetual trust	-	1,266,066	1,266,066
Total other changes in net assets	454,332	1,092,129	1,546,461
Change in net assets	(5,887,835)	2,357,516	(3,530,319)
Net assets, beginning of year	32,364,765	186,765,431	219,130,196
Net assets, end of year	$ 26,476,930	$ 189,122,947	$ 215,599,877

See notes to financial statements.

Knox College

Statement of Activities
Year Ended June 30, 2024

	Without Donor Restriction	With Donor Restriction	Total
Revenues, gains and other support:			
Tuition and fees	$ 53,417,132	$ -	$ 53,417,132
Less student aid and scholarships	(36,881,871)	-	(36,881,871)
Net tuition and fees	16,535,261	-	16,535,261
Contributions	4,836,525	13,445,426	18,281,951
Federal grants and contracts	205,046	53,171	258,217
Investment return, net	4,111,774	20,167,920	24,279,694
Auxiliary enterprises	9,117,137	12,060	9,129,197
Miscellaneous	1,193,165	174,332	1,367,497
Net assets released from restrictions	12,572,685	(12,572,685)	-
Total revenues, gains and other support	48,571,593	21,280,224	69,851,817
Expenses:			
Program services:			
Instruction	16,957,861	-	16,957,861
Academic support	5,476,571	-	5,476,571
Athletics	3,922,669	-	3,922,669
Student services	8,267,965	-	8,267,965
Auxiliary enterprises	11,833,290	-	11,833,290
Supporting services:			
Management and general	10,853,596	-	10,853,596
Fundraising	4,166,574	-	4,166,574
Total expenses	61,478,526	-	61,478,526
Other changes in net assets:			
Net periodic benefit cost	445,763	-	445,763
Other components of net periodic benefit cost	(736,156)	-	(736,156)
Adjustments of amounts due under annuity and life income agreements	-	(59,895)	(59,895)
Change in value of beneficial interest in perpetual trust	-	947,857	947,857
Total other changes in net assets	(290,393)	887,962	597,569
Change in net assets	(13,197,326)	22,168,186	8,970,860
Net assets, beginning of year	45,562,091	164,597,245	210,159,336
Net assets, end of year	$ 32,364,765	$ 186,765,431	$ 219,130,196

See notes to financial statements.

Knox College

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activates:		
Change in net assets	**$ (3,530,319)**	$ 8,970,860
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Allowance for credit losses	**230,823**	146,555
Discount and allowance on pledges receivable	**263,340**	830,651
Depreciation	**4,889,915**	4,560,654
Amortization	**34,662**	34,662
Change in actuarial liability on annuities and life income funds	**265,016**	(116,925)
Realized and unrealized gains on investments, net	**(8,199,652)**	(19,447,418)
Change in value of beneficial interest in perpetual trust	**(1,266,066)**	(947,857)
Contributions restricted for investment in endowment	**(3,776,761)**	(3,409,456)
Change in operating assets and liabilities:		
Grants and contracts receivable	**391,632**	(329,609)
Students and other accounts receivable	**834,418**	(836,486)
Inventories	**5,312**	(1,542)
Other assets	**(2,233,109)**	(178,136)
Pledges receivable	**(1,917,134)**	(4,966,176)
Accounts payable and accrued liabilities	**732,325**	(324,333)
Accrued payroll including employee benefits	**(8,970)**	309,248
Student deposits	**(485,897)**	35,240
Accrual for medical claims	**120,056**	(50,138)
Deferred revenues	**(233,958)**	897,569
Postretirement benefit obligation	**(455,027)**	290,393
Federal equity in loan programs	**(10,811)**	(78,124)
Net cash used in operating activities	**(14,350,205)**	(14,610,368)
Cash flows from investing activities:		
Loans receivable	**146,578**	196,943
Purchase of land, building and equipment	**(13,063,865)**	(2,964,274)
Deposits held in trust for capital projects	**(6,032,931)**	(259,498)
Proceeds from sale of investments	**29,119,538**	48,911,344
Purchase of investments	**(19,601,937)**	(29,550,349)
Net cash (used in) provided by investing activities	**(9,432,617)**	16,334,166

(Continued)

Knox College

Statements of Cash Flows (Continued)
Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from financing activities:		
Proceeds from contributions restricted for investment of endowment	$ 3,776,761	$ 3,409,456
Proceeds from bond issuance	17,411,276	-
Payments on bonds payable	(4,330,051)	(571,313)
Line of credit draws	2,000,000	-
Line of credit payments	(334,329)	-
Payments of annuity obligations	(187,426)	(36,924)
Principal payments on capital lease obligations	(1,570)	(68,836)
Net cash from financing activities	18,334,661	2,732,383
Change in cash, cash equivalents and restricted cash	(5,448,161)	4,456,181
Cash, cash equivalents and restricted cash:		
Beginning	10,048,818	5,592,637
Ending	$ 4,600,657	$ 10,048,818
Cash and cash equivalents	$ 4,339,885	$ 9,722,499
Restricted cash	260,772	326,319
	$ 4,600,657	$ 10,048,818
Supplemental disclosures of cash flow information:		
Interest paid	$ 1,551,163	$ 1,565,028
Supplemental schedule of noncash investing and financing activities:		
Purchases of property and equipment financed with accounts payable	$ 268,453	$ 1,517,895

See notes to financial statements.

