# CAPITAL UNIVERSITY

Columbus, Ohio

## FINANCIAL STATEMENTS

June 30, 2026 and 2025

CAPITAL UNIVERSITY
Columbus, Ohio

FINANCIAL STATEMENTS
June 30, 2026 and 2025

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Independent Auditor's Report

To the Board of Trustees
Capital University

**Opinion**

We have audited the financial statements of Capital University (a nonprofit organization), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities 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 Capital 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 Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Capital University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the 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 Capital University's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditors' Responsibilities for the Audits 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but it 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 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 Capital 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 Capital 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 audits.



Cleveland, Ohio
September 30, 2026

CAPITAL UNIVERSITY
STATEMENTS OF FINANCIAL POSITION
June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $ 6,647,665 | $ 9,147,857 |
| Accounts receivable | | |
| Student, less allowance of $650,460 and $625,343 in 2026 and 2025, respectively | 1,841,194 | 1,697,455 |
| Other | 952,479 | 1,245,602 |
| Prepaid expenses and other assets | 1,651,381 | 1,612,270 |
| Pledges receivable | 581,126 | 478,470 |
| Student notes receivable, less allowance of $35,500 in 2026 and 2025 | 687,697 | 689,586 |
| Contributions receivable from remainder trusts | 1,054,850 | 941,640 |
| Beneficial interests in perpetual trusts | 10,822,196 | 9,836,672 |
| Investments | | |
| Operating | 19,993,476 | 22,874,578 |
| Endowment | 167,909,616 | 146,116,001 |
| Investments held in escrow for capital expenditures | - | 4,199,698 |
| Operating lease right-of-use assets | 18,734 | 103,714 |
| Land, buildings, and equipment, net | 95,795,295 | 98,555,110 |
| Total assets | $ 307,955,709 | $ 297,498,653 |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable | $ 1,750,470 | $ 1,860,737 |
| Accrued salaries and employee benefits | 3,287,121 | 7,394,683 |
| Other accrued liabilities | 2,440,691 | 3,090,493 |
| Deferred tuition revenue and student deposits | 1,983,411 | 1,993,819 |
| Note and bonds payable | 37,098,815 | 37,169,326 |
| Finance lease obligations | 1,348,897 | 1,698,373 |
| Operating lease right-of-use liabilities | 18,734 | 103,714 |
| Postretirement benefit obligation | 1,248,212 | 1,756,558 |
| Advances from government for student loans | 1,710,564 | 1,765,736 |
| Total liabilities | 50,886,915 | 56,833,439 |
| Net assets | | |
| Without donor restrictions | 84,094,028 | 89,013,302 |
| With donor restrictions | 172,974,766 | 151,651,912 |
| Total net assets | 257,068,794 | 240,665,214 |
| Total liabilities and net assets | $ 307,955,709 | $ 297,498,653 |

See accompanying notes to financial statements.

CAPITAL UNIVERSITY
STATEMENTS OF ACTIVITIES
Year ended June 30, 2026 with comparative 2025 totals

| | Without Donor Restrictions | With Donor Restrictions | Total 2026 | Total 2025 |
|---|---|---|---|---|
| **Revenue, gains and other support** | | | | |
| Student tuition and fees, net | $ 41,920,156 | $ - | $ 41,920,156 | $ 38,812,085 |
| Auxiliary enterprises, net | 9,253,497 | - | 9,253,497 | 9,683,629 |
| Private gifts and grants | 1,968,430 | 2,610,410 | 4,578,840 | 4,016,057 |
| Government grants and contracts | 174,925 | 299,080 | 474,005 | 746,619 |
| Investment return appropriated for spending - operating | 1,220,625 | - | 1,220,625 | - |
| Investment return appropriated for spending - endowment | 2,034,678 | 5,369,027 | 7,403,705 | 5,854,744 |
| Other | 1,185,286 | 464,357 | 1,649,643 | 1,918,158 |
| Operating net assets released from restrictions | 7,589,678 | (7,589,678) | - | - |
| Total revenue, gains and other support | 65,347,275 | 1,153,196 | 66,500,471 | 61,031,292 |
| **Expenses** | | | | |
| Salaries and employee benefits | 38,215,541 | - | 38,215,541 | 39,951,403 |
| Services, supplies, and other operating expenses | 19,045,819 | - | 19,045,819 | 18,549,568 |
| Occupancy, utilities, and maintenance | 7,845,151 | - | 7,845,151 | 6,955,755 |
| Depreciation and amortization | 7,676,666 | - | 7,676,666 | 7,556,263 |
| Interest expense | 2,187,112 | - | 2,187,112 | 2,189,616 |
| Total expenses | 74,970,289 | - | 74,970,289 | 75,202,605 |
| Change in net assets before other activities | (9,623,014) | 1,153,196 | (8,469,818) | (14,171,313) |
| **Other activities** | | | | |
| Investment return, net of spending appropriation | 4,592,746 | 17,843,995 | 22,436,741 | 14,557,337 |
| Private gifts restricted for endowment | - | 2,212,453 | 2,212,453 | 2,660,175 |
| Change in value of split-interest agreements | - | 113,210 | 113,210 | 39,933 |
| Change in postretirement benefit obligation | 117,125 | - | 117,125 | (123,852) |
| Loss on sale of assets | (6,131) | - | (6,131) | - |
| Total other activities | 4,703,740 | 20,169,658 | 24,873,398 | 17,133,593 |
| **Changes in net assets** | (4,919,274) | 21,322,854 | 16,403,580 | 2,962,280 |
| Net assets at beginning of year | 89,013,302 | 151,651,912 | 240,665,214 | 237,702,934 |
| Net assets at end of year | $ 84,094,028 | $ 172,974,766 | $ 257,068,794 | $ 240,665,214 |

See accompanying notes to financial statements.

