THE REED INSTITUTE

Financial Statements

June 30, 2025 and 2024

(With Independent Auditors' Report Thereon)

THE REED INSTITUTE

Table of Contents

KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

Independent Auditors' Report

The Board of Trustees
The Reed Institute:

Opinion

We have audited the financial statements of The Reed Institute (the College), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

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 Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

KPMG LLP

Portland, Oregon
October 13, 2025

THE REED INSTITUTE

Statements of Financial Position

June 30, 2025 and 2024

Assets		2025	2024
Current assets:			
Cash and cash equivalents	$	8,563,537	18,778,661
Accounts receivable, net		988,668	1,627,615
Contributions receivable, net		11,443,307	1,789,492
Short-term investments		11,544,172	18,652,112
Funds held by trustee for debt service		2,420,000	2,420,000
Prepaid expenses and other assets		973,561	858,792
Total current assets		35,933,245	44,126,672
Noncurrent assets:			
Cash and cash equivalents whose use is limited		166,654	237,096
Accounts receivable, net		1,582,327	1,670,405
Contributions receivable, net		2,361,475	2,741,364
Funds held in trust by others		3,065,771	2,797,837
Long-term investments		988,818,016	902,294,508
Property, plant, and equipment, net		187,421,700	182,684,600
Other assets		85,414	184,810
Total noncurrent assets		1,183,501,357	1,092,610,620
Total assets	$	1,219,434,602	1,136,737,292
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	$	12,249,500	8,701,604
Bond interest payable		2,420,000	2,420,000
Postretirement benefits payable		1,119,109	1,079,830
Deferred revenue		1,101,136	1,021,431
Other liabilities		4,753	110,085
Total current liabilities		16,894,498	13,332,950
Long-term liabilities:			
Liability for split-interest agreements		12,305,089	11,734,777
Postretirement benefits payable		27,078,644	24,234,590
Refundable loan programs		457,106	542,303
Asset retirement obligation		6,370,462	6,355,261
Debt		124,003,614	123,966,202
Other liabilities		77,218	221,346
Total long-term liabilities		170,292,133	167,054,479
Total liabilities		187,186,631	180,387,429
Net assets:			
Without donor restrictions		539,463,469	510,180,321
With donor restrictions:			
Time or purpose		247,751,464	217,383,708
Perpetual		245,033,038	228,785,834
Total net assets with donor restrictions		492,784,502	446,169,542
Total net assets		1,032,247,971	956,349,863
Total liabilities and net assets	$	1,219,434,602	1,136,737,292

See accompanying notes to financial statements.

THE REED INSTITUTE

Statement of Activities and Changes in Net Assets

Year ended June 30, 2025

	Without donor restrictions	With donor restrictions	Total 2025
Revenues, gains, and other support:			
Tuition and fees, net of $39,314,302 in college-funded scholarships	$ 56,478,829	—	56,478,829
Auxiliary enterprises	17,410,448	—	17,410,448
Gifts and private grants	8,219,089	1,240,878	9,459,967
Government grants, contracts, and student aid	3,359,264	—	3,359,264
Endowment return, appropriated for spending	19,470,203	18,085,250	37,555,453
Other investment gains	5,243,656	2,558	5,246,214
Other revenues and additions	2,523,730	—	2,523,730
Net assets released from restrictions	18,095,595	(18,095,595)	—
Total revenues, gifts, and other support	130,800,814	1,233,091	132,033,905
Expenses:			
Educational and general:			
Instruction	45,340,677	—	45,340,677
Research	3,192,669	—	3,192,669
Academic support	16,981,125	—	16,981,125
General institutional support	11,734,639	—	11,734,639
Student services	16,709,120	—	16,709,120
College relations	9,069,574	—	9,069,574
Total educational and general	103,027,804	—	103,027,804
Auxiliary enterprises	23,577,129	—	23,577,129
Total operating expenses	126,604,933	—	126,604,933
Increase from operations	4,195,881	1,233,091	5,428,972
Nonoperating activity:			
Contributions to endowment funds	—	15,246,784	15,246,784
Interest income on capital gifts	—	592,089	592,089
Endowment return, net of amounts appropriated for spending	29,028,358	27,091,097	56,119,455
Change in value of split-interest agreements	—	2,151,572	2,151,572
Net periodic benefit cost, excluding service cost	(3,684,538)	—	(3,684,538)
Other deductions and transfers	(256,553)	300,327	43,774
Total nonoperating activity	25,087,267	45,381,869	70,469,136
Increase in net assets	29,283,148	46,614,960	75,898,108
Net assets, beginning of year	510,180,321	446,169,542	956,349,863
Net assets, end of year	$ 539,463,469	492,784,502	1,032,247,971

See accompanying notes to financial statements.

THE REED INSTITUTE

Statement of Activities and Changes in Net Assets

Year ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total 2024
Revenues, gains, and other support:			
Tuition and fees, net of $39,503,142 in college-funded scholarships	$ 57,717,818	—	57,717,818
Auxiliary enterprises	17,550,416	—	17,550,416
Gifts and private grants	10,782,991	2,791,411	13,574,402
Government grants, contracts, and student aid	2,657,295	—	2,657,295
Endowment return, appropriated for spending	18,171,013	16,565,594	34,736,607
Other investment gains	4,434,049	—	4,434,049
Other revenues and additions	2,672,363	—	2,672,363
Net assets released from restrictions	17,664,677	(17,664,677)	—
Total revenues, gifts, and other support	131,650,622	1,692,328	133,342,950
Expenses:			
Educational and general:			
Instruction	43,066,699	—	43,066,699
Research	2,682,566	—	2,682,566
Academic support	15,809,682	—	15,809,682
General institutional support	10,769,051	—	10,769,051
Student services	15,506,699	—	15,506,699
College relations	8,806,431	—	8,806,431
Total educational and general	96,641,128	—	96,641,128
Auxiliary enterprises	22,446,096	—	22,446,096
Total operating expenses	119,087,224	—	119,087,224
Increase from operations	12,563,398	1,692,328	14,255,726
Nonoperating activity:			
Contributions to endowment funds	163,649	7,187,231	7,350,880
Contributions for capital assets	—	10,097,101	10,097,101
Endowment return, net of amounts appropriated for spending	31,438,849	28,648,974	60,087,823
Change in value of split-interest agreements	—	2,407,880	2,407,880
Net periodic benefit cost, excluding service cost	(2,057,182)	—	(2,057,182)
Other deductions and transfers	(490,226)	357,542	(132,684)
Total nonoperating activity	29,055,090	48,698,728	77,753,818
Increase in net assets	41,618,488	50,391,056	92,009,544
Net assets, beginning of year	468,561,833	395,778,486	864,340,319
Net assets, end of year	$ 510,180,321	446,169,542	956,349,863

See accompanying notes to financial statements.

