

**COLUMBIA COLLEGE CHICAGO**

**FINANCIAL STATEMENTS**

August 31, 2025 and 2024

COLUMBIA COLLEGE CHICAGO

FINANCIAL STATEMENTS  
August 31, 2025 and 2024

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## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Columbia College Chicago

**Opinion**

We have audited the financial statements of Columbia College Chicago (the College), which comprise the statement of financial position as of August 31, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of August 31, 2025, 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other Matter**

The financial statements of the College for the year ended August 31, 2024, were audited by other auditors, who expressed an unmodified opinion on those statements on January 27, 2025.

**Responsibilities of Management for the Financial Statements**

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

In performing an audit in accordance with GAAS, we:

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

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

*Crowe LLP*

Crowe LLP

Chicago, Illinois  
January 26, 2026

COLUMBIA COLLEGE CHICAGO  
STATEMENTS OF FINANCIAL POSITION  
August 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,586,547	\$ 4,386,060
Student accounts receivable, less allowance for credit losses of \$4,461,780 in 2025 and \$3,916,685 in 2024	1,609,407	1,893,360
Other accounts and interest receivable, net	314,557	312,360
Deposits and prepaid expenses	5,294,673	4,121,650
Grants and contributions receivable, net	1,434,366	2,449,647
Long-term investments, at fair value	183,353,691	202,596,792
Right of use assets - operating, net of amortization	40,707,748	61,742,950
Right of use assets - finance, net of amortization	38,812	224,921
Land, buildings, and equipment, net	<u>190,409,558</u>	<u>198,909,117</u>
 Total assets	 <u>\$ 429,749,359</u>	 <u>\$ 476,636,857</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 3,360,203	\$ 2,285,482
Accrued expenses	5,974,288	8,571,271
Deferred revenue and refundable deposits	10,602,697	18,787,859
Accrued interest payable	769,003	803,041
Accrued pension cost	1,121,616	1,903,763
Asset retirement obligation	7,327,383	7,099,879
Lease obligation - operating	39,585,938	65,219,852
Lease obligation - finance	-	190,726
Line of credit	9,000,000	-
Long-term indebtedness	<u>64,656,561</u>	<u>67,163,137</u>
Total liabilities	<u>142,397,689</u>	<u>172,025,010</u>
Net assets:		
Without donor restrictions	265,019,339	282,298,384
With donor restrictions	<u>22,332,331</u>	<u>22,313,463</u>
Total net assets	<u>287,351,670</u>	<u>304,611,847</u>
 Total liabilities and net assets	 <u>\$ 429,749,359</u>	 <u>\$ 476,636,857</u>

See accompanying notes to financial statements.

COLUMBIA COLLEGE CHICAGO  
STATEMENTS OF ACTIVITIES  
Years ended August 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating activities:</b>						
Revenue:						
Tuition and fees, net of \$69,975,286 and \$82,566,812 in tuition allowances	\$ 102,151,399	\$ -	\$ 102,151,399	\$ 103,354,713	\$ -	\$ 103,354,713
Student housing, net	27,427,668	-	27,427,668	31,648,624	-	31,648,624
Sales and services	588,399	-	588,399	453,374	-	453,374
Contributions of cash and other financial assets	95,310	2,139,064	2,234,374	634,877	3,037,747	3,672,624
Contributions of nonfinancial assets	-	124,293	124,293	8,620	132,179	140,799
Government grants and contracts	1,643,065	106,780	1,749,845	1,199,609	1,768	1,201,377
Investment return for operations	460,857	-	460,857	835,635	-	835,635
Additional endowment spending distribution from board designated funds	26,758,495	-	26,758,495	37,178,000	-	37,178,000
Other	148,651	-	148,651	122,502	-	122,502
Net assets released from restrictions	3,404,631	(3,404,631)	-	3,430,438	(3,430,438)	-
<b>Total operating revenue</b>	<b>162,678,475</b>	<b>(1,034,494)</b>	<b>161,643,981</b>	<b>178,866,392</b>	<b>(258,744)</b>	<b>178,607,648</b>
Expenses:						
Salaries and wages	67,831,635	-	67,831,635	77,407,806	-	77,407,806
Employee benefits	22,800,692	-	22,800,692	25,643,815	-	25,643,815
Supplies and services	21,411,829	-	21,411,829	20,786,124	-	20,786,124
Operation and maintenance of plant	41,843,363	-	41,843,363	43,652,052	-	43,652,052
Interest	3,352,388	-	3,352,388	3,618,485	-	3,618,485
Depreciation and amortization	13,608,265	-	13,608,265	13,845,881	-	13,845,881
<b>Total operating expenses</b>	<b>170,848,172</b>	<b>-</b>	<b>170,848,172</b>	<b>184,954,163</b>	<b>-</b>	<b>184,954,163</b>
<b>Deficiency of operating revenue over operating expenses</b>	<b>(8,169,697)</b>	<b>(1,034,494)</b>	<b>(9,204,191)</b>	<b>(6,087,771)</b>	<b>(258,744)</b>	<b>(6,346,515)</b>
<b>Nonoperating activities:</b>						
Investment return, less amounts for operations	15,601,142	1,555,655	17,156,797	24,756,152	2,398,792	27,154,944
Additional endowment spending distributed from board designated funds	(26,758,495)	-	(26,758,495)	(37,178,000)	-	(37,178,000)
Contributions of cash and other financial assets for facility, collections and endowments	-	192,475	192,475	-	948,232	948,232
Contributions of nonfinancial assets	670,465	-	670,465	16,000	24,900	40,900
Gain (loss) on sale/retirement of land, buildings and equipment	(99,441)	66	(99,375)	-	-	-
Nonoperating other income	-	-	-	474	-	474
Recognition of change in pension funded status	2,556,572	-	2,556,572	1,065,201	-	1,065,201
Other components of net periodic benefit cost	(1,774,425)	-	(1,774,425)	(1,292,211)	-	(1,292,211)
Net assets released from restrictions for capital	684,024	(684,024)	-	25,000	(25,000)	-
Loss on extinguishment of debt	-	-	-	(73,684)	-	(73,684)
Change in fund designation	10,810	(10,810)	-	(4)	4	-
<b>Total non-operating (loss) gain</b>	<b>(9,109,348)</b>	<b>1,053,362</b>	<b>(8,055,986)</b>	<b>(12,681,072)</b>	<b>3,346,928</b>	<b>(9,334,144)</b>
<b>Change in net assets</b>	<b>(17,279,045)</b>	<b>18,868</b>	<b>(17,260,177)</b>	<b>(18,768,843)</b>	<b>3,088,184</b>	<b>(15,680,659)</b>
Net assets at beginning of year	282,298,384	22,313,463	304,611,847	301,067,227	19,225,279	320,292,506
<b>Net assets at end of year</b>	<b>\$ 265,019,339</b>	<b>\$ 22,332,331</b>	<b>\$ 287,351,670</b>	<b>\$ 282,298,384</b>	<b>\$ 22,313,463</b>	<b>\$ 304,611,847</b>