CAPITAL UNIVERSITY
STATEMENT OF ACTIVITIES
Year ended June 30, 2025

| | Without Donor Restrictions | With Donor Restrictions | Total 2025 |
|---|---|---|---|
| **Revenue, gains and other support** | | | |
| Student tuition and fees, net | $ 38,812,085 | $ - | $ 38,812,085 |
| Auxiliary enterprises, net | 9,683,629 | - | 9,683,629 |
| Private gifts and grants | 3,059,073 | 956,984 | 4,016,057 |
| Government grants and contracts | 251,365 | 495,254 | 746,619 |
| Investment return appropriated for spending | 1,789,582 | 4,065,162 | 5,854,744 |
| Other | 1,603,274 | 314,884 | 1,918,158 |
| Operating net assets released from restrictions | 8,595,470 | (8,595,470) | - |
| Total revenue, gains and other support | 63,794,478 | (2,763,186) | 61,031,292 |
| **Expenses** | | | |
| Salaries and employee benefits | 39,951,403 | - | 39,951,403 |
| Services, supplies, and other operating expenses | 18,549,568 | - | 18,549,568 |
| Occupancy, utilities, and maintenance | 6,955,755 | - | 6,955,755 |
| Depreciation and amortization | 7,556,263 | - | 7,556,263 |
| Interest expense | 2,189,616 | - | 2,189,616 |
| Total expenses | 75,202,605 | - | 75,202,605 |
| Change in net assets before other activities | (11,408,127) | (2,763,186) | (14,171,313) |
| **Other activities** | | | |
| Investment return, net of spending appropriation | 4,057,792 | 10,499,545 | 14,557,337 |
| Private gifts restricted for endowment | - | 2,660,175 | 2,660,175 |
| Change in value of split-interest agreements | - | 39,933 | 39,933 |
| Change in postretirement benefit obligation | (123,852) | - | (123,852) |
| Voluntary retirement plan | - | - | - |
| Gain on sale of assets | - | - | - |
| Total other activities | 3,933,940 | 13,199,653 | 17,133,593 |
| **Changes in net assets** | (7,474,187) | 10,436,467 | 2,962,280 |
| Net assets at beginning of year | 96,487,489 | 141,215,445 | 237,702,934 |
| Net assets at end of year | $ 89,013,302 | $ 151,651,912 | $ 240,665,214 |

See accompanying notes to financial statements.

CAPITAL UNIVERSITY
STATEMENTS OF CASH FLOWS
Years ended June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Changes in net assets | $ 16,403,580 | $ 2,962,280 |
| Adjustments to reconcile changes in net assets to net cash used for operating activities | | |
| Depreciation and amortization | 7,676,666 | 7,556,263 |
| Amortization of operating lease right-of-use assets | 84,980 | 85,229 |
| Amortization of debt issuance cost and bond premium | 3,280 | 3,282 |
| Net realized and unrealized gains on investments | (31,668,355) | (20,555,445) |
| Change in value of split-interest agreements | (113,210) | (39,933) |
| Private gifts restricted for endowment | (1,904,517) | (2,660,175) |
| Loss on sale of assets | 6,131 | - |
| Postretirement benefit obligation related changes other than periodic costs | (117,125) | 123,852 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 149,384 | 402,279 |
| Pledges receivable | (102,656) | 72,932 |
| Prepaid expenses and other assets | (22,418) | 44,416 |
| Accounts payable, accrued liabilities, and operating lease liabilities | (4,202,786) | (1,979,359) |
| Deferred tuition revenue and student deposits | (10,408) | 194,568 |
| Postretirement benefit obligation | (391,221) | 40,785 |
| Net cash used for operating activities | (14,208,675) | (13,749,026) |
| **Cash flows from investing activities** | | |
| Acquisitions of land, buildings, and equipment | (6,408,304) | (5,672,585) |
| Net proceeds from sale of assets | 876,857 | - |
| Student loans issued | (37,500) | (93,099) |
| Student loans collected | 39,389 | 263,573 |
| Purchases of investments | (101,450,983) | (170,678,212) |
| Proceeds from sales of investments | 117,404,306 | 179,980,275 |
| Net cash from investing activities | 10,423,765 | 3,799,952 |
| **Cash flows from financing activities** | | |
| Changes in advances from government for student loans | (55,172) | (156,193) |
| Payments on note and bonds payable | (73,791) | (72,959) |
| Payments on finance lease obligations | (490,836) | (317,851) |
| Private gifts restricted for endowment | 1,904,517 | 2,660,175 |
| Net cash from financing activities | 1,284,718 | 2,113,172 |
| **Net change in cash and cash equivalents** | (2,500,192) | (7,835,902) |
| **Cash and cash equivalents at beginning of year** | 9,147,857 | 16,983,759 |
| **Cash and cash equivalents at end of year** | $ 6,647,665 | $ 9,147,857 |
| **Supplemental disclosure of cash flow information** | | |
| Cash paid for interest | $ 2,183,831 | $ 2,186,334 |
| **Supplemental disclosure of non-cash investing and financing activities** | | |
| Land, buildings, and equipment acquisitions in accounts payable | $ 399,349 | $ 1,149,174 |
| Acquisitions under finance leases | 141,360 | 1,462,264 |
| Right-of-use assets obtained in exchange for operating lease liabilities | - | 116,250 |

See accompanying notes to financial statements.

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Organization: Capital University (the "University"), a private educational institution, derives its income from student tuition and fees, investments, gifts and grants, operation of residence and dining halls, and various related activities. The University, founded in 1830 and with locations in Bexley and Columbus, Ohio, currently enrolls approximately 2,300 students in undergraduate, graduate, and professional programs.

The following is a summary of significant accounting policies followed in the preparation of the accompanying financial statements.

Basis of Presentation: The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the University and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to explicit donor-imposed stipulations. The governing board ("Board of Trustees") has designated, from net assets without donor restrictions, net assets for board-designated endowment.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the University and/or the passage of time. Also included in this category are net assets subject to donor-imposed stipulations that they be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

Use of Estimates: Preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of 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: The University considers financial instruments with a maturity of three months or less when purchased to be cash equivalents. The University maintains cash balances at various financial institutions. At times, such balances may exceed federally insured limits. Management believes the financial institutions holding these deposits are financially sound and, accordingly, minimal credit risk exists with respect to these cash balances. The University has not experienced any losses in such accounts.

Investments: Investments are carried at fair value and investments received by gifts are recorded at fair value at the date of gift. Realized investment gains and losses are calculated and recorded on a first-in, first-out basis and represent the difference between the proceeds on sales of investments and their cost when acquired or fair value at the date of the gift. Investment return includes interest, dividends, investment expenses, and both realized and unrealized gains and losses.

