



COLLEGE OF THE OZARKS

**CONSOLIDATED FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED MAY 31, 2024



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
College of the Ozarks
Point Lookout, Missouri

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **College of the Ozarks (the College) (a nonprofit organization)**, which comprise the statements of consolidated financial position as of May 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **College of the Ozarks** as of May 31, 2024, 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 audit 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of **College of the Ozarks** 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated 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 consolidated 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 **College of the Ozarks'** 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 **College of the Ozarks'** 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.

Report on Summarized Comparative Information

We have previously audited **College of the Ozarks'** May 31, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2024, on our consideration of **College of the Ozarks'** 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 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 College'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 **College of the Ozarks'** internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "THE WHITLOCK CO., LP". The signature is written in a cursive, stylized font with a long horizontal line extending from the "T".

Springfield, Missouri
October 1, 2024

STATEMENTS OF CONSOLIDATED FINANCIAL POSITION

COLLEGE OF THE OZARKS
STATEMENTS OF CONSOLIDATED FINANCIAL POSITION
MAY 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION AS OF MAY 31, 2023

	Operating Funds				
	Unrestricted	Restricted	Loan	Endowment	Annuity
	Fund	Fund	Fund	Fund	Fund
Assets					
Cash	\$ 4,941,877	\$ -	\$ -	\$ -	\$ -
Internally managed investments	843,617	-	-	-	-
Accounts receivable - net of credit loss allowance of \$276,269	2,377,451	29,433	-	-	-
Prepaid expenses	444,691	-	-	-	-
Inventories	1,788,221	-	-	-	-
Externally managed investments	623,808	-	-	510,224,617	62,096,608
Contributions receivable	-	-	-	-	-
Due from (to) other funds	6,343,232	4,270,013	5,980,606	(31,132,011)	4,618,842
Investment in property	-	-	-	-	572,032
Cash value of life insurance	179,927	-	-	-	-
Property, plant and equipment:					
Construction in progress	-	-	-	-	-
Land and land improvements	-	-	-	-	-
Buildings	-	-	-	-	-
Equipment, books and collections	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Beneficial interest in primary trust	-	-	-	143,637,352	-
Beneficial interest in other trusts	-	-	-	28,746,225	-
Total assets	<u>17,542,824</u>	<u>4,299,446</u>	<u>5,980,606</u>	<u>651,476,183</u>	<u>67,287,482</u>
Liabilities					
Accounts payable	740,490	-	-	-	-
Accrued expenses	1,265,716	-	-	-	-
Deposits and unearned fees	4,702,875	-	-	-	-
Annuity obligations	-	-	-	-	9,874,805
Post-retirement benefits	10,033,743	-	-	-	-
Funds held for others	-	-	-	-	-
Total liabilities	<u>16,742,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,874,805</u>
Net assets					
Without donor restriction net assets	800,000	566,534	-	372,884,652	57,010,384
With donor restriction net assets	<u>-</u>	<u>3,732,912</u>	<u>5,980,606</u>	<u>278,591,531</u>	<u>402,293</u>
Total net assets	<u>800,000</u>	<u>4,299,446</u>	<u>5,980,606</u>	<u>651,476,183</u>	<u>57,412,677</u>
Total liabilities and net assets	<u>\$ 17,542,824</u>	<u>\$ 4,299,446</u>	<u>\$ 5,980,606</u>	<u>\$ 651,476,183</u>	<u>\$ 67,287,482</u>

COLLEGE OF THE OZARKS
STATEMENTS OF CONSOLIDATED FINANCIAL POSITION, CONTINUED
MAY 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION AS OF MAY 31, 2023

	Plant Funds			May 31, 2024	May 31, 2023
	Unexpended Plant	Investment in Plant	Agency Fund	Total	Total
Assets					
Cash	\$ -	\$ -	\$ -	\$ 4,941,877	\$ 7,064,543
Internally managed investments	-	-	-	843,617	337,488
Accounts receivable - net of credit loss allowance of \$276,269	-	-	-	2,406,884	2,274,805
Prepaid expenses	-	-	-	444,691	611,765
Inventories	-	-	-	1,788,221	1,382,885
Externally managed investments	-	-	-	572,945,033	479,086,605
Contributions receivable	1,047,980	-	-	1,047,980	1,036,698
Due from (to) other funds	9,283,988	457,668	177,662	-	-
Investment in property	-	12,081,426	-	12,653,458	12,736,639
Cash value of life insurance	-	-	-	179,927	179,927
Property, plant and equipment:					
Construction in progress	1,037,246	-	-	1,037,246	21,931,049
Land and land improvements	-	7,765,969	-	7,765,969	7,485,146
Buildings	-	168,795,396	-	168,795,396	141,851,447
Equipment, books and collections	-	65,336,525	-	65,336,525	61,695,463
Accumulated depreciation	-	(127,919,988)	-	(127,919,988)	(119,468,102)
Beneficial interest in primary trust	-	-	-	143,637,352	131,632,998
Beneficial interest in other trusts	-	-	-	28,746,225	26,754,693
Total assets	<u>11,369,214</u>	<u>126,516,996</u>	<u>177,662</u>	<u>884,650,413</u>	<u>776,594,049</u>
Liabilities					
Accounts payable	-	-	-	740,490	1,104,023
Accrued expenses	-	-	-	1,265,716	1,561,328
Deposits and unearned fees	-	-	-	4,702,875	4,985,688
Annuity obligations	-	-	-	9,874,805	9,571,785
Post-retirement benefits	-	-	-	10,033,743	10,848,175
Funds held for others	-	-	177,662	177,662	169,417
Total liabilities	<u>-</u>	<u>-</u>	<u>177,662</u>	<u>26,795,291</u>	<u>28,240,416</u>
Net assets					
Without donor restriction net assets	4,396,256	126,516,996	-	562,174,822	477,809,469
With donor restriction net assets	<u>6,972,958</u>	<u>-</u>	<u>-</u>	<u>295,680,300</u>	<u>270,544,164</u>
Total net assets	<u>11,369,214</u>	<u>126,516,996</u>	<u>-</u>	<u>857,855,122</u>	<u>748,353,633</u>
Total liabilities and net assets	<u>\$ 11,369,214</u>	<u>\$ 126,516,996</u>	<u>\$ 177,662</u>	<u>\$ 884,650,413</u>	<u>\$ 776,594,049</u>

