

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

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CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Illinois Institute of Technology
Chicago, Illinois

Opinion

We have audited the consolidated financial statements of Illinois Institute of Technology and Subsidiaries (the "University"), which comprise the consolidated statements of financial position as of May 31, 2025 and 2024, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as of May 31, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the University's ability to continue as a going concern for one year from the date the consolidated 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 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 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 consolidated 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 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 the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, and cash flows are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Crowe LLP

Crowe LLP

Chicago, Illinois
November 10, 2025

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
May 31, 2025 and 2024
(In thousands of dollars)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 31,310	\$ 15,408
Restricted cash held by bond trustee	49,314	-
Notes and accounts receivable:		
Grants and contracts, less allowance of \$778 in 2025 and \$525 in 2024, in respectively	12,816	13,246
Students:		
Tuition, less allowance of \$1,632 and \$1,357 in 2025 and 2024, respectively	15,027	17,993
Notes, less allowance of \$633 and \$638 in 2025 and 2024, respectively	2,534	2,757
Other, less allowance of \$634 and \$634 in 2025 and 2024, respectively	19,188	23,529
Pledges, net	9,374	17,276
Inventories, prepaid expenses, and deferred charges	6,320	5,953
Restricted investments held by bond trustee	28,326	-
Investments	287,483	270,089
Physical properties, less accumulated depreciation	351,734	342,623
Beneficial interest in perpetual trusts	26,614	25,255
	<u>\$ 840,040</u>	<u>\$ 734,129</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 19,252	\$ 25,820
Accrued salaries and wages	17,533	18,155
Deferred revenue	14,896	18,925
Deposits by students and others	3,076	3,094
Accrued postretirement benefit obligation	747	727
Obligation under split-interest agreements	593	573
Lease liability	21,949	34
Advances from the U.S. government for student loans	885	1,589
Asset retirement obligation	273	452
Deferred vendor incentive	16,610	17,072
Debt:		
Bonds payable	305,073	145,000
Notes payable	10,782	64,725
Bond premium payable	6,863	8,478
Bond discounts	(6,944)	-
Cost of issuance	(4,857)	(1,465)
Total debt	<u>310,917</u>	<u>216,738</u>
Total liabilities	<u>406,731</u>	<u>303,179</u>
Net assets:		
Without donor restrictions	146,592	145,971
With donor restrictions	286,717	284,979
Total net assets	<u>433,309</u>	<u>430,950</u>
Total liabilities and net assets	<u>\$ 840,040</u>	<u>\$ 734,129</u>

See accompanying notes to consolidated financial statements.

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended May 31, 2025
(In thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:			
Tuition and fees, net of scholarships of \$153,563	\$ 157,155	\$ -	\$ 157,155
Government grants and contracts	69,163	-	69,163
Private grants and contracts	12,675	-	12,675
Private gifts	30,724	4,553	35,277
Endowment spending distribution	26,852	-	26,852
Sales and services of auxiliary enterprises, net	16,927	-	16,927
Other sources	12,717	-	12,717
Net assets released from restrictions	7,561	(7,561)	-
Total operating revenue	<u>333,774</u>	<u>(3,008)</u>	<u>330,766</u>
Operating expenses:			
Faculty salaries	67,520	-	67,520
Administrative salaries	51,855	-	51,855
Part-time salaries	17,356	-	17,356
Employee benefits	30,137	-	30,137
Operations and maintenance	28,667	-	28,667
Supplies and services	54,579	-	54,579
Professional fees and advertising	23,150	-	23,150
IITRI research	20,974	-	20,974
Interest on indebtedness	9,642	-	9,642
Depreciation	23,609	-	23,609
Total operating expenses	<u>327,489</u>	<u>-</u>	<u>327,489</u>
Increase (decrease) in net assets from operating activities	6,285	(3,008)	3,277
Nonoperating revenue and expenses:			
Private gifts	-	10,298	10,298
Change in donor designation	(217)	217	-
Return on investments, net	3,996	13,641	17,637
Net gain on beneficial interest in perpetual trusts	-	1,359	1,359
Endowment spending distribution	(6,370)	(20,482)	(26,852)
Restructuring expenses	(3,150)	-	(3,150)
Net loss on disposal of assets	(88)	-	(88)
Other	165	(287)	(122)
(Decrease) increase in net assets from nonoperating activities	<u>(5,664)</u>	<u>4,746</u>	<u>(918)</u>
Increase in net assets	621	1,738	2,359
Net assets at beginning of year	<u>145,971</u>	<u>284,979</u>	<u>430,950</u>
Net assets at end of year	<u><u>\$ 146,592</u></u>	<u><u>\$ 286,717</u></u>	<u><u>\$ 433,309</u></u>