Accounting principles require that net appreciation (both realized and unrealized) on endowment funds, whose income is unrestricted as to use, be reported as net assets with donor restrictions until deemed appropriated by the University for spending. Accordingly, net realized and unrealized appreciation on endowment funds is classified in the accompanying financial statements as part of net assets with donor restrictions based on restrictions established by donors and state law.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The University endowment consists of assets which are separately invested to provide income to support education and related activities, either as a result of donor-imposed restrictions or as a result of designations by the Board of Trustees. Endowment contributions are generally invested on a pooled basis and managed so as to achieve maximum long-term total return. The Board of Trustees appropriates a percentage of the net appreciation on endowment accounts as is prudent considering the University's present and anticipated financial requirements, expected total return on investments, market price trends, and general economic conditions, unless directed by the donor's intent. The endowment spending policy is based on a spending rate established by the Board of Trustees, which was 6.0% and 4.5% for the years ended June 30, 2026 and 2025, respectively. The spending rate represents the expected long-term return on endowment investments less an allowance for the preservation and growth of principal. During the year ended June 30, 2025, the Board of Trustees authorized an additional, incremental spending rate of 1.5% on certain endowment accounts supporting operations. In addition, during the year ended June 30, 2026, the Board of Trustees approved a 6.0% spending rate on non-endowment operating investments.

Alternative investments, for which there is no ready market, are valued at fair value as estimated by management. To estimate fair value, management may rely on valuations reported by the general partners of such investments and/or the University's independent investment advisor. Because of the inherent uncertainty of valuation in the absence of readily ascertainable market values, the estimated values of those investments may differ from the values that would have been used had a ready market existed for such investments or if the investments were realized, and the differences could be material. Such investments are, by their nature, generally considered to be long-term investments and are not intended to be liquidated on a short-term basis.

Trusts Held by Others: Contributions receivable from remainder trusts represent the present value of the estimated amounts to be received in the future by the University for charitable remainder trusts for which the University does not serve as the trustee. They are reported at fair value based on the present value of the underlying payments and changes in fair value are included in change in value of split-interest agreements in the Statements of Activities. Beneficial interests in perpetual trusts represent the present value of the estimated income the University will receive in the future from perpetual trusts for which third parties serve as the trustees and the University is the irrevocable beneficiary of the perpetual trust.

Accounts and Student Notes Receivable: Accounts receivable primarily consist of tuition, room and board, and fee charges to students and are carried at face value, less an allowance for credit losses. Interest is not charged by the University on student accounts receivable. Accounts receivable also include balances due from grants and contracts. Student notes receivable primarily include amounts due under federally-funded loan programs. The University uses the expected credit loss method to estimate uncollectible receivables in these two categories. The allowances are based on historical collection results as well as current and future business and economic conditions.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The University separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance, the University develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current business and economic conditions. The University has elected the practical expedient to assume that current conditions as of the balance sheet date do not change for the remaining life of the receivables. Changes in the allowance for credit losses on student accounts receivable for the years ended June 30, 2026 and 2025 were as follows:

| | 2026 | 2025 |
|---|---|---|
| Beginning balance | $ 625,343 | $ 703,871 |
| Provision | 397,495 | 119,860 |
| Write-offs, net of recoveries | (372,378) | (198,388) |
| Ending balance | $ 650,460 | $ 625,343 |

For the year ended June 30, 2025, the beginning balance of students accounts receivable was $1,502,172.

Land, Buildings, Equipment, and Depreciation and Amortization: Land, buildings, and equipment are stated at cost at date of acquisition. The University typically capitalizes acquisitions that exceed $5,000 and have a useful life greater than one year. Depreciation and amortization on buildings and equipment is recorded on a straight-line basis beginning in the year following acquisition over the estimated useful life for each major category of assets. These estimated useful lives are summarized in the following table:

| | |
|---|---|
| Buildings | 30 - 70 years |
| Building improvements | 20 years |
| Equipment | 3 - 30 years |
| Improvements other than buildings | 20 years |
| Library books | 20 years |

The University's collections of art, which are acquired through purchases and contributions, are not recognized as assets in the financial statements. These collections are protected and preserved for public exhibition, education, and the furtherance of public service. The University's collections policy requires that the proceeds from the sale of collection items be used for the acquisition of new collections and for the direct care of existing collections. Direct care expenses include costs associated with the conservation, preservation, registration, storage, and safeguarding of the University's collection. Purchases of collection items are recorded as decreases in the appropriate net asset classes in the year in which the items are acquired. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

The carrying value of the University's long-lived assets is reviewed for impairment whenever events or changes in circumstances suggest that the assets may be impaired or that the remaining useful life may need to be changed. The University considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value. As of June 30, 2026 and 2025, management believes no impairments existed.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Investment in Joint Venture to Develop Residential Real Estate: In 2018, the University entered into an agreement for a commercial property Joint Venture with a Developer to develop, finance, and manage a Class-A multi-family apartment building, on a one-acre parcel of land owned by the University at the corner of Grant and Oak Streets in downtown Columbus. In 2020, an Ohio limited liability company, Pizzuti South Grant Apartments LLC (the "Company"), was formed to be the operating entity for the Joint Venture. The University contributed the land, valued at $1,500,000, as its capital contribution, for a 50% equity interest in the Company. The Developer financed and guaranteed all debt associated with the Joint Venture. Construction on the project began in May 2020 and was completed in April 2022, at which point leasing of the apartments commenced.

The University's financial commitment to the Company was limited to its initial contribution of land. Each partner receives a base preferred return of 6% in proportion to its respective capital contribution. Once the preferred returns are made, each partner receives repayment of its equity contribution in proportion to its respective capital contribution. However, to the extent the Developer's initial equity capital contribution is more than 50% of the project equity, the Developer receives 100% of the distributions (after payment of preferred returns) until its capital account is equal to the University's. Any remaining operating cash flow and proceeds, after preferred returns and equity return, are split equally between the University and the Developer. Due to accumulated net losses incurred by the joint venture, the carrying value of the investment is $0 as of June 30, 2026 and 2025.