The accompanying notes are an integral part of these consolidated financial statements.

STATEMENTS OF CONSOLIDATED ACTIVITIES AND FUNCTIONAL EXPENSES

COLLEGE OF THE OZARKS
STATEMENTS OF CONSOLIDATED ACTIVITIES

YEAR ENDED MAY 31, 2024

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED MAY 31, 2023

	Operating Funds		Loan	Endowment	Annuity	Plant Funds		May 31, 2024	May 31, 2023
	Unrestricted	Restricted				Unexpended	Investment		
	Fund	Fund	Fund	Fund	Fund	Plant	in Plant	Total	Total
Changes in without donor restriction net assets									
Revenue, gains and other additions									
Cost of education and fees	\$ 31,141,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,141,073	\$ 30,312,669
Institutional scholarships/cost of education	(23,176,547)	-	-	-	-	-	-	(23,176,547)	(22,679,432)
Campus industries	9,343,349	-	-	-	-	-	-	9,343,349	8,950,271
Auxiliaries	13,950,372	-	-	-	-	-	-	13,950,372	13,140,923
Institutional scholarships (room and board)	(6,070,784)	-	-	-	-	-	-	(6,070,784)	(6,067,219)
Contributions	8,252,694	87,164	-	-	1,332,940	382,054	-	10,054,852	18,318,895
Outside scholarships	(876,267)	-	-	-	-	-	-	(876,267)	(909,033)
Investment income, net of fees	1,695,056	-	-	3,753,994	508,625	-	-	5,957,675	6,323,510
Investment income from primary trust	7,328,169	-	-	-	-	-	-	7,328,169	7,476,106
Net realized gains on investments	47,163	-	-	24,831,439	2,958,930	-	-	27,837,532	32,374,873
Net unrealized gains (losses) on investments	-	-	-	68,505,736	8,539,057	-	-	77,044,793	(37,803,282)
Federal aid	-	-	-	-	-	-	-	-	5,368,769
Other revenue (expense)	522,210	-	-	-	(600)	-	-	521,610	972,674
Gain (loss) on disposal of property and equipment	-	-	-	-	-	81,065	491,664	572,729	(239,715)
Net assets released from restriction	-	642,005	-	278,002	135,000	92,428	-	1,147,435	8,989,553
Total revenue, gains and other additions	42,156,488	729,169	-	97,369,171	13,473,952	555,547	491,664	154,775,991	64,529,562
Expenses and losses									
Educational and general	25,954,122	843,246	-	-	975,838	1,173,295	8,451,886	37,398,387	35,092,257
Campus industries	9,626,804	-	-	-	-	-	-	9,626,804	9,247,025
Auxiliaries	4,411,107	-	-	-	-	-	-	4,411,107	4,121,064
Institutional support	14,173,294	-	-	-	-	-	-	14,173,294	13,882,749
Development	1,091,646	-	-	221,718	-	-	-	1,313,364	1,197,098
Total expenses	55,256,973	843,246	-	221,718	975,838	1,173,295	8,451,886	66,922,956	63,540,193
Loss on annuity obligations	-	-	-	-	320,364	-	-	320,364	999,890
Actuarial gain on post retirement adjustment	(814,432)	-	-	-	-	-	-	(814,432)	(1,035,999)
Total expenses and (gains) losses	54,442,541	843,246	-	221,718	1,296,202	1,173,295	8,451,886	66,428,888	63,504,084
Transfers among funds									
Spending rate transfer	21,205,000	-	-	(21,205,000)	-	-	-	-	-
Matured annuities	-	-	-	283,300	(283,300)	-	-	-	-
Transfer of capital additions	(347,150)	-	-	-	-	(30,401,507)	30,748,657	-	-
Transfer to (from) operating fund	(8,571,797)	50,867	-	8,520,930	-	-	-	-	-
Transfer to (from) restricted operating fund	-	76,800	-	(76,800)	-	-	-	-	-
Transfer to (from) unexpended plant fund	-	-	-	(17,892,529)	-	17,892,529	-	-	-
Change in restriction	-	(515,922)	-	(3,655,667)	148,300	41,539	-	(3,981,750)	(1,867,912)
Total transfers	12,286,053	(388,255)	-	(34,025,766)	(135,000)	(12,467,439)	30,748,657	(3,981,750)	(1,867,912)
Change in without donor restriction net assets	-	(502,332)	-	63,121,687	12,042,750	(13,085,187)	22,788,435	84,365,353	(842,434)