THE REED INSTITUTE

Statements of Cash Flows

Years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Increase in net assets	$ 75,898,108	92,009,544
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	8,897,010	7,276,260
Amortization of bond premium and issuance cost	37,412	37,412
Contributions restricted for long-term investment	(5,919,047)	(17,833,985)
Noncash contributions	—	(16,072)
Net realized and unrealized gain on investments and split-interest agreements	(98,214,769)	(96,519,757)
Actuarial adjustments of liabilities for split-interest agreements	1,526,474	1,221,971
Change in asset retirement obligation	128,915	128,915
Insurance proceeds	—	(3,623)
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	724,161	1,048,360
Contributions receivable	(9,273,926)	(367,257)
Prepaid and other assets	(15,373)	785,113
Accounts payable and accrued liabilities	541,118	(7,313)
Postretirement benefits payable	2,883,333	1,357,863
Deferred revenue	79,705	(761,544)
Other liabilities	(249,460)	(259,962)
Net cash used in operating activities	(22,956,339)	(11,904,075)
Cash flows from investing activities:		
Proceeds from maturities/sales of investments	252,318,219	154,289,306
Purchases of investments	(233,502,600)	(132,327,579)
Contracts receivable collected	34,325	36,515
Contracts receivable advanced	(31,462)	(29,585)
Purchase of property, plant, and equipment	(10,741,045)	(21,547,840)
Insurance proceeds	—	3,623
Net cash provided by investing activities	8,077,437	424,440
Cash flows from financing activities:		
Contributions restricted for long-term investment	5,919,047	17,833,985
Payments on split-interest agreements	(1,473,068)	(1,353,725)
Investment income subject to split-interest agreements	473,986	406,503
New liabilities related to split-interest agreements	516,906	734,223
Changes in governmental loan funds	(85,197)	(134,858)
Net cash provided by financing activities	5,351,674	17,486,128
Net increase (decrease) in cash and cash equivalents	(9,527,228)	6,006,493
Cash and cash equivalents and cash whose use is limited, beginning of year	23,912,252	17,905,759
Cash and cash equivalents and cash whose use is limited, end of year	$ 14,385,024	23,912,252
Supplemental disclosures of cash flow information:		
Interest paid	$ 4,840,000	4,840,000

See accompanying notes to financial statements.

(1) Background

The Reed Institute (Reed College or the College) was founded in 1908 by Simeon and Amanda Reed, with one central commitment: to provide a balanced, comprehensive education in liberal arts and sciences, fulfilling the highest standards of intellectual excellence. Reed College offers a bachelor of arts degree in 25 major fields and numerous interdisciplinary fields, as well as a master of arts in liberal studies degree. The College educational program pays particular attention to a balance between broad study in the various areas of human knowledge and close, in-depth study in a recognized academic discipline.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the College have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The definitions used to classify and report net assets are as follows:

- Without donor restrictions: Net assets that are not subject to donor-imposed stipulations or donor-restricted contributions whose restrictions are met in the same reporting period.
- With donor restrictions – time or purpose: Net assets subject to donor-imposed stipulations that will be met by either actions of the College or the passage of time.
- With donor restrictions – perpetual: Net assets subject to donor-imposed stipulations that they be permanently maintained by the College; generally, the donors of these assets permit the College to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. All expenses are reported as decreases in net assets without donor restrictions except for activity related to life income agreements. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted either by donor stipulation or by law. Expirations of restrictions on net assets when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed are reported as reclassifications between the applicable classes of net assets and are reported as “net assets released from restriction” in the statements of activities and changes in net assets. Restrictions related to contributions for the purchase of capital additions are released when the asset is placed in service.

Reed College follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*, which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also requires disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds. See note 12 for further disclosures.

(c) Measure of Operations

Reed College's increase from operations includes all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restriction to support operating expenditures, and transfers from board-designated and other nonoperating funds to support current operating activities. The measure of operations excludes investment return and contributions in excess of amounts made available for current use, as well as infrequent items.

(d) Use of Estimates

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

(e) Revenue Recognition

Tuition and fees – Reed College's operating revenue is primarily derived from academic programs provided to undergraduate students. The College bills tuition and fees in advance of each academic term and recognizes the revenue on a straight-line basis over the academic term as the educational services are performed. Tuition and fees are not considered separate performance obligations. Students are typically entitled to a partial refund through approximately the first half of an academic term. The College provides financial assistance in the form of scholarships or grants based on the recipients' demonstrated need. The financial assistance is reflected as a reduction of tuition and fees revenues and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student.

Academic terms are determined by regulatory requirements mandated by the federal government and/or applicable accrediting body. The College's academic terms consist of fall and spring. The academic terms have start and end dates that fall within the College's fiscal year.

Students pay tuition and fees (net of scholarships) through a variety of funding sources, including, among others, federal loan and grant programs, state grant programs, institutional payment plans, private and institutional scholarships and borrowings, and cash payments.

Auxiliary enterprises – Auxiliary enterprises consist primarily of fees for room and dining services (board) during the student's education. Reed College considers room fees and dining services to have separate performance obligations.