Advances from Government for Student Loans: Funds provided by the United States government under the Federal Perkins Loan Program, Nursing Student Loan Program, and Nurse Faculty Loan Program are loaned to qualified students. These funds are ultimately refundable to the government and are recorded as a liability in the accompanying financial statements. The Federal Perkins Loan Program has been terminated by the federal government and is in a wind down period. No additional disbursements to students are allowed and the University must return excess cash balances to the federal government annually, as requested by the federal government.

Contributions and Expiration of Donor-Imposed Restrictions: Contributions received, including unconditional promises to give ("pledges receivable"), are recognized as revenue in the period received and are recorded as without donor restrictions or with donor restrictions depending on the absence or existence of any donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are met. Gifts of assets other than cash are recorded at their estimated fair market value at the time of donation. The University reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. The expiration of a donor-imposed restriction on a contribution or on endowment income is recognized in the period in which the restriction expires and at that time the related resources are reclassified to net assets without donor restrictions. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Other Activities: The University has defined other activities to include non-operating activities, as well as the following:

Investment return, net of spending appropriation: Endowment income and realized gains (losses) in excess of the spending appropriation and unrealized gains (losses) on endowments and other investments not available for current operations.

Actuarial adjustment to split-interest agreements: Adjustments to split-interest liabilities on life income agreements resulting from changes in the life expectancy, discount rates, and other assumptions.

Postretirement benefit obligation changes: Actuarial changes to the University's postretirement obligation other than periodic benefit costs.

Private gifts restricted for endowment: Gifts restricted by the donor or the Board of Trustees for purposes of the endowment.

Loss on sale of assets: Represents the difference between the proceeds received from sale of University assets and the assets' carrying value at time of sale.

Revenue Recognition: Revenue, other than gifts or grants, is recognized as performance obligations are satisfied, which are determined based on the nature of the services and goods provided.

The University recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. In addition, the students have an option to room and board on the premises. The performance obligation of providing access to housing and meals is satisfied ratably over the academic period in which the student chooses to live on campus and purchase a meal plan. Contracts for tuition, room, and board are combined into a single portfolio of similar contracts. Payments are generally required prior to the beginning of the semester. All amounts received prior to the commencement of the school year, including enrollment deposits, are deferred to the applicable period. All prior year deferred revenue was recognized as current year revenue.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Scholarships provided to students are recorded as a reduction from the posted tuition and room and board rates at the time revenue is recognized. The University's significant revenue sources, shown in disaggregated form, for the years ended June 30, 2026 and 2025 are as follows:

| | 2026 | 2025 |
|---|---|---|
| Student tuition and fees | $ 93,092,274 | $ 88,230,234 |
| Unfunded student scholarships | (48,668,649) | (45,849,962) |
| Funded student scholarships | (2,503,469) | (3,568,187) |
| Student tuition and fees, net | $ 41,920,156 | $ 38,812,085 |
| | | |
| Auxiliary enterprises | $ 11,546,622 | $ 10,402,249 |
| Unfunded student scholarships | (2,293,125) | (718,620) |
| Auxiliary enterprises, net | $ 9,253,497 | $ 9,683,629 |

Contracts and grants from various governmental and corporate sources are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. At June 30, 2026 and 2025, grants and contracts of $648,587 and $990,466, respectively, all of which have been received in advance, have not been recognized in the Statements of Activities because the conditions had not yet been met. These balances are included in other accrued liabilities in the Statements of Financial Position.

To provide initial funding for capital improvements to the University's dining service facilities, the service provider committed to provide a total of $2,500,000 as an advance to the University to be amortized over a 10-year period. If the agreement expires or is terminated for any reason prior to June 30, 2028, the University must pay to the service provider the remaining balance in full. As of June 30, 2026 and 2025, the balance of the advance was $648,350 and $972,524, respectively. The advance is included in other accrued liabilities in the Statements of Financial Position and the amortization of this liability is recognized as private gifts and grants without donor restrictions in the Statements of Activities.

Insurance Reserves: The University is self-insured for certain losses relating to employee medical benefit claims and has purchased stop-loss insurance coverage to limit financial exposure to such claims. Medical benefit liabilities are estimated based on actual claims filed and estimates of claims incurred but not reported and by considering known trends and projections of future claims and are included in accrued salaries and employee benefits in the Statements of Financial Position. The amounts actually incurred may vary from these estimates.

Federal Income Tax: The Internal Revenue Service ("IRS") has ruled that the University is a tax-exempt educational institution under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

Accounting principles generally accepted in the United States of America prescribe recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits will be recognized only if a tax position is more-likely-than-not to be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2026 and 2025.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Presentation: Certain prior years' balances have been reclassified to conform with the current year presentation.

Subsequent Events: Management has evaluated subsequent events through September 30, 2026, the date the financial statements were available to be issued.

**NOTE 2 – INVESTMENTS**

Investments consist of the following at June 30, 2026 and 2025:

| | 2026 | 2025 |
|---|---|---|
| Invested cash | $ 572,871 | $ 4,533,539 |
| U.S. government and government agencies bonds | - | 1,269,169 |
| Equity securities | 69,692 | 71,050 |
| Mutual funds - equities | 8,099,066 | 5,046,985 |
| Exchange traded funds | 223,162 | 201,209 |
| Common trust funds | 160,341,297 | 147,045,249 |
| Private equity funds | 18,597,004 | 15,023,076 |
| | $ 187,903,092 | $ 173,190,277 |

The composition of investment return is as follows for the years ended June 30, 2026 and 2025:

| | 2026 | 2025 |
|---|---|---|
| Investment income (interest and dividends) | $ 701,619 | $ 873,624 |
| Investment expenses | (1,308,903) | (1,016,988) |
| Net realized and unrealized gains and (losses) | 31,668,355 | 20,555,445 |
| Total investment return | 31,061,071 | 20,412,081 |
| Investment return included in revenue | (8,624,330) | (5,854,744) |
| Investment return included in other activities | $ 22,436,741 | $ 14,557,337 |

The University reports certain assets and liabilities at fair value in the financial statements. Accounting principles define fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the fair value hierarchy under accounting guidance for fair value measurements are described as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**NOTE 2 – INVESTMENTS** (Continued)

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2026 and 2025.