COLLEGE OF THE OZARKS
STATEMENTS OF CONSOLIDATED ACTIVITIES, CONTINUED
YEAR ENDED MAY 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED MAY 31, 2023

	Operating Funds			Plant Funds					
	Unrestricted Fund	Restricted Fund	Loan Fund	Endowment Fund	Annuity Fund	Unexpended Plant	Investment in Plant	May 31, 2024 Total	May 31, 2023 Total
Changes in with donor restriction net assets									
Revenue, gains and other additions									
Contributions	\$ -	\$ 2,365,994	\$ 102,496	\$ 2,970,327	\$ -	\$ 1,326,249	\$ -	\$ 6,765,066	\$ 5,574,502
Investment income, net of fees	-	41,940	193,340	399,534	-	10,895	-	645,709	661,839
Gain (loss) on assets held in trust	-	-	-	13,995,886	-	153,550	-	14,149,436	(8,887,710)
Net unrealized gains on assets held in trust	-	-	-	230,739	-	-	-	230,739	110,949
Other revenue	-	107,035	-	-	17,344	386,492	-	510,871	45,566
Net assets released from restriction	-	(642,005)	-	(278,002)	(135,000)	(92,428)	-	(1,147,435)	(8,989,553)
Total revenues, gains and other additions	-	1,872,964	295,836	17,318,484	(117,656)	1,784,758	-	21,154,386	(11,484,407)
Change in restriction	-	515,922	-	3,655,667	(148,300)	(41,539)	-	3,981,750	1,867,912
Change in with donor restriction net assets	-	2,388,886	295,836	20,974,151	(265,956)	1,743,219	-	25,136,136	(9,616,495)
Change in total net assets	-	1,886,554	295,836	84,095,838	11,776,794	(11,341,968)	22,788,435	109,501,489	(10,458,929)
Net assets at beginning of year									
Without donor restriction net assets	800,000	1,068,866	-	309,762,965	44,967,634	17,481,443	103,728,561	477,809,469	478,651,903
With donor restriction net assets	-	1,344,026	5,684,770	257,617,380	668,249	5,229,739	-	270,544,164	280,160,659
Total net assets at beginning of year	800,000	2,412,892	5,684,770	567,380,345	45,635,883	22,711,182	103,728,561	748,353,633	758,812,562
Net assets at end of year									
Without donor restriction net assets	800,000	566,534	-	372,884,652	57,010,384	4,396,256	126,516,996	562,174,822	477,809,469
With donor restriction net assets	-	3,732,912	5,980,606	278,591,531	402,293	6,972,958	-	295,680,300	270,544,164
Total net assets at end of year	\$ 800,000	\$ 4,299,446	\$ 5,980,606	\$ 651,476,183	\$ 57,412,677	\$ 11,369,214	\$ 126,516,996	\$ 857,855,122	\$ 748,353,633

The accompanying notes are an integral part of these consolidated financial statements.

COLLEGE OF THE OZARKS
STATEMENTS OF CONSOLIDATED FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED MAY 31, 2023

	Educational and General	Campus Industries	Auxiliaries	Institutional Support	Development	Loss on Annuity	May 31, 2024 Total	May 31, 2023 Total
Expenses								
Salaries	\$ 14,318,968	\$ 3,541,166	\$ 1,083,552	\$ 4,287,487	\$ 560,337	\$ -	\$ 23,791,510	\$ 22,723,880
Payroll taxes	1,023,417	273,629	80,996	292,469	27,327	-	1,697,838	1,654,761
Insurance	1,901,510	581,537	254,551	3,223,815	41,706	-	6,003,119	5,645,930
Retirement	1,265,005	338,929	107,266	417,912	28,549	-	2,157,661	2,087,142
Supplies	1,749,149	1,598,727	272,404	588,628	43,224	-	4,252,132	4,781,925
Repairs and maintenance	293	108,096	-	1,455,085	-	-	1,563,474	1,787,133
Depreciation	8,451,886	-	-	-	-	-	8,451,886	6,959,019
Warehouse	261,022	133,374	84,980	21,070	1,041	-	501,487	532,338
Telephone	10,497	8,602	1,981	11,254	1,629	-	33,963	41,248
Printing	72,415	53,362	5,218	262,905	81,377	-	475,277	473,537
Travel	489,434	137,992	1,949	244,303	19,357	-	893,035	708,279
Postage and shipping	32,345	141,583	79	39,111	287,099	-	500,217	526,213
Legal and accounting	-	-	-	529,347	-	-	529,347	351,866
Utilities	2,484,719	7,914	-	-	-	-	2,492,633	2,662,901
Purchases	915,222	890,782	2,704,934	1,473,850	-	-	5,984,788	6,347,999
Program disbursements	3,621,286	480,307	(210,934)	835,273	221,718	-	4,947,650	3,930,865
Dues and subscriptions	147,063	-	-	112,066	-	-	259,129	338,631
Facility maintenance	30,095	494,669	24,131	-	-	-	548,895	492,958
Promotions	-	542,955	-	-	-	-	542,955	534,036
Athletics	624,061	-	-	-	-	-	624,061	487,174
Miscellaneous	-	293,180	-	378,719	-	-	671,899	472,358
Total expenses	37,398,387	9,626,804	4,411,107	14,173,294	1,313,364	-	66,922,956	63,540,193
Loss on annuity obligations	-	-	-	-	-	320,364	320,364	999,890
Actuarial gain on post retirement adjustment	-	-	-	(814,432)	-	-	(814,432)	(1,035,999)
Total expenses and (gain)/losses	<u>\$ 37,398,387</u>	<u>\$ 9,626,804</u>	<u>\$ 4,411,107</u>	<u>\$ 13,358,862</u>	<u>\$ 1,313,364</u>	<u>\$ 320,364</u>	<u>\$ 66,428,888</u>	<u>\$ 63,504,084</u>

The accompanying notes are an integral part of these consolidated financial statements.