Knox College

Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services						Supporting Services			
	Instruction	Academic Support	Athletics	Student Services	Auxiliary Enterprises	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Compensation—salaries, wages and benefits	$ 13,582,963	$ 2,155,249	$ 2,235,661	$ 5,104,888	$ 3,369,930	$ 26,448,691	$ 7,598,899	$ 3,057,490	$ 10,656,389	$ 37,105,080
Office and department supplies and equipment	1,479,064	149,550	442,350	870,043	7,153,134	10,094,141	-	598,871	598,871	10,693,012
Depreciation and amortization	929,029	1,034,923	572,708	118,871	1,323,673	3,979,204	701,018	244,355	945,373	4,924,577
Professional technical services	357,728	1,513,775	90,178	1,856,521	64,846	3,883,048	1,912,334	462,470	2,374,804	6,257,852
Dining supplies	-	-	-	-	59,104	59,104	-	-	-	59,104
Travel, meetings and meals	690,263	13,388	731,188	827,455	165	2,262,459	386,614	510,831	897,445	3,159,904
Occupancy	56,929	-	-	121	861,168	918,218	1,296,227	-	1,296,227	2,214,445
Debt service	215,229	61,720	49,478	105,721	150,315	582,463	595,567	54,671	650,238	1,232,701
Insurance	4,188	-	35,200	-	420,467	459,855	780,866	-	780,866	1,240,721
Total expenses	$ 17,315,393	$ 4,928,605	$ 4,156,763	$ 8,883,620	$ 13,402,802	$ 48,687,183	$ 13,271,525	$ 4,928,688	$ 18,200,213	$ 66,887,396

See notes to financial statements.

Knox College

Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services						Supporting Services			
	Instruction	Academic Support	Athletics	Student Services	Auxiliary Enterprises	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Compensation—salaries, wages and benefits	$ 12,981,026	$ 2,053,208	$ 2,005,159	$ 4,597,502	$ 3,011,265	$ 24,648,160	$ 5,991,371	$ 3,027,250	$ 9,018,621	$ 33,666,781
Office and department supplies and equipment	1,870,192	804,388	367,031	680,507	5,844,179	9,566,297	-	341,779	341,779	9,908,076
Depreciation and amortization	888,239	902,278	622,671	107,834	1,172,398	3,693,420	671,973	229,922	901,895	4,595,315
Professional technical services	354,269	1,605,408	147,845	2,089,298	87,214	4,284,034	1,582,798	309,071	1,891,869	6,175,903
Dining supplies	-	-	-	-	56,655	56,655	-	1	1	56,656
Travel, meetings and meals	489,036	13,974	723,919	649,506	103	1,876,538	387,246	180,398	567,644	2,444,182
Occupancy	14,077	-	-	14,858	1,089,708	1,118,643	1,073,800	-	1,073,800	2,192,443
Debt service	356,922	97,315	7,597	128,314	215,428	805,576	386,731	78,153	464,884	1,270,460
Insurance	4,100	-	48,447	146	356,340	409,033	759,677	-	759,677	1,168,710
Total expenses	$ 16,957,861	$ 5,476,571	$ 3,922,669	$ 8,267,965	$ 11,833,290	$ 46,458,356	$ 10,853,596	$ 4,166,574	$ 15,020,170	$ 61,478,526

See notes to financial statements.

Note 1. Significant Accounting Policies

Organization: Knox College (the College) is a private, nonprofit institution of higher education located in Galesburg, Illinois. The College provides education and training services for students and allows for study abroad at the undergraduate level. The College also performs research, training, and other services under grants, contracts, and similar agreements with sponsoring organizations.

Basis of accounting: The Accompanying consolidated financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Revenues and support are reported when earned or unconditionally received. Expenses are recorded when purchases of materials or services are made. Revenues earned and expenses incurred applicable to the current period are accrued, while those applicable to future periods are deferred.

Basis of presentation: The Not-for-Profit Entities topic of the Financial Accounting Standards Board Accounting Standards Codification requires that information regarding the College's financial position is reported based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Without donor restrictions: Net assets that are not subject to donor-imposed stipulations may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

With donor restrictions: Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by passage of time are temporary in nature. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the donors of these assets permit the College to use all or part of the income earned on these assets for specified purposes.

Classification of revenues, expenses, gains and losses: Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as net assets released from restrictions.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents consist principally of funds deposited in cash management accounts with original maturities of less than 90 days. At June 30, 2025 and 2024, the College's cash balances exceeded federally insured limits by $841,244 and $912,032, respectively. The College has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents.

Note 1. Significant Accounting Policies (Continued)

Restricted cash: At June 30, 2025 and 2024, restricted cash consisted of deposits for the following:

	2025	2024
Perkins loans	$ 260,772	$ 326,319

Grants and contracts receivable: Grants and contracts receivable consist of amounts due from government agencies within one year and are stated at net realizable value. Grants and contracts receivable are considered fully collectible, and accordingly, no allowance has been recorded.

Students and other accounts receivable: Students accounts receivable are stated at the amounts billed to students less applied scholarships and loan proceeds plus any accrued and unpaid interest and net of any anticipated credit losses. Tuition and fees are generally due at the beginning of the term unless the student has established a payment plan. A late fee may be charged to all accounts not paid in full at the start of the term or enrolled in a payment plan approximately one month prior to the start of the term. Charges that are past due without any payments for approximately five months are sent to collections and subsequently written off if there are no payments for one year.

Loans receivable: Student loans receivable consist of amounts due under the Federal Perkins Loan Program and are stated at their outstanding principal amounts. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. Loans that are past due for at least one payment are considered delinquent. Interest is accrued on loans with a delinquent balance greater than nine months.

Allowance for credit losses: The allowance for credit losses is the College's best estimate of the amount of probable credit losses in the College's existing receivables and is based upon economic factors, historical loss patterns, forward looking forecasts, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts.

Inventories: Inventories consist of administrative supplies and food service. All inventories are stated at the lower of cost or net realizable value.

Collections: The College has collections of valuable artwork, papers, and other memorabilia that were donated to the College. These items are on display and are used by educators, researchers, historians, and others. These contributed collections are not reflected on the financial statements. However, all proceeds from any sales of collections, or items in a collection, must be used to acquire other items for collections or to maintain the collections. As of June 30, 2025 and 2024, there were no unspent proceeds from the sale of collections.

Investments: Equity investments and debt securities are stated at fair value based on quoted market prices, except for certain investments which are reported at net asset value (NAV) as calculated by investment managers. Investment return is recognized based on the presence, or absence, of donor-imposed restrictions and is reported net of external and direct internal expenses.