Room fees are charged at different rates for dormitories and apartments. Room fees are billed in advance of each academic term and recognized as revenue on a straight-line basis over the period housing is provided. While the College believes the residential experience is an integral part of a student's education, it is believed to be a distinct performance obligation from the academic services.

Dining service fees are charged at different rates depending on the meal plan selected for the term of the agreement. Dining services are billed in advance of each academic term and are recognized as revenue ratably over the period during which the dining services are offered.

In addition to room and board, auxiliary services include revenue earned from the bookstore and for various conference services offered by the College. Revenue from the sale of these goods and services is recognized once the performance obligations are complete.

Gifts and private grants – Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional.

Government grants and contracts – Individual governmental and private grant arrangements are nonreciprocal and are, therefore, considered contributions. The granting entity has not received a direct benefit in exchange for the resources provided. Revenue is recognized when the barrier to entitlement is overcome, which is when expenditures associated with each grant are determined to be allowable, and all other significant conditions of the grant are met.

Investment return – Investment return (including realized and unrealized gains and losses on investments, interest, and dividends) is recognized when earned and classified in the statement of activities and changes in net assets based on donor-imposed restrictions. Investment return on the endowment, net of investment expenses, is recognized as nonoperating activity in the statement of activities and changes in net assets, net of amounts appropriated for spending. Investment return on non-endowment investments, net of investment expenses, is recognized as other investment gains in the operating section of the statement of activities and changes in net assets, net of amounts allocated to gifts being held for capital projects.

(f) Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are carried at fair value. Some investments do not have readily determinable fair values, including certain private investments, fixed-income investments, absolute return investments, and investments in equities, and are valued at net asset value (NAV) as a practical expedient for fair value. NAV in many instances, may not equal the price for which the asset could be exchanged or settled on the measurement date.

(g) Split-Interest Agreements

Reed College has been named as a beneficiary for various split-interest agreements for which the College serves as the trustee. Each agreement provides for contractual payments to stated beneficiaries for their lifetimes, after which remaining principal and interest revert to the College. Assets contributed are recorded at fair value. In addition, the College has recognized the present value of estimated future payments to be made to beneficiaries over their expected lifetimes as a long-term liability. The present values of these estimated payments were determined on the basis of published actuarial factors for ages of the respective beneficiaries discounted using a credit-risk adjusted rate and are not changed after the date of the gift. Annual adjustments are made between the liability and the net assets to record actuarial gains or losses. Differences between the assets contributed and the expected payments to be made to beneficiaries have been recorded as contribution revenue in the year established. These donations are either restricted on the basis of time, donor-imposed stipulations, or in perpetuity based on the intent of the donor.

The College maintains separate reserve funds adequate to meet future payments under its charitable gift annuity contracts, as required by governing states' laws. The total held in separate reserve funds and reported as funds held in trust by others was $6,929,922 and $6,524,837 as of June 30, 2025 and 2024, respectively. The amount included to meet future payments under gift annuity contracts in liability for split-interest agreements was $2,352,600 and $2,416,027 as of June 30, 2025 and 2024, respectively.

(h) Contributions Receivable

Unconditional promises to give (contributions) are recorded as gifts and private grant income and contributions receivable. Promises to give are not recognized until they become unconditional, that is, when the donor-imposed conditions are substantially met. Contributions other than cash are recorded at their estimated fair value. Management estimates an allowance for uncollectible contributions based on risk factors such as prior collection history, type of contribution, and the nature of the fundraising activity. Contributions are generally receivable within five years of the date the commitment was made and are discounted to present value using a discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

(i) Property, Plant, and Equipment, Net

Property, plant, and equipment are stated at cost at the date of acquisition, if purchased, or at fair market value, at the date of receipt, if acquired by donation. Equipment under capital leases are stated at the present value of minimum lease payments. Depreciation is computed on a straight-line basis over the estimated useful lives of buildings (20 to 50 years) and equipment and furnishings (5 years). Equipment held under capital leases are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. Routine repair and maintenance expenses and equipment replacement costs are expensed as incurred.

(j) Donated Materials

Donated materials are included in the statements of activities and changes in net assets as gifts and private grants at their estimated fair values at date of receipt. These materials are subsequently expensed when used.

(k) Income Tax Status

The Internal Revenue Service has recognized Reed College as exempt from tax under the provisions of Section 501(a) as an organization described under Section 501(c)(3) of the Internal Revenue Code, except to the extent of unrelated business income under Sections 511 through 515 and certain excise tax programs on investment income. Management believes that unrelated business income tax, if any, is immaterial, and therefore, no tax provision has been made. The College accounts for income taxes in accordance with FASB ASC Subtopic 740-10, *Income Taxes – Overall*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a threshold of more likely than not for recognition of tax benefits of uncertain tax positions taken or expected to be taken in a tax return.

ASC Subtopic 740-10 also provides related guidance on measurement, derecognition, classification, interest and penalties, and disclosure. The College does not have any uncertain tax positions.

(Continued)

(l) Cash and Cash Equivalents

Cash and cash equivalents represent cash in bank and other highly liquid investments with original maturities of three months or less. Certain cash equivalents held by trustees and amounts included in the investment portfolio are intended to be invested on a long-term basis and are not included in the statements of cash flows. Cash and cash equivalents whose use is limited includes funds that are restricted for the Federal Perkins Loan program.

Cash and cash equivalents reported in the statements of cash flows comprise the following at June 30:

		2025	2024
Cash and cash equivalents	$	8,563,537	18,778,661
Cash and cash equivalents whose use is limited		166,654	237,096
Cash and cash equivalents held for long-term investment		5,654,833	4,896,495
Total cash and cash equivalents reported in the statements of cash flows	$	14,385,024	23,912,252

(m) Deferred Revenue

Deferred revenue consists primarily of tuition and fees related to future academic years.

(n) Postretirement Benefits

Reed College has a noncontributory postretirement medical benefit plan covering participating employees upon their retirement. The College maintains a postretirement medical benefit plan and accounts for the plan within the framework of FASB ASC Subtopic 958-715, *Not-for-Profit Entities – Compensation – Retirement Benefits*.