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended May 31, 2024
(In thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:			
Tuition and fees, net of scholarships of \$158,524	\$ 152,990	\$ -	\$ 152,990
Government grants and contracts	59,666	-	59,666
Private grants and contracts	20,803	-	20,803
Private gifts	17,923	6,655	24,578
Endowment spending distribution	23,810	-	23,810
Sales and services of auxiliary enterprises, net	18,817	-	18,817
Other sources	15,016	-	15,016
Net assets released from restrictions	4,722	(4,722)	-
Total operating revenue	<u>313,747</u>	<u>1,933</u>	<u>315,680</u>
Operating expenses:			
Faculty salaries	65,577	-	65,577
Administrative salaries	51,636	-	51,636
Part-time salaries	17,567	-	17,567
Employee benefits	21,302	-	21,302
Operations and maintenance	27,393	-	27,393
Supplies and services	49,456	-	49,456
Professional fees and advertising	20,660	-	20,660
IITRI research	21,907	-	21,907
Interest on indebtedness	10,126	-	10,126
Depreciation	23,313	-	23,313
Total operating expenses	<u>308,937</u>	<u>-</u>	<u>308,937</u>
Increase in net assets from operating activities	4,810	1,933	6,743
Nonoperating revenue and expenses:			
Private gifts	-	18,190	18,190
Change in donor designation	(283)	283	-
Return on investments, net	6,700	20,881	27,581
Net gain on beneficial interest in perpetual trusts	-	2,750	2,750
Endowment spending distribution	(5,486)	(18,324)	(23,810)
Additional endowment distribution	2,944	(2,944)	-
Restructuring expenses	(3,538)	-	(3,538)
Other	116	-	116
Increase in net assets from nonoperating activities	<u>453</u>	<u>20,836</u>	<u>21,289</u>
Increase in net assets	5,263	22,769	28,032
Net assets at beginning of year	<u>140,708</u>	<u>262,210</u>	<u>402,918</u>
Net assets at end of year	<u>\$ 145,971</u>	<u>\$ 284,979</u>	<u>\$ 430,950</u>

See accompanying notes to consolidated financial statements.

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended May 31, 2025 and 2024
(In thousands of dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 2,359	\$ 28,032
Adjustments to reconcile change in net assets to net cash from operating activities:		
Private gifts restricted for long-term investment	(2,568)	(11,012)
Depreciation	23,609	23,313
Amortization	(4,794)	(1,517)
Net gain on investments	(15,959)	(25,312)
Net gain on beneficial interest in perpetual trust	(1,359)	(2,750)
Net loss on disposal of assets	87	-
Accretion on asset retirement obligation	254	129
Changes in assets and liabilities:		
Receivables: tuition, grants, pledges, and other	15,667	(7,409)
Inventories, prepaid expenses, and deferred charges	(367)	84
Accounts payable and accrued expenses	(6,568)	3,371
Accrued salaries and wages	(622)	(499)
Deferred revenue	(4,029)	(7,788)
Lease liability	(9)	(1,135)
Deposits by students and others	(18)	183
Accrued postretirement benefit obligation	20	(23)
Obligations under split-interest agreements	20	(26)
Asset retirement obligation	(433)	(145)
Deferred vendor incentive	(462)	(461)
Net cash from operating activities	<u>4,828</u>	<u>(2,965)</u>
Cash flows from investing activities		
Proceeds from sale of investments	128,781	205,537
Purchase of investments	(115,216)	(189,295)
Purchase of investments held by bond trustee	(28,326)	-
Purchase of physical properties	(11,096)	(12,017)
Issuance of notes receivable	(78)	(75)
Payments received on notes receivable	273	633
Net cash from investing activities	<u>(25,662)</u>	<u>4,783</u>
Cash flows from financing activities		
Private gifts restricted for long-term investment	2,568	11,012
Return of capital to the U.S. government for student loans	(704)	(695)
Repayment of endowment loan	(15,000)	-
Proceeds on notes and bonds payable	188,838	-
Payments on notes and bonds payable	(89,652)	(5,596)
Net cash from financing activities	<u>86,050</u>	<u>4,721</u>

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended May 31, 2025 and 2024
(In thousands of dollars)

	<u>2025</u>	<u>2024</u>
Change in cash and cash equivalents and restricted cash held by bond trustee	\$ 65,216	\$ 6,539
Cash and cash equivalents and restricted cash held by bond trustee at:		
Beginning of year	<u>15,408</u>	<u>8,869</u>
End of year	<u><u>\$ 80,624</u></u>	<u><u>\$ 15,408</u></u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 9,758	\$ 10,152
Construction payable	124	1,086
Noncash recognition of new lease	21,949	-

See accompanying notes to consolidated financial statements.