The valuation methods described may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. The University believes its valuation methodologies are appropriate; however, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair values of equity mutual funds, exchange traded funds, U.S. government and government agency obligations, and most corporate bonds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

For investments for which there is no active market, generally referred to as "alternative investments," the University relies on the funds' reported net asset value as a practical expedient for the fair value. As such, these investments are excluded from the fair value hierarchy. Information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant (income approach), and financial trend analysis with respect to the individual fund manager, are utilized in determining individual security valuations. Due to current market conditions as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market volatility. This includes the University's investments in private equity funds. Private equity funds include 23 separate funds managed by managers whose strategy is realization of long-term total returns by investing in a diversified group of pooled investment funds. Redemption policies of each of these funds do not allow the University to withdraw any portion of its capital accounts or redeem any shares prior to the termination of the fund without the consent of the fund managers, which is not expected to be granted. The funds are expected to terminate between 1 to 9 years as of June 30, 2026. Currently, and through the funds' terminations, the University expects to receive periodic distributions from the liquidation of the funds' underlying assets. Unfunded commitments related to these investments were $13,569,390 and $16,602,548 at June 30, 2026 and 2025, respectively.

Common Trust Funds ("CTFs") provide long-term investment vehicles to manage funds efficiently for their participant. The University is invested in 13 separate funds managed by managers whose strategy is realization of long-term total returns by investing in a diversified group of pooled investment funds. The underlying investments of each CTF are readily marketable. The fair values of the investments in this category have been measured at net asset value per share of the trust as reported by the manager as a practical expedient for fair value. As such, these investments are excluded from the fair value hierarchy.

The fair value of beneficial interests in perpetual trusts held by others is based on quoted prices of the underlying assets that are held by trustees. Due to restrictions on these assets that do not allow the University redemption rights, fair value is deemed to be based on Level 3 inputs.

**NOTE 2 – INVESTMENTS** (Continued)

Assets and liabilities measured at fair value on a recurring basis at June 30, 2026 are summarized below:

| | 2026 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Cash and cash equivalents | $ 572,871 | $ - | $ - | $ 572,871 |
| Equity securities | 69,692 | - | - | 69,692 |
| Mutual funds - equities | 8,099,066 | - | - | 8,099,066 |
| Exchange traded funds | 223,162 | - | - | 223,162 |
| Total assets in the fair value hierarchy | 8,964,791 | - | - | 8,964,791 |
| Funds measured at NAV: | | | | |
| Common trust funds | | | | 160,341,297 |
| Private equity funds | | | | 18,597,004 |
| Total investments | | | | 187,903,092 |
| Beneficial interests in perpetual trusts | - | - | 10,822,196 | 10,822,196 |

Assets and liabilities measured at fair value on a recurring basis at June 30, 2025 are summarized below:

| | 2025 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Cash and cash equivalents | $ 4,533,539 | $ - | $ - | $ 4,533,539 |
| U.S. government and government agencies | 1,269,169 | - | - | 1,269,169 |
| Equity securities | 71,050 | - | - | 71,050 |
| Mutual funds - equities | 5,046,985 | - | - | 5,046,985 |
| Exchange traded funds | 201,209 | - | - | 201,209 |
| Total assets in the fair value hierarchy | 11,121,952 | - | - | 11,121,952 |
| Funds measured at NAV: | | | | |
| Common trust funds | | | | 147,045,249 |
| Private equity funds | | | | 15,023,076 |
| Total investments | | | | 173,190,277 |
| Beneficial interests in perpetual trusts | - | - | 9,836,672 | 9,836,672 |

## NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30, 2026 and 2025:

| | 2026 | 2025 |
|---|---|---|
| Gross: | | |
| Less than one year | $ 183,850 | $ 252,000 |
| One to five years | 418,800 | 239,500 |
| | 602,650 | 491,500 |
| Less: discount for present value | (21,524) | (13,030) |
| Total | $ 581,126 | $ 478,470 |

The amounts are recorded at the present value of future cash flows based on discount rates ranging from 3.0% to 5.0%. Management has determined that no allowance for uncollectible promises is necessary.

## NOTE 4 – LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consists of the following at June 30, 2026 and 2025:

| | 2026 | 2025 |
|---|---|---|
| Land | $ 14,134,780 | $ 14,134,780 |
| Buildings | 118,224,721 | 119,205,818 |
| Building improvements | 58,619,324 | 50,357,368 |
| Equipment | 48,291,367 | 47,445,796 |
| Improvements other than buildings | 13,882,107 | 13,768,319 |
| Library books | 11,402,126 | 11,293,631 |
| Construction in progress | 564,096 | 4,736,732 |
| | 265,118,521 | 260,942,444 |
| Accumulated depreciation and amortization | (169,323,226) | (162,387,334) |
| | $ 95,795,295 | $ 98,555,110 |

The net book value of assets above includes $45,681,718 leased from the Ohio Higher Educational Facility Commission. The University may purchase each of the leased assets for a nominal amount at the end of the lease period. Therefore, these assets have been capitalized and are included in the above listing. The corresponding liability is included in note and bonds payable on the Statements of Financial Position.

## NOTE 5 – SHORT-TERM BORROWINGS

The University has a $5,000,000 secured line of credit agreement with a bank. Advances bear interest at the Secured Overnight Financing Rate ("SOFR") plus 1.65%. There were no draws during the years ended June 30, 2026 and 2025 and there were no outstanding balances at June 30, 2026 and 2025. The expiration date of the agreement is August 29, 2027. The agreement is secured through a pledge and security interest in investments held by the University. The University is required to maintain a minimum margin value of collateral equal to $6,250,000.

## NOTE 6 – NOTE AND BONDS PAYABLE

The University had the following note and bonds payable at June 30, 2026 and 2025:

| | 2026 | 2025 |
|---|---|---|
| Capital University 2022 Project bonds payable | $ 37,110,000 | $ 37,110,000 |
| Trinity Lutheran Seminary bond payable | 33,333 | 104,166 |
| City of Bexley note payable | 41,422 | 44,380 |
| | 37,184,755 | 37,258,546 |
| Less: unamortized debt issuance cost | (403,314) | (418,711) |
| Plus: unamortized bond premium | 317,374 | 329,491 |
| | $ 37,098,815 | $ 37,169,326 |

On October 1, 2022, the University issued $37,110,000 in Ohio Higher Educational Facility Revenue Bonds ("Capital University 2022 Project") at par value with a net original issue premium of $362,191, interest rates ranging from 5.00% to 6.00%, and final maturity on September 1, 2052. The proceeds of the Capital University 2022 Project bonds were used to (i) refund the outstanding principal amounts of the 2013 and 2015 Capital University Projects bonds totaling $23,970,856, (ii) provide $13,035,000 to finance the acquisition, construction, furnishing, and equipping of improvements to the University's physical plant, for which funds remaining at June 30, 2025 are included in Investments held in escrow for capital expenditures on the Statements of Financial Position, and (iii) pay costs of issuance of the Capital University 2022 Project bonds. The University has provided a general pledge of its revenues as collateral for the Capital University 2022 Project bonds.

