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UNIVERSITY OF ST. FRANCIS

FINANCIAL STATEMENTS
MAY 31, 2026 AND 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
University of St. Francis
Joliet, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the University of St. Francis (the University), which comprise the statement of financial position as of May 31, 2026, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of May 31, 2026, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

The financial statements of the University for the year ended May 31, 2025 were audited by another auditor, who expressed an unmodified opinion on those statements on February 18, 2026.

Responsibilities of Management for the Financial Statements

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

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

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Auditors' 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 auditors' 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2026, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
October 8, 2026

FINANCIAL STATEMENTS

UNIVERSITY OF ST. FRANCIS
STATEMENTS OF FINANCIAL POSITION
May 31, 2026 and 2025

	2026	2025
Assets		
Cash and cash equivalents	$ 3,538,316	$ 1,330,805
Investments available for operations	-	862,486
Student accounts receivable, net of allowance of $1,030,264 in 2026 and $1,505,000 in 2025	417,650	417,297
Other receivables	1,875,806	1,108,759
Prepaid expenses and other assets	532,609	337,449
Contributions receivable, net of allowance of $4,000 in 2026 and $10,000 in 2025	64,000	179,400
Restricted cash and cash equivalents	68,201	510,709
Restricted investments	2,784,599	2,363,871
Real estate held for investment	-	682,000
Student loans receivable, net of allowance of $50,000	139,448	180,977
Interest rate swap agreements	2,264,003	2,702,210
Operating lease right-of-use assets	919,959	1,229,386
Finance lease right-of-use assets	208,499	280,709
Property and equipment, net of accumulated depreciation of $70,034,431 in 2026 and $66,846,804 in 2025	47,054,774	44,688,311
Investments designated for endowment	12,263,921	15,122,176
Beneficial interest in perpetual trust	3,079,296	2,711,802
Property and equipment restricted to endowment	784,983	939,000
Investments restricted to endowment	17,226,625	14,254,923
Total assets	$ 93,222,689	$ 89,902,270
Liabilities and net assets		
Liabilities		
Accounts payable	$ 2,552,060	$ 1,232,238
Accrued expenses	1,915,582	2,895,431
Deferred revenue	2,476,795	2,369,199
Operating lease liabilities	1,112,454	1,466,834
Finance lease liabilities	208,499	280,709
Other liabilities	2,422,390	2,190,237
Bonds and note payable, net of unamortized debt issuance costs of $236,547 in 2026 and $251,331 in 2025	27,075,680	28,556,176
U.S. Government student loan funds	202,030	225,202
Total liabilities	37,965,490	39,216,026
Net assets		
Without donor restrictions		
Undesignated	12,589,602	11,260,744
Board designated for endowment	12,263,921	15,122,176
Total net assets without donor restrictions	24,853,523	26,382,920
With donor restrictions	30,403,676	24,303,324
Total net assets	55,257,199	50,686,244
Total liabilities and net assets	$ 93,222,689	$ 89,902,270

See accompanying notes to the financial statements.

UNIVERSITY OF ST. FRANCIS
STATEMENT OF ACTIVITIES
Year Ended May 31, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Net tuition and fees (net of scholarships and aid of 26,430,020)	$ 29,148,741	$ -	$ 29,148,741
Contributions	1,902,809	385,580	2,288,389
Grants and contracts	-	2,410,662	2,410,662
Distribution from trusts held by others	-	216,019	216,019
Interest income	120,804	-	120,804
Spending policy distribution	690,807	640,952	1,331,759
Auxiliary enterprises	3,559,629	-	3,559,629
Other income	319,091	45,383	364,474
Net assets released from restrictions	5,248,241	(5,248,241)	-
Total revenues, gains and other support	40,990,122	(1,549,645)	39,440,477
Expenses			
Instruction	14,872,392	-	14,872,392
Academic support	5,545,802	-	5,545,802
Student services	8,349,170	-	8,349,170
Auxiliary enterprises	4,088,344	-	4,088,344
Total educational program services	32,855,708	-	32,855,708
Institutional support	9,654,751	-	9,654,751
Fundraising	901,060	-	901,060
Total expenses	43,411,519	-	43,411,519
Change in Net Assets from Operating Activities	(2,421,397)	(1,549,645)	(3,971,042)
Nonoperating Activities			
Investment return, net of spending policy distribution	1,222,167	2,103,623	3,325,790
Gain/(loss) on real estate held for investment	(29,329)	-	(29,329)
Change in fair value of interest rate swap agreements	(438,207)	-	(438,207)
Change in value of split-interest agreements	2,359	480,779	483,138
Gain on disposal of property and equipment	135,010	-	135,010
Grant revenue restricted for capital	-	4,865,595	4,865,595
Contributions restricted for capital	-	200,000	200,000
Total other revenues (expenses)	892,000	7,649,997	8,541,997
Change in Net Assets	(1,529,397)	6,100,352	4,570,955
Net Assets, Beginning	26,382,920	24,303,324	50,686,244
Net Assets, Ending	$ 24,853,523	$ 30,403,676	$ 55,257,199

See accompanying notes to the financial statements.

UNIVERSITY OF ST. FRANCIS
STATEMENT OF ACTIVITIES
Year Ended May 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Net tuition and fees (net of scholarships and aid of 24,802,309)	$ 29,935,926	$ -	$ 29,935,926
Contributions	614,783	796,520	1,411,303
Grants and contracts	-	2,786,474	2,786,474
Distribution from trusts held by others	-	182,439	182,439
Interest income	177,636	-	177,636
Spending policy distribution	-	630,075	630,075
Auxiliary enterprises	3,903,941	-	3,903,941
Other income	744,366	36,799	781,165
Loss on disposal of operating lease right-of-use assets	(27,753)	-	(27,753)
Net assets released from restrictions	4,837,994	(4,837,994)	-
Total revenues, gains and other support	40,186,893	(405,687)	39,781,206
Expenses			
Instruction	16,034,398	-	16,034,398
Academic support	6,542,648	-	6,542,648
Student services	8,951,431	-	8,951,431
Auxiliary enterprises	3,917,785	-	3,917,785
Total educational program services	35,446,262	-	35,446,262
Institutional support	12,478,186	-	12,478,186
Fundraising	866,859	-	866,859
Total expenses	48,791,307	-	48,791,307
Change in Net Assets from Operating Activities	(8,604,414)	(405,687)	(9,010,101)
Nonoperating Activities			
Investment return, net of spending policy distribution	1,062,871	417,287	1,480,158
Gain/(loss) on real estate held for investment	(498,000)	-	(498,000)
Change in fair value of interest rate swap agreements	(1,237,486)	-	(1,237,486)
Change in value of split-interest agreements	(926)	102,959	102,033
Grant revenue restricted for capital	-	931,599	931,599
Total other revenues (expenses)	(673,541)	1,451,845	778,304
Change in Net Assets	(9,277,955)	1,046,158	(8,231,797)
Net Assets, Beginning	35,660,875	23,257,166	58,918,041
Net Assets, Ending	$ 26,382,920	$ 24,303,324	$ 50,686,244

See accompanying notes to the financial statements.