The College records annual amounts relating to its postretirement medical benefit plan based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, and healthcare cost trend rates. The College reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The College believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions.

(o) Concentration of Risk

Reed College's financial instruments include commercial paper, U.S. government and agency securities, corporate obligations, mutual funds, commingled funds, limited partnerships, private equity, private real assets, and private real estate. These financial instruments may subject the College to concentrations of risk.

(p) Reclassifications

Certain items previously reported in the prior-year financial statements have been reclassified to conform to current-year financial statement presentation. These reclassifications had no effect on Reed College's financial position, activities and changes in net assets, or cash flows.

(Continued)

(3) Financial Assets and Liquidity Resources

Reed College regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The College has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the College operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of June 30, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

		2025	2024
Financial assets at year-end:			
Cash and cash equivalents	$	8,563,537	18,778,661
Current accounts receivable, net		988,668	1,627,615
Current contributions receivable, net		11,443,307	1,789,492
Investments		1,005,847,959	926,164,457
Total financial assets at year-end		1,026,843,471	948,360,225
Less amounts not available to meet general expenditures within one year:			
Restricted by donors for use in future periods		34,890,278	21,332,877
Board-designated endowment		427,474,819	397,130,283
Future expendable donor-restricted endowment		199,665,054	172,573,957
Donor-restricted endowment to be retained in perpetuity		236,806,553	221,256,882
Annuity and life income funds		29,218,585	26,940,681
Funds held by trustee for debt service		2,420,000	2,420,000
Funds held in trust by others		3,065,771	2,797,837
Financial assets available to meet general expenditures within one year	$	93,302,411	103,907,708

(4) Investments

The value of investments consists of the following at June 30:

		2025	2024
Investments:			
Cash and cash equivalents	$	5,654,833	4,896,495
Fixed income		131,544,674	104,140,727
Public equities		307,542,539	305,037,954
Absolute return		172,044,902	149,929,343
Private equity		231,638,623	210,407,171
Private real assets		36,436,364	71,247,328
Private real estate		44,993,303	47,113,958
Funds held in trust		29,218,585	26,940,681
Funds held in outside trusts		3,065,771	2,797,837
Funds held by trustee for debt service		2,420,000	2,420,000
Distributions in transit		30,133,722	—
Investment funding in transit		10,000,000	—
Other		1,154,643	1,232,963
Total investments	$	1,005,847,959	926,164,457

The overall investment objective for the College's endowment is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The College diversifies its investments among various asset classes incorporating multiple strategies and external investment managers. Major investment decisions are authorized by the board's Investment Committee, which oversees the College's investment program in accordance with established guidelines.

Investment strategies include the following:

- Fixed-income investments, which consist of commingled funds, bond mutual funds, and a limited partnership that hold securities, the majority of which have maturities greater than one year and are valued based on quoted market prices in active markets; certain commingled funds and the limited partnership are valued at NAV reported by the fund managers.
- Public equities investments, which consist of mutual funds, commingled funds, and limited partnerships; these are valued based on quoted market prices in active markets, except for certain commingled funds and limited partnerships, which are valued at NAV reported by the fund managers.
- The absolute return portfolio, which consists of limited partnership interests in hedge funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short; the substrategies within the absolute return portfolio include equity long/short, credit/event driven, market neutral, multistrategy, and global macro. The majority of the underlying holdings are marketable securities. The remainder of the underlying holdings is held in marketable securities that trade infrequently, or in private investments, which are valued by the manager on the

basis of an appraised value, discounted cash flows, industry comparables, or some other method. The limited partnership interests are valued at NAV reported by the fund managers.

- Investments in private equity, private real assets, and private real estate, which are in the form of limited partnership interests and typically invest in private assets for which there is no readily determinable market value; in these cases, market value is determined by external managers based on a combination of discounted cash flow analysis, industry comparables, and outside appraisals. Where private investment managers hold publicly traded securities, these securities are generally valued based on market prices. The limited partnership interests are valued at NAV reported by the fund managers.

At June 30, 2025 and 2024, Reed College has approximately $803 million and $787 million, respectively, of investments that are not readily marketable. These investments, which include the fixed income, public equities, absolute return portfolio, private equity, private real assets, and private real estate, represent 80% and 85% of total investments and 78% and 82% of total net assets at June 30, 2025 and 2024, respectively. These investments are reported at NAV as reported by the fund managers, which is used as a practical expedient to estimate the fair value. The College believes that the reported amount of its investments is a reasonable estimate of fair value as of June 30, 2025 and 2024. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used if a ready market existed. See note 5 for investment fair value and liquidity measurements.

The College has funds invested in various limited partnerships. At times, there are certain positions of derivative financial instruments included in the assets of the various partnerships. The College is obligated under certain limited partnership investment fund agreements to advance funding periodically up to specified levels. At June 30, 2025, the College has unfunded commitments of $127,414,990. These commitments are callable by the general partners/advisers between July 1, 2025 and 2033. The terminations of these partnerships/funds are based upon specific provisions in the agreements.

Included in funds held in trust investments are $29,218,585 and $26,940,681 of planned giving trusts held in mutual funds and other investments that are not available for spending as of June 30, 2025 and 2024, respectively. Included in funds held by trustee at June 30, 2025 and 2024, is $2,420,000 and $2,420,000, respectively, that is invested in money market funds that will be used to pay interest to bond holders.

Included in distributions in transit was a redemption of an investment in public equities for $29,402,035 and a distribution of a private equity investment for $731,687 that were both executed prior to, and received after, June 30, 2025. Included in investment funding in transit are funds transferred to a manager prior to June 30, 2025 and invested in absolute return on July 1, 2025.

(5) Fair Value Measurements

ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 inputs are unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used for assets and liabilities carried at fair values:

Cash equivalents: Valued using quoted market prices in active markets. These instruments consist primarily of money market funds and other short-term investments with original maturities of three months or less.