See accompanying notes to financial statements.

COLUMBIA COLLEGE CHICAGO  
STATEMENTS OF CASH FLOWS  
Years ended August 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (17,260,177)	\$ (15,680,659)
Adjustments to reconcile change in net assets to net from operating activities:		
Recognition of change in pension funded status	(782,147)	227,010
Depreciation and amortization	13,608,265	13,845,881
Amortization of bond issuance costs and bond premium	(146,576)	(139,606)
Donation of fixed assets and collections, net of costs	(670,465)	(40,900)
Net gain on investments	(17,496,497)	(28,008,283)
Loss on disposal of fixed assets	148,683	-
Gain on settlement of asset retirement obligation liability	(49,308)	-
Loss on extinguishment of debt	-	73,684
Gifts to endowment for long-term purposes	(192,475)	(948,232)
Changes in assets and liabilities:		
Student accounts receivable	283,953	(93,990)
Other accounts and interest receivable	(2,197)	1,625
Deposits and prepaid expenses	(1,173,023)	(1,056,114)
Grants and contributions receivable	1,015,281	(527,212)
Accounts payable	1,074,721	(828,222)
Accrued expenses	(2,475,348)	(1,570,210)
Deferred revenue and refundable deposits	(8,185,162)	(2,858,114)
Accrued interest payable	(34,038)	(31,685)
Asset retirement obligation	376,295	402,693
Change in net operating right of use assets and liabilities	(4,598,712)	1,436,572
Net cash from operating activities	<u>(36,558,927)</u>	<u>(35,795,762)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	153,976,464	114,947,500
Purchase of investments	(117,236,866)	(68,537,344)
Proceeds from sale of land, buildings and equipment	2,270,000	-
Purchase of land, buildings, and equipment	<u>(6,891,933)</u>	<u>(5,721,468)</u>
Net cash flows from investing activities	32,117,665	40,688,688
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	9,000,000	-
Proceeds from gifts to endowment	192,475	948,232
Payments on finance lease obligation	(190,726)	(284,205)
Principal payments on long-term debt	<u>(2,360,000)</u>	<u>(7,945,000)</u>
Net cash from financing activities	<u>6,641,749</u>	<u>(7,280,973)</u>
Net change in cash and cash equivalents	2,200,487	(2,388,047)
Cash and cash equivalents at beginning of year	<u>4,386,060</u>	<u>6,774,107</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 6,586,547</u>	<u>\$ 4,386,060</u>

(Continued)

COLUMBIA COLLEGE CHICAGO  
STATEMENTS OF CASH FLOWS  
Years ended August 31, 2025 and 2024

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	<u>2025</u>	<u>2024</u>
Supplementary disclosure of cash flow information		
Cash paid during the year for interest	\$ 3,156,238	\$ 3,387,082
Supplementary disclosure of noncash transactions		
Donated fixed assets and collections	\$ 670,465	\$ 40,900
Additions of equipment related to operating lease obligation	128,006	-
Change in accrued expenses for land, buildings, and equipment	121,635	1,098,038

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See accompanying notes to financial statements.

COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

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**NOTE 1 – ORGANIZATION**

Columbia College Chicago (the College) is a private, not-for-profit, fully accredited college offering comprehensive academic programs in the performing, visual, communications, and writing arts within a liberal arts framework. The College is an urban institution located in Chicago's South Loop that enrolls students from the Chicago area, across the United States, and from international locations. Students are primarily enrolled in undergraduate degree programs, although the College also offers graduate programs.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the College have been prepared on the accrual basis. Significant accounting policies followed by the College are described below.

Basis of Presentation: To ensure the observance of limitations and restrictions placed on the use of resources available, the College maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes into funds that are maintained in accordance with activities or objectives of the College.

For external reporting purposes, however, the College's financial statements have been prepared to focus on the organization as a whole and to present balances and transactions classified in accordance with the existence or absence of donor-imposed restrictions. As such, the College adheres to the provisions of Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* and classifies net assets into two categories, net assets without donor restrictions and net assets with donor restrictions, defined as follows:

Net assets without donor restrictions are derived from tuition and other institutional resources not subject to donor-imposed restrictions, including those designated by the Board of Trustees to function as endowment (quasi-endowments) and other board-designated net assets.