Note 1. Significant Accounting Policies (Continued)

Land, buildings and equipment: Land, buildings and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. The College generally capitalizes all assets with a cost of $10,000 or more. Depreciation is computed using the straight-line method over their estimated useful lives:

	Years
Land improvements	20
Buildings	20-45
Equipment and furniture	3-20

Deferred revenues: Deferred revenue consists primarily of student tuition, housing, and other fees received that are nonrefundable prior to the beginning of an academic term. Revenue from prepaid tuition is deferred and recognized over the periods to which the revenue relates.

Federal equity in loan programs: U.S. government loan funds refundable under the Perkins Loan program are distributable to the federal government upon liquidation of the revolving loan program and thus are reflected as a liability in the accompanying statements of financial position.

Leases: The College leases various pieces of equipment under finance leases. The College determines if an arrangement is a lease at inception. Finance leases are included in land, buildings, and equipment, net of accumulated depreciation, and liabilities on the statements of financial position.

Finance lease right-of-use (ROU) assets represent the College's ROU an underlying asset for the lease term and lease liabilities represent the College's obligation to make lease payments arising from the lease. The finance ROU assets are amortized from the commencement date of the lease agreement to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. However, if the lease transfers ownership of the underlying asset or an existing purchase option is reasonably certain to be exercised, the ROU asset is amortized to the end of the useful life of the underlying asset. Finance lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term.

For any leases that do not provide the lessor's implicit rate, the College uses its incremental borrowing rate at the commencement date in determining the present value of lease payments, which is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by the College assets. Determining a credit spread as secured by the College assets may require significant judgment.

Leases with an initial term of 12 months or less are not recorded on the statements of financial position, and lease expense is recognized on a straight-line basis over the lease term.

The College's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The College has lease agreements with lease and non-lease components, which are accounted for as a single lease component for all asset classes. Additionally, for certain equipment leases, the portfolio approach is applied to account for the operating lease ROU assets and lease liabilities.

Note 1. Significant Accounting Policies (Continued)

Deposits held in trust for capital projects: Deposits held in trust represent proceeds from a long-term debt described in Note 12, $11,458,857and $5,000,000, and accrued interest of $0 and $425,926 at June 30, 2025 and 2024, respectively, to be used for capital projects of the College. The proceeds shall be disbursed as needed to finance or reimburse costs relating to the capital projects as detailed in the agreements.

Tuition and fees: Revenues from tuition and fees are derived from education services provided to students. Generally, tuition and other fees are paid upfront and recorded in contract liabilities as deferred revenue in advance of the date when education services are provided to the student.

The nature of tuition and fees give rise to variable consideration in the form of institutional scholarships awarded to students to defray the costs of the academic programs, which reduce the transaction price (tuition and fees). Scholarships awarded to students were $45,883,731 and $36,881,871 at June 30, 2025 and 2024, respectively. Payments for tuition are due prior to the start of the academic term.

Tuition and fees revenues are recognized ratably over the academic terms. The College generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and delivery of services.

The College's refund policy permits students who officially withdraw by the appropriate date as published to be eligible for a refund. Refunds generally result in a reduction of deferred revenue during the period that the student drops or withdraws from a class.

Auxiliary enterprises: The College's auxiliary enterprises exist primarily to furnish goods and services to students, faculty and staff. Managed as essentially self-supporting activities, the College's auxiliary enterprises consist of residence halls, dining facilities, and the bookstore. Payments for housing and dining services are due prior to the start of the academic term. Performance obligations are delivered over the academic terms; consequently, associated revenues are earned and recognized over the course of each term as services are delivered. Housing and dining services performed under these contracts are considered a single performance obligation, as such services are regarded as a bundled series of distinct goods and services with the same timing and pattern of transfer to the resident. Sales revenue from the bookstore is recognized at a point in time at delivery of the goods.

Significant judgments: There are no significant judgments involved in the recognition of revenue due to the passage of time.

Various economic factors could affect the recognition of revenues and cash flows, including the demand for services, ability to provide services, availability of labor, and prompt payment.

All tuition and fees and auxiliary revenues are recognized over time, except for bookstore sales, which are not material to the financial statements.

Note 1. Significant Accounting Policies (Continued)

Contract balances: The timing of revenue recognition, billings and cash collections results in billed accounts receivable (contract assets) and deferred revenue and student deposits (contract liabilities) on the statements of financial position. Contract liabilities are released as the performance obligations are met. The following table provides information about the beginning and ending contract assets and liabilities for the years ended June 30, 2025, 2024 and 2023:

	2025	2024	2023
Contract assets	$ -	$ 451,108	$ 573,237
Contract liabilities	90,880	612,292	653,625

Contributions: Contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. Promises of noncash assets are recorded at their fair value. Conditional promises are recorded when donor stipulations are substantially met. Conditional contributions as of June 30, 2025 and 2024 were $3,200,000 and $3,000,000, respectively.

Grants: Grant revenue is derived from cost-reimbursable federal, state grants and foundations, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the College has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable grant advances in deferred revenue in the statements of financial position. The College had refundable grant advances of $1,142,425 and $1,317,023 for the years ended June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024 the College had conditional grant awards remaining of $192,249 and $3,399,698, respectively. These awards are conditional upon incurring allowable expenditures under the grants. Grant revenue is classified as income without donor restrictions unless the use of the income is limited by donor restrictions.

Functional allocation of expenses: Expenses are recognized when they are incurred. The costs of providing various programs have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses specifically identifiable with a program, including payroll and related expenses, are charged to that program. Certain costs, primarily occupancy, depreciation and debt service, have been allocated among functional categories based on square footage or direct benefit to the function. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the College.

Operations: Revenues received and expenses incurred in conducting the programs and services of the College are presented in the financial statements as operating activities. Nonoperating results include postretirement benefits related changes, adjustments of amounts due under annuity and life income agreements and change in value of beneficial interest in perpetual trust.