Investments: Fixed income investments include bonds, treasuries, and bond mutual funds. Public equities include publicly traded stocks, mutual funds, and exchange-traded funds. Treasuries, bond mutual funds and public equities are classified as Level 1 in the fair value hierarchy table as their fair value is measured using quoted market prices multiplied by the quantity held. Corporate bonds are classified as Level 2 in the fair value hierarchy table as their fair value is measured using other inputs that are observable or can be corroborated by market data for the term of the instrument.

Funds held in trust: The College's beneficial interest in irrevocable split-interest agreements where the College serves as the trustee or held/controlled by a third-party trustee are based on a combination of Level 1 inputs (observable market values of the trusts' investment portfolios), Level 2 indirect observable inputs (real estate investments trusts), and Level 3 significant unobservable inputs (real estate). The fair values are measured at the present value of the future distributions the College expects to receive over the term of the agreements, which are based on Level 3 inputs. Investments classified as Level 3 consist of a secured note receivable.

Included in other investments and classified in Level 3 is the College's beneficial interest in funds held in outside trusts.

The College measures the fair value for certain investments that are not exchange traded using NAV as a practical expedient. The practical expedient would not be used if it is determined to be probable that the College will sell the investment for an amount different from the reported NAV. In accordance with FASB ASC Subtopic 820-10, an investment measured at fair value using the net asset value per share practical expedient has not been classified in the fair value hierarchy.

The inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risks associated with those investments or a reflection of the liquidity of or degree of difficulty in estimating the fair value of each fund's underlying assets and liabilities.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2025:

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 5,654,833	5,654,833	—	—
Fixed income	102,386,382	84,389,053	17,997,329	—
Public equities	17,933,195	17,933,195	—	—
Funds held in trust	29,218,585	28,529,585	—	689,000
Funds held in outside trusts	3,065,771	—	—	3,065,771
Funds held by trustee for debt service	2,420,000	2,420,000	—	—
Other	140,141	140,141	—	—
Total	160,818,907	139,066,807	17,997,329	3,754,771
Investments where NAV was used as a practical expedient to measure fair value:				
Absolute return	172,044,902			
Fixed income	28,691,059			
Private equity	231,638,623			
Private real assets	36,436,364			
Private real estate	44,993,303			
Public equities	289,609,344			
Total	803,413,595			
Accrued interest on fixed income	467,233			
Distributions in transit	30,133,722			
Investment funding in transit	10,000,000			
Total investments and other assets	$ 1,004,833,457			

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2024:

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 4,896,495	4,896,495	—	—
Fixed income	77,487,868	56,998,180	20,489,688	—
Public equities	23,363,824	23,363,824	—	—
Funds held in trust	26,940,681	26,251,681	—	689,000
Funds held in outside trusts	2,797,837	—	—	2,797,837
Funds held by trustee for debt service	2,420,000	2,420,000	—	—
Other	198,411	198,411	—	—
Total	138,105,116	114,128,591	20,489,688	3,486,837
Investments where NAV was used as a practical expedient to measure fair value:				
Absolute return	149,929,343			
Fixed income	26,652,859			
Private equity	210,407,171			
Private real assets	71,247,328			
Private real estate	47,113,958			
Public equities	281,674,130			
Total	787,024,789			
Total investments and other assets	$ 925,129,905			

The College's total investments at June 30, 2025 was $1,005,847,959, which included $1,014,502 of investments in real estate recorded at cost. The College's total investments at June 30, 2024 was $926,164,457, which included $1,034,552 of investments in real estate recorded at cost.

The following table presents the College's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2025 and 2024, respectively:

Balance at June 30, 2023	7,157,844
Total realized and unrealized gains	104,739
Purchases, issuances, and settlements (net)	(3,775,746)
Balance at June 30, 2024	3,486,837
Total realized and unrealized gains	267,934
Purchases, issuances, and settlements (net)	—
Balance at June 30, 2025	$ 3,754,771

The following table presents information for investments where the NAV was used as a practical expedient to measure fair value at June 30, 2025:

	Fair value	Lockup period	Redemption frequency	Redemption notice period
Public equities	$ 97,324,726	15 Days	Semimonthly	9–15 Days
Public equities	48,823,848	1 Month	Monthly	5–10 Days
Absolute return	137,745,811	3 Months	Quarterly	30–75 Days
Public equities	127,369,544	3 Months	Quarterly	30–75 Days
Public equities	16,091,226	3 Months	Semiannually	90 Days
Absolute return	11,830,063	9 Months	Annual	60–90 Days
Absolute return	22,469,028	—	Illiquid	—
Fixed Income	28,691,059	—	Illiquid	
Private equity	231,638,623	—	Illiquid	—
Private real assets	36,436,364	—	Illiquid	—
Private real estate	44,993,303	—	Illiquid	—
Total investments where NAV was used as a practical expedient to measure fair value	$ 803,413,595			

The following table presents information for investments where the NAV was used as a practical expedient to measure fair value at June 30, 2024:

	Fair value	Lockup period	Redemption frequency	Redemption notice period
Public equities	$ 79,789,965	15 Days	Semimonthly	9–15 Days
Public equities	67,140,282	1 Month	Monthly	5–10 Days
Absolute return	11,437,089	1 Month	Monthly	30 Days
Absolute return	126,464,989	3 Months	Quarterly	30–75 Days
Public equities	121,225,781	3 Months	Quarterly	30–75 Days
Public equities	13,518,102	3 Months	Semiannually	90 Days
Absolute return	10,835,299	9 Months	Annual	60–90 Days
Absolute return	1,191,966	Liquidating	Illiquid	—
Fixed income	26,652,859	—	Illiquid	—
Private equity	210,407,171	—	Illiquid	—
Private real assets	71,247,328	—	Illiquid	—
Private real estate	47,113,958	—	Illiquid	—
Total investments where NAV was used as a practical expedient to measure fair value	$ 787,024,789			

The College holds investments in private limited partnerships and certain fixed-income commingled funds where NAV is used as a practical expedient to measure fair value at June 30, 2025 and 2024. These investments do not allow for periodic redemptions but rather distribute earnings at the discretion of the fund managers and fully liquidate upon the termination date as stated in the agreement. Therefore, these are considered illiquid.