UNIVERSITY OF ST. FRANCIS
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2026

	Educational Program Services					Supporting Services			
	Instruction	Academic Support	Student Services	Auxiliary	Total Educational Program Services	Institutional Support	Fundraising	Total Supporting Services	Total
Labor									
Salaries	$ 9,106,161	$ 3,131,479	$ 3,292,101	$ 353,567	$ 15,883,308	$ 2,503,372	$ 409,767	$ 2,913,139	$ 18,796,447
Payroll taxes	649,064	194,574	223,161	20,660	1,087,459	206,132	27,773	233,905	1,321,364
Medical and HSA expense	937,667	381,172	578,113	61,148	1,958,100	959,671	62,005	1,021,676	2,979,776
403(b) employer match	411,070	169,685	199,298	14,131	794,184	176,652	17,756	194,408	988,592
Other benefits	-	2	3	3	8	596,178	-	596,178	596,186
Total labor	11,103,962	3,876,912	4,292,676	449,509	19,723,059	4,442,005	517,301	4,959,306	24,682,365
Operating Expenses (Non-Labor)									
Accreditation	10,765	22,429	2,568	3	35,765	1,201	-	1,201	36,966
Advertising	572	4,497	-	141	5,210	278,520	-	278,520	283,730
Provision for credit losses (recovery)	-	-	-	-	-	(210,167)	-	(210,167)	(210,167)
Business insurance	486	-	199,829	-	200,315	478,961	343	479,304	679,619
Conferences and professional development	1,783	13,855	6,720	877	23,235	5,072	50	5,122	28,357
Contractual services	1,067,902	389,211	854,886	770,138	3,082,137	2,077,019	101,904	2,178,923	5,261,060
Equipment	13,503	6,115	8,831	2,893	31,342	890	460	1,350	32,692
Facility and equipment lease	72,685	32,256	277,520	87,047	469,508	38,173	2,090	40,263	509,771
Fees	3,296	555	61,967	2,297	68,115	260,884	25,006	285,890	354,005
Food	12,881	22,807	134,377	1,453,567	1,623,632	39,097	25,372	64,469	1,688,101
Interest	152,728	67,777	92,495	90,568	403,568	52,368	1,869	54,237	457,805
Memberships	5,950	27,801	90,138	7,362	131,251	124,970	-	124,970	256,221
Postage	1,378	2,102	26,136	4,196	33,812	32,325	31,422	63,747	97,559
Property taxes	-	-	-	7,451	7,451	-	-	-	7,451
Publications	2,876	143,721	5,698	-	152,295	6,701	33,596	40,297	192,592
Purchased mailing lists	-	-	1,125	-	1,125	36,013	-	36,013	37,138
Rental equipment	3,109	1,317	13,020	31,327	48,773	1,017	35,875	36,892	85,665
Repairs and maintenance	55,284	18,874	37,401	27,103	138,662	17,620	521	18,141	156,803
Software licensing	4,331	2,094	19,884	15,610	41,919	855,523	-	855,523	897,442
Sponsorship and community support	-	-	-	-	-	32,738	-	32,738	32,738
Supplies	42,095	56,161	332,431	89,652	520,339	108,042	12,618	120,660	640,999
Telephone	280	36	450	1,796	2,562	24,542	1	24,543	27,105
Travel	57,611	78,412	363,052	1,214	500,289	1,814	2,214	4,028	504,317
Utilities	506,034	224,565	317,305	310,655	1,358,559	330,124	6,193	336,317	1,694,876
Other	539,728	15,939	475,952	15,535	1,047,154	203,325	89,377	292,702	1,339,856
Depreciation and amortization	1,213,153	538,366	734,709	719,403	3,205,631	415,974	14,848	430,822	3,636,453
Total operating expenses (non-labor)	3,768,430	1,668,890	4,056,494	3,638,835	13,132,649	5,212,746	383,759	5,596,505	18,729,154
Total Expenses	$ 14,872,392	$ 5,545,802	$ 8,349,170	$ 4,088,344	$ 32,855,708	$ 9,654,751	$ 901,060	$ 10,555,811	$ 43,411,519

See accompanying notes to the financial statements.

UNIVERSITY OF ST. FRANCIS
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2025

	Educational Program Services					Supporting Services			
	Instruction	Academic Support	Student Services	Auxiliary	Total Educational Program Services	Institutional Support	Fundraising	Total Supporting Services	Total
Labor									
Salaries	$ 9,578,831	$ 3,668,727	$ 3,566,857	$ 483,983	$ 17,298,398	$ 4,073,622	$ 414,971	$ 4,488,593	$ 21,786,991
Payroll taxes	694,250	233,462	231,398	25,861	1,184,971	264,213	26,128	290,341	1,475,312
Medical and HSA expense	1,274,378	477,213	663,728	103,289	2,518,608	594,184	42,851	637,035	3,155,643
403(b) employer match	457,580	211,219	205,546	16,114	890,459	315,797	23,817	339,614	1,230,073
Other benefits	-	-	-	-	-	1,042,741	-	1,042,741	1,042,741
Total labor	12,005,039	4,590,621	4,667,529	629,247	21,892,436	6,290,557	507,767	6,798,324	28,690,760
Operating Expenses (Non-Labor)									
Accreditation	11,213	40,350	-	-	51,563	1,959	-	1,959	53,522
Advertising	4,821	20,919	524	252	26,516	149,266	-	149,266	175,782
Provision for credit losses	-	-	-	-	-	717,010	-	717,010	717,010
Business insurance	9,768	-	174,353	-	184,121	490,062	-	490,062	674,183
Conferences and professional development	722	74,560	21,867	320	97,469	15,058	743	15,801	113,270
Contractual services	1,051,100	409,590	810,442	643,969	2,915,101	2,044,754	54,728	2,099,482	5,014,583
Equipment	29,947	1,554	11,222	2,297	45,020	6,139	19	6,158	51,178
Facility and equipment lease	145,247	64,321	322,717	138,550	670,835	50,556	1,851	52,407	723,242
Fees	6,390	4,205	78,814	4,718	94,127	259,333	17,673	277,006	371,133
Food	24,069	21,680	156,936	1,139,695	1,342,380	54,572	90,007	144,579	1,486,959
Interest	155,073	68,817	93,915	91,959	409,764	54,091	979	55,070	464,834
Memberships	13,211	31,873	103,167	-	148,251	118,314	700	119,014	267,265
Postage	770	2,316	26,635	1,467	31,188	33,175	27,786	60,961	92,149
Property taxes	-	-	-	52,613	52,613	-	-	-	52,613
Publications	3,855	156,458	8,881	-	169,194	1,735	6,857	8,592	177,786
Purchased mailing lists	-	-	1,125	-	1,125	52,064	-	52,064	53,189
Rental equipment	4,827	2,091	9,994	36,594	53,506	5,032	26,727	31,759	85,265
Repairs and maintenance	49,405	16,235	32,082	22,125	119,847	61,259	231	61,490	181,337
Software licensing	4,209	18,121	21,011	1,805	45,146	837,351	-	837,351	882,497
Sponsorship and community support	159	-	-	-	159	42,973	-	42,973	43,132
Supplies	72,522	130,937	355,406	71,510	630,375	119,016	27,444	146,460	776,835
Telephone	3,071	1,157	2,052	2,199	8,479	57,854	16	57,870	66,349
Travel	72,653	77,721	371,136	392	521,902	27,971	6,270	34,241	556,143
Utilities	482,596	214,164	315,571	296,001	1,308,332	354,096	3,048	357,144	1,665,476
Other	577,266	15,184	574,832	7,337	1,174,619	178,282	85,762	264,044	1,438,663
Depreciation and amortization	1,306,465	579,774	791,220	774,735	3,452,194	455,707	8,251	463,958	3,916,152
Total operating expenses (non-labor)	4,029,359	1,952,027	4,283,902	3,288,538	13,553,826	6,187,629	359,092	6,546,721	20,100,547
Total Expenses	$ 16,034,398	$ 6,542,648	$ 8,951,431	$ 3,917,785	$ 35,446,262	$ 12,478,186	$ 866,859	$ 13,345,045	$ 48,791,307

See accompanying notes to the financial statements.