COLLEGE OF THE OZARKS
STATEMENTS OF CONSOLIDATED CASH FLOWS
YEARS ENDED MAY 31, 2024 AND 2023

	2024	2023
Cash flows from operating activities		
Change in net assets, all funds	\$ 109,501,489	\$ (10,458,929)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	8,451,886	6,959,019
Loss on annuity obligations	320,364	999,890
Loss (gain) on disposal of land and equipment	(572,729)	239,715
Contributions restricted for long-term investment	(3,072,823)	(1,474,992)
Interest and dividends restricted for long-term investment	(592,874)	(635,874)
Loss (gain) on beneficial interest in primary/other trusts	(13,995,886)	9,171,067
Net unrealized and realized loss (gain) on investments	(103,483,126)	6,205,605
Actuarial gain on post-retirement obligation	(814,432)	(1,035,999)
Changes in:		
Increase (decrease) in prepaid expenses	167,074	(8,182)
Increase in accounts receivable	(132,079)	(359,107)
Increase in inventories	(405,336)	(92,826)
Decrease (increase) in contributions receivable	(11,282)	1,703,781
Increase (decrease) in accounts payable & accrued expenses	(650,900)	30,702
Decrease in unearned fees	(282,813)	(385,279)
Increase in annuity obligations	958,494	948,489
Net cash (used in) provided by operating activities	<u>(4,614,973)</u>	<u>11,807,080</u>
Cash flows from investing activities		
Purchase of property and equipment	(10,247,031)	(15,895,096)
Proceeds from sale of property	930,910	479,865
Proceeds from sale of investments	234,237,644	273,882,154
Purchase of investments	<u>(225,119,075)</u>	<u>(267,677,321)</u>
Net cash used in investing activities	<u>(197,552)</u>	<u>(9,210,398)</u>
Cash flows from financing activities		
Proceeds from contributions restricted for:		
Investment in endowment fund	2,970,327	1,400,647
Investment in loan fund	<u>102,496</u>	<u>74,345</u>
	<u>3,072,823</u>	<u>1,474,992</u>
Other financing activities:		
Interest and dividends restricted for reinvestment	592,874	635,874
Payments of annuity obligations	<u>(975,838)</u>	<u>(994,054)</u>
	<u>(382,964)</u>	<u>(358,180)</u>
Net cash provided by financing activities	<u>2,689,859</u>	<u>1,116,812</u>
Increase (decrease) in cash	(2,122,666)	3,713,494
Cash at beginning of year	<u>7,064,543</u>	<u>3,351,049</u>
Cash at end of year	<u><u>\$ 4,941,877</u></u>	<u><u>\$ 7,064,543</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

1. Summary of significant accounting policies

This summary of significant accounting policies of **College of the Ozarks** (the College) (a nonprofit corporation) is presented to assist in understanding the College's consolidated financial statements. The consolidated financial statements and notes are representations of the College's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of consolidated financial statements.

In order to ensure observances of limitations and restrictions placed on the use of the resources available to the College, the accounts are maintained on the accrual basis in accordance with the principles of "fund accounting." Accordingly, resources are classified for accounting and reporting purposes into funds established according to their nature and purposes. For reporting purposes, the net assets of these funds have been further classified into categories based on donor stipulated restrictions.

Nature of organization

College of the Ozarks is a private liberal arts college with a mission of fostering students' academic, vocational, Christian, patriotic, and cultural growth. The College offers baccalaureate programs. The College is funded by private gifts and grants, endowment income, and student fees. The College also participates in the Federal Pell Grant (PELL), Federal Supplemental Educational Opportunity Grant (SEOG), and Federal College Work Study (CWS) financial aid programs and the Missouri Student Grant (MSG) program. The College is incorporated as The School of the Ozarks, Inc., d/b/a, College of the Ozarks.

In February 2024, the College established four additional limited liability companies: HWU Properties, LLC, HWU 1, LLC, HWU 2, LLC, and HWU 3 LLC. These entities are to ensure of better protection of the College's assets and property management. The College is the sole member of these entities and is structured to be treated as a disregarded entity for tax purposes.

School of the Ozarks, a classical Christian high school for grades 9-12, operates as a department of **College of the Ozarks** under the direction of the Keeter Center for Character Education. Grades K-8 were added in the Fall 2014 semester.

Use of estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of consolidation

The College, in accordance with the provisions of *FASB Accounting Standards Codification Topic 958-810*, includes the limited liability companies in their consolidated financial statements in which they have economic interest arising from a contractual relationship, and is a not-for-profit organization controlled by the College. All inter-organization transactions have been eliminated.

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

Basis of accounting

The consolidated financial statements of the College have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation

The College prepares its consolidated financial statements in accordance with provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the College is required to report information regarding its consolidated financial position and activities according to two classes of net assets: with donor restriction and without donor restrictions.

Adoption of new accounting standard

Only June 1, 2023, the College adopted FASB Accounting Standards Codification (ASC) 326, *Measurement of Credit Losses on Financial Instruments*, which aims to provide more information about expected credit losses in financial reporting by requiring credit losses expected throughout the life of the asset to be recorded at the time of origination. There was no material impact on the College's results of allowance for credit losses on student accounts or operations upon adoption of the new standard.