(6) Property, Plant, and Equipment, Net

Property, plant, and equipment consist of the following at June 30:

	2025	2024
Land and land improvements	$ 16,062,186	14,777,363
Buildings	291,287,160	262,409,701
Equipment, furniture, and fixtures	21,537,764	19,919,301
Construction in progress	6,063,254	24,209,889
	334,950,364	321,316,254
Less accumulated depreciation	(147,528,664)	(138,631,654)
Net property, plant, and equipment	$ 187,421,700	182,684,600

Depreciation expense was $8,897,010 and $7,276,260 for the years ended June 30, 2025 and 2024, respectively, and is allocated to the functional expenses based on the relative square footage of the departments.

(7) Long-Term Debt

(a) Notes Payable

Effective February 24, 2022, the College issued $125,000,000 of taxable fixed rate bonds. The bonds have a single maturity on July 1, 2052 and bear interest at 3.872%. A portion of the bond proceeds was deposited with a trustee in an irrevocable escrow trust account to service the 2017 State of Oregon Bonds until July 1, 2027, which is the earliest date the bonds are callable.

In 2025, the College allocated approximately $14,000,000 of the $17,716,289 of unspent bond proceeds for a central boiler plant replacement. As of June 30, 2025, the College used $5,350,116 of the proceeds for the project, which is included in construction in progress. The remaining bond proceeds will be used for future strategic needs of the College. The unspent bond proceeds of $12,366,173 were largely invested in fixed-income securities at June 30, 2025.

Notes payable consists of the following at June 30:

		2025	2024
2022 Taxable fixed rate bonds	$	125,000,000	125,000,000
Unamortized issuance costs		(996,386)	(1,033,798)
Total long-term debt due after one year	$	124,003,614	123,966,202

Interest on the notes payable and amortization of premium and issuance costs at June 30 are as follows:

		2025	2024
Interest	$	4,840,000	4,840,000
Amortization of premium and issuance costs		37,412	37,412
Total interest cost recorded in the statement of activities	$	4,877,412	4,877,412

Amortization is calculated over the life of the notes. Interest and amortization are allocated to the functional expenses based on the relative square footage of the departments.

(8) Retirement and Postretirement Benefits

(a) Retirement Plan

The College has a defined-contribution pension plan administered through Teachers Insurance and Annuity Association – College Retirement Equities Fund. Employees are able to voluntarily contribute funds to this plan beginning on the first day of employment provided they are not students. Employees are eligible for fixed employer contributions the first month following the completion of one year of service and must have attained the age of 21. Participants are immediately vested in their employee and employer contributions and earnings thereon. The College’s policy is to fund pension expenses as incurred. Expenditures relating to the plan were $4,586,683 and $4,295,453 for the years ended June 30, 2025 and 2024, respectively, and are included in education and general expenses and auxiliary enterprises in the accompanying statements of activities and changes in net assets.

(b) Defined-Benefit Retiree Medical Insurance Plan

The College maintains a defined-benefit retiree medical insurance plan, which is not funded. Employees hired after June 30, 2006 do not participate in this plan. In order to participate, employees hired prior to September 2, 2001 must retire from the College at or after age 55 with at least 10 years of continuous service. Employees hired between September 1, 2001 and June 30, 2006 must retire from the College at or after age 55 with 20 years of continuous service.

Participating retirees have the option of continuing to be insured by either the College’s current plan or a plan offered by the Emeriti Retirement Health Solutions program. Participating retirees who retired prior to September 2, 2001 and spouses/domestic partners are covered for their lifetime. All other participating retirees are covered at the lowest premium plan for their lifetime, and spouses/domestic partners are covered at the rate of 50% of the lowest premium plan for their lifetime.

The accrued liability for postretirement benefits consists of the following at June 30:

		2025	2024
Change in benefit obligation:			
Benefit obligation at beginning of year	$	25,314,420	23,956,557
Service cost		216,659	253,696
Interest cost		1,349,820	1,198,442
Benefits paid		(1,017,864)	(953,015)
Actuarial loss		2,334,718	858,740
Benefit obligation at end of year and funded status	$	28,197,753	25,314,420
Amounts recognized in the balance sheet consist of:			
Postretirement benefits payable – current	$	1,119,109	1,079,830
Postretirement benefits payable – long term		27,078,644	24,234,590
	$	28,197,753	25,314,420

The College used the following actuarial assumptions to determine its employee benefit obligations and net periodic benefit cost for the years ended June 30, 2025 and 2024, as measured at June 30:

	2025	2024
Benefit obligation:		
Weighted average discount rate	5.60 %	5.45 %
Rate of increase in per capita cost of covered healthcare benefits	9.5% trending to 4.5% in 2037	8.00% trending to 4.5% in 2036
Net periodic benefit cost:		
Weighted average discount rate	5.45 %	5.10 %
Rate of increase in per capita cost of covered healthcare benefits	8.00% trending to 4.5% in 2036	7.25% trending to 4.5% in 2033

Actuarial changes were driven by changes in the discount rate and changes in healthcare cost trends.

Net periodic benefit cost included the following components for the years ended June 30:

	2025	2024
Service cost	$ 216,659	253,696
Interest cost	1,349,820	1,198,442
Recognition of actuarial loss	2,334,718	858,740
Net periodic benefit cost	$ 3,901,197	2,310,878

Service cost is included in education and general expenses and the other components of net periodic postretirement benefit are included in nonoperating activity in the accompanying statements of activities and changes in net assets.