Net assets with donor restrictions are subject to donor-imposed restrictions including those restricted for a particular use, expiring with the passage of time or the occurrence of an event, or to be maintained in perpetuity. When time and purpose restrictions expire, net assets with donor restrictions are released as net assets without donor restrictions. Net assets subject to donor-imposed restrictions may also require assets to be maintained permanently in perpetuity 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.

Revenue is reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restriction unless their use is restricted by explicit donor stipulation or law.

Revenue Recognition: The College follows the guidance in FASB ASU No. 2014-09, *Revenue From Contracts with Customers (Topic 606)*, as amended, in its revenue recognition practices. This guidance requires that the College recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the College expects to receive in exchange for those goods and services.

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(Continued)

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Tuition and Fees, Net of Scholarships and Tuition Allowances* - Tuition from academic programs delivered to students is recognized in the fiscal year in which the academic programs are delivered. Tuition is charged at different rates depending on the program in which the student is enrolled, less any institutional financial aid awarded by the College to qualifying students. This institutional aid represents a reduction in the tuition transaction price. As part of a student's course of instruction, certain fees, such as technology fees, are billed to students. Tuition and fees are earned ratably over the applicable term and are not considered separate performance obligations.

The College bills tuition and fees in advance of each academic term; however, students have until approximately the second week of the term to drop classes and receive a full refund. Student receivables are not recognized until the passage of the refund deadline. In some instances, students pay prior to the deadline and the College recognizes deferred revenue in these situations.

*Student Housing, Net of Scholarships* - Housing revenue consists of fees for room and dining services (board) during the student's education. These fees are viewed as one performance obligation. Fees are charged at different rates depending on the room accommodation. Both room fees and dining services are billed in advance of each academic term and recognized ratably as revenue over the period in which these services are provided. As with tuition, the College records deferred revenue when students pay prior to the start of the academic term.

*Sales and Services* - This category consists of revenue generated by the College from different arrangements that are deemed to be exchange transactions. Major revenue streams in this category include ticket sales for dance and theater performances, revenue from seminars and workshops, and tuition from community outreach programs. Revenue from these activities is generally recognized as services are performed.

*Grant and Contract Revenue* - The College adheres to FASB ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made*. This ASU provides a framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and provides guidance to distinguish between a donor-imposed condition and a donor-imposed restriction.

Revenue from government grants and contracts are deemed to be nonexchange (nonreciprocal) transactions and fall under the contribution guidance when conditions are met. Revenue is recognized as qualifying expenditures are incurred in accordance with the agreement.

Private gifts, including unconditional promises to give (i.e., pledges), are recognized in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. A promise to give is conditional based on whether the agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. A conditional promise to give becomes an unconditional promise to give when the barriers in the agreement are overcome. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful pledges receivable is provided based upon the administration's judgment considering such factors as the creditworthiness of the donor, prior collection history, type of contribution, and nature of the fund-raising activity.

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(Continued)

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions received with donor-imposed restrictions are reported as revenue of the net assets with donor restrictions class and released to the net assets without donor restrictions class when the restriction has been met. Donor-restricted contributions whose restrictions are met within the same fiscal year in which they are received are reported as revenue without donor restrictions. Contributions of land, buildings, and equipment without donor-imposed restrictions concerning the use of such long-lived assets are reported as revenue of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with donor-imposed use restrictions are reported as revenue of the net assets with donor restrictions class; the restrictions are considered to be released at the time such long-lived assets are placed into service.

Long-Term Pooled Investment Payout: The College has adopted a spending policy in support of current operational budget requirements. This policy allows for the spending of a percentage (5% for fiscal years 2025 and 2024) of the average fair value of the long-term pooled (LTP) investments over the past three years. Pooled investments consist of assets of the College's endowment, certain assets with donor restrictions, and funds designated by the Board of Trustees to be invested as endowment. See note 15 for additional information regarding the College's investment strategy and objectives.

Operations: Operating results in the statements of activities reflect all transactions increasing or decreasing net assets without donor restrictions except those items of a long-term capital nature, that is, associated with long-term investments, gifts for physical plant, extinguishment of debt, or certain pension changes.

Cash Equivalents: Cash equivalents consist primarily of highly liquid debt instruments acquired with an original maturity of three months or less. Certain securities of a similar nature may be included in investments because such instruments are held by the College for designated purposes.

Student Accounts Receivable: Student accounts receivable are reported net of an allowance for credit losses. The allowance is estimated by management based on consideration of past and current conditions and reasonable and supportable forecasts, including economic factors. Student accounts are written off when deemed uncollectible. The provision for bad debts was \$4,031,188 and \$3,115,734 as of August 31, 2025 and 2024, respectively. There is no interest charged on past-due accounts.

Land, Buildings, and Equipment: Land, buildings, and equipment are stated at cost or, in the case of gifts, fair value at date of donation, less accumulated depreciation. Leased equipment is depreciated using a straight-line method over the shorter of the estimated useful life of the equipment or the term of the lease. Buildings and equipment are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

Buildings	50 years
Building improvements	15-25 years
Library books	10 years
Furnishings and equipment	3-10 years

Long-lived assets, such as buildings and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If events are identified, recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Collections: In 1997, the College began capitalizing its collections retroactively. To the extent reliable records existed, the College capitalized items acquired prior to 1997 at their cost at the date of purchase or, if the items were contributed, at their fair or appraised value at the accession date (the date the item was accepted by the College). Other items, particularly those acquired prior to 1997, when detailed curatorial records began to be maintained, have been capitalized at their appraised or estimated current fair value. In some cases, collection items held solely for their potential educational value or historical significance were determined to have no alternative use and were not assigned values for the purpose of capitalization. Collections are recorded within land, buildings, and equipment on the statement of financial position.