UNIVERSITY OF ST. FRANCIS
STATEMENTS OF CASH FLOWS
Years Ended May 31, 2026 and 2025

	2026	2025
Cash Flows from Operating Activities		
Change in net assets	$ 4,570,955	$ (8,231,797)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	3,636,453	3,916,152
Loss on disposal of operating lease right-of-use assets	-	27,753
Gain on disposal of property and equipment	(135,010)	-
Noncash operating lease expense	(44,953)	(70,953)
Provision for credit losses (recovery)	(210,167)	717,010
Change in contributions receivable discount	(6,000)	(20,430)
Perkins loans cancellations and adjustments	15,657	3,830
Net realized and unrealized gains on investments	(4,749,024)	(802,888)
Change in beneficial interest in perpetual trust	(480,780)	(102,959)
Change in fair value of interest rate swap agreements	438,207	1,237,486
Actuarial loss on annuity obligations	2,359	926
Contributions restricted for long-term investment	(890,203)	(869,293)
Grants and contributions restricted for property and equipment	(5,065,595)	(931,599)
Changes in operating assets and liabilities:		
Student accounts receivable	209,814	(32,922)
Other receivables	(767,047)	(200,397)
Prepaid expenses and other assets	(195,160)	40,710
Contributions receivable	121,400	89,736
Accounts payable	(3,722)	161,896
Accrued expenses	(979,849)	1,237,960
Deferred revenue	107,596	18,101
Other liabilities	250,504	333,133
Net cash used in operating activities	(4,174,565)	(3,478,545)
Cash Flows from Investing Activities		
Purchases of property and equipment	(4,583,413)	(2,137,886)
Proceeds from sale of property and equipment	264,623	-
Purchases of investments	(6,643,919)	(24,481,240)
Proceeds from sales and maturities of investments	12,516,540	30,599,182
Principal payments received on student loans	25,872	35,357
Net cash provided by investing activities	1,579,703	4,015,413
Cash Flows from Financing Activities		
Payments on finance lease liabilities	(72,210)	(69,254)
Payments on bonds and notes payable	(1,495,279)	(1,472,497)
Payments on annuities payable	(5,272)	(5,272)
Payments on U.S. Government student loan funds	(23,172)	(31,994)
Proceeds restricted for long-term investment	890,203	528,620
Proceeds from contributions restricted for property and equipment	5,065,595	931,599
Net cash provided by (used in) financing activities	4,359,865	(118,798)
Net Increase in Cash, Cash Equivalents and Restricted Cash	1,765,003	418,070
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	1,841,514	1,423,444
Cash, Cash Equivalents and Restricted Cash, End of Year	$ 3,606,517	$ 1,841,514
Supplemental Cash Flows Information		
Cash paid for interest	$ 457,804	$ 464,835
Supplemental Noncash Information		
Property and equipment included in ending accounts payable	$ 1,323,544	$ -

See accompanying notes to the financial statements.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

University of St. Francis (the University) is a private, not-for-profit, Catholic university rooted in the liberal arts and sciences located in Joliet, Illinois, and is comprised of the Colleges of Arts & Sciences, Business & Health Administration, and Education and the Cecily and John Leach College of Nursing. The University is a welcoming community of learners challenged by Franciscan values and charism that strives for academic excellence in all programs, preparing women and men to contribute to the world through service and leadership. The University's revenues and other support are derived principally from tuition and fees, auxiliary revenue, contributions, and federal and state grants.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in accordance 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 revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Restricted Cash

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At May 31, 2026 and 2025, cash equivalents consisted primarily of money market funds.

The University manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the University has not experienced losses in any of these accounts, and the University does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

Cash and cash equivalents awaiting longer-term investing are considered part of investments in the accompanying financial statements.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents and Restricted Cash (continued)

The balance of the Federal Perkins Loan revolving fund and Nurse Faculty Loan fund, consisting of cash awaiting to be loaned to students, are maintained in separate, restricted bank accounts. The balance of the Illinois Certification Board CADC fund consists of cash that must be held in a separate, interest-bearing, restricted bank account.

Restricted cash is comprised of the following for the years ended May 31:

`

	2026	2025
Federal Perkins Loan revolving fund	$ 31,666	$ 315,492
Nurse Faculty Loan fund	32,255	97,529
Illinois Certification Board CADC fund	4,280	97,688
Total restricted cash	$ 68,201	$ 510,709

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the amount of cash and cash equivalents and restricted cash reported within the statements of cash flows as of May 31:

	2026	2025
Cash and cash equivalents	$ 3,538,316	$ 1,330,805
Restricted cash	68,201	510,709
Total	$ 3,606,517	$ 1,841,514

Student Accounts, Loans Receivable, and Other Receivables

Student accounts receivable are stated at the amount billed to students, less applied scholarships and loan proceeds, plus any accrued and unpaid interest. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. Subsequent recoveries, if any, are credited to the allowance. The University determined that similar risk characteristics existed for receivables with similar days outstanding, so that the pools for which the allowance for credit losses was calculated were based on aging buckets. The allowance is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. In addition, the following factors will be considered in making qualitative adjustments: student accounts in repayment versus those in nonpaying status; delinquency status; experience; current conditions and reasonable and supportable forecasts, using graduation rates, inflation and other relevant qualitative factors.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Accounts, Loans Receivable, and Other Receivables (continued)

Tuition and fees are generally due at the beginning of the term unless the student has established a payment plan. Student accounts that do not have an established payment plan are considered past due after the second published due date (this date varies but is approximately two to three weeks after classes begin). A late fee is charged to all accounts not paid in full or enrolled in a payment plan by that date. In addition, accounts with balances due from a prior term bear interest at 1% per month. Charges that are past due without any payments for approximately three consecutive months are considered delinquent. Delinquent accounts are sent to collections and subsequently written off based on individual credit evaluation and specific circumstances of the student.

Student loans receivable consist of amounts due under the Federal Perkins Loan Program and are stated at their outstanding principal amounts. Loans are made to students based on demonstrated financial need and satisfaction of federal eligibility requirements. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. 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. Delinquent loans are written off based on individual credit evaluation and specific circumstances of the student.

Other receivables consist of federal direct loans, grant funds, and other amounts due from third parties. Other receivables are stated at the amount management expects to collect from outstanding balances. The University has determined that no allowance for credit losses on other receivables is required at May 31, 2026 and 2025.