Subsequent events: Management has evaluated subsequent events through November 21, 2025, on which the financial statements are available for issuance.

Note 2. Income Tax Status

The College is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC and similar provisions of the state tax code. The College is not classified as a private foundation. The College evaluates its uncertain tax positions on an annual basis, and there have been no recorded uncertain tax positions recorded in 2025, 2024 or 2023. Therefore, no provision or liability for income taxes has been included in the financial statements. The College files various federal or state non-profit tax returns.

Note 3. Liquidity and Availability of Resources

The College's financial assets available within one year of the statements of financial position date for general expenditures for operations for the years ended June 30 are as follows:

	2025	2024
Cash and cash equivalents	$ 4,339,885	$ 9,722,499
Grants and contracts receivable	943,234	1,334,866
Students and other receivables	856,770	1,858,753
Pledge receivables	6,384,071	4,730,277
Restricted cash	260,772	326,319
Investments	171,449,663	172,767,612
Beneficial interest in perpetual trust	17,964,418	16,698,352
	202,198,813	207,438,678
Less those unavailable for general expenditure:		
Board designated net assets	(18,364,746)	(22,944,386)
Net assets with donor restrictions	(189,122,947)	(186,765,431)
Financial assets available to meet cash needs for general expenditures	(5,288,880)	(2,271,139)
Liquidity resources:		
Board approved appropriation from endowment investments for fiscal year 2026 and 2025 operating budget	10,678,394	14,747,012
Total financial assets available to meet cash needs for general expenditures within one year	$ 5,389,514	$ 12,475,873

The College monitors liquidity to meet operating needs, liabilities and other contractual commitments, while striving to maximize the investment of its available needs. A portion of resources has been designated by the Board of Trustees for endowment to be invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. These funds are reported in Note 18 as board designated funds.

Note 4. Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after discounting to the present value of the future cash flows at a rate ranging from 0.29% to 4.33% for the years ended June 30, 2025 and 2024, respectively.

Unconditional promises at June 30, 2025 and 2024 are expected to be realized in the following periods:

	2025	2024
In one year or less	$ 4,247,537	$ 1,002,758
Between two years and five years	3,347,106	4,674,751
	7,594,643	5,677,509
Less discount	(501,231)	(421,644)
Less allowance	(709,341)	(525,588)
Total pledges receivable	$ 6,384,071	$ 4,730,277

Note 5. Loans Receivable

Loans receivable at June 30, 2025 and 2024 consist of the following:

	2025	2024
Perkins loan program	$ 363,098	$ 532,544
Less allowance for credit losses	(18,155)	(26,627)
Total Perkins loan program	344,943	505,917
College loan fund—student loans	266,659	298,331
Less allowance for credit losses	(13,333)	(5,143)
Total college loan fund—student loans	253,326	293,188
Other loans receivable	29,337	38,337
Total loans receivable	$ 627,606	$ 837,442

Federal Perkins Loans are loans for which the College acts as an agent for the Federal government in administering the loan program. The Perkins Loan portfolio is guaranteed by the United States Department of Education. There are no impaired or nonperforming loans and no modifications to loan terms executed by the College since past-due loans are turned over to the Department of Education. Under federal law, the authority for schools to award new Perkins Loans ended on September 30, 2017. Final disbursements were permitted through June 30, 2018.

The College determined the allowance for estimated credit losses on these student loans by considering historical default rates based upon economic factors, forward looking forecasts and analyzing the aging of past-due loans.

Note 5. Loans Receivable (Continued)

Classes of loans as of June 30, 2025:

	Not in Repayment	Current	<270 Days	>270 Days to 2 Years	2-5 Years	More Than 5 Years	Total
Perkins:							
Loan fund	$ 3,917	$ 251,228	$ 33,957	$ 65,039	$ 8,957	$ -	$ 363,098
College:							
Loan fund	83,848	31,861	40,709	32,543	68,198	9,500	266,659
Total	$ 87,765	$ 283,089	$ 74,666	$ 97,582	$ 77,155	$ 9,500	$ 629,757
Percentage of total loan portfolio	13.9%	45.0%	11.9%	15.5%	12.2%	1.2%	100.0%

Classes of loans as of June 30, 2024:

	Not in Repayment	Current	<270 Days	>270 Days to 2 Years	2-5 Years	More Than 5 Years	Total
Perkins:							
Loan fund	$ 129,619	$ 264,934	$ 80,038	$ 54,496	$ 3,457	$ -	$ 532,544
College:							
Loan fund	96,686	52,073	31,580	71,477	37,015	9,500	298,331
Total	$ 226,305	$ 317,007	$ 111,618	$ 125,973	$ 40,472	$ 9,500	$ 830,875
Percentage of total loan portfolio	27.2%	38.2%	13.4%	15.2%	4.8%	1.2%	100.0%

Note 6. Investments

Investments recorded at fair value at June 30, 2025 and 2024, consisted of the following:

	2025	2024
Mutual funds	$ 78,649,242	$ 83,489,553
Marketable equity securities	90,167,876	86,361,490
Corporate bonds	24,275	170,957
U.S. government agency securities	756,818	1,184,798
Certificates of deposit	1,256,387	941,516
Life insurance	595,065	619,298
Total investments	$ 171,449,663	$ 172,767,612

The College 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 the value of investment securities will occur in the near term and that such changes could materially affect the fair value and the amounts reported in the statements of financial position.

Note 7. Beneficial Interest in Perpetual Trust

The College is the beneficiary of a perpetual trust held and administered by a third-party trustee. Under the terms of the trust, the College has the right to receive the income earned on the trust assets in perpetuity. The fair value of the beneficial interest in the trust is recognized as an asset and as a contribution restricted in perpetuity at the date the trust is established. The College's estimate of fair value is based on fair value information received from the trustee. The trust assets consist of, but are not limited to, cash and cash equivalents, corporate and government bonds, mutual funds, and equity securities. These assets are not subject to the control or direction of the College. Gains and losses, which are not distributed by the trust, and income are reflected as change in value of beneficial interest in perpetual trust in the statements of activities. Income of $457,788 and $196,487 was received from this trust in 2025 and 2024, respectively.