Proceeds from the sale of collection items are used to purchase works of art for the permanent collection or for the direct care of objects within the permanent collection by enhancing their life, usefulness or quality.

Income Taxes: The College has received a determination letter from the Internal Revenue Service (IRS) indicating that it is a tax-exempt organization as provided in Section 501(c)(3) of the Internal Revenue Code of 1986 and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. No provision has been made for income taxes in the accompanying financial statements, as the College has had no significant unrelated business income. In accordance with U.S. generally accepted accounting principles (GAAP), the College recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. Based upon this practice, the College, as of August 31, 2025 and 2024, believes it has no significant uncertain tax positions.

Conditional Asset Retirement Obligation: The College has recorded a liability to recognize the estimated cost of conditional asset retirement obligations related to potential asbestos abatement. The costs of abatement were estimated using a variety of assumptions and estimates, including a cost-per-square-foot estimate, inflation estimates, and an estimated discount rate. At August 31, 2025 and 2024, the College has recorded an asset retirement obligation of \$7,327,383 and \$7,099,879, respectively.

Fair Value of Financial Instruments: The College follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, Fair Value Measurement, the official pronouncement for fair value measurements for financial instruments. The pronouncement defines fair value as the price that could be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market of the asset or liability in an orderly transaction between market participants on the measurement date.

The pronouncement also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

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

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(Continued)

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Level 3:* Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In many cases, the valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

As a practical expedient, the College records its investment in certain entities that calculate net asset value per share (or its equivalent) that do not have a readily determinable fair value using the net asset value per share of the investment (or its equivalent) as of the College's fiscal year-end. Using this approach, the value of these investments does not include certain attributes that may impact the final value of the investments, such as restrictions on redemption and transaction prices for principal-to-principal and brokered transactions.

Use of Estimates: In order to prepare these financial statements, the College has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reporting of revenue, expenses, gains, and losses during the reporting period. Actual results could differ from these estimates.

**NOTE 3 – GRANTS AND CONTRIBUTIONS RECEIVABLE**

At August 31, 2025 and 2024, grants and contributions receivable were \$1,434,366 and \$2,449,647, respectively, net of discounts of \$2,830 and allowances of \$0 for fiscal year 2025 and discounts of \$52,190 and allowances of \$0 for fiscal year 2024. Of the amount outstanding at August 31, 2025, \$1,384,366 is expected to be collected within one year, and \$50,000 is expected to be collected within two to five years.

**NOTE 4 – INVESTMENTS**

Investments are stated at fair value. The fair value of investments is based upon quoted market prices when available. However, the investments also include certain instruments where quoted market prices may not be available. For these instruments, the College has applied a practical expedient and recorded the net asset value reported by each underlying fund. The valuations for these investments involve estimates, appraisals, assumptions, and other analytical methods performed by investment managers and then reviewed by the College and the College's investment consultant.

The College's interests in alternative investment funds such as absolute return, equity, hedge funds, and private equity are reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of August 31, 2025 and 2024, the College had no plans to sell investments at amounts different from NAV.

The College's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect amounts reported in the statements of financial position.

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(Continued)

COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

**NOTE 4 – INVESTMENTS** (Continued)

Investment income, gains and losses, and any investment-related expenses are recorded as an increase (decrease) in net assets without donor restrictions in the statements of activities unless their use is restricted by explicit donor stipulations or law. In the absence of donor stipulations or law to the contrary, losses on the investment of a donor-restricted endowment fund are applied to reduce net assets with donor restrictions to the extent that donor-imposed restrictions on net appreciation of the fund have not been met before the loss occurs.

The investments, including cash and cash equivalents, at August 31, 2025 and 2024 are comprised of the following:

	2025		Redemption or Liquidity	Days' Notice
	Level 1	Total		
Cash and cash equivalents	\$ 6,586,547	\$ 6,586,547	Daily	1
Investments:				
Fixed income <sup>(a)</sup>				
Endowment	\$ 41,492,355	\$ 41,492,355	Daily	1
Operations	1,163,566	1,163,566	Daily	1
Subtotal	\$ 42,655,921	42,655,921		
Money market	\$ 25,302,645	25,302,645	Daily	1
Equities <sup>(b)</sup>	26,947,786	26,947,786	Daily	1
Investments measured at net asset value		88,447,339		
Total investments at fair value as of August 31, 2025		\$ 183,353,691		
	2024		Redemption or Liquidity	Days' Notice
	Level 1	Total		
Cash and cash equivalents	\$ 4,386,060	\$ 4,386,060	Daily	1
Investments:				
Fixed income <sup>(a)</sup>				
Endowment	\$ 23,161,909	\$ 23,161,909	Daily	1
Operations	10,623,249	10,623,249	Daily	1
Subtotal	\$ 33,785,158	33,785,158		
Money market	\$ 14,355,538	14,355,538	Daily	1
Equities <sup>(b)</sup>	14,821,497	14,821,497	Daily	1
Investments measured at net asset value		139,634,599		
Total investments at fair value as of August 31, 2024		\$ 202,596,792		

(a) Includes investments in mutual funds that invest in fixed income securities.

(b) Includes funds invested in large-capitalization stocks at August 31, 2025 and small to mid-capitalization growth stocks at August 31, 2024.