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024
(In thousands of dollars)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

Basis of Presentation: Illinois Institute of Technology (the University or Illinois Tech) is a private not-for-profit coeducational technical institution that is dedicated to superior teaching and excellent scholarship. Located in Chicago, Illinois, the University enrolls a diverse student body from across the nation and a number of foreign countries.

IIT India is a private not-for-profit entity headquartered in Bangalore, India. The entity has been created to facilitate IIT's ability to deliver long distance internet-based educational programs to residents of various cities in India.

IIT Research Institute (IITRI) is a not-for-profit corporation working for the advancement of knowledge and the beneficial application of science to meet the needs of society. IITRI's articles of incorporation provide that, in addition to its primary purpose, it will support and assist the University, and in the event of dissolution, IITRI's assets would be distributed to the University. Members of the executive committee of the Board of Trustees of the University are members of the IITRI Corporation. Four officers of the University serve ex officio as members of the IITRI Board of Governors. IITRI also prepares separate annual financial statements as of September 30, its fiscal year end.

The accompanying consolidated financial statements are as of May 31, which have been prepared on the accrual basis of accounting, include the accounts of Illinois Institute of Technology, IIT India, and IITRI as of May 31. All significant intercompany transactions between these entities have been eliminated from the accompanying consolidated financial statements.

Net Asset Categories: The University 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 in accordance with activities or objectives specified by donors.

For financial statement reporting purposes, however, the University's consolidated financial statements have been prepared to focus on the organization as a whole and to present balances and transactions in accordance with donor-imposed restrictions.

Net assets and related activity are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets that are subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time. Items that affect this net asset category include gifts for which restrictions have not been satisfied and annuity and life income gifts for which the ultimate purpose of the proceeds is restricted temporarily.

Additionally, net assets that are subject to donor-imposed restrictions that require them to be maintained permanently by the University are considered net assets with donor restriction. Items that affect this net asset category include gifts and pledges wherein donors stipulate that the corpus be held in perpetuity (primarily gifts for endowment and providing loans to students) and only the income be made available for program operations, and annuity and life income gifts for which the ultimate purpose of the proceeds is permanently restricted.

Operations: Operating results in the consolidated statements of activities reflect all transactions increasing or decreasing net assets except those items associated with gifts and income relating to long-term investment, endowment spending, and other infrequent gains, losses, revenues, and expenses.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024
(In thousands of dollars)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES
(Continued)

Revenue Recognition:

Tuition, Fees, and Auxiliary Services

Tuition and fees are derived from academic services rendered by the University on campus and online, as well as from related educational resources that the University provides to its students, such as access to course and online materials. The University recognizes revenue for academic services over the applicable academic term. Scholarships provided to students by the University are reflected as a reduction of gross tuition and fees. For the years ended May 31, 2025 and 2024, tuition and fees revenue was reduced by approximately \$153,563 and \$158,524, respectively, due to scholarships the University provided to students. Tuition and fees received in advance of services are reported as deferred revenue and student deposits in the consolidated statements of financial position.

Sales and services of auxiliary enterprises include housing services, food services, a bookstore, parking operations, and events. The University recognizes revenue for housing and certain food services proportionately over the applicable academic term. For the years ended May 31, 2025 and 2024, auxiliary revenue was reduced by approximately \$7,490 and \$7,014, respectively, due to scholarships the University provided to students.

Fees related to housing and food received in advance of services are reported as deferred revenue and student deposits in the consolidated statements of financial position. The University typically recognizes revenue from other sales and services of auxiliary enterprises at the point in time sales occur or as services are rendered.