The allowance for credit losses at May 31 was:

`	2026	2025
Balance, beginning of year	$ 1,555,000	$ 1,358,000
Provision for credit losses (recovery)	(210,167)	717,000
Write offs	(264,569)	(536,000)
Recovery of amounts previous written off	-	16,000
Balance, end of year	$ 1,080,264	$ 1,555,000

The allowance for credit losses at May 31 is comprised of and is presented within the statements of financial position as follows:

`	2026	2025
Student accounts receivable allowance	$ 1,030,264	$ 1,505,000
Student loans receivable allowance	50,000	50,000
Balance, end of year	$ 1,080,264	$ 1,555,000

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Investments

Contributions restricted for deferred compensation and a significant grant received for future scholarship awards are displayed as a component of restricted investments.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value or at net asset value. Investment return is reported net in the statements of activities and consists of dividend, interest, and other investment income, less external and direct internal investment expense; and realized and unrealized gains and losses on investments. Investment returns are reflected in the statements of activities as income without donor restrictions, or income with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

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

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Right-of-use assets under finance and operating lease obligations and leasehold improvements are amortized / depreciated over the shorter of the lease term or their respective estimated useful lives.

The following estimated useful lives are being used by the University:

Land improvements	10-20 years
Building and improvements	5-40 years
Leasehold improvements	3-20 years
Equipment, furniture, and fixtures	3-25 years
Computer software	10 years
Library books	15 years
Vehicles	3-15 years

Property and equipment are capitalized when its purchase price is greater than $2,500 and it has a useful life of more than two years. In addition, furniture and equipment items that are part of a group purchase with a useful life greater than two years may also be capitalized even though individually the items may fall under the $2,500 threshold.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements

The University is the beneficiary of two trusts, the corpuses of which are not controlled by the management of the University. In the absence of donor-imposed conditions, the University recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits.

The University also administers charitable gift annuities. Assets transferred to the University under these agreements are recorded at fair value. Contribution revenue is recognized at the date that each annuity is established, after recording a liability for the present value of the estimated future payments to be made to the beneficiary.

Deferred Revenue

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

Net Assets

The accompanying financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions include net assets available for use in general operations and are not subject to donor-imposed restrictions. The University's Board of Trustees has designated, from net assets without donor restrictions, net assets for board designated endowment, scholarships, and capital and other projects.

Net Assets With Donor Restrictions include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the University or the passage of time. They may also be subject to donor-imposed restrictions that the contribution be maintained in perpetuity and neither expire with the passage of time nor can be removed by satisfying a specific purpose. Generally, the donors of these assets permit the University to use all or part of the income earned on these assets for general or specific purposes. Such assets include primarily the University's permanent endowment.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Gifts of cash and other assets received without donor stipulations are reported as increases in net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as increases in net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same fiscal year are recorded as net assets with donor restrictions and then net assets released from restrictions.

Gifts of land, buildings, equipment, and other long-lived assets are reported as changes in net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows. The resulting discount is amortized and is reported as contribution revenue.

Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable grant advances.

Grants

A portion of the University's revenue is derived from federal grants, which are conditioned upon the incurrence of allowable qualifying expenses or provided qualifying services. Amounts received are conditional and not recognized as revenue until the University has incurred the expenses or provided services in compliance with specific contract or grant provisions. The University has received conditional grants totaling $812,993 and $8,100,304 as of May 31, 2026 and 2025, respectively. Of those amounts, as of May 31, 2026 and 2025, $39,392 and $103,557 of grant awards, respectively, were received in advance of meeting the conditions. Such amounts are recorded within other liabilities on the statements of financial position.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Tuition and Fees

Revenues from tuition and fees are derived from education services provided to students. Generally, tuition and other fees are reported in the fiscal year in which educational programs are conducted, which is the period in which the performance obligations were completed, and revenue was earned. Tuition and fees received in the current fiscal year for the future years' programs are reported as deferred revenue in the statements of financial position.

The nature of tuition and fees give rise to variable consideration in the form of the institutional scholarships awarded to students to defray the costs of the academic programs, which reduce the transaction price (tuition and fees). Payments for tuition are due prior to the start of the academic term, whether campus or online session. Tuition and fees are recognized ratably over the academic terms. The University generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and delivery of services.

The University'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 University's auxiliary enterprises exist primarily to furnish goods and services to students, faculty, and staff. Managed as essentially self-supporting activities, the auxiliary enterprises consist of residence halls and dining facilities. 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 are recognized over the course of each term as services are delivered. The University generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and delivery of services. 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. Revenue is recognized for these contracts over time as the performance obligation is satisfied by transferring control of the goods and services to the resident. Auxiliary enterprises also include revenues related to event tickets and fees, bookstore sales, and other fines and fees. Revenue for these transactions is recognized at the point in time the sale is made, or fines and fees are assessed.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Balances

The University evaluates each contract to determine the numbers of distinct performance obligations in the contract, which requires the use of judgment. Significant judgments include the methodology for recognizing revenue over the appropriate period.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable and unearned revenue (contract liabilities) on the statements of financial position. Contract liabilities are reflected as deferred revenue in the statements of financial position and released as the performance obligations are met.

The balances for contract assets (accounts receivable) and contract liabilities (deferred revenue) from contracts with customers at May 31 were:

`	2026	2025	2024
Contract assets	$ 417,650	$ 417,297	$ 1,101,385
Contract liabilities	$ (2,476,795)	$ (2,369,199)	$ (2,351,098)

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.

Advertising Costs

The University uses advertising to promote its various programs. The production costs of advertising are expensed the first time the advertising takes place. Advertising expenses for the years ended May 31 were:

`	2026	2025
Advertising expenses	$ 283,730	$ 175,782

Income Taxes

The University is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income. The University files tax returns in the U.S. federal jurisdiction. In addition, the Internal Revenue Service has determined that the University is not a private foundation within the meaning of Section 509(a) of the IRC.

Management does not believe the University has any material uncertain tax positions. The University's 2023, 2024, and 2025 tax years are open and subject to examination by the taxing authorities. However, the University is not currently under audit, nor has the University been contacted by any of the taxing authorities.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses allocated include depreciation and amortization, interest, insurance, and facilities operations and maintenance (primarily maintenance salaries, contractual services, rent, utilities, repairs and maintenance), which have been allocated among the educational program, institutional support, and fundraising categories based on the square footage of the space utilized by the different University departments. Certain employee benefit expenses have been allocated among the same categories based on the number of benefits eligible employees in the different University departments.

Leases

The University leases facilities and equipment. The University determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position. Finance leases are included in finance lease right-of-use (ROU) assets and finance lease liabilities on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the University uses an incremental borrowing rate for facility leases or a risk-free rate for equipment leases based on the information available at commencement date in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Leases with an initial term of 12 months or less are not recorded on the statements of financial position, and lease expense under short-term leases is recognized on a straight-line basis over the lease term.

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

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The University has lease agreements with lease and non-lease components, which are generally accounted for separately. For facility leases, the University accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized as expenses in the period in which the obligation for those payments was incurred.

The University has elected to apply the short-term lease exemption to leases of equipment and facilities. For the years ended May 31, 2026 and 2025, there are only a small number of leases within these classes of underlying assets that qualify for the exemption.

In evaluating contracts to determine if they qualify as a lease, the University considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In determining the discount rate used to measure the right-of-use asset and lease liability related to facility leases, the University uses rates implicit in the lease, or if not readily available, the incremental borrowing rate, which is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by the University assets. Determining a credit spread as secured by the University assets may require significant judgment.