(Continued)

COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

**NOTE 4 – INVESTMENTS** (Continued)

In accordance with the fair value measurements and disclosures guidance, the following table presents the category, fair value, redemption frequency, and redemption notice period for College investments, the fair values of which are estimated using the NAV per share as of August 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>	Redemption frequency (if currently eligible)	Redemption notice period (if currently eligible)
Absolute return	\$ 17,328,787	\$ 32,241,033	Quarterly to two years	45-90
Equity	47,786,664	72,294,812	Monthly to quarterly	1-30
Hedge funds	9,272,444	17,663,462	Quarterly to annual	60-90
Private equity	<u>14,059,444</u>	<u>17,435,292</u>	NA	NA
 Total	 <u>\$ 88,447,339</u>	 <u>\$ 139,634,599</u>		

The College is obligated under certain limited partnership investment fund agreements to advance additional funding periodically up to specified levels. At August 31, 2025, the College had unfunded commitments in private equity funds of \$4,342,901.

**NOTE 5 – LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment at August 31, 2025 and 2024 are comprised of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 21,398,620	\$ 21,898,620
Buildings and improvements	347,988,514	347,069,136
Furnishings and equipment	33,253,652	32,791,208
Library collections	12,933,289	12,933,289
Museum and art collections	20,219,021	19,543,578
Construction in process	<u>3,999,055</u>	<u>5,191,098</u>
	439,792,151	439,426,929
 Less accumulated depreciation	 <u>(249,382,593)</u>	 <u>(240,517,812)</u>
	 <u>\$ 190,409,558</u>	 <u>\$ 198,909,117</u>

Outstanding commitments for construction contracts amounted to \$858,745 and \$737,110 at August 31, 2025 and 2024, respectively. Depreciation expense was \$13,422,156 and \$13,562,229 for the years ended August 31, 2025 and 2024, respectively.

(Continued)

COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

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**NOTE 6 – LEASES**

The College has entered into various leasing arrangements with lessors for equipment and auxiliary building space. The College's lease portfolio contains both operating and finance leases and is primarily comprised of real estate leases.

The College recognizes lease liabilities and their corresponding right of use ("ROU") assets at the lease commencement date, and initially measures the lease liabilities and ROU assets using the present value of lease payments over the lease term, with adjustments made to ROU assets for any prepayments and rent abatements. During the years ended August 31, 2025 and 2024, the College used the BBB+ yield curve as the source for its discount rates to calculate liabilities, which corresponds to the College's debt rating issued by Standard and Poor's, prior to fiscal year 2024.

Lease costs for the years ended August 31, 2025 and 2024 are as follows:

<u>Lease Cost</u>	<u>2025</u>	<u>2024</u>
Finance lease expense:		
Amortization	\$ 176,406	\$ 283,653
Interest and lease liabilities	6,759	12,494
Operating lease expense	24,456,324	24,457,251
Short-term lease expense	1,684,866	2,258,750
Variable lease expense	<u>6,091</u>	<u>22,159</u>
 Total lease cost	 <u>\$ 26,330,446</u>	 <u>\$ 27,034,307</u>
 <u>Other Supplemental Lease Information</u>	 <u>2025</u>	 <u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for finance leases	\$ 6,283	\$ 16,465
Operating cash flows for operating leases	29,054,550	23,020,676
Financing cash flows for finance leases	190,726	284,205
 Weighted average remaining lease term (years):		
Finance leases	N/A	1.0
Operating leases	4.1	4.2
 Weighted average discount rate:		
Finance leases	N/A	4.3%
Operating leases	4.5%	4.5%

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(Continued)

COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

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**NOTE 6 – LEASES (Continued)**

A maturity analysis for operating leases as of August 31, 2025 is as follows:

	<u>Operating</u>
Year ending August 31:	
2026	\$ 24,759,387
2027	10,765,800
2028	4,395,564
2029	3,492,735
2030	2,950,000
Thereafter	<u>2,950,000</u>
Total	49,313,486
Less present value discount	<u>(9,727,548)</u>
Lease liability	<u><u>\$ 39,585,938</u></u>

**NOTE 7 – DEFERRED REVENUE AND REFUNDABLE DEPOSITS**

The components of deferred revenue and refundable deposits as of August 31 are presented below:

	<u>2025</u>	<u>2024</u>
Tuition and housing deferred revenue	\$ 10,186,624	\$ 17,510,135
Deferred grant revenue	128,555	301,477
Refundable deposits	<u>287,518</u>	<u>976,247</u>
	<u><u>\$ 10,602,697</u></u>	<u><u>\$ 18,787,859</u></u>

Tuition and housing deferred revenue and refundable deposits are recognized ratably as revenue over the subsequent fiscal year in which the academic programs are delivered and housing services are provided. Deferred grant revenue is recognized as revenue when qualifying expenditures are incurred.