Sales and services of auxiliary enterprises consist of the following:

	<u>2025</u>	<u>2024</u>
Housing services, net	\$ 6,466	\$ 7,824
Food services	9,113	9,253
Other	<u>1,348</u>	<u>1,740</u>
Total	<u>\$ 16,927</u>	<u>\$ 18,817</u>

The University's receivables represent unconditional rights to consideration from its contracts with customers. Typically, once a customer is invoiced for tuition, fees, and auxiliary services, payment is due immediately. Gross accounts receivables as of the years ended May 31, 2025 and 2024 were \$16,659 and \$19,350, respectively. The University's contract liabilities are presented as deferred revenue and student deposits in the consolidated statements of financial position. Deferred revenue and student deposits in any period represent the excess of tuition, fees, and other student payments received over amounts recognized as revenue on the statements of activities. The University's education programs have starting and ending dates that differ from its fiscal year end. Therefore, at fiscal year-end, a portion of revenue from these programs is not yet earned. The University does not present information about outstanding performance obligations as of year-end because its contracts with students all had original terms of less than one year.

The University maintains an institutional tuition refund policy, which provides for all or a portion of tuition and fees to be refunded if a student withdraws during the stated refund period.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024
(In thousands of dollars)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES
(Continued)

The University had no costs that were capitalized to obtain or to fulfill a contract with a customer.

Exchange Transactions from Grants and Contracts

Revenue from exchange transactions for applied research is recognized over time as the University's contractual performance obligations are satisfied. Revenue from cost-plus contracts is recognized as costs are incurred and includes a proportionate share of the fees earned. The percentage of completion method is used to recognize revenue on fixed price contracts based on various performance measures. From time to time, facts develop that require the University to revise its estimated total costs or revenues expected. The cumulative effect of revised estimates is recorded in the period in which the facts requiring revisions become known. Under time and materials contracts, labor and related costs are reimbursed at negotiated, fixed hourly rates. Revenue on time and materials contracts is recognized at contractually billable rates as labor hours and direct expenses are incurred. The full amount of anticipated losses on any type of contract is recognized in the period in which they become known.

Contributions from Gifts, Grants, and Contracts

Private gifts and government grants that are not considered exchange transactions, including pledges, are recognized in the period received. Conditional gifts, with a barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. 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 discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Contributions received with donor-imposed restrictions that are met in the same year as the gifts are received are reported in the net asset without donor restrictions class. Contributions of land, building, and equipment without donor-imposed restrictions concerning the use of such long lived assets are reported in the net asset without donor restrictions class. Contributions of cash or other assets to be used to acquire land, building, and equipment with such donor restrictions are reported in the net asset with donor restrictions class; the restrictions are considered to be released at the time the long lived assets are placed in service.

Grants and contracts for basic research and other sponsored programs are generally subject to restrictions and conditions that must be met before the University is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. The University recognizes contribution revenue on grants for basic research and other sponsored programs as the awards for such programs are expended, since expenditure in accordance with award terms typically results in the simultaneous release of restrictions and conditions imposed by the grantor.

At May 31, 2025 and 2024, the University and IITRI also had unexpended grant awards of approximately \$2,847 and \$5,757, respectively, for which revenue has not been recognized pending fulfillment of conditions associated with the awards, which generally coincides with expenditure.

Indirect cost recovery by the University on U.S. government grants and contracts is based upon predetermined negotiated rates or provisional rates and is recorded as grants and contracts revenue.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
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May 31, 2025 and 2024
(In thousands of dollars)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES
(Continued)

Funding from the American Rescue Plan (ARP): In May of 2021, the University was allocated \$9,727 in funding through the Higher Education Emergency Relief Fund (HEERF III) as authorized in the ARP Act. As required by the Act, \$4,869 of that allocation was directed to provide emergency financial aid grants to students and \$4,858 to defray University expenses associated with the coronavirus pandemic, including lost revenue. During the years ended May 31, 2025 and 2024, the University awarded \$0 and \$8, respectively, in emergency financial aid grants to students. During the years ended May 31, 2025 and 2024, the University recognized a pro rata share of revenue of \$0 and \$8, respectively, from the institutional portion of the funding to the extent that it met the conditions to incur allowable expenses.

Restructuring Expenses: In May of 2018, the University, under the direction of the Finance Committee, began an administrative assessment to find operational cost savings. The core areas of opportunity related to four items: (1) organizational restructuring to optimize service, realize process efficiencies and avoid redundancy of services, (2) elimination of policies and programs that were not cost effective, (3) redirect resources to mission centric and revenue generating activities and (4) consolidate the physical footprint and monetize rentable space. Restructuring expenses amounted to \$3,150 and for \$3,538 for the fiscal years ended May 31, 2025 and 2024, respectively. The expenses included consulting services, retirement incentives, system/software improvements and restructuring/reorganization of departments.