In 2023, the College adopted FASB Accounting Standards Codification (ASC) 842, *Leases*, which requires the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Under the standard, disclosures are required to meet the objective of enabling users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. There was no material impact on the College's results of operations or financial condition upon adoption of the new standard.

Cash and cash equivalents

For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Uninvested cash and cash equivalent accounts included in investment accounts, including funds held in trust by others, and funds held in trust for debt service, are not considered to be cash and cash equivalents.

Accounts receivable

Accounts receivable consists of receivables outstanding at year-end from student accounts. The College estimates its allowance for credit losses based on historical data, current conditions, and reasonable and supportable forecasts. The allowance is evaluated and adjusted as needed each reporting period. It is the College's policy to charge off a receivable against the allowance when management determines the receivable will not be collected.

Inventories

Inventories are stated at the lower of cost or market, with cost calculated on the first-in, first-out method.

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

Inventories as of May 31, 2024, consist of the following:

Campus industries	\$ 380,993
Bookstore	507,055
Supplies	<u>900,173</u>
	<u>\$ 1,788,221</u>

Internally and externally managed investments

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. All other investments are carried at the lower of cost (or fair value at time of donation, if acquired by contribution) or market value. Investment income and gains that are initially restricted by donor stipulation are included in with donor restriction net assets. When the donor restriction expires, with donor restriction investment income and gains are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions.

Other investment income, gains and losses are reflected in the statement of activities as without donor restriction or with donor restriction based upon the existence and nature of any donor or legally imposed restrictions.

Endowment funds

The College maintains endowment funds which are invested to produce income and growth. Income from the endowment funds is used, pursuant to direction of donors and Board of Trustees, to provide additional resources to the General and Restricted Operating Funds. Endowment funds are with donor restriction net assets, which have been so restricted by the donor of the monies, and without donor restriction, which consist of monies designated as endowment by action of the Board of Trustees.

Contributions receivable

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the condition on which they depend are substantially met and the promises become unconditional.

Investment in property

Investments in property is initially measured at cost or the donated value at the time of the gift. Property is not depreciated, as it has an indefinite useful life. Investment in property is carried at initial valuation until the College places the asset in use or a sale of property is initiated. The College evaluates the property for program use periodically.

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

Property, plant, and equipment

Property, plant, and equipment are stated at cost or, if donated, at the estimated fair market value at the date of donation and are depreciated over the estimated useful life of each asset. Annual depreciation is computed using the straight-line method.

No asset impairment was recognized during the years ended May 31, 2024 and 2023.

Revenue recognition from contracts

Each year the College calculates historical Cost of Education per student. Student accounts are charged one half of the annual Cost of Education per semester. This Cost of Education is funded primarily through scholarships provided by the College's endowment funds in addition to other gifts and grants. Each student is also required to participate in a work-study program as partial payment of Cost of Education. Each full-time student's entire Cost of Education is funded in this manner.

Cost of Education and room and board scholarships are the differences between the stated charge for goods and services provided by the College and the amount paid or to be paid by student and/or third parties making payments on behalf of the student. The College awarded a total of \$29,247,331 in institutional scholarships in 2024.

Auxiliary revenues include dormitories, room and board, bookstore revenue, Food Service programs, and other enterprises performed on campus. Auxiliary enterprises revenues are recognized primarily over time in the fiscal year in which the control of these goods and services are transferred to the students, faculty, or staff in an amount that reflects the consideration the College expects to be entitled to in exchange for those goods and services.

Campus industries revenues include farm activities, campus hospitality activities, and other services. Campus industries revenues are recognized primarily at a point in time in the fiscal year when the performance obligation is completed.

See Note 2 for additional information

Federal aid

Student financial aid awarded by the Department of Education is recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. The College recognizes revenues from federal aid as they meet the performance obligations contained in the agreement.

Student-work grants

The College provides a Work Education Program which enables students to contribute their labor towards the cost of their education while receiving practical work experience. The students work at various campus industries and other part-time positions throughout the Campus. Each full-time student is required to work 15 hours per week while classes are in session, plus two 40-hour weeks between sessions. The student work is credited to each student's account and recorded as a separate Educational and General Expenditure of the Operating Fund.

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

Contributions

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 reported at the present value of estimated future cash flows.

Unconditional gifts of cash and other assets received without donor stipulations are reported as without donor restriction revenue and net assets. Unconditional gifts received with a donor stipulation that limits their use are reported as with donor restriction revenue and net assets. When a donor-stipulated time restriction ends or when the purpose of the restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions. Unconditional gifts having donor stipulations which are satisfied in the period the gift is received are reported as without donor restriction revenue and net assets.

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

Exemption from income taxes

The College is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as provided by a determination letter from the Internal Revenue Service.

The College adheres to the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic 740 *Income Taxes*. The professional standard prescribes a recognition threshold and measurement attribute for consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters, such as the position the College has taken that the organization is exempt from income taxes.

In addition to Form 990, the College files Form 990-T for unrelated business income related to rental and farm income. The College paid income tax of \$6,659 in 2024.

The College's income tax filings are subject to audit by various taxing authorities. The College's open tax audit periods are 2021 through 2023. In evaluating the College's tax positions, interpretations and tax planning strategies are considered. The College believes their estimates are appropriate based on current facts and circumstances.