**NOTE 8 – LONG-TERM DEBT**

Long-term debt at August 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
IFA first mortgage notes:		
Series 2015A issued October 15, 2015	\$ 44,040,000	\$ 46,400,000
Series 2019 issued November 20, 2019	<u>18,035,000</u>	<u>18,035,000</u>
	62,075,000	64,435,000

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(Continued)

COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

**NOTE 8 – LONG-TERM DEBT** (Continued)

	<u>2025</u>	<u>2024</u>
Unamortized premiums:		
Series 2015A	1,359,723	1,470,721
Series 2019	1,893,964	1,972,066
Unamortized bond issuance costs	<u>(672,126)</u>	<u>(714,650)</u>
	<u>\$ 64,656,561</u>	<u>\$ 67,163,137</u>

Maturities of long-term debt outstanding are as follows:

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031 and thereafter</u>	<u>Total</u>
Series 2015	\$ 2,480,000	\$ 2,610,000	\$ 2,740,000	\$ 2,880,000	\$ 3,030,000	\$ 30,300,000	\$ 44,040,000
Series 2019	<u>370,000</u>	<u>390,000</u>	<u>410,000</u>	<u>430,000</u>	<u>455,000</u>	<u>15,980,000</u>	<u>18,035,000</u>
	<u>\$ 2,850,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,150,000</u>	<u>\$ 3,310,000</u>	<u>\$ 3,485,000</u>	<u>\$ 46,280,000</u>	<u>\$ 62,075,000</u>

All first mortgage notes were issued by the Illinois Finance Authority (IFA) to finance the costs of the acquisition, construction, renovation, and equipping of educational or student housing facilities and are secured by such facilities. Interest rates are fixed rates ranging from 4.13% to 5.00%. Interest payments are due semiannually.

Effective as of November 20, 2019, the College issued \$18,035,000 Illinois Finance Authority Revenue Bonds, the proceeds of which were used to reimburse the College for a portion of the student center construction that was completed in September 2019 (Series 2019 Bonds). Interest rate on these bonds is a fixed 5.00%.

In October 2015, the College issued \$50,490,000 Illinois Finance Authority Revenue Refunding Bonds, Series 2015A and \$7,975,000 Illinois Finance Authority Taxable Revenue Refunding Bonds, Series 2015B (Series 2015 Bonds). The proceeds were used to refund all of the outstanding Illinois Finance Authority Revenue Bonds, Series 2003, Series 2007, and Series 2011; and to pay certain costs of issuance of the bonds. The transaction also generated a \$2,359,000 premium on the Series 2015A bonds. Interest rates on the bonds range from 4.13% to 5.00%.

The Bonds are subject to certain financial covenants. At August 31, 2025, management believes they are in compliance with all debt covenants.

Effective December 20, 2023, the College entered into a 364-day credit facility with a financial institution under which the College can borrow up to \$10,000,000 on a revolving basis, which may be extended if both parties agree. Borrowings under this facility bear interest at the one-month term secured overnight financing rate plus 1.25%. The facility also carries an unused fee of 0.15%. The credit facility contains the same security and covenants as the College's current master trust indenture. The credit facility expires on January 31, 2026 and is expected to be renewed with a reduced line of credit of \$7,500,000. At August 31, 2025, the outstanding borrowings on the facility amounted to \$9,000,000.

(Continued)

COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

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**NOTE 9 – EMPLOYEE BENEFIT PLANS**

*Columbia College Pension Plan*

The College has a defined-benefit pension plan, the Columbia College Chicago Pension Plan, covering all eligible employees. The College has received a determination letter from the IRS, indicating that the plan is exempt from tax under the applicable provisions of the Internal Revenue Code.

On May 7, 2003, all eligible employees were given notice, as required by Section 204(h) of the Employee Retirement Income Security Act of 1974, that the plan was amended to end all benefit accruals effective June 23, 2003, prior to the accumulation of an additional benefit accrual earned for the 2003 calendar year. Therefore, the pension plan was effectively frozen at the amounts determined as of December 31, 2002.

The College adheres to FASB ASU No. 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which requires the service cost component of the net periodic pension cost to be reported in the same line item as employee benefit costs on the statements of activities. Other components of net periodic pension cost are presented in the statements of activities separately from the service cost component and outside of operating activities.

The following table sets forth the Columbia College Pension Plan's funded status and amounts recognized in the College's financial statements at August 31, 2025 and 2024, as determined at the measurement dates of August 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 27,780,765	\$ 28,004,343
Interest cost	1,276,475	1,397,202
Actuarial (gain) loss	(868,935)	1,382,521
Benefits paid	<u>(3,717,865)</u>	<u>(3,003,301)</u>
Benefit obligation at end of year	<u>24,470,440</u>	<u>27,780,765</u>
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	25,877,002	26,327,590
Actual gain on plan assets	1,189,687	2,552,713
Employer contributions	-	-
Benefits paid	<u>(3,717,865)</u>	<u>(3,003,301)</u>
Fair value of plan assets at end of year	<u>23,348,824</u>	<u>25,877,002</u>
Funded status recognized on the statement of financial position	<u>\$ 1,121,616</u>	<u>\$ 1,903,763</u>

The accumulated benefit obligation for the plan was \$24,470,440 and \$27,780,765 at August 31, 2025 and 2024, respectively.

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(Continued)

COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

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**NOTE 9 – EMPLOYEE BENEFIT PLANS** (Continued)

Net periodic pension cost for the plan for the fiscal years ended August 31, 2025 and 2024 included the following components:

	<u>2025</u>	<u>2024</u>
Interest cost on projected benefit obligation	\$ 1,276,475	\$ 1,397,202
Expected return on plan assets	(1,215,386)	(1,244,256)
Net amortization and deferral	1,090,568	1,139,265
Impact of plan settlements	<u>-</u>	<u>-</u>
 Net periodic pension cost	 <u>\$ 1,151,657</u>	 <u>\$ 1,292,211</u>

Other changes in plan assets and benefit obligations for the fiscal years ended August 31, 2025 and 2024 include:

	<u>2025</u>	<u>2024</u>
Net (gain) loss	\$ (843,236)	\$ 74,064
Amortization of net loss	(1,090,568)	(1,139,265)
Impact of plan settlements	<u>(622,768)</u>	<u>-</u>
 Total gain recognized in net assets without donor restrictions	 <u>\$ (2,556,572)</u>	 <u>\$ (1,065,201)</u>

Additionally, net losses of \$7,757,329 and \$10,313,901 were recognized in accumulated net assets without donor restrictions as of August 31, 2025 and 2024, respectively.