Cash and Cash Equivalents: Cash and cash equivalents are reported at cost, which approximates fair value. Cash equivalents represent short-term investments with original maturities of three months or less. The University maintains its cash balance in financial institutions which, at times, may exceed federally insured limits. The University has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable: Accounts receivable consist primarily of amounts due from students, net of an allowance for credit losses. The University estimates the credit loss allowance balance by performing an aging analysis and determining the probability of default using relevant available internal and external information, considering past and current conditions and reasonable and supportable forecasts. Accounts receivable are charged to the allowance for credit losses when the University determines the receivable is not collectible. The accounts receivable shown are net of allowance for credit losses of \$1,632 and \$1,357 as of May 31, 2025 and 2024, respectively.

Notes Receivable: Student notes receivable consist of Perkins loans and University loans, net of an allowance for credit losses. The University estimates the credit loss allowance balance by performing an aging analysis and determining the probability of default using relevant available internal and external information, considering past and current conditions and reasonable and supportable forecasts. Notes receivable are charged to the allowance for credit losses when the University determines the receivable is not collectible. The notes receivable shown are net of allowance for credit losses of \$644 and \$638 as of May 31, 2025 and 2024, respectively.

Investments: Investments are reported at fair value. The fair values of investments in stocks, equity mutual funds, bonds, and fixed-income mutual funds are generally determined based on quoted market prices. Management's estimate of the fair value of private equity, venture capital, alternative funds and hedge fund investments is determined based on net asset values (NAV) provided by the external investment managers, as a practical expedient in measuring fair value. The valuations for these investments involve estimates, appraisals, assumptions, and methods, which are reviewed by the University.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024
(In thousands of dollars)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES
(Continued)

Cash equivalents, consisting primarily of fixed-income securities and money market accounts with original maturities of three months or less, related to endowment funds are classified as investments. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Investment management fees and service charges are netted against investment income for financial reporting purposes.

Inventory: Inventories are stated at cost, which is determined by the first-in, first-out method for both the University and IITRI.

Physical Properties: The University's and IITRI's fixed assets are recorded at cost of construction or acquisition. The University and IITRI depreciate their land improvements, buildings, and equipment on the straight-line method over their estimated useful lives, which range from 3 to 50 years.

Upon sale or retirement of an asset, a gain or loss is recorded based on the net book value at the time of sale or retirement. Minor expenditures for renovations, construction, and replacement of equipment are charged to current operations and are not capitalized.

Impairment of Long-Lived Assets: The University and IITRI account for long-lived assets in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 360 Subtopic 10, *Impairment or Disposal of Long-Lived Assets*. FASB ASC Section 360 Subtopic 10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Management does not believe there are any impairments to long-lived assets.

Beneficial Interest in Perpetual Trusts: The University has a beneficial interest in certain perpetual trusts that are held by third parties and are reported at fair value. The University recognizes contribution revenue equal to its proportionate share of the fair value of the trust assets upon notification and determination that its right to receive benefits under the agreement is unconditional. Changes in the fair value of the University's interest in the trust assets are reflected as gains or losses in the period they occur.

Split Interest Agreements: The University's split interest agreements with donors consist of irrevocable charitable remainder trusts, annuity trusts, and charitable gift annuities for which the University is either the remainder beneficiary or both the trustee and the remainder beneficiary.

Assets held in trust for which the University serves as trustee are included in investments. In addition, the present value of the estimated future payments to be made to the donors and/or other beneficiaries is reported as an obligation under split interest agreements. The liabilities are adjusted during the term of the agreements for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

Assets held in trust for which the University does not serve as trustee are not reported as investments in the consolidated financial statements. However, contribution revenue and a receivable are recognized at the date the trusts are established at the fair value of the trust assets, which represents the estimated present value of the expected future cash flows to be received.

(Continued)

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES
(Continued)

Income Taxes: The University and IITRI have each received a determination letter from the Internal Revenue Service (IRS) stating that they are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except for tax on unrelated business income. It is management's belief that none of its activities have produced material unrelated business income, and that the University has operated in a manner that qualifies it for tax-exempt status.