The College's policy is to fund the plan as claims payments are made. In fiscal year 2026, the College expects to contribute, from ongoing cash flows and current assets, $1,149,925 to the plan. Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows for the years ending June 30:

Year(s) ending:	
2026	$ 1,149,925
2027	1,198,349
2028	1,273,934
2029	1,410,372
2030	1,503,293
2031–2035	9,120,201

(Continued)

(c) Emeriti Retiree Defined-Contribution Health Plan

The College has a defined-contribution retiree health plan for employees hired on or after July 1, 2006. The College makes contributions on each eligible employee's behalf once the individual reaches the age of 40 years. Employees are also eligible to make discretionary after-tax contributions to their account if the individual is 21 years or older. Employees are eligible to receive benefits from the plan if the employee has attained age 55 years and achieved 20 years of continuous service to the College. Employer expenses related to this plan, net of forfeitures, were $298,778 and $263,426 for fiscal years ended June 30, 2025 and 2024, respectively, and are included in education and general expenses in the accompanying statements of activities and changes in net assets.

(9) Funds Held in Trust by Others

The College has been named beneficiary of a portion of the remainder of seven trusts maturing at specified dates in the future. These trusts are administered by other entities. The College revalues the receivables using the fair value of expected future cash flows. At June 30, 2025 and 2024, the trusts receivable was $3,065,771 and $2,797,837, respectively, and were reported as noncurrent funds held in trust by others in the statements of financial position.

(10) Contributions and Accounts Receivable

Contributions receivable consist of the following at June 30:

		2025	2024
Annual fund	$	731,870	1,262,311
Campaign		464,978	297,788
Endowment		13,492,647	3,478,321
Gross contributions receivable	$	14,689,495	5,038,420

Contributions receivable consist of the following at June 30:

	2025	2024
Current:		
Gross contributions receivable	$ 12,045,307	1,883,492
Less allowance for doubtful accounts	(602,000)	(94,000)
Total current net contributions receivable	11,443,307	1,789,492
Long term (one to five years):		
Gross contributions receivable	2,644,188	3,154,928
Less allowance for doubtful accounts	(124,000)	(144,000)
Net long-term contributions receivable	2,520,188	3,010,928
Less discount to present value	(158,713)	(269,564)
Total long-term net contributions receivable	2,361,475	2,741,364
Total net contributions receivable	$ 13,804,782	4,530,856

Contributions receivable due in excess of one year are discounted at 4.00% to 4.23% and 4.33% to 4.76% for the years ended June 30, 2025 and 2024, respectively.

Of the total net contributions receivable reported in the table above, $1,833,618 represents unconditional promises to give from 4 voting members of the College Board of Trustees. These are considered related party transactions under ASC 850.

Accounts receivable consist of the following at June 30:

		2025	2024
Current:			
Student accounts receivable	$	115,355	182,736
Related parties		5,999	7,018
Government agencies		505,639	1,040,105
Other receivables		361,675	397,756
		988,668	1,627,615
Noncurrent:			
Student accounts receivable		1,900	3,450
Reed loans		1,056,552	1,005,518
Related parties		28,076	33,950
Federal Perkins loans		443,459	579,011
Other receivables		112,579	108,715
		1,642,566	1,730,644
Less allowance for doubtful accounts		(60,239)	(60,239)
	$	2,570,995	3,298,020

The Federal Perkins Loans and Reed loans are generally payable at interest rates of 5% to 9% over approximately 10 years. Repayment begins after a designated grace period following the student's college attendance. Principal payments, interest, and losses due to cancellation are shared by the College and the U.S. government in proportion to their share of funds provided. The Federal Perkins Loan program provides for cancellation of loans if the student is employed in certain occupations following graduation (employment cancellations). Such employment cancellations are absorbed in full by the U.S. government.

Congress did not renew the Federal Perkins Loan Program after September 2017, and the transition period permitting disbursements ended on June 30, 2018. Institutions have the option to either continue to service the outstanding loans and remit excess cash periodically to the Department of Education or liquidate the portfolio, which would include assigning the remaining loans to the federal government and forfeiting the institution's remaining net assets (institutional capital contribution). The College intends to continue servicing the outstanding Perkins loans.

The related party receivable reported in the table above represents balances with one member of the College's senior management as part of a loan program administered by the College. This is considered a related party transactions under ASC 850.

(11) Net Assets

At June 30, 2025 and 2024, net assets consisted of the following:

		2025	2024
Without donor restrictions:			
Operating and designated for special programs	$	52,994,884	58,777,275
Institutional loan programs		1,946,142	1,909,626
Funds functioning as endowment		126,241,150	123,907,108
Accumulated quasi-endowment gains		301,233,669	273,223,175
Net investment in plant		57,047,624	52,363,137
Subtotal		539,463,469	510,180,321
With donor restrictions – time or purpose:			
Educational and general programs		34,890,278	21,332,877
Annuity and life income funds		11,748,721	10,471,423
Accumulated endowment gains		199,665,054	172,573,957
Other time or purpose restrictions		1,447,411	13,005,451
Subtotal		247,751,464	217,383,708
With donor restrictions – perpetual:			
True endowment funds		236,806,553	221,256,882
Annuity and life income funds		8,226,485	7,528,952
Subtotal		245,033,038	228,785,834
Total	$	1,032,247,971	956,349,863

(12) Endowments

At June 30, 2025, the College's endowment consisted of approximately 550 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowments and funds designated by the College to function as endowments (quasi-endowments). Quasi-endowment funds do not have donor restrictions and may be expended at the discretion of the College. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including quasi-endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law – The State of Oregon has enacted UPMIFA, the provisions of which apply to endowment funds. The College classifies as net assets with perpetual donor restrictions the original value of gifts to donor-restricted endowments and any other amounts added to donor-restricted endowments that donors have stipulated are not expendable. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with perpetual donor restrictions, including deficiencies associated with funds where the value of the fund has fallen below the original value of the gift, is classified as net assets with donor-imposed time or purpose restrictions until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA.

Income and net gains on investments of endowment are reported as follows:

- Increases in net assets with perpetual donor restrictions if the terms of the gift or the College's interpretation of relevant state law require they be added to the principal of a true endowment fund
- Increases in net assets with donor-imposed restrictions if the terms of the gift restrict its use and endowment income has not yet been appropriated for expenditure
- Increases in net assets without donor restrictions in all other cases.

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 to be retained as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with perpetual donor restrictions. As of June 30, 2025 and 2024, there were no funds with a market value less than the original gift value.