In October 2014, the University entered into a promissory note agreement ("note payable") with the City of Bexley for certain water line renovations on its main campus. The agreement is unsecured and principal is payable in annual installments of approximately $3,000 over 26 years. There is no interest on the note.

In November 2017, as part of the reunion between the University and Trinity Lutheran Seminary (the "Seminary"), which was completed on January 1, 2018, the University assumed the bond obligation ("bond payable") entered between the Seminary and Columbus-Franklin County Finance Authority in April 2015. The proceeds of the bond arrangement were used by the Seminary to implement an energy program that included a new, independent heating system and internet-based building automation system. Repayment is to be made over a 12-year period from the original loan agreement through November 2026. Interest is fixed at 4.35%. The note is secured by the Seminary property.

At June 30, 2026, the aggregate amounts of future maturities of note and bonds payable consist of the following:

| | |
|---|---|
| 2027 | $ 36,292 |
| 2028 | 652,959 |
| 2029 | 682,959 |
| 2030 | 717,959 |
| 2031 | 752,959 |
| Thereafter | 34,341,627 |
| | $ 37,184,755 |

## NOTE 7 – FINANCE LEASES

The University has finance leases comprised of buildings, equipment and computer hardware.

Quantitative information regarding the University's finance leases for the years ended June 30, 2026 and 2025 is as follows:

| | 2026 | 2025 |
|---|---|---|
| Interest expense on finance lease obligations | $ 45,132 | $ 57,783 |
| Weighted average remaining lease term (in years) | 3.0 | 3.7 |
| Weighted average discount rate | 3.1% | 3.2% |

At June 30, 2026, future maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the finance lease obligations:

| | |
|---|---|
| 2027 | $ 378,767 |
| 2028 | 358,916 |
| 2029 | 318,761 |
| 2030 | 365,175 |
| | 1,421,619 |
| Less: discount for present value | (72,722) |
| Total | $ 1,348,897 |

The cost and accumulated amortization of assets under finance leases, which is included in land, buildings, and equipment in the Statements of Financial Position, are as follows at June 30, 2026 and 2025:

| | 2026 | 2025 |
|---|---|---|
| Cost | $ 2,129,847 | $ 2,700,585 |
| Accumulated amortization | (604,517) | (717,384) |
| | $ 1,525,330 | $ 1,983,201 |

## NOTE 8 – FINANCIAL ASSETS AND LIQUIDITY

The following table reflects the University's financial assets at June 30, 2026 and 2025, reduced by amounts not available for general expenditures within one year:

| | 2026 | 2025 |
|---|---|---|
| Financial assets: | | |
| Cash and cash equivalents | $ 6,647,665 | $ 9,147,857 |
| Accounts and notes receivable | 3,481,370 | 3,632,643 |
| Pledges receivable | 581,126 | 478,470 |
| Contributions receivable from remainder trusts | 1,054,850 | 941,640 |
| Beneficial interest in perpetual trusts | 10,822,196 | 9,836,672 |
| Investments held in escrow for capital expenditures | - | 4,199,698 |
| Investments, operating and endowment | 187,903,092 | 168,990,579 |
| Financial assets, at year-end | $ 210,490,299 | $ 197,227,559 |
| Less those not available for general expenditures within one year: | | |
| Accounts and notes receivable collectible beyond one year | $ (687,697) | $ (689,586) |
| Pledges receivable restricted by donor | (520,126) | (427,470) |
| Donor-restricted endowment funds | (138,964,198) | (120,895,168) |
| Board-designated endowment funds | (21,185,594) | (17,883,188) |
| Investments held in trust with purpose restrictions | (11,402,130) | (10,266,796) |
| Investments held in escrow for capital expenditures | - | (4,199,698) |
| Financial assets available to meet cash needs for general expenditures within one year | $ 37,730,554 | $ 42,865,653 |

As part of the University's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the University has a secured line of credit in the amount of $5,000,000, which it could draw upon. Additionally, the University has a board-designated endowment of $22,240,307 as of June 30, 2026. Although the University does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

## NOTE 9 – EXPENSES BY BOTH NATURE AND FUNCTION

Expenses are presented below by functional classification in accordance with the overall mission of the University. Each functional classification displays all expenses related to the underlying operations by natural classification. Certain categories of expenses are attributable to one or more functions of the University. Expenses reported by functional categories include allocations of depreciation, interest, information technology, and facilities operation and maintenance. Depreciation expense is allocated based on square footage occupancy. Interest expense is allocated to the functional categories that have benefited from the proceeds of the related debt. Facilities operation and maintenance represents space related costs which are allocated to the functional categories directly and/or based on the square footage occupancy. Costs of other categories were allocated on the basis of estimates of time and effort.