U.S. generally accepted accounting principles require University management to evaluate tax positions taken by the University and IITRI and recognize a tax liability (or asset) if the University and IITRI have taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed tax positions taken by the University and IITRI and has concluded that as of May 31, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The University and IITRI are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The University and IITRI management believes it is no longer subject to income tax examinations for years prior to 2023.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Right of Use Assets and Lease Liabilities: Right of use ("ROU") assets represent the University's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the University's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using the University's incremental borrowing rate on the lease commencement date or June 1, 2020 for leases that commenced prior to that date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the University will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less ("short-term leases") are not recorded on the accompanying statements of financial position.

The University has lease agreements with lease and non-lease components, which are accounted for as a single lease component under the practical expedient provisions of the standard. The University has lease agreements with terms less than one year. For the qualifying short-term leases, the University elected the short-term lease recognition exemption in which the Organization will not recognize ROU assets or lease liabilities, including the ROU assets or lease liabilities for existing short-term leases.

Variable lease payments consist primarily of common area maintenance, utilities and taxes, which are not included in the recognition of ROU assets and related lease liabilities. Variable lease payments and short-term lease expenses were immaterial to the University's consolidated financial statements for the years ended May 31, 2025 and 2024. The University's lease agreements do not contain material restrictive covenants. The University includes ROU assets within physical properties, less accumulated depreciation, on the consolidated statements of financial position.

The University is a lessee in several non-cancellable operating leases for networking and copier equipment. The University determines if an arrangement is a lease at inception.

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NOTE 2 – INVESTMENTS

Investments consist of the following at May 31:

	<u>2025</u> <u>Fair Value</u>	<u>2024</u> <u>Fair Value</u>
Cash equivalents	\$ 34,627	\$ 23,488
Equity mutual funds	113,928	111,202
Bonds (IITRI)	2,008	3,436
Fixed income mutual funds	27,059	29,689
Alternative funds	46,164	46,970
Private equity and venture capital funds	63,697	55,304
Total investments	<u>\$ 287,483</u>	<u>\$ 270,089</u>

For investment purposes, the University pools substantially all assets of its endowment accounts. Each account owns “units” of the consolidated investment pool. The pooled assets are valued on an annual basis and a fair value per unit is determined, which is used to calculate the number of units purchased by accounts entering the pool and redeemed by accounts withdrawing from the pool. Income (interest, dividends, and rents) earned by the investment pool is distributed to the individual accounts on the basis of average units owned by each account in the pool during the year. The University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and interest and dividend income. The objective is to provide a stable source of funds to help and support the ongoing operation and activities of the University. The hedged equity, private equity, and venture capital funds are longer-lived, and include an overall investment strategy designed to enhance return and diversify risk.

Return on investments consists of the following for the years ended May 31:

	<u>2025</u>	<u>2024</u>
Return on investments:		
Interest and dividends	\$ 1,678	\$ 2,269
Net realized and unrealized gain on investments	15,959	25,312
Net return on investments	<u>\$ 17,637</u>	<u>\$ 27,581</u>

The return on investments reflects income (loss) from investments held by IITRI of \$181 and \$253 for 2025 and 2024, respectively.

(Continued)

NOTE 3 – FAIR VALUE MEASUREMENT

FASB ASC Section 820, *Fair Value Measurement*, defines fair value as the price that could be received for an asset or paid to transfer a liability in the University's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

FASB ASC Section 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices 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.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. 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, a 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. In 2025 and 2024, the University used the following valuation techniques to measure the financial instruments fair value:

Level 1 consists of financial instruments, such as cash and cash equivalents, bonds, mutual funds, stocks, and money market funds, whose value is based on quoted market prices published by a financial institution or exchange, exchange-traded instruments, and listed equities.

Level 2 consists of fixed income securities that use pricing inputs other than quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, or inputs other than quoted prices that are observable including model-based valuation techniques.

Level 3 consists of investments for which there are no active markets. The University has beneficial interests in perpetual trusts as Level 3. Beneficial interests in perpetual trusts are held by various financial institutions. These values are based on the University's proportionate share of the investments. The fair values of the investments in these trusts are based on quoted market prices published by financial institutions.

The University's interests in alternative investment funds, such as hedged equity funds, private equity, venture capital funds, certain global equities and real estate are reported at NAV, which is used as a practical expedient to estimate 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 May 31, 2025 and 2024, the University had no plans to sell investments at amounts different from NAV. The University has \$178,223 and \$160,309 for 2025 and 2024, respectively, of investments in alternative investment funds, which are reported at fair value. The University has concluded that the NAV reported by the underlying fund approximates the fair value for these investments. Certain investments are redeemable with the fund at NAV under the original terms of the partnership agreements and/or subscription agreements and operations of the underlying funds.