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

2. Revenue recognition from contracts

The following table disaggregates sources of revenues from contracts for the year ended May 31,

	2024	2023
Over time revenue		
Cost of education and fees	\$ 31,141,073	\$ 30,312,669
Institutional scholarships/cost of education	(23,176,547)	(22,679,432)
Auxiliaries	13,950,372	13,140,923
Institutional scholarships (room and board)	(6,070,784)	(6,067,219)
	<u>15,844,114</u>	<u>14,706,941</u>
Point in time revenue		
Campus industries	9,343,349	8,950,271
Other revenue (expense)	1,032,481	1,018,240
	<u>10,375,830</u>	<u>9,968,511</u>
	<u>\$ 26,219,944</u>	<u>\$ 24,675,452</u>

3. Investments

Externally managed investments consist of the following as of May 31, 2024:

	Unrestricted operating fund	Endowment fund	Annuity fund	Total investments
Cash and temporary investments	\$ 150,410	\$ 3,867,482	\$ 734,655	\$ 4,752,547
Mutual funds	374,950	138,896,263	9,686,357	148,957,570
Corporate stocks	88,995	359,283,936	50,904,955	410,277,886
Real estate interest trusts	-	5,314,261	770,641	6,084,902
Government securities	9,453	2,862,675	-	2,872,128
Total investments	<u>\$ 623,808</u>	<u>\$ 510,224,617</u>	<u>\$ 62,096,608</u>	<u>\$ 572,945,033</u>

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

These investments were managed by the following institutions:

	Cost basis	Unrealized gain/(loss)	Fair market value
Edward Jones	\$ 547,040	\$ 76,768	\$ 623,808
Euro-Pacific Management	41,475,869	12,305,175	53,781,044
LSV Equity	66,367,188	21,572,811	87,939,999
Westwood Management	65,370,351	12,143,234	77,513,585
Smith Endowment	57,956,613	32,987,086	90,943,699
Smith Barney	300,570	161,480	462,050
Columbia Overseas Values	13,524,427	1,474,123	14,998,550
Morgan Stanley International Fund	12,839,067	1,633,734	14,472,801
DSM Endowment	33,063,265	22,029,181	55,092,446
Golden Endowment	22,773,468	9,018,131	31,791,599
Scharf Endowment	21,425,780	6,329,104	27,754,884
Small Caps/Emerging Funds	44,707,805	10,756,180	55,463,985
Separately managed annuity trusts	44,839,610	17,266,973	62,106,583
	<u>\$ 425,191,053</u>	<u>\$ 147,753,980</u>	<u>\$ 572,945,033</u>

Investment return during 2024 consisted of the following:

Investment income, net of fees paid to money managers of \$1,443,598	\$ 13,931,553
Net realized and unrealized gains on investments reported at fair value	<u>119,262,500</u>
	<u>\$ 133,194,053</u>

Of the College's investments, \$112,194,888 is held for long-term investments in perpetuity and \$9,874,805 is held to support annuity agreements.

As of May 31, 2024, internally managed investments, consisting of certificates of deposit, donated securities awaiting transfer to externally managed funds, and other miscellaneous securities total \$843,617, the fair value of which approximates cost.

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

4. Contributions receivable

Contributions receivable consists of the following unconditional promises to give as of May 31, 2024:

Due in less than one year	\$ 125,000
Due in one to five years	500,000
Due in more than five years	<u>422,980</u>
	<u><u>\$ 1,047,980</u></u>

5. Construction in progress

Construction in progress as of May 31, 2024, consists of \$1,037,246 related primarily to construction of the Drake Processing Plant, Mabee dorm renovation, and other small renovations.

6. Pensions and benefit plans and deferred compensation

The College sponsors a 403(b) Retirement Plan (the Plan) which provides eligible employees the opportunity to contribute a portion of their covered wages into the Plan. The College contributes an amount equal to 10% of the covered wages for each employee that contributes 5% or more of their eligible wages. The College's contribution to the Plan amounted to \$2,157,661 in 2024.

The College provides certain post-retirement benefits to qualifying employees. The College pays health insurance premiums for the Retiree Group Health Insurance Plan for qualifying retired employees who were hired prior to June 1, 2010.

The following schedule exhibits the unfunded status of the post-retirement benefits as of May 31:

	<u>2024</u>	<u>2023</u>
Discount rate	5.50%	5.00%
Estimated benefit cost for next fiscal year	\$ 650,441	\$ 691,319
Benefit paid	\$ 372,354	\$ 454,628
Benefit obligation at year end	\$ 10,033,743	\$ 10,848,175

The College has made a salary continuation commitment to the current president who shall be fully vested upon employment through the life of the compensation plan. Total contributions of \$22,334 was accrued as of May 31, 2024.

7. Annuity obligations

College of the Ozarks has entered into annuity agreements with various individuals whereby the annuitants have given certain assets to the College on the condition that the College pays stipulated amounts periodically to the annuitants during their lifetime. Any assets remaining upon the death of the annuitants become the property of the College and available for its use, subject to any restrictions of the annuity agreement. The liability for annuity obligations represents the computed present value of the estimated aggregate liability under annuity agreements.