Functional expenses by natural classification for the year ended June 30, 2026:

| | Program Activities | Supporting Activities | | | |
|---|---|---|---|---|---|
| | Academic and Student Services | Administrative Support | Fundraising | Facilities Operation & Maintenance | Total Expense |
| Salaries and employee benefits | $29,278,211 | $ 5,118,844 | $1,413,808 | $ 2,404,678 | $38,215,541 |
| Services, supplies, and other operating expenses | 11,829,320 | 6,355,014 | 713,287 | 148,198 | 19,045,819 |
| Occupancy, utilities, and maintenance | 247,105 | 552,600 | 16,360 | 7,029,086 | 7,845,151 |
| Depreciation and amortization | 7,331,216 | 307,067 | 38,383 | - | 7,676,666 |
| Interest expense | 2,088,692 | 87,484 | 10,936 | - | 2,187,112 |
| | 50,774,544 | 12,421,009 | 2,192,774 | 9,581,962 | 74,970,289 |
| Facilities operation and maintenance | 9,150,774 | 383,278 | 47,910 | (9,581,962) | - |
| Total expenses | $59,925,318 | $ 12,804,287 | $2,240,684 | $ - | $74,970,289 |

Functional expenses by natural classification for the year ended June 30, 2025:

| | Program Activities | Supporting Activities | | | |
|---|---|---|---|---|---|
| | Academic and Student Services | Administrative Support | Fundraising | Facilities Operation & Maintenance | Total Expense |
| Salaries and employee benefits | $30,809,050 | $ 5,445,135 | $1,289,116 | $2,408,102 | $39,951,403 |
| Services, supplies, and other operating expenses | 11,186,244 | 6,682,024 | 607,913 | 73,387 | 18,549,568 |
| Occupancy, utilities, and maintenance | 305,032 | 224,574 | 16,102 | 6,410,047 | 6,955,755 |
| Depreciation and amortization | 7,216,231 | 302,251 | 37,781 | - | 7,556,263 |
| Interest expense | 2,091,083 | 87,585 | 10,948 | - | 2,189,616 |
| | 51,607,640 | 12,741,569 | 1,961,860 | 8,891,536 | 75,202,605 |
| Facilities operation and maintenance | 8,491,417 | 355,661 | 44,458 | (8,891,536) | - |
| Total expenses | $60,099,057 | $ 13,097,230 | $2,006,318 | $ - | $75,202,605 |

## NOTE 10 – PENSION PLAN

The University contributed $843,921 and $981,088 during the years ended June 30, 2026 and 2025, respectively, to a Section 403(b) tax-sheltered annuity retirement plan for eligible employees. The benefits provided are on a defined contribution method based on a percentage of compensation. For eligible employees who have worked at least 1,000 hours per year, the University may elect to make a discretionary contribution to participants' accounts. Such contributions are allocated to eligible participants as a uniform percentage of the participant's compensation. The University's discretionary contribution to all eligible employees who worked less than five years was 2.5%, and for employees who worked five or more years was 4.5%, for the years ended June 30, 2026 and 2025.

## NOTE 11 – POSTRETIREMENT BENEFIT OBLIGATION

The University provides certain healthcare benefits to retirees who were fulltime employees and completed 10 years of service and reached age 59½. Employees hired on or after January 1, 2008 are not eligible for this benefit. Eligible retirees and their electing spouses are covered under the University's self-insured medical plan until the retiree reaches age 65. Surviving spouses are not covered. The premiums are assumed to be the actuarial equivalent of claims and administrative expenses and are used as the basis for the liability calculation.

During the year ended June 30, 2024, the University offered a voluntary retirement plan to employees at least 59.5 years old and with at least 5 years of service at the time of retirement. The employee could elect to retire anytime between June 30, 2024 through June 30, 2025. Upon retirement, the employee, and their spouse, would be eligible to receive retiree medical benefits until age 65 years old, if they elect to do so. The actuarial-calculated medical benefit obligation associated with the voluntary retirement plan is included in accrued postretirement liability on the Statements of Financial Position.

Prior to July 1, 2005, retirees were not required to pay towards the cost of single retiree coverage; however, were required to pay 50% of the additional premium for spousal coverage. After July 1, 2005, all existing and future retirees are required to pay the same premium, depending on coverage chosen, as active employees. Employer contributions are consistent with expected benefit payments.

The following table sets forth the funded status:

| | 2026 | 2025 |
|---|---|---|
| Accumulated benefit obligation | $ (1,248,212) | $ (1,756,558) |
| Fair value of plan assets | - | - |
| Funded status at June 30 | $ (1,248,212) | $ (1,756,558) |

**NOTE 11 – POSTRETIREMENT BENEFIT OBLIGATION** (Continued)

The following table sets forth the activities related to this obligation:

| | 2026 | 2025 |
|---|---|---|
| Accrued benefit cost | | |
| Beginning of year balance | $ (1,756,558) | $ (1,591,921) |
| Interest cost | (96,611) | (87,556) |
| Service cost | (17,182) | (61,257) |
| Net periodic pension cost | (113,793) | (148,813) |
| Employer benefit payments | 505,014 | 108,028 |
| Postretirement benefit obligation related changes other than periodic cost | 117,125 | (123,852) |
| Accrued postretirement liability recognized in the statements of financial position | $ (1,248,212) | $ (1,756,558) |

Net periodic pension expenses for the year ending June 30, 2027 are expected to be $276,630. Contributions expected to be made next year are approximately $291,783. The amount of the net gain or (loss) that has been recognized in net assets but not as a component of pension expense is approximately $(48,991) and $250,919 at June 30, 2026 and 2025, respectively.

Assumptions used to determine the actuarial present value of the accumulated postretirement benefit obligation and net periodic pension costs were as follows at June 30, 2026 and 2025:

| | 2026 | 2025 |
|---|---|---|
| Discount rate | 5.50% | 5.50% |
| Healthcare cost trend rate: | | |
| Current year | 8.50% | 8.50% |
| Subsequent year | 7.00% | 7.00% |
| Ultimate trend rate | 5.00% | 5.00% |
| Year reached | 2033 | 2032 |

Future benefit payments are projected as follows:

| | |
|---|---|
| 2027 | $ 291,783 |
| 2028 | 271,690 |
| 2029 | 207,836 |
| 2030 | 165,522 |
| 2031 | 101,197 |
| 2032-2036 | 284,195 |

## NOTE 12 – NET ASSETS

Net assets without donor restrictions at June 30, 2026 and 2025 comprise the following:

| | 2026 | 2025 |
|---|---|---|
| Net Assets Without Donor Restrictions: | | |
| Undesignated | $ 4,947,986 | $ 7,042,397 |
| Board-designated endowment | 22,240,307 | 18,873,998 |
| Federal loan program funds | 205,544 | 182,322 |
| Net investment in property and equipment | 56,700,191 | 62,914,585 |
| Total net assets without donor restrictions | $ 84,094,028 | $ 89,013,302 |