Discount rates of 5.23% and 4.87% were used in determining the actuarial present value of the projected benefit obligations for fiscal years 2025 and 2024, respectively. The expected long-term rate of return on assets was 5% and 5% for fiscal years 2025 and 2024, respectively, and is based on analysis of actual and projected rates of return. Because the plan is frozen and new benefits are not accruing, the projected salary increase to normal retirement age for all employees for fiscal years 2025 and 2024 was 0%.

Weighted average asset allocation by asset category is as follows:

	<u>2025</u>	<u>2024</u>
Bonds	83%	87%
Equities	17%	13%

The plan achieves its asset allocation by investing in two bond funds as well as an index fund. The bond funds invest in medium to high-grade corporate bonds, with one focusing on intermediate-term corporate bonds and the other on long-term corporate bonds. The index fund represents stocks of all S&P 500 companies. The plan's investments are all Level 1 investments and are stated at fair value as of the fiscal year-end.

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(Continued)

COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

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**NOTE 9 – EMPLOYEE BENEFIT PLANS** (Continued)

The College made no contributions to the plan during fiscal years 2025 and 2024. No contributions are expected for fiscal year 2026.

The following benefit payments, which reflect expected future service, are expected to be paid for each of the fiscal years ending August 31:

<u>Fiscal year(s):</u>	<u>Amount</u>
2026	\$ 2,858,716
2027	2,080,890
2028	2,317,666
2029	2,338,391
2030	2,198,397
2031-2035	9,237,145

*Columbia College Employees' Retirement Trust*

Effective January 1, 2003, the College instituted a new defined-contribution plan, the Columbia College Chicago Employees' Retirement Plan (the Plan). The Columbia College Chicago Employees' Retirement Trust has been established to implement the Plan.

The amount contributed annually by the College to the trust will be distributed to eligible employees based on years of service and age. No participant contributions are necessary to receive the employer contributions. The College made contributions to participant accounts of \$4,070,094 and \$4,270,481 during fiscal years 2025 and 2024, respectively, which are reported in employee benefits expenses.

**NOTE 10 – CONTINGENCIES**

The College is a defendant in various litigation matters arising in the normal course of business. In the opinion of management, the ultimate resolution of all such litigation matters will not have a material effect on the financial position or activities of the College.

**NOTE 11 – NET ASSETS**

Net assets at August 31 are comprised of the following:

	<u>2025</u>	<u>2024</u>
Amounts without donor restrictions:		
Board-designated for endowment	\$ 165,799,333	\$ 176,821,763
Undesignated	<u>99,220,006</u>	<u>105,476,621</u>
Total net assets without donor restrictions	265,019,339	282,298,384

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(Continued)

COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

**NOTE 11 – NET ASSETS (Continued)**

	<u>2025</u>	<u>2024</u>
Amounts with donor restrictions:		
Amounts restricted by time or purpose:		
Endowment returns subject to future appropriation	7,011,422	5,967,504
Academic programs	677,434	608,292
Scholarships	2,947,514	3,121,742
Community	546,656	1,089,236
Facility	1,769,937	2,342,416
Subtotal	12,952,963	13,129,190
Amounts with perpetual restrictions:		
Endowment	9,379,368	9,184,273
Total net assets with donor restrictions	22,332,331	22,313,463
Total net assets	\$ 287,351,670	\$ 304,611,847

**NOTE 12 – CONTRIBUTED NONFINANCIAL ASSETS**

For the years ended August 31, contributed nonfinancial assets recognized within the College's statements of activities included:

	<u>2025</u>	<u>2024</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation</u>
Auction items	\$ 187,375	\$ 114,975	Photographs and prints used in annual fundraising gala	No associated donor restrictions	Proceeds received
Supplies, services and others	36,918	50,724	Fundraising gala and academic use	No associated donor restrictions	Actual or estimated cost
Works of art	670,465	16,000	Photographs added to the permanent collection	No associated donor restrictions	Independent professional consultant
Total	\$ 894,758	\$ 181,699			

**NOTE 13 – EXPENSES BY FUNCTIONAL CLASSIFICATIONS**

The College's primary activity is to provide academic programs. Student services, auxiliary and institutional support expenses are incurred in support of this mission. The College also incurs expenses related to programming that serves the local community.

(Continued)



COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

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**NOTE 14 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES** (Continued)

The financial assets of the College that could readily be made available for general expenditures within one year of August 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 6,586,547	\$ 4,386,060
Student accounts receivable, net	1,609,407	1,893,360
Other receivables	38,390	55,778
Subsequent year’s endowment distribution	8,168,000	9,949,000
Investments not subject to donor or board restrictions	<u>1,163,566</u>	<u>10,623,249</u>
 Total financial assets available to meet general expenditures within one year	 <u>\$ 17,565,910</u>	 <u>\$ 26,907,447</u>

In addition to financial assets available to meet general expenditures in the year following August 31, 2025, a significant portion of the College’s annual expenditures will be funded by current year operating revenues. The College intends to spend from its board-designated endowment more than the amounts appropriated for general expenditures as part of its 2026 operating budget approval process.

**NOTE 15 – NET ASSET CLASSIFICATION OF FUNDS AND ENHANCED DISCLOSURES FOR ENDOWMENT**

The College’s endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. 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.