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

8. With donor restriction net assets

With donor restriction net assets are restricted to expend for the following purposes as of May 31, 2024:

Education and scholarship	\$ 102,608,238
Campus industries	6,062,693
Construction and maintenance	6,852,550
Endowed principal restricted	178,421,497
Annuity obligation restricted by time	402,295
Grants	<u>1,333,027</u>
Total donor restricted net assets	<u><u>\$ 295,680,300</u></u>

9. Funds held in trust by others

The College is the beneficiary of various trusts held by third parties. Under the terms of these trusts, the College has the irrevocable right to receive all or a percentage of the income earned on the trust assets in perpetuity or for a specified term. For perpetual trusts, the College has recorded its interest in these trusts, based on the fair value of assets held in trust, which approximates the present value of income to be received from trust assets. For term trusts, an asset was recorded based on the present value of estimated future payments to be received. Discount rates ranging from 6% to 7% were used in calculating present value. During the year ended May 31, 2024, income of \$7,328,169 was received from these trusts and is included in investment income. Net gains on assets held in trust in perpetuity of \$13,995,886 was also recognized.

10. Disclosures about fair value measurements

The College reports required types of financial instruments in accordance with fair value accounting standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value.

In addition, the College reports certain investments using the net asset value per share as determined by investment managers under the so-called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method is met. Fair value measurement standards also require the College to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 reporting depending on lock up and notice periods associated with the underlying funds.

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1: Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on an exchange.
- Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Level 2 also includes practical expedient investments with notice periods for redemption of 90 days or less.
- Level 3: Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 also includes practical expedient investments with notice periods for redemption of more than 90 days.

Internally managed investments

Fair value is based on quoted market prices as reported by money management firms.

Externally managed investments

Fair value is based on quoted market prices as reported by money management firms.

Contributions receivable

Fair value is equivalent to carrying value and is estimated by discounting future cash flows using rates for governmental securities with similar maturities.

Beneficial interest in trusts

Fair value is equivalent to carrying value and is based on the College's percentage interest in total market values of trusts as reported by trustees for perpetual trusts, and the present value of future income payments for term trusts.

Investment in property

Fair value is equivalent to carrying value at cost or initial donated valuation.

Annuity obligations

Fair value is estimated based on the present value of future annuity payments which approximates carrying value.

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

The following table disclose instruments measured and reported at fair value and their respective categories as of May 31, 2024:

	Fair value measurements			
	Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Cash and cash equivalents	\$ 4,941,877	\$ 4,941,877	\$ -	\$ -
Internally managed investments	843,617	777,153	1,525	64,939
Externally managed investments:				
Edward Jones	623,808	613,795	10,013	-
Euro-Pacific Management	53,781,044	53,781,044	-	-
LSV Equity	87,939,999	87,939,999	-	-
Westwood Management	77,513,585	77,513,585	-	-
DSM Asset Group	55,092,446	55,092,446	-	-
Smith Asset Group	90,943,699	90,943,699	-	-
Smith Barney	462,050	394,769	67,281	-
Columbia Overseas Values	14,998,550	14,998,550	-	-
Morgan Stanley	14,472,801	14,472,801	-	-
Golden	31,791,599	31,791,599	-	-
Scharf	27,754,884	27,754,884	-	-
Small Caps/Emerging Funds	55,463,985	55,463,985	-	-
Separately managed annuity trusts	62,106,583	62,106,583	-	-
Investments in property	12,653,458	-	-	12,653,458
Contributions receivable	1,047,980	-	1,047,980	-
Beneficial interest in all trusts	172,383,577	-	172,383,577	-
Financial liabilities:				
Annuity obligations	\$ 9,874,805	\$ -	\$ 9,874,805	\$ -

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

The following table disclose instruments measured and reported at fair value and their respective categories as of May 31, 2023:

	Fair value measurements			
	Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Cash and cash equivalents	\$ 7,064,543	\$ 7,064,543	\$ -	\$ -
Internally managed investments	337,488	250,570	1,525	85,393
Externally managed investments:				
Edward Jones	556,163	546,220	9,943	-
Euro-Pacific Management	47,364,186	47,364,186	-	-
LSV Equity	73,343,207	73,343,207	-	-
Westwood Management	68,776,651	68,776,651	-	-
DSM Asset Group	42,733,524	42,733,524	-	-
Smith Asset Group	73,139,464	73,139,464	-	-
Smith Barney	375,964	200,730	175,234	-
Columbia Overseas Values	12,517,165	12,517,165	-	-
Morgan Stanley	12,932,307	12,932,307	-	-
Golden	25,020,103	25,020,103	-	-
Scharf	24,193,233	24,193,233	-	-
Small Caps/Emerging Funds	47,423,641	47,423,641	-	-
Separately managed annuity trusts	50,710,997	50,700,321	10,676	-
Investments in property	12,736,639	-	-	12,736,639
Contributions receivable	1,036,698	-	1,036,698	-
Beneficial interest in all trusts	158,387,691	-	158,387,691	-
Financial liabilities:				
Annuity obligations	\$ 9,571,785	\$ -	\$ 9,571,785	\$ -

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying Statement of Consolidated Financial Position using significant unobservable (Level 3) inputs as of May 31, 2024:

	<u>Land</u>	<u>Closely held</u> <u>stock</u>	<u>Total</u>
Balance, beginning of year	\$ 12,736,639	\$ 85,393	\$ 12,822,032
Total realized and unrealized gains and losses included in change in net assets	491,445	-	491,445
Proceeds received	(849,426)	-	(849,426)
Purchases, issuances and settlements	275,000	11,695	286,695
Transfers in or out of Level 3	-	(32,149)	(32,149)
	<hr/>	<hr/>	<hr/>
Balance, end of year	<u>\$ 12,653,658</u>	<u>\$ 64,939</u>	<u>\$ 12,718,597</u>

Quantitative information about significant unobservable inputs used in the measurement of fair value for Level 3 investments is not developed by the College and is not considered reasonably available. Therefore, the College is not subject to the disclosure requirements under FASB Codification Topic 820 *Fair Value Measurement* regarding quantitative information about significant unobservable inputs used in Level 3 fair value measurement.