Note 8. Fair Value Measurements

U.S. GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. U.S. GAAP requires the College to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

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

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using NAV has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

Valuation techniques: Following is a description of the valuation techniques used for assets and liabilities measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended June 30, 2025 and 2024.

Mutual funds and marketable equity securities: Valued at the closing quoted price in an active market. Corporate bonds: The investment grade corporate bonds held by the College generally do not trade in active markets on the measurement date. Therefore, corporate debt securities are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

Note 8. Fair Value Measurements (Continued)

U.S. government agency securities and collateralized mortgage obligations: Valued by a pricing service using models that incorporate market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data.

Beneficial interest in perpetual trust: Valued using the fair value of the assets held in the trust reported by the trustee as of June 30, 2025 and 2024. The College considers the measurement of its beneficial interest in the perpetual charitable trust to be a Level 3 measurement within the hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the College will never receive those assets or have the ability to direct the trustee to redeem them.

Fair value measurements recorded on a recurring basis at June 30, 2025, were as follows:

	Assets at Fair Value as of June 30, 2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Mutual funds	$ 78,478,816	$ 170,426	$ -	$ 78,649,242
Marketable equity securities	90,167,876	-	-	90,167,876
Corporate bonds	-	24,275	-	24,275
U.S. government agency securities	-	756,818	-	756,818
Subtotal	$ 168,646,692	$ 951,519	$ -	169,598,211
Life insurance contracts (contract value)				595,065
Certificates of deposit				1,256,387
Total investments				$ 171,449,663
Beneficial interest in perpetual trust	$ -	$ -	$ 17,964,418	$ 17,964,418

Note 8. Fair Value Measurements (Continued)

Fair value measurements recorded on a recurring basis at June 30, 2024, were as follows:

	Assets at Fair Value as of June 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Mutual funds	$ 83,489,553	$ -	$ -	$ 83,489,553
Marketable equity securities	86,361,490	-	-	86,361,490
Corporate bonds	-	170,957	-	170,957
U.S. government agency securities	-	1,184,798	-	1,184,798
Subtotal	$ 169,851,043	$ 1,355,755	$ -	171,206,798
Life insurance contracts (contract value)				619,298
Certificates of deposit				941,516
Total investments				$ 172,767,612
Beneficial interest in perpetual trust	$ -	$ -	$ 16,698,352	$ 16,698,352

The following tables present additional information about assets and liabilities measured at fair value on a recurring basis for which the College has utilized Level 3 inputs to determine fair value for the years ended June 30, 2025 and 2024:

	2025	2024
Balance, beginning of year	$ 16,698,352	$ 15,750,495
Interest in distribution of perpetual trust	(748,590)	(813,261)
Total income and realized/unrealized gains	2,014,656	1,761,118
Balance, end of year	$ 17,964,418	$ 16,698,352

Note 9. Land, Buildings and Equipment

The following is a summary of land, buildings, and equipment as of June 30, 2025 and 2024, respectively:

	2025	2024
Land and campus expansion	$ 722,899	$ 633,071
Land—campus and grounds	2,610,903	2,610,904
Land improvements	12,560,313	12,560,313
Buildings:		
Educational and general	80,842,200	78,549,608
Auxiliary enterprises	38,417,481	33,366,247
Equipment and furniture	30,716,932	29,473,450
Construction in process	8,327,010	3,699,017
Subtotal	174,197,738	160,892,610
Less accumulated depreciation	(106,227,037)	(101,364,312)
Net land, buildings and equipment	$ 67,970,701	$ 59,528,298

Note 10. Lines of Credit

The College has an available line of credit of $2,000,000 (bearing interest at the Wall Street Journal Prime Rate) for operating purposes. The line of credit, which initially expired on February 26, 2025, was subsequently amended to be extended, and will expire on November 26, 2025. Outstanding borrowings of the line of credit as of June 30, 2025 and 2024 were $1,665,671 and $0, respectively.

The line of credit agreement contains various covenants including availability of certain financial records, maintenance of insurance, and certain financial reporting requirements.

Note 11. Leases

The College is leasing various equipment under finance leases expiring through 2025. The ROU assets with a balance of $0 and $1,901 at June 30, 2025 and 2024, are included in the equipment and furniture line of land, buildings, and equipment in the statements of financial position.

Lease term at June 30, 2025 and 2024:

	2025	2024
Weighted-average remaining finance lease term (years)	-	0.42

The College did not have any short term operating or finance leases (one year or less) at June 30, 2025 and 2024.

Note 11. Leases (Continued)

The following summarizes the line items in the statements of activities which include the components of lease expense for the years ended June 30, 2025 and 2024:

	2025	2024
Finance lease costs:		
Amortization of lease assets included in management and general expenses	$ 1,606	$ 71,103
Interest on lease liabilities included in management and general expenses	36	2,267
Total finance lease costs	$ 1,642	$ 73,370

The following summarizes cash flow information related to leases for the years ended June 30, 2025 and 2024:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$ 36	$ 2,267
Financing cash flows from finance leases	1,606	71,103

Note 12. Long-Term Debt

Long-term debt outstanding as of June 30, 2025 and 2024, is as follows:

	2025	2024
Bonds payable:		
Revenue bonds:		
Series 2021A	$ 36,150,000	$ 36,150,000
Series 2021B	-	4,025,000
Series 2025A	12,000,000	-
Series 2025B	6,265,000	-
	54,415,000	40,175,000
Series 2021A unamortized original issue premium	3,760,039	4,065,089
Series 2025A unamortized original issue discount	(456,497)	-
Less deferred bond issuance costs	(1,004,549)	(641,983)
	$ 56,713,993	$ 43,598,106