Measure of Operations

Revenue received and expenses incurred in conducting the programs and services of the University are presented in the financial statements as operating activities. Included in total revenue from operations is the spending policy distribution from endowment. Gifts of long-lived assets and grants with explicit donor restrictions that specify the gifts must be used for the acquisition of long-lived assets are recognized as revenue under nonoperating activities. Nonoperating activities also include investment return, net of the endowment spending policy distribution, unrealized gain or loss on real estate held for investment, change in fair value of interest rate swap agreements, and change in value of split-interest agreements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The University regularly monitors liquidity required to meet both its operating needs and contractual commitments, while also striving to maximize the investment of its available funds. The University budgets annually with the goal that student-driven revenues are able to cover the total expenses for the year. The University has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities. The Board of Trustees may make amounts available from its designated endowment for current operating purposes. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers donor-restricted funds to be unavailable for general expenditures.

As of May 31, 2026 and 2025, the following table shows the total financial assets held by the University, which could be readily available within one year of the statements of financial position date:

	2026	2025
Cash and cash equivalents	$ 3,538,316	$ 1,330,805
Investments available for operations	-	862,486
Student accounts receivable, net	417,650	417,297
Other receivables	1,875,806	1,108,759
Contributions receivable, net	64,000	179,400
Restricted cash	68,201	510,709
Restricted investments	2,784,599	2,363,871
Student loans receivable, net	139,448	180,977
Investments designated for endowment	12,263,921	15,122,176
Beneficial interest in perpetual trust	3,079,296	2,711,802
Investments restricted to endowment	17,226,625	14,254,923
Total financial assets	41,457,862	39,043,205
Less those unavailable for general expenditures within one year due to		
Legal, contractual or time limitations:		
Restricted cash	(68,201)	(510,709)
Restricted investments, without donor restrictions	(1,818,312)	(1,511,095)
Student loans receivable, net	(34,576)	(33,351)
Total legal, contractual or time limitations:	(1,921,089)	(2,055,155)
Board designations:	(12,263,921)	(15,122,176)
Donor restrictions:		
Donor-restricted net assets	(30,403,676)	(24,303,324)
Less: construction in progress funded by donor restricted net assets	5,797,192	931,599
Total donor restrictions	(24,606,484)	(23,371,725)
Financial assets available to met the cash needs for general expenditures within one year	$ 2,666,368	$ (1,505,851)

The University's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of business.

NOTE 2 – LIQUIDITY AND AVAILABILITY (CONTINUED)

The University has incurred significant operating losses in recent years, experienced negative net cash used from operating activities in the last two years and did not maintain the required debt service coverage ratio for the year ended May 31, 2025, which required a bank waiver. During the year ended May 31, 2026, management has obtained a new debt covenant agreement with the bank, with which the University is compliant as of May 31, 2026. Management believes that with the readily available Board designated assets and implementation of a comprehensive two-year plan to reduce operating deficits for the May 31, 2027 and 2028 fiscal years, there is a reasonable expectation that the University has adequate resources to continue to operate for the foreseeable future. During 2026, management began implementation of plans to reduce expenses of the University through a reduction in force of staff and faculty positions, alignment of compensation and benefits, reduced operating expenses, and modifications to tuition discounting.

If for any reason the University is unable to succeed in its plans, it could have an impact on the University's ability to realize assets and to extinguish liabilities in the normal course of operations at the amounts stated in the financial statements.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at May 31 consisted of the following:

	2026	2025
Due within one year	$ 25,100	$ 83,700
Due in one to five years	45,900	114,700
Subtotal	71,000	198,400
Less		
Present value discount at 4.2%	(3,000)	(9,000)
Allowance for uncollectible contributions	(4,000)	(10,000)
Total	$ 64,000	$ 179,400

NOTE 4 – INVESTMENTS

Investments at May 31 consisted of the following:

	2026	2025
Cash and money market funds	$ 2,128,284	$ 2,689,123
Common and preferred stocks	2,993,982	6,584,361
U.S. Government agency mortgage-backed securities	-	337,924
Corporate bonds	641,805	954,045
Equity mutual funds	5,561,356	391,235
Fixed income mutual funds	3,990,829	4,499,810
Equity exchange-traded funds	10,270,531	8,546,257
Fixed income exchange-traded funds	5,213,028	6,829,019
Real estate investment trust funds	20,253	-
Alternative strategy mutual funds	-	1,771,682
Real estate held for investment	-	682,000
Limited partnerships (NAV)	1,455,077	-
Total	$ 32,275,145	$ 33,285,456

Investments are reflected in the statements of financial position as follows:

	2026	2025
Investments available for operations	$ -	$ 862,486
Restricted investments	2,784,599	2,363,871
Real estate held for investment	-	682,000
Investments designated for endowment	12,263,921	15,122,176
Investments restricted to endowment	17,226,625	14,254,923
Total	$ 32,275,145	$ 33,285,456

Investments are restricted for the following at May 31:

	2026	2025
Scholarships	$ 966,287	$ 852,776
Deferred compensation	1,818,312	1,511,095
Total	$ 2,784,599	$ 2,363,871

NOTE 4 – INVESTMENTS

The composition of investment return for the years ended May 31 was:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 442,174	$ 458,266	$ 900,440
Realized gains	310,361	455,272	765,633
Unrealized gains	1,281,243	1,831,037	3,112,280
Total investment return	$ 2,033,778	$ 2,744,575	$ 4,778,353

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 572,202	$ 386,305	$ 958,507
Realized gains	563,277	552,726	1,116,003
Unrealized gains	105,028	108,331	213,359
Total investment return	$ 1,240,507	$ 1,047,362	$ 2,287,869

NOTE 5 – STUDENT LOANS RECEIVABLE

The University makes uncollateralized loans to students through its participation in the Federal Perkins Loan program. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. Most loans that are in repayment status are collected over a period of ten years.

Allowances for credit losses are established based on prior collection experience, current economic factors, and specific circumstances of the borrower which, in management's judgment, could influence the ability of the borrower to repay the amounts per the loan terms. Under this Federal loan program, the federal government bears the risk of loss of uncollectible loans provided the University performs required collection due diligence procedures, therefore affecting the determination of the needed allowance for credit losses. An allowance for credit losses has been established at $50,000 for the years ended May 31, 2026 and 2025.

The University does not stop the accrual of interest until a loan is written off; therefore, the University has no loans on nonaccrual status.

NOTE 5 – STUDENT LOANS RECEIVABLE (CONTINUED)

The following amounts were due to the University under the Federal student loan program at May 31:

	Current	Past Due Less Than 270 Days	In Default 270 Days - 2 Years	In Default 2-5 Years	In Default 5+ Years	Total
2026	$ 33,695	$ 21,953	$ 8,000	$ 83,000	$ 42,800	$ 189,448
2025	30,237	87,802	15,233	92,107	5,598	230,977
	$ 63,932	$ 109,755	$ 23,233	$ 175,107	$ 48,398	$ 420,425

The availability of funds under this federal loan program is dependent on reimbursement of the loan fund from repayments on outstanding loans. Funds advanced by the federal government totaled $30,322 and $32,184 as of May 31, 2026 and 2025, respectively. These advances are ultimately refundable to the federal government and are classified as other liabilities in the statements of financial position. Outstanding loans canceled under the program result in a reduction of funds available for future loans and a decrease in the University's liability to the federal government.