11. Endowments

The College's endowment consists of many individual funds, a majority of which were established for scholarships. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Funds designated by the Board of Trustees are classified as without donor restriction.

The Board of Trustees of the College has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the 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 College classifies as with donor restriction net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) 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. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

Interpretation of relevant law

- The duration and preservation of funds
- The purposes of the College and the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the College
- The investment policies of the College

Return objectives and risk parameters

The College has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while ensuring that the purchasing power of the endowment assets do not decline over time.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending policy and how the investment objectives relate to spending policy

The College's spending policy is established based on the donor agreement which specifies a payout of interest and dividends.

Appropriation of endowment assets for the next fiscal year

For the 2024 fiscal year, the College has not appropriated any of its endowments other than specified by donor.

12. Significant estimates and concentrations

Generally accepted accounting principles require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Post-retirement benefit obligation

Significant estimates related to post-retirement benefit obligations that provide retiree group health insurance are described in Note 6. To the extent that costs could be payable at an earlier date, the amount of the recorded liability could change materially.

Investments

Current vulnerabilities due to certain concentrations of credit risk are discussed in Note 13.

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

13. Credit risk

Financial instruments which could potentially subject the College to significant concentrations of credit risk, consist primarily of investments. The College has significant investments in marketable securities, which are subject to price fluctuation. This risk is controlled through a diversified portfolio and regular monitoring procedures.

The College maintains its cash balances with financial institutions insured by the Federal Deposit Insurance Corporation (the "FDIC"). These balances are insured up to \$250,000 for interest and non-interest-bearing accounts. At times, such investments may be in excess of the FDIC insurance limit.

14. Related parties

The College contracted with a related party for airplane repair, storage, and maintenance for the fiscal years ended May 31, 2024 and 2023. Avcon Industries, Inc. is a business located in Newton, Kansas and is owned by Clark Stewart, a former member of the College's Board of Trustees. Transactions for 2024 and 2023 totaled \$126,617 and \$438,566, respectively.

The College received contribution income from varying Board of Trustee members and key personnel during the 2024 fiscal year. The following table summarizes total gifts:

<u>Name</u>	<u>Address</u>	<u>Relationship</u>	<u>Amount</u>
Dr. Sue Head	Point Lookout, MO	VP Cultural Activities & Inst. Advancement	\$ 2,100
Dr. Marci Lee Linson	Blue Eye, MO	VP Vocational Act. & Dean of Admissions	2,350
Dr. Andrew Timothy Bolger	Branson, MO	Dean of Mission Advancement	120
Dr. Brad Johnson	Point Lookout, MO	President	9,050
Dr. Eric Bolger	Branson, MO	VP Academic Affairs & Provost	280
Dr. Justin Carswell	Point Lookout, MO	VP Christian Ministries & Student Dev.	120
Dr. Max Ruhl	Rocky Comfort, MO	Board Member	1,050
Dr. Pat Long	Half Way, MO	Board Member	5,200
Dr. Weston Wiebe	Point Lookout, MO	VP Finance & Administration & CFO	3,075
Mr. D. Kevin Hutcheson	Branson, MO	Board Member	500
Mr. Gary Wortman	Springfield, MO	Board Member	180,000
Mr. Gary Creason	Overland Park, KS	Board Member	4,600
Mr. J. Kenneth Raley	Rogers, AR	Board Member	2,620
Mrs. Tamara Schneider	Point Lookout, MO	Corporate Secretary	1,185
Mr. Tom Healey	Branson, MO	General Manager of Keeter Center	1,560
Mrs. Elizabeth Ann Blevins	Omaha, AR	Assistant Corporate Secretary	120
The Honorable Larry W. Walther	Little Rock, AR	Board Member	12,000
The Honorable L. Doyle Childers	Reeds Spring, MO	Board Member	350
Total related party contributions			<u>\$ 226,280</u>

COLLEGE OF THE OZARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2024 AND 2023

15. Liquidity and availability of resources

The College's financial assets available within one year of the statement of financial date for general expenditure are as follows:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash	\$ 4,941,877	\$ 7,064,543
Accounts receivable	2,406,884	2,274,805
Externally managed investments	<u>572,945,033</u>	<u>479,086,605</u>
	<u>580,293,794</u>	<u>488,425,953</u>
Less those unavailable for general expenditures:		
Accounts payable	740,490	1,104,023
Cash with contractual or donor restriction	-	22,745
Investments with contractual or donor restriction	278,993,824	258,285,629
Other assets restricted by donor	<u>16,686,476</u>	<u>12,258,535</u>
	<u>296,420,790</u>	<u>271,670,932</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 283,873,004</u></u>	<u><u>\$ 216,755,021</u></u>

The College's financial assets are supported by tuition costs and endowment giving. A portion of the endowment is donor restricted for the future needs of the college. Some cash contributions are also restricted based on donor specification. The College carries no long-term debt, therefore a majority of the financial assets are limited by donor restrictions.

16. Subsequent events

In preparing these consolidated financial statements, the College has evaluated events and transactions for potential recognition or disclosure through October 1, 2024, the date the consolidated financial statements were available to be issued.