Repayment terms and collateral relating to the long-term debt are summarized as follows:

In December 2021, the College borrowed $36,150,000 under a loan agreement with the City of Galesburg, Illinois (the City). The City issued $36,150,000 aggregate principal amount tax-exempt fixed revenue bonds titled City of Galesburg, Knox County, Illinois Revenue Bonds, Series 2021A, due October 1, 2046. Pursuant to the loan agreement dated December 2021, the City loaned the proceeds of the bond issue to the College. The proceeds are to be used for repayment of Series 1996 and Series 1999 revenue bonds, term loan, related issuance costs and fees and to fund a project fund in the amount of $5,000,000 to be used towards costs of acquisition, construction, and renovation of certain educational facilities. The loan agreement contains various options where the borrower may prepay the loan based on circumstances defined in the agreement.

Note 12. Long-Term Debt (Continued)

In conjunction with the 2021A bonds, at June 30, 2025 and 2024, there is a $3,760,039 and $4,065,089, respectively, issue premium that is being amortized over the life of the bonds using the effective interest method following the schedule and rates below.

Interest under the loan agreement is paid semi-annually, and the interest rate is determined as defined in the agreement as below:

2021A	Rate	Amount
Description:		
Serial bonds final payment due October 1, 2031	5.00%	$ 3,865,000
Term bonds due October 1, 2036	4.00%	3,625,000
Term bonds due October 1, 2041	4.00%	4,425,000
Term bonds due October 1, 2046	4.00%	24,235,000
		$ 36,150,000

In December 2021, the College borrowed $4,780,000 under a loan agreement with the City. The City issued $4,780,000 aggregate principal amount taxable fixed revenue bonds, titled City of Galesburg, Knox County, Illinois Revenue Bonds, Series 2021B, retired October 1, 2024. Pursuant to the loan agreement dated December 2021, the City loaned the proceeds of the bond issue to the College. The proceeds are to be used for financing certain swap termination payments and paying certain costs of issuance in connection with the authorization and issuance of the Series 2021B bonds. The loan agreement contains various options where the borrower may prepay the loan based on circumstances defined in the agreement.

Interest under the loan agreement was paid semi-annually, and the interest rate was determined as defined in the agreement as below:

2021B	Rate	Amount
Description:		
Taxable serial bonds retired October 1, 2024	1.92%	$ 4,025,000

In June 2025, the College borrowed $12,000,000 under a loan agreement with the City. The City issued $12,000,000 aggregate principal amount tax-exempt fixed revenue bonds titled City of Galesburg, Knox County, Illinois Revenue Bonds, Series 2025A, due October 1, 2045. Pursuant to the loan agreement dated June 2025, the City loaned the proceeds of the bond issue to the College. The proceeds are to be used towards costs of acquisition, construction, and renovation of certain educational facilities, finance working capital expenditures, and pay costs of issuance in connection with the issuance of the Series 2025 Bonds.

In conjunction with the 2025A bonds, at June 30, 2025 and 2024, there is a $456,497 and $0, respectively, issue discount that is being amortized over the life of the bonds using the effective interest rate method following the schedule and rates below.

Note 12. Long-Term Debt (Continued)

Interest under the loan agreement is paid semi-annually, and the interest rate is determined as defined in the agreement as below:

2025A	Rate	Amount
Description:		
Term bonds due October 1, 2040	5.25%	$ 2,000,000
Term bonds due October 1, 2045	6.00%	5,000,000
Term bonds due October 1, 2045	5.50%	5,000,000
		$ 12,000,000

In June 2025, the College borrowed $6,265,000 under a loan agreement with the City. The City issued $6,265,000 aggregate principal amount taxable fixed revenue bonds titled City of Galesburg, Knox County, Illinois Revenue Bonds, Series 2025B, due October 1, 2035. Pursuant to the loan agreement dated June 2025, the City loaned the proceeds of the bond issue to the College. The proceeds are to be used towards costs of acquisition, construction, and renovation of certain educational facilities, finance working capital expenditures, and pay costs of issuance in connection with the issuance of the Series 2025 Bonds.

Interest under the loan agreement is paid semi-annually, and the interest rate is determined as defined in the agreement as below:

2025B	Rate	Amount
Description:		
Serial bonds final payment due October 1, 2026	6.20%	$ 710,000
Term bonds due October 1, 2028	6.40%	1,555,000
Term bonds due October 1, 2030	6.25%	1,750,000
Term bonds due October 1, 2035	6.75%	2,250,000
		$ 6,265,000

Interest expense and fees related to long-term debt, including finance lease obligations, was $1,232,701 and $1,270,460 for the years ended June 30, 2025 and 2024, respectively.

These aforementioned agreements contain several covenants with which the College believes it is in compliance with at June 30, 2025 and 2024. The bonds are secured by a pledge of future revenues and income.

Maturities of the long-term debt described above are as follows:

Years ending June 30:	
2026	$ 475,000
2027	1,205,000
2028	1,280,000
2029	1,350,000
2030	1,430,000
Thereafter	48,675,000
Total	$ 54,415,000

Note 12. Long-Term Debt (Continued)

The College is amortizing debt issuance costs of $1,225,376 over the life of the bonds. At June 30, 2025 and 2024, debt issuance costs, net of accumulated amortization, of $1,004,549 and $641,983, respectively, was included net of the bonds payable on the statements of financial position. Amortization expense was $34,662 for the years ended June 30, 2025 and 2024.

Note 13. Annuities Payable

The College administers various split-interest agreements, including charitable remainder trusts, charitable gift annuities, and life income agreements whereby donors may contribute assets to a pooled fund or individual trust under the control of the College in exchange for a designated beneficiary right to receive a specified annual return during their lifetimes. Annuity funds held in investments totaled $3,966,972 and $3,677,505 at June 30, 2025 and 2024, respectively. Upon the death of the beneficiary, the remaining assets are available for the College's use. For remainder trusts and gift annuities, the difference between the annuity amount invested and the present value of future payments, determined on an actuarial basis, is recognized as contribution income at the date of the gift. The actuarial liability is revalued annually and any surplus or deficiency is recognized as a change in value in the statements of activities.