The authority to make new Perkins Loans ended September 30, 2017, with disbursements permitted through June 30, 2018, for students with existing Perkins Loans. The University will be required to return the federal contribution and may continue servicing their Perkins Loans or assign the Perkins Loans to the Department of Education.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at May 31 consists of:

	2026	2025
Land and land improvements	$ 15,556,497	$ 15,492,499
Buildings and building and leasehold improvements	77,192,466	76,990,622
Equipment, furniture, and fixtures	18,223,939	17,964,898
Administrative computer software	714,972	714,972
Library books	32,361	81,997
Motor vehicles	183,856	183,855
Construction in progress	5,970,097	1,045,272
Property and equipment	117,874,188	112,474,115
Less accumulated depreciation and amortization	(70,034,431)	(66,846,804)
Property and equipment, net	$ 47,839,757	$ 45,627,311

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment are reflected in the statements of financial position as follows:

	2026	2025
Property and equipment, net	$ 47,054,774	$ 44,688,311
Property and equipment restricted to endowment	784,983	939,000
	$ 47,839,757	$ 45,627,311

NOTE 7 – BENEFICIAL INTEREST IN PERPETUAL AND REVOCABLE TRUSTS

The University is the beneficiary under a perpetual trust administered by an outside party. Under the terms of the trust, the University has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is $3,079,296 and $2,711,802, which represents the fair value of the trust assets at May 31, 2026 and 2025, respectively. The income from this trust for 2026 and 2025 was $113,286 and $121,489, respectively.

The University is also the sole beneficiary under a trust administered by a bank. The assets of this trust are not included in the statements of financial position of the University since the trust is revocable at the discretion of the trustee. The income from this trust for 2026 and 2025 was $102,733 and $60,950, respectively.

NOTE 8 – ANNUITIES PAYABLE

The University is the recipient of charitable gift annuities which require future payments to the donor. The University has recorded a liability at May 31, 2026 and 2025 of $24,295 and $31,925, respectively, which represents the present value of the future annuity obligations and is included with other liabilities in the statements of financial position. The liability has been determined using a discount rate of 5.0% at May 31, 2026 and 2025, and applicable mortality tables.

NOTE 9 – BONDS PAYABLE AND LINE OF CREDIT

Bonds payable obligations at May 31 consist of the following:

	2026	2025
2020 Illinois Finance Authority Revenue Bond; interest varies, equal to the sum of CME Term SOFR and a spread adjustment for one-month interest periods of 0.11448%, maturing through May 31, 2042, payable in monthly installments beginning May 1, 2020, ranging from $1,922,156 to $1,927,372 annually. The bonds are unsecured with a negative pledge on all business assets.	$ 27,312,227	$ 28,807,507
Subtotal bonds payable	27,312,227	28,807,507
Less unamortized debt issuance costs	(236,547)	(251,331)
Total net bonds payable	$ 27,075,680	$ 28,556,176

The bonds are subject to mandatory tender for purchase on each purchase date, as defined in the bond and loan agreement, at which time the bond may be retained by the initial purchaser, remarketed to a new purchaser, or purchased by the University. The next purchase date on which the bonds are subject to mandatory tender for purchase is April 1, 2030. Commencing February 18, 2026, the interest rate on the bonds is calculated as the bank purchase rate. The bank purchase rate is defined as the sum of (i) the product of (a) the applicable factor times (b) the sum of the daily simple SOFR Rate, plus 0.11448% (benchmark rate), plus (ii) the applicable margin, assuming an alternate benchmark rate is not selected. The applicable factor is initially set at 80%, with a floor of 65% and a ceiling of 100%. The applicable margin is 89 basis points from February 18, 2026 to February 19, 2026, 114 points on February 19, 2026 to June 1, 2028, and 89 points on June 1, 2028 to April 1, 2030.

The bond and term loan agreements contain certain covenants, including continuation of use of University facilities for educational purposes, maintenance of insurance policies, and availability of certain financial records. In addition, the agreements require the University to maintain certain financial ratios related to debt service coverage and liquidity. As of May 31, 2026, the University is in compliance with applicable covenants. As of May 31, 2025, the University was not in compliance with the debt service coverage ratio. Management obtained a waiver of that requirement as of May 31, 2025.

NOTE 9 – BONDS PAYABLE AND LINE OF CREDIT (CONTINUED)

As of May 31, 2025, the University has $5,000,000 available on an unsecured line of credit with a local bank with an expiration date of June 30, 2025. As of May 31, 2025, the interest rate of 7.5% on the line of credit is the prime rate. There was no outstanding balance at May 31, 2025. Subsequent to May 31, 2026, the line of credit was renewed on June 15, 2026.

Aggregate annual maturities of bonds and notes payable and the line of credit at May 31, 2026, are:

	Bonds Payable
2027	$ 1,518,405
2028	1,540,856
2029	1,565,732
2030	1,589,952
2031	1,614,545
Thereafter	19,482,737
Total	$ 27,312,227

NOTE 10 – DERIVATIVE FINANCIAL INSTRUMENTS – INTEREST RATE SWAP AGREEMENT

In April of 2020, the University entered into an interest rate swap agreement for the variable rate bond. The interest rate swap agreement associated with the bond provides for the University to receive interest from the counterparty at 80% SOFR + 9.158 and to pay interest to the counterparty at a fixed rate of 0.61% on a notional amount of $27,312,227 at May 31, 2026 and $28,819,562 at May 31, 2025.

Under the agreement, the University pays or receives the net interest monthly, with the monthly settlements included in interest expense. The agreement is recorded at fair value with subsequent changes in fair value included in other revenues or expenses.

NOTE 11 – NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions at May 31 are available for the following purposes or periods:

	2026	2025
Subject to expenditure for specified purpose		
Scholarships	$ 1,545,890	$ 1,710,704
Educational programs and other	7,543,441	4,640,950
Property and equipment purchases	223,441	45,945
Subtotal	9,312,772	6,397,599

NOTE 11 – NET ASSETS (CONTINUED)

Net Assets with Donor Restrictions (continued)

	2026	2025
Endowments		
Subject to appropriation and expenditure when specified events occur		
Restricted by donor for		
Scholarships	5,389,507	3,607,676
Faculty development and other programs	531,593	384,652
Prizes and awards	91,146	59,804
Subtotal	6,012,246	4,052,132
Investment in perpetuity, the income of which is expendable to support:		
Scholarships	10,162,419	9,155,168
Faculty development and other programs	426,135	429,048
Prizes and awards	135,500	128,250
Buildings and facilities management	1,275,308	1,429,325
Beneficial interest in perpetual trust, the income of which is to be spent on scholarships	3,079,296	2,711,802
Subtotal	15,078,658	13,853,593
Total endowments	21,090,904	17,905,725
Total net assets with restrictions	$ 30,403,676	$ 24,303,324

Net Assets Released from Restrictions

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

	2026	2025
Purpose restrictions accomplished		
Scholarships	$ 1,142,883	$ 1,039,026
Faculty development and other programs	4,099,250	3,785,022
Prizes and awards	2,108	9,872
Subtotal	5,244,241	4,833,920
Property and equipment acquired and placed in service	4,000	4,074
	$ 5,248,241	$ 4,837,994

NOTE 11 – NET ASSETS (CONTINUED)

Net Assets without Donor Restrictions Designated by the Board

	2026	2025
Board designated for endowment to benefit the following purposes:		
Scholarships	$ 2,029,811	$ 1,821,744
Faculty development	9,503,135	12,640,823
Prizes and awards	41,158	36,952
Buildings and facilities management	689,817	622,657
Total	$ 12,263,921	$ 15,122,176

NOTE 12 – ENDOWMENT

The University's endowment consists of approximately 92 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (board-designated endowment funds). As required by U.S. GAAP, net assets associated with endowment funds, including board- designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University's Board of Trustees has interpreted the State of Illinois Uniform Prudent Management of Institutional Funds Act (Illinois UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by Illinois UPMIFA. In addition, the University includes in its permanently restricted endowment a beneficial interest in a perpetual trust administered by an outside party, the income from which is restricted to scholarships.