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NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the University's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the University's interest in the funds, and the University's ability to withdraw from the funds.

Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions occur in this limited secondary market, they may occur at discounts to the reported NAV. Therefore, if the redemption rights in the funds were restricted or eliminated and the University were to sell these investments in the secondary market, it is reasonably possible that a buyer in the secondary market may require a discount to the reported NAV, and the discount could be significant. The University has \$20,039 in unfunded commitments relative to private equity, venture capital and hedged equity alternative investments.

Assets Measured on a Recurring Basis

The following tables present information about the University's financial assets that are measured at fair value on a recurring basis as of May 31, 2025 and 2024, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	2025					Redemption or Liquidation	Lock up Expiration	Days' Notice
	Level 1	Level 2	Level 3	NAV(1)	Total			
Investments:								
Cash and cash equivalents	\$ 34,627	\$ -	\$ -	\$ -	\$ 34,627	Daily		One
Domestic fixed income:								
Fixed income (IIT)	1,177	-	-	-	1,177	Daily		One, Trade Day + 2
Fixed income (IITRI)	2,008	-	-	-	2,008	Daily		One
iShares Core U.S. Aggregate Bond ETF	8,397	-	-	-	8,397	Daily		One, Trade Day + 2
iShares TIPS Bond ETF	3,784	-	-	-	3,784	Daily		One, Trade Day + 2
iShares 20+ Year Treasury Bond ETF	5,331	-	-	-	5,331	Daily		One, Trade Day + 2
Goldman Sachs Access Treasury 0-1 Yr ETF	853	-	-	-	853	Daily		One, Trade Day + 2
JPMorgan Ultra-Short Income ETF	7,517	-	-	-	7,517	Daily		One, Trade Day + 2
Total	29,067	-	-	-	29,067			
Domestic equities:								
State Street Global	1,567	-	-	-	1,567	Daily		One, Trade Day + 2
Adams Fund - Adage Series	-	-	-	16,475	16,475	Quarterly		60
Heard High Conviction Long Only Fund LLC	-	-	-	8,047	8,047	Quarterly		45
Invesco S&P 500 Equal Weight ETF	11,620	-	-	-	11,620	Daily		One, Trade Day + 2
iShares Core S&P Total U.S. Stock Market ETF	19,193	-	-	-	19,193	Daily		One, Trade Day + 2
Total	32,380	-	-	24,522	56,902			
Global equities:								
AKO European Long Only Fund, Ltd	-	-	-	7,259	7,259	Quarterly		30
Children's Investment Fund, Ltd (The)	-	-	-	15,644	15,644	Every 24 months	2/1/2024	120
Generation IM Global Equity Fund	-	-	-	13,978	13,978	Quarterly		30
iShares Core MSCI Emerging Markets ETF	1,073	-	-	-	1,073	Daily		One, Trade Day + 2
iShares Core MSCI International Developed Markets ETF	6,948	-	-	-	6,948	Daily		One, Trade Day + 2
Kalorama Separate Account Ichigo	-	-	-	4,415	4,415	Every 18 months		60
Kalorama Separate Account Cantillon	-	-	-	2,791	2,791	Monthly		
Kalorama Separate Account Overlook	-	-	-	4,918	4,918	Quarterly		60
Total	8,021	-	-	49,005	57,026			
Alternative funds:								
Kalorama Separate Account CBRE Segregated Portfolio	-	-	-	6,805	6,805	Quarterly		60
Clarion Lion Properties Fund, LP	-	-	-	3,904	3,904	Quarterly		90
Deerfield Partners, L.P.	-	-	-	585	585	36 months, Quarterly	4/1/2024	90
EcoR1 Capital Offshore Fund, Ltd.	-	-	-	2,145	2,145	Every 6 months	1/1/2024	60
Kalorama Separate Account Braidwell	-	-	-	91	91	Quarterly		90
Kalorama Separate Account Diameter	-	-	-	6,473	6,473	Quarterly		90
Kalorama Separate Account Laurion	-	-	-	5,894	5,894	12 months, Quarterly		45
Kalorama Separate Account Relative Value	-	-	-	7,562	7,562	Annual	1/1/2025	45
Mariner Atlantic Multi-Strategy Fund, Ltd	-	-	-	7,488	7,488	12 months, Quarterly		60
SPDR Gold Trust (ETF)	5,021	-	-	-	5,021	Daily		One, Trade Day + 2
StoneCastle FICA	-	-	-	46	46	Daily		One, Trade Day + 2
Wilson Fund SPC, Ltd (FJ Capital)	-	-	-	150	150	Daily		60
Total	5,021	-	-	41,143	46,164			