Under life income agreements, contribution revenue is recognized based on the present value of the annuity amount invested to be received upon the beneficiary's death. The difference between the contribution revenue recognized and the annuity amount invested is held as deferred income in the annuities payable. The actuarial liability is revalued annually and any surplus or deficiency is recognized as change in value in the statements of activities.

The present value of the estimated future payments to beneficiaries, or amounts to be received under life income agreements, is calculated based on the beneficiary's age and discount rate established at the time of the gift utilizing current IRS actuarial tables. The annuity liability was $1,156,610 and $1,079,021 for June 30, 2025 and 2024, respectively. The discount rates used range from 1.4% to 10.0%.

Note 14. Net Assets

Net assets with donor restrictions are available for the following as of June 30, 2025 and 2024:

	2025	2024
Funds received for property and equipment	$ 2,513,805	$ 5,931,742
Term endowment funds	4,027,444	3,830,881
Operating funds from gifts and grants	6,964,329	9,416,643
Split interest agreements	2,272,433	2,119,084
Undistributed earnings on endowment funds	47,118,956	43,829,312
Total	$ 62,896,967	$ 65,127,662

Note 14. Net Assets (Continued)

The portion of net assets with donor restrictions required to be retained in perpetuity by explicit donor stipulations or Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as of June 30, 2025 and 2024:

	2025	2024
Donor-specified educational activities	$ 27,286,840	$ 25,935,761
Scholarships	40,565,467	38,524,135
Professorships (endowed chairs)	34,057,668	34,291,831
Library	4,124,779	4,075,019
Prizes	1,091,272	1,083,244
Subtotal endowments	107,126,026	103,909,990
College loan funds	479,488	485,906
Annuity funds	518,436	383,923
Beneficial interest in perpetual trust	18,102,030	16,857,950
Total	$ 126,225,980	$ 121,637,769

The Board of Directors has chosen to place the following limitations on net assets without donor restrictions, as of June 30, 2025 and 2024:

	2025	2024
Designated for endowment purposes	$ 18,364,746	$ 22,944,386
Undesignated	8,112,184	9,420,379
Net assets without donor restrictions	$ 26,476,930	$ 32,364,765

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time as follows during the years ended June 30, 2025 and 2024:

	2025	2024
Instruction	$ 5,663,036	$ 5,653,564
Academic support	573,072	119,318
Student services	2,774,129	2,488,619
Scholarships and fellowships	4,435,870	3,914,225
Athletics	81,548	95,015
Operations, maintenance, and other	10,627,928	301,944
Total	$ 24,155,583	$ 12,572,685

Note 15. Retirement Plan

Academic and certain other employees of the College are participants in a 403(b) retirement plan sponsored by the Teachers Insurance and Annuity Association. Under this plan, the employees are eligible to participate and are fully vested after completion of two years of service and attainment of certain age requirements, as defined in the plan. The College matches employee contributions up to a percentage of each employee’s pay. Contributions to the defined contribution plan totaled $738,536 and $919,230 in the years ended June 30, 2025 and 2024, respectively.

Note 15. Retirement Plan (Continued)

During the fiscal year ended June 30, 2016, the College initiated a 457b retirement plan sponsored by the Teachers Insurance and Annuity Association. This plan is open to certain employees as defined by the Board of Trustees. The College does not make contributions to the 457b retirement plan.

Note 16. Commitments and Contingencies

The College is obligated to pay for the health care costs of its employees. The College sponsors a self-funded health plan to pay medical claims of the College's employees and their covered dependents and to minimize the total cost of the annual insurance to the College. Medical claims exceeding $115,000 at June 30, 2025 and 2024, per covered person are covered through a private insurance carrier subject to aggregate limitations as provided by the underlying policies. The cost of this plan was $6,012,687 and $3,969,497 for the years ended June 30, 2025 and 2024, respectively.

Note 17. Postretirement Benefits

The College provides postretirement medical, dental, and life insurance coverage to eligible employees who are 55 years of age, have ten or more consecutive years of service, and were hired prior to January 1, 1992. The related coverage is treated as a form of deferred compensation and accrued over the employment period. The plan is unfunded.

The following sets forth the plan's accumulated benefit obligation in excess of plan assets reconciled with amounts reported in the College's statements of financial position as postretirement benefit obligation at June 30, 2025 and 2024, respectively.

	2025	2024
Change in benefit obligation:		
Accumulated postretirement benefit obligation (APBO) at beginning of year	$ 1,937,929	$ 1,647,536
Interest cost	96,571	76,557
Actuarial (loss) gain	(359,203)	293,877
Net benefits paid	(192,395)	(152,857)
Amendments	-	72,816
Accrued postretirement benefit liability	$ 1,482,902	$ 1,937,929

Net periodic postretirement benefit cost for 2025 and 2024, reported in the College's statements of activities as net periodic benefit cost, includes:

	2025	2024
Interest cost	$ 96,571	$ 76,557
Amortization of prior service cost	6,326	-
Recognized actuarial gain	(240,574)	(522,320)
Total	$ (137,677)	$ (445,763)

Note 17. Postretirement Benefits (Continued)

Items not yet recognized as a component of net periodic benefit cost (NPBC):

	2025	2024
Beginning balance	$ 842,700	$ 1,731,713
Amount recognized in current year under NPBC	(240,574)	(522,320)
Obligation loss (gain) incurred in current year	359,203	(293,877)
Amortization of prior service cost	6,326	-
Amendments	-	(72,816)
Ending balance	$ 967,655	$ 842,700

The following benefit payments, which reflect future service, are expected to be paid:

Years ending June 30:	
2026	$ 149,623
2027	141,838
2028	145,305
2029	146,378
2030	125,266
Thereafter	528,389
Total	$ 1,236,799

Employer contributions for the years ended June 30, 2025 and 2024, were $192,395 and $152,857, respectively.