Investment and spending policies – To enable broad diversification and economies of scale, the College's policy is to pool endowment assets for investment purposes to the fullest extent possible as permitted by gift agreements and applicable government regulations.

The College's pooled endowment provides ongoing financial support for operations that will remain stable (or grow) in real or inflation-adjusted terms, as adjusted for new additions to the pooled endowment. The primary investment objective of the pooled endowment is to provide a sustainable maximum level of return consistent with prudent risk levels. The overall, long-term investment goal of the pooled endowment is to achieve an annualized total return that balances short-term spending needs with the preservation of the real (inflation adjusted) value of assets. Investments are diversified across a wide range of asset classes, including those providing return premiums for illiquidity, so as to provide a balance that will enhance total return under a range of economic scenarios, while avoiding undue risk concentrations in any single asset class or investment category. Sufficient liquidity in the endowment portfolio to meet the spending policy and operational needs, preserve the College's desired credit ratings, and maintain compliance with any debt agreements is also considered when making investment decisions regarding asset allocation.

In accordance with UPMIFA, the College considers the following factors, among others, in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the College and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation or deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the College; and (7) the investment policies of the College.

Pooled endowment spending is determined using the total return concept. The policy on spending endowment income for fiscal years 2025 and 2024 is to spend 5% of the rolling 13-quarter moving average of the fair value or market value of the endowment.

(Continued)

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

	Without donor restrictions	With donor restrictions – time or purpose	With donor restrictions – perpetual	Total
Donor-restricted endowment funds	$ —	199,665,054	236,806,553	436,471,607
Board-designated endowment funds	427,474,819	—	—	427,474,819
Total funds	$ 427,474,819	199,665,054	236,806,553	863,946,426

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

	Without donor restrictions	With donor restrictions – time or purpose	With donor restrictions – perpetual	Total
Donor-restricted endowment funds	$ —	172,573,957	221,256,882	393,830,839
Board-designated endowment funds	397,130,283	—	—	397,130,283
Total funds	$ 397,130,283	172,573,957	221,256,882	790,961,122

Changes in endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	Without donor restrictions	With donor restrictions – time or purpose	With donor restrictions – perpetual	Total
Endowment net assets, July 1, 2024	$ 397,130,283	172,573,957	221,256,882	790,961,122
Net investment return	48,498,561	45,176,347	—	93,674,908
Contributions	215,389	—	15,246,784	15,462,173
Appropriation of endowment assets for expenditure	(19,470,203)	(18,085,250)	—	(37,555,453)
Transfers and other reclassifications	1,100,789	—	302,887	1,403,676
Endowment net assets, June 30, 2025	$ 427,474,819	199,665,054	236,806,553	863,946,426

(Continued)

	Without donor restrictions	With donor restrictions – time or purpose	With donor restrictions – perpetual	Total
Endowment net assets, July 1, 2023	$ 364,482,575	143,924,983	212,459,560	720,867,118
Net investment return	49,609,862	45,214,568	—	94,824,430
Contributions	163,649	—	7,187,231	7,350,880
Contributions from trust terminations	12,194	—	1,851,693	1,863,887
Appropriation of endowment assets for expenditure	(18,171,013)	(16,565,594)	—	(34,736,607)
Transfers and other reclassifications	1,033,016	—	(241,602)	791,414
Endowment net assets, June 30, 2024	$ 397,130,283	172,573,957	221,256,882	790,961,122

(13) Functional Classification of Expenses

Educational program expenses include instruction, academic support, and student services. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses were allocated among program and supporting functions using a variety of cost allocation techniques, such as square footage and time and effort.

The table below presents expenses by both their nature and function for the year ended June 30, 2025:

	Educational programs	Research	Auxiliary enterprises	College relations	General institutional support	Total
Salaries and wages	$ 38,574,427	1,294,955	3,788,438	5,015,097	4,956,894	53,629,811
Benefits	13,323,528	366,418	1,268,356	1,989,194	1,945,452	18,892,948
Utilities, alterations, and repairs	2,531,466	294,879	4,047,745	43,519	247,151	7,164,760
Depreciation	3,737,607	854,387	3,850,478	68,777	385,761	8,897,010
Interest and accretion	2,201,044	191,799	2,337,544	41,753	234,187	5,006,327
Supplies, services, and other	18,662,850	190,231	8,284,568	1,911,234	3,965,194	33,014,077
Total	$ 79,030,922	3,192,669	23,577,129	9,069,574	11,734,639	126,604,933

The table below presents expenses by both their nature and function for the year ended June 30, 2024:

		Educational programs	Research	Auxiliary enterprises	College relations	General institutional support	Total
Salaries and wages	$	36,399,716	1,057,873	3,596,666	4,879,370	4,632,913	50,566,538
Benefits		13,216,540	302,200	1,118,370	1,915,627	1,818,869	18,371,606
Utilities, alterations, and repairs		2,338,021	201,664	4,113,921	61,829	253,142	6,968,577
Depreciation		3,053,918	674,390	3,173,380	56,678	317,894	7,276,260
Interest and accretion		2,201,044	191,799	2,337,544	41,753	234,187	5,006,327
Supplies, services, and other		17,173,841	254,640	8,106,215	1,851,174	3,512,046	30,897,916
Total	$	74,383,080	2,682,566	22,446,096	8,806,431	10,769,051	119,087,224

(14) Fundraising Expense

The College expended $3,787,163 and $3,965,392 for the years ended June 30, 2025 and 2024, respectively, for payroll and benefits, informational materials, college relations, travel, and special events relating to fundraising activities. These costs are all classified as college relations in the statements of activities and changes in net assets.

(15) Commitments and Contingencies

From time to time, the College is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, most of these claims and legal actions are covered by insurance and the ultimate disposition of these matters will not have a material effect on the College's financial position, statements of activities and changes in net assets, or cash flows.

(16) Subsequent Events

The College has evaluated subsequent events from the statement of financial position date through October 13, 2025, the date at which the financial statements were issued, and determined that there are no other items to disclose.