Net assets with donor restrictions are restricted for the following purposes or periods:

| | 2026 | 2025 |
|---|---|---|
| Net Assets With Donor Restrictions: | | |
| Subject to expenditure for specified purpose: | | |
| Scholarships and grants | $ 5,223,857 | $ 4,178,420 |
| Academic, student programs, and support | 6,774,961 | 6,701,342 |
| Plant and equipment | 2,577,121 | 2,373,949 |
| | 14,575,939 | 13,253,711 |
| Subject to passage of time: | | |
| Contributions receivable from third party trusts | 371,620 | 311,472 |
| Split interest agreements | 683,230 | 630,168 |
| | 1,054,850 | 941,640 |
| Subject to the University's spending policy and appropriation: | | |
| Pledges receivable | 374,691 | 66,756 |
| Accumulated gains and term endowments | 55,656,001 | 38,801,305 |
| Endowment funds restricted in perpetuity | 89,547,893 | 87,637,277 |
| | 145,578,585 | 126,505,338 |
| Not subject to spending policy and appropriation: | | |
| Perpetual trusts held by others | 10,822,196 | 9,836,672 |
| Loan funds | 943,196 | 1,114,551 |
| | 11,765,392 | 10,951,223 |
| Total net assets with donor restrictions | $ 172,974,766 | $ 151,651,912 |
| Total | $ 257,068,794 | $ 240,665,214 |

## NOTE 13 – ENDOWMENT COMPOSITION

The University's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. In addition, the endowment also includes beneficial interests in perpetual trusts. As required by generally accepted accounting principles, 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.

Endowment net asset composition by type of fund and endowment-related activity as of and for the year ended June 30, 2026:

| | Without Donor Restrictions | With Donor Restrictions | Total Funds |
|---|---|---|---|
| Board-designated funds | $ 22,240,307 | $ - | $ 22,240,307 |
| Donor-restricted funds: | | | |
| Accumulated gains | - | 55,656,001 | 55,656,001 |
| Original gift | - | 100,370,089 | 100,370,089 |
| | $ 22,240,307 | $ 156,026,090 | $ 178,266,397 |
| Endowment net assets, beginning of year | $ 18,873,998 | $ 136,275,254 | $ 155,149,252 |
| Investment return | 3,432,020 | 24,235,821 | 27,667,841 |
| Contributions | 61,986 | 1,914,166 | 1,976,152 |
| Appropriation of endowment assets for operating expenditure | (1,004,554) | (6,399,151) | (7,403,705) |
| Transfer of proceeds from sale of assets | 876,857 | - | 876,857 |
| Endowment net assets, end of year | $ 22,240,307 | $ 156,026,090 | $ 178,266,397 |

Endowment net asset composition by type of fund and endowment-related activity as of and for the year ended June 30, 2025:

| | Without Donor Restrictions | With Donor Restrictions | Total Funds |
|---|---|---|---|
| Board-designated funds | $ 18,873,998 | $ - | $ 18,873,998 |
| Donor-restricted funds: | | | |
| Accumulated gains | - | 38,801,305 | 38,801,305 |
| Original gift | - | 97,473,949 | 97,473,949 |
| | $ 18,873,998 | $ 136,275,254 | $ 155,149,252 |
| Endowment net assets, beginning of year | $ 17,560,875 | $ 123,092,389 | $ 140,653,264 |
| Investment return | 2,162,983 | 15,419,991 | 17,582,974 |
| Contributions | 84,437 | 2,683,321 | 2,767,758 |
| Appropriation of endowment assets for operating expenditure | (934,297) | (4,920,447) | (5,854,744) |
| Endowment net assets, end of year | $ 18,873,998 | $ 136,275,254 | $ 155,149,252 |

**NOTE 13 – ENDOWMENT COMPOSITION** (Continued)

The University interprets the Ohio Uniform Prudent Management of Institutional Funds Act ("UPMIFA") to require consideration (except as otherwise provided by the donor in a gift instrument) of the following factors, if relevant, in making management and investment decisions for donor- restricted endowment funds:

(a) General economic conditions

(b) The possible effect of inflation or deflation

(c) The expected tax consequence, if any, of investment decisions or strategies

(d) The role that each investment or course of action plays within the overall investment portfolio of the fund

(e) The expected total return from income and the appreciation of investments

(f) Other resources of the institution

(g) The need of the institution and of the fund to make distributions and preserve capital

(h) An asset's special relationship or special value, if any, to the charitable purpose of the institution

Management and investment decisions about individual assets shall be made not in isolation but rather in the context of the institution's portfolio of investments as a whole and as part of an investment strategy that has risk and return objectives reasonably suited to the fund and to the institution. The institution will diversify investments unless the institution reasonably determines that, because of special circumstances, the purposes of the fund are better served without diversification.

Absent explicit donor stipulation to the contrary, the institution shall classify as net assets with donor restrictions the original value of the gifts donated to the permanent endowment, but such classification does not limit the expenditures from the endowment fund only to income. The portion of the fund's value spendable annually for the donor-designated purpose is to be determined, from time to time, by the Board of Trustees, acting in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, considering, if relevant, the following factors:

(a) The duration and preservation of the endowment fund

(b) The purposes of the institution and the endowment fund

(c) General economic conditions

(d) The possible effect of inflation or deflation

(e) The expected total return from income and the appreciation of investments

(f) Other resources of the institution

(g) The investment policy of the institution

The appropriation for expenditure in any year of an amount not greater than 5% of the fair market value of an endowment fund, calculated on the basis of market values that are determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made, creates an irrebuttable presumption of prudence.

**NOTE 13 – ENDOWMENT COMPOSITION** (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. The University has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2026, there were no underwater endowment funds. At June 30, 2025, funds with original gift values of $106,455, fair values of $97,465, and deficiencies of $8,990 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations.

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

The University receives significant financial assistance from governmental agencies in the form of grants and contracts. The disbursement of funds received under such programs generally requires compliance with terms and conditions specified in grant agreements and is subject to audit by grantor agencies and possible disallowance of certain expenditures. The University has not had any disallowance of expenditures in the past and expects such amounts, if any, to be immaterial.

The University from time to time is subject to litigation in the ordinary course of its business. It is the opinion of management that the outcome of these actions is either adequately covered by insurance, or if not insured, will not have a material adverse impact on the University's financial position or results of future operations.

Contractual commitments remaining under ongoing and planned construction projects approximated $691,000 and $3,199,000 at June 30, 2026 and 2025, respectively.