Interpretation of Relevant Law: The Board of Trustees of the College has reviewed the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, having considered its rights and obligations thereunder, has chosen to require the preservation of the original value of a contribution of a donor-restricted endowment fund as of the gift date, absent explicit donor stipulations to the contrary. As a result, the College classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted endowments, which are available for expenditure subject to spending policies.

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

- The duration and preservation of the fund
- The purposes of the College and the donor-restricted endowment fund
- 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

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(Continued)

COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

**NOTE 15 – NET ASSET CLASSIFICATION OF FUNDS AND ENHANCED DISCLOSURES FOR ENDOWMENT** (Continued)

The total long-term investments reported on the statements of financial position include true endowments, funds functioning as endowment, and expendable gifts. Endowment net assets exclude the expendable gifts included in the long-term investments.

Endowment net assets consist of the following at August 31, 2025:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 16,390,792	\$ 16,390,792
Board-designated endowment funds	<u>165,799,333</u>	<u>-</u>	<u>165,799,333</u>
<b>Total endowment net assets</b>	<u><b>\$ 165,799,333</b></u>	<u><b>\$ 16,390,792</b></u>	<u><b>\$ 182,190,125</b></u>

Endowment net assets consist of the following at August 31, 2024:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 15,151,780	\$ 15,151,780
Board-designated endowment funds	<u>176,821,763</u>	<u>-</u>	<u>176,821,763</u>
<b>Total endowment net assets</b>	<u><b>\$ 176,821,763</b></u>	<u><b>\$ 15,151,780</b></u>	<u><b>\$ 191,973,543</b></u>

Changes in endowment net assets for the year ended August 31, 2025 are as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 31, 2024	\$ 176,821,763	\$ 15,151,780	\$ 191,973,543
Investment returns, net	15,400,525	1,555,655	16,956,180
Contributions	18,897	162,474	181,371
Change in donor designation	316,643	32,620	349,263
Appropriation for expenditure	<u>(26,758,495)</u>	<u>(511,737)</u>	<u>(27,270,232)</u>
<b>Endowment net assets, August 31, 2025</b>	<u><b>\$ 165,799,333</b></u>	<u><b>\$ 16,390,792</b></u>	<u><b>\$ 182,190,125</b></u>

(Continued)

COLUMBIA COLLEGE CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2025 and 2024

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**NOTE 15 – NET ASSET CLASSIFICATION OF FUNDS AND ENHANCED DISCLOSURES FOR ENDOWMENT** (Continued)

Changes in endowment net assets for the year ended August 31, 2024 are as follows:

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment net assets, August 31, 2023	\$ 189,082,675	\$ 12,759,863	\$ 201,842,538
Investment returns, net	24,753,139	2,398,775	27,151,914
Contributions	157,091	432,565	589,656
Change in donor designation	6,858	25,000	31,858
Appropriation for expenditure	(37,178,000)	(464,423)	(37,642,423)
Endowment net assets, August 31, 2024	\$ 176,821,763	\$ 15,151,780	\$ 191,973,543

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. Deficiencies of this nature, referred to as underwater endowments, are reported in net assets with donor restrictions. In the event an endowment falls underwater, current management practice is to disallow spending from the fund until the fair value of the endowment fund exceeds the original gift amount. There were no funds with deficiencies for the years ended August 31, 2025 and 2024.

Return Objective and Risk Parameters: The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the annual Consumer Price Index (CPI) by 5%, while assuming a risk level that is consistent with the risk associated with the above benchmark. Based on the investment policy, the College expects its endowment funds, over its stated investment horizon of 10 years, to provide an average annual real rate of return of approximately 5% plus the CPI. Actual returns in any given year may vary from this amount.

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). The College targets a diversified asset allocation that places emphasis on investments in global equities, absolute return strategies, hedge funds and private equity.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The purpose of the endowment funds is to facilitate donor's desires to make substantial long-term gifts to the College and to develop a new and significant source of revenue to the College. In doing so, the endowment is designed to provide a secure, long-term source of funds to (a) fund special programs; (b) ensure long-term growth, and (c) support the administrative expenses of the College as deemed appropriate.

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(Continued)

**NOTE 15 – NET ASSET CLASSIFICATION OF FUNDS AND ENHANCED DISCLOSURES FOR ENDOWMENT** (Continued)

To achieve these goals, the College has a policy of appropriating for distribution each year up to 5% of its restricted endowment funds' average fair value using the three years prior to the budget year. Under the policy adopted by the College, interest, dividends, and appreciation on investments held in the investment pool are made available for spending. The Board of Trustees set the endowment distribution at \$511,737 for fiscal year 2025 and \$464,423 for fiscal year 2024. In addition, the Board of Trustees approved a distribution from board-designated endowments of approximately \$26.8 million in 2025 and \$10.2 million in 2024 to be used for operations.

In February 2024, the Board of Trustees was notified of the increased operating deficit resulting from the part-time faculty strike that lasted forty-nine days and ended on December 18, 2023. This required the College to receive additional distributions totaling \$27.0 million from the quasi-endowment for fiscal year 2024.

**NOTE 16 – SUBSEQUENT EVENTS**

In connection with the preparation of the financial statements and in accordance with FASB ASC Topic 855, *Subsequent Events*, management evaluated subsequent events after the statement of financial position date of August 31, 2025 through January 26, 2026, the date when the financial statements were issued.

**NOTE 17 – RELATED PARTIES**

Members of the Board of Trustees, officers, and employees are subject to the College's conflict of interest policies, under which business and financial relationships must be disclosed annually and are subject to review and approval. From time to time, the College may obtain goods and services in the ordinary course of business from entities with which certain College Trustees may be associated.