NOTE 12 – ENDOWMENT (CONTINUED)

In accordance with Illinois UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The composition of net assets by type of endowment fund at May 31, 2026 and 2025, was:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	$ -	$ 20,305,921	$ 20,305,921
Donor restricted endowed property	-	784,983	784,983
Board designated endowment funds	12,263,921	-	12,263,921
Total endowment funds	$ 12,263,921	$ 21,090,904	$ 33,354,825

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	$ -	$ 16,966,725	$ 16,966,725
Donor restricted endowed property	-	939,000	939,000
Board designated endowment funds	15,122,176	-	15,122,176
Total endowment funds	$ 15,122,176	$ 17,905,725	$ 33,027,901

NOTE 12 – ENDOWMENT (CONTINUED)

Changes in endowment net assets for the years ended May 31, 2026 and 2025 were:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	$ 15,122,176	$ 17,905,725	$ 33,027,901
Investment return:			
Investment income	321,370	434,503	755,873
Net appreciation	1,575,782	2,650,889	4,226,671
Total investment return	1,897,152	3,085,392	4,982,544
Contributions	-	890,203	890,203
Transfers	5,930	4,548	10,478
Appropriation of endowment assets for expenditure	(4,761,337)	(794,964)	(5,556,301)
Endowment net assets, ending	$ 12,263,921	$ 21,090,904	$ 33,354,825

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	$ 14,330,224	$ 16,996,437	$ 31,326,661
Investment return:			
Investment income	396,608	393,771	790,379
Net appreciation	657,537	700,850	1,358,387
Total investment return	1,054,145	1,094,621	2,148,766
Contributions	-	559,216	559,216
Transfers	2,168	16,964	19,132
Appropriation of endowment assets for expenditure	(264,361)	(761,513)	(1,025,874)
Endowment net assets, ending	$ 15,122,176	$ 17,905,725	$ 33,027,901

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the University is required to retain as a fund of perpetual duration pursuant to donor stipulation or Illinois UPMIFA. Such endowments are often referred to as "underwater" endowments. There were no such deficiencies at May 31, 2026 and 2025.

The University has interpreted Illinois UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

NOTE 12 – ENDOWMENT (CONTINUED)

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the University must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the University's policies, endowment assets are invested in a manner that is intended to produce the highest level of return while assuming a moderate level of investment risk. The University expects its endowment funds to provide an average rate of return of approximately 8% annually over time. Actual returns in any given year may vary from this amount.

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

The University has a policy (the spending policy) of appropriating for expenditure each year 5% of its endowment fund's average fair value over the prior 12 quarters through the year end preceding the year in which expenditure is planned. This distribution is intended to support operations as well as cover investment-related fees and expenses. In establishing this policy, the University considered the long-term expected return on its endowment. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the University's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

NOTE 13 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The University recognizes revenue from contracts with customers through three primary revenue streams, including tuition and fees, auxiliary enterprises, and other income. The following table provides disaggregation of revenue from contracts with customers based on the timing of revenue recognition for the years ended May 31:

	2026	2025
Revenue recognized over time	$ 32,365,612	$ 33,950,261
Revenue recognized at a point in time	702,649	626,095
Total contracts with customers	$ 33,068,261	$ 34,576,356
Auxiliary enterprises revenue that does not represent revenues from contracts with customers totaled	4,583	44,676
Total revenue	$ 33,072,844	$ 34,621,032

NOTE 14 – LEASES

The University has operating leases for facilities and equipment.

The University entered an approximately ten-year lease for classroom and office space at a location for its campus located in Albuquerque, New Mexico, which expired in August 2024. The lease was renewed for another three years beginning in September 2024. The lease required the University to pay all executory costs (maintenance, utilities, and insurance). During April 2025, an assignment and assumption of lease was signed which transferred and conveyed all the University's right, title and interest as tenant or lessee to the lease and all the obligations, liabilities, rights, benefits and privileges of tenant or lessee under the Lease to a third-party effective May 1, 2025.

The University entered into a lease agreement for space in the Rialto Theater building located in downtown Joliet, Illinois. The lease agreement is 20 years and expires in June 2029. This lease requires the University to pay all executory costs (property taxes, maintenance, utilities, and insurance).

Effective July 2016, the University entered into a license agreement to lease space in an athletic facility in Joliet, Illinois, through July 2027. A usage fee is payable in three installments due on or before July 1, October 1, and January 1.

In addition, the University has several other non-cancelable operating leases and service agreements for office equipment and laundry facilities equipment that expire in various years through December 2030

NOTE 14 – LEASES (CONTINUED)

The components of lease expense were as follows:

	2026	2025
Right-of-use assets:		
Operating lease cost	$ 414,240	$ 632,790
Short-term lease cost	42,000	59,396
Variable cost	-	30,753
Loss on termination of sublease income	-	27,753
Total operating lease cost	456,240	750,692
Finance lease cost		
Amortization of right-of-use assets	72,210	69,254
Interest on lease liabilities	10,088	13,044
Total finance lease cost	82,298	82,298
Total lease cost	$ 538,538	$ 832,990

The following table summarizes the lease cash flow information recorded in the statements of cash flows at May 31:

	2026	2025
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 495,193	$ 665,472
Operating cash flows from finance leases	10,088	13,044
Financing cash flows from finance leases	72,210	69,254
Total cash paid	$ 577,491	$ 747,770

	2026	2025
Weighted average remaining lease term (years):		
Operating leases	2.94 years	3.8 years
Finance leases	2.67 years	3.75 years
Weighted average discount rate:		
Operating leases	4.82%	4.74%
Finance leases	4.27%	4.27%

NOTE 14 – LEASES (CONTINUED)

The aggregate future maturities of the lease liabilities at May 31 are as follows:

	Operating Leases	Finance Leases	Total
2027	$ 444,836	$ 82,298	$ 527,134
2028	355,888	82,298	438,186
2029	329,942	55,387	385,329
2030	48,237	-	48,237
2031	13,161	-	13,161
Total future undiscounted lease payments	1,192,064	219,983	1,412,047
Less interest	(79,610)	(11,484)	(91,094)
Long-term portion of lease liabilities	$ 1,112,454	$ 208,499	$ 1,320,953

NOTE 15 – RETIREMENT PLANS

The University has a defined contribution benefit plan (the Plan) covering substantially all full-time faculty, administrative, and staff personnel who agree to make contributions of at least 5% of the employee's base salary to the Plan. The University's annual contribution to the Plan ranges between 5% and 10% of the employees' base salaries depending upon years of service. The retirement benefit expense was $988,593 and $1,230,073 for 2026 and 2025, respectively.