An annual rate of increase of 8% in 2025 and 2024 in the per capita costs of covered health care benefits for participants under 65 years and participants over 65 years was assumed, gradually decreasing to 4.5% by the year 2029. The discount rate for the net pension benefit cost was 5.24% and 4.87% for the years ended June 30, 2025 and 2024, respectively.

The following weighted average assumptions were used in the measurement of the company's benefit obligations:

	2025	2024
Discount rate as of end of period	5.17%	5.24%
Health care trend rate:		
Initial (Pre-65 / Post-65)	8.00%/6.50%	8.00%/6.50%
Ultimate (Pre-65 / Post-65)	4.50%/4.50%	4.50%/4.50%
Years to ultimate (Pre-65 / Post-65)	14 / 8	7 / 8
Dental trend rate	4.00%	4.00%

The plan was amended effective July 1, 2003, to revise the date of participation to the later of the employee's date of hire or age 45. This change has been recognized as a curtailment and has resulted in the immediate recognition of gains and losses.

Note 18. Endowment

The College's endowment consists of several individual funds established for a variety of purposes: scholarships, professorships, library, lectureships, research, prizes, and donor-specified educational activities. Included in these funds are both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In addition, the College includes in its endowment to be held in perpetuity, a beneficial interest in a perpetual trust administered by a third-party trustee, the income from which is restricted to scholarships. The College also holds a portion of term endowments related to donor-specified spending for scholarships, professorships, library and prizes that is not subject to the passage of time.

The Board of Trustees of the College has interpreted the State of Illinois UPMIFA, as requiring the preservation of the fair value of the original gift. Further, prudent spending may allow permanently endowed funds to fall below historic value on a temporary basis unless prohibited by the terms of the gift. The College classifies as assets restricted in perpetuity: (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 with donor restriction on a temporary basis until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by Illinois UPMIFA.

The Board of Trustees has adopted investment and spending policies for the College's endowment funds that attempt to provide a predictable stream of funding while maintaining purchasing power of the assets. The Board of Trustees does not allow spending from underwater endowment funds. In accordance with UPMIFA, as adopted by the State of Illinois, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. the duration and preservation of the endowment fund;
2. the purposes of the institution and the endowment fund;
3. general economic conditions;
4. the possible effect of inflation or deflation;
5. the expected total return from income and the appreciation of investments;
6. other resources of the College; and
7. the investment policy of the College.

The College invests certain endowment assets to maximize long-term total return. Authorized spending from the endowment is based on a 12-quarter moving average market value of the endowment.

For the years ended June 30, 2025 and 2024, the Board of Trustees authorized endowment spending representing 7.0% and 6.5% of the average endowment value.

Note 18. Endowment (Continued)

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the College is required to retain as a fund of perpetual duration pursuant to donor stipulation or Illinois UPMIFA. Such endowments are often referred to as underwater endowments. As of June 30, 2025, there were four donor restricted funds underwater with a total book value of $446,045 and a total fair value of $353,220. As of June 30, 2024, there were six donor restricted funds underwater with a total book value of $488,472 and a total fair value of $423,560.

Endowment net asset composition by type of fund as of June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	$ -	$ 158,272,426	$ 158,272,426
Board designated	18,364,746	-	18,364,746
	$ 18,364,746	$ 158,272,426	$ 176,637,172

During the year ended June 30, 2025, the College had the following endowment-related activities:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 22,944,386	$ 151,570,183	$ 174,514,569
Investment total return	1,584,445	11,607,364	13,191,809
Contributions	-	3,776,761	3,776,761
Appropriation of endowment assets for expenditure	(6,164,085)	(8,681,882)	(14,845,967)
Endowment net assets, end of year	$ 18,364,746	$ 158,272,426	$ 176,637,172

Endowment net asset composition by type of fund as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	$ -	$ 151,570,183	$ 151,570,183
Board designated	22,944,386	-	22,944,386
	$ 22,944,386	$ 151,570,183	$ 174,514,569

Note 18. Endowment (Continued)

During the year ended June 30, 2024, the College had the following endowment-related activities:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 31,370,434	$ 133,305,508	$ 164,675,942
Investment total return	3,486,099	19,784,852	23,270,951
Contributions	-	6,606,960	6,606,960
Appropriation of endowment assets for expenditure	(11,912,147)	(8,169,892)	(20,082,039)
Other changes	-	42,755	42,755
Endowment net assets, end of year	$ 22,944,386	$ 151,570,183	$ 174,514,569

Amounts of endowment funds classified as net assets with donor restrictions at June 30, 2025 and 2024, consisted of:

	2025	2024
Net assets with donor restrictions:		
Portion of endowment funds required to be retained permanently by explicit stipulation of Illinois UPMFA	$ 107,126,026	$ 103,909,990
Portion of endowment funds subject to time and purpose restricted under Illinois UPMIFA	47,118,956	43,829,312
Term endowment funds subject to time restrictions	4,027,444	3,830,881
Total	$ 158,272,426	$ 151,570,183

Note 19. Related-Party Transactions

All Trustees are required to complete a Trustee's Annual Statement Regarding Trustee Responsibilities and Conflicts of Interest each year. In addition, all Officers of the College and any employees having any responsibility or influence over purchasing decisions must complete an Employee Statement Concerning Conflicts of Interest.

As of June 30, 2025 and 2024, approximately $4,740,000 (74%) and $3,590,000 (75%), respectively, of contributions receivable were due from related parties, primarily members of the Board of Trustees. Approximately $2,000,000 (11%) and $6,400,000 (35%) of all contribution revenue for the fiscal years ended June 30, 2025 and 2024, respectively, was received from related parties primarily members of the Board of Trustees.