In February 2016, the University established a nonqualified deferred compensation plan for a select group of key management or highly compensated employees, providing supplemental retirement income benefits through the deferral of base salary, bonus compensation, and additional discretionary contributions by the University.

Additionally, the University entered into an agreement with a trustee under an irrevocable trust (the "trust") to be used in connection with the non-qualified plan. The Trust is intended to be a rabbi trust, and the assets of the trust belong to the University and are subject to the claims of the University's general creditors. The trust assets are invested in a managed portfolio proprietary fund.

Participants are fully vested at all times in their base salary deferrals, bonus compensation deferrals, matching contributions, and discretionary contributions, and any earnings thereon. Payment of a participant's vested account shall be made within 90 days of the earliest to occur: separation from service; death; and disability.

During the years ended May 31, 2026 and 2025, the University made discretionary contributions to the trust of $110,000 and $212,500, respectively, recognized as compensation expense. The fair market value of the underlying trust assets as of May 31, 2026 and 2025, was $1,818,312 and $1,511,095, respectively, and are included in cash and restricted investments along with a related deferred compensation liability of $1,818,312 and $1,511,095, respectively, included in other liabilities on the statements of financial position.

NOTE 16 – RELATED PARTY TRANSACTIONS

The University conducts business with various vendors throughout the Joliet and greater Chicagoland areas. Several of the University's vendors have principals or employees currently serving on its Board of Trustees. In accordance with the University's Conflict of Interest Policy, each Trustee is required to disclose her or his business relationship with the University on an annual basis.

Approximately $0 and $170,000 of all contributions receivable were due from related parties, including certain members of the Board of Trustees, in 2026 and 2025, respectively, and approximately $192,240 and $217,763 of contribution revenue was received from related parties, including certain members of the Board of Trustees, in 2026 and 2025, respectively.

NOTE 17 – FAIR VALUE OF ASSETS AND LIABILITIES

Recurring Measurements

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP also specifies 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 standard describes three levels of inputs that may be used to measure fair value:

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

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

NOTE 17 – FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Recurring Measurements (continued)

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at May 31:

	2026			
	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Cash equivalents	$ 2,128,284	$ -	$ -	$ 2,128,284
Common and preferred stocks	2,993,982	-	-	2,993,982
Corporate bonds	-	641,805	-	641,805
Equity mutual funds	5,561,356	-	-	5,561,356
Fixed income mutual funds	3,990,829	-	-	3,990,829
Equity exchange-traded funds	10,270,531	-	-	10,270,531
Fixed income exchange-traded funds	5,213,028	-	-	5,213,028
Real estate investment trust funds	20,253	-	-	20,253
Subtotal investments	30,178,263	641,805	-	30,820,068
Other Assets				
Beneficial interest in perpetual trust	-	-	3,079,296	3,079,296
Interest rate swap agreements	-	2,264,003	-	2,264,003
Total assets at fair value	$ 30,178,263	$ 2,905,808	$ 3,079,296	36,163,367
Investments held at net asset value				
Private equity funds				1,455,077
Total				$ 37,618,444

NOTE 17 – FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Recurring Measurements (continued)

	2025			
	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Cash equivalents	$ 2,689,123	$ -	$ -	$ 2,689,123
Common and preferred stocks	6,584,361	-	-	6,584,361
U.S. Government agency mortgage-backed securities	-	337,924	-	337,924
Corporate bonds	-	954,045	-	954,045
Equity mutual funds	391,235	-	-	391,235
Fixed income mutual funds	4,499,810	-	-	4,499,810
Equity exchange-traded funds	8,546,257	-	-	8,546,257
Fixed income exchange-traded funds	6,829,019	-	-	6,829,019
Alternative strategy mutual funds	33,687	1,737,995	-	1,771,682
Real estate held for investment	-	682,000	-	682,000
Subtotal investments	29,573,492	3,711,964	-	33,285,456
Other Assets				
Beneficial interest in perpetual trust	-	-	2,711,802	2,711,802
Interest rate swap agreements	-	2,702,210	-	2,702,210
Total assets at fair value	$ 29,573,492	$ 6,414,174	$ 2,711,802	38,699,468

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

Investments and Real Estate Held for Investment

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

NOTE 17 – FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Recurring Measurements (continued)

Beneficial Interest in Perpetual Trust

Fair value is determined using the fair value of the assets held in the trust reported by the trustee as of the last day of the fiscal year. The University 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 University will never receive those assets or have the ability to direct the trustee to redeem them.

Interest Rate Swap Agreements

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Investments Measured Using Net Asset Value

The University uses the net asset value ("NAV") per share, or its equivalent, as a practical expedient to estimate the fair value of certain investments in limited partnerships, private equity funds, real estate funds, and other alternative investments for which quoted market prices are not readily available. Accordingly, these investments are not categorized within the fair value hierarchy.

The following table lists the alternative investments in which NAV was utilized as the practical expedient from estimating fair value by major category as of May 31, 2026:

Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Private equity funds	$ 1,455,077	$ 1,477,701	Not redeemable	N/A

NOTE 17 – FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Unobservable (Level 3) Inputs

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	2026	2025
Beneficial interest in perpetual trust		
Balance, beginning	$ 2,711,802	$ 2,608,843
Distributions to the University	(113,286)	(121,489)
Total change in value of perpetual trust	480,780	224,448
Balance, ending	$ 3,079,296	$ 2,711,802

NOTE 18 – SIGNIFICANT ESTIMATES, CONCENTRATIONS, AND CONTINGENCIES

U.S. GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Student Accounts Receivable

The University grants unsecured credit to students located throughout the United States of America.

Asset Retirement Obligation

The University's conditional asset retirement obligations primarily relate to the remediation of asbestos contained in buildings that the University owns. Environmental regulations exist that require the University to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. Determination of the recorded liability is based on a number of estimates and assumptions including discount rate, abatement cost estimates, and estimates of dates of abatement. The University estimated its liability at May 31, 2026 and 2025 to be $540,391 and $531,970, respectively, which is included in the other liabilities line in the statements of financial position.

Litigation

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

NOTE 18 – SIGNIFICANT ESTIMATES, CONCENTRATIONS, AND CONTINGENCIES (CONTINUED)

Construction Commitment

The University had open construction contracts with a purchase commitment totaling $2,546,807 and $6,505,139 for the years ended May 31, 2026 and 2025, respectively.

NOTE 19 – RISK MANAGEMENT

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

NOTE 20 – SUBSEQUENT EVENTS

Subsequent events have been evaluated as of October 8, 2026, which is the date the financial statements were available to be issued.

The University assigned its lease for classroom and office space located at its Albuquerque, New Mexico campus under an assignment and assumption of lease agreement effective May 1, 2025. Pursuant to the agreement, all rights, interests, obligations, and liabilities of the University as lessee were transferred to a third-party tenant. On July 31, 2026, the third-party tenant notified the University that it would cease operations and no longer conduct business. As a result, the University became responsible for the lease and the related obligations and liabilities associated with the property. Management is currently evaluating the financial impact of reassuming the lease obligations. The remaining lease payments are expected to be approximately $312,000 through the expiration of the lease in August 2027.

On June 15, 2026, the University renewed the $5,000,000 unsecured line of credit with a local bank that expired on June 30, 2025.



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