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NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

	2025					Redemption or Liquidation	Lock up Expiration	Days' Notice
	Level 1	Level 2	Level 3	NAV (1)	Total			
Private equity and venture								
Base10 Advancement Initiative I, L.P.	\$ -	\$ -	\$ -	\$ 392	\$ 392	None		N/A
Blue Owl Digital Infrastructure Fund II LP	-	-	-	3,041	3,041	None		N/A
Blue Owl Digital Infrastructure Fund III LP	-	-	-	596	596	None		N/A
Bond II, LP	-	-	-	1,573	1,573	None		N/A
Bond III, LP	-	-	-	361	361	None		N/A
Coastue Growth V Offshore Feeder Fund LP	-	-	-	772	772	None		N/A
Dawson Portfolio Finance (Offshore) 6 LP	-	-	-	739	739	None		N/A
Deerfield Private Design Fund V, L.P.	-	-	-	1,421	1,421	None		N/A
Foundation Capital X, L.P.	-	-	-	1,386	1,386	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016	-	-	-	17,189	17,189	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - A	-	-	-	2,773	2,773	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2022 E	-	-	-	13,811	13,811	None		N/A
Georgetown Opportunistic Fund Series LLC - Series Core Private Equity (LP Interest)	-	-	-	2,478	2,478	None		N/A
Hirtle Callaghan PE Fund XII	-	-	-	6,315	6,315	None		N/A
Hirtle Callaghan Private Equity Fund XI, L.P.	-	-	-	4,934	4,934	None		N/A
iNovia Growth Fund II-A, L.P.	-	-	-	792	792	None		N/A
Jen 7 Parallel Fund	-	-	-	627	627	None		N/A
Luminate Capital Partners III, LP	-	-	-	611	611	None		N/A
Peppertree Capital Fund IX QP LP	-	-	-	1,670	1,670	None		N/A
Peppertree Capital Fund X QP, LP	-	-	-	666	666	None		N/A
RockCreek Impact Fund - Private	-	-	-	1,256	1,256	None		N/A
Yosemite Fund I, L.P.	-	-	-	150	150	None		N/A
IIA	-	-	144	-	144	None		N/A
Total	-	-	144	63,553	63,697			
Total investments	109,116	-	144	178,223	287,483			
Other assets:								
Cash and cash equivalents	31,310	-	-	-	31,310			
Bond funds held in trust:								
Cash and cash equivalents	49,314	-	-	-	49,314			
United States Treasury Securities	-	28,326	-	-	28,326			
Perpetual trust	-	-	26,614	-	26,614			
Total other assets	80,624	28,326	26,614	-	135,564			
Total	\$ 189,740	\$ 28,326	\$ 26,758	\$ 178,223	\$ 423,047			

	2024					Redemption or Liquidation	Lock up Expiration	Days' Notice
	Level 1	Level 2	Level 3	NAV (1)	Total			
Investments:								
Cash and cash equivalents	\$ 23,488	\$ -	\$ -	\$ -	\$ 23,488	Daily		One
Domestic fixed income:								
Fixed income (IIT)	963	-	-	-	963	Daily		One, Trade Day + 2
Fixed income (IITRI)	3,436	-	-	-	3,436	Daily		One
iShares Core U.S. Aggregate Bond ETF	12,738	-	-	-	12,738	Daily		One, Trade Day + 2
iShares TIPS Bond ETF	3,453	-	-	-	3,453	Daily		One, Trade Day + 2
iShares U.S. Treasury Bond ETF	7,742	-	-	-	7,742	Daily		One, Trade Day + 2
JPMorgan Ultra-Short Income ETF	4,793	-	-	-	4,793	Daily		One, Trade Day + 2
Total	33,125	-	-	-	33,125			
Domestic equities:								
State Street Global	1,574	-	-	-	1,574	Daily		One, Trade Day + 2
Adams Fund - Adage Series	-	-	-	14,656	14,656	Quarterly		60
Heard High Conviction Long Only Fund LLC	-	-	-	6,844	6,844	Quarterly		45
Invesco S&P 500 Equal Weight ETF	6,771	-	-	-	6,771	Daily		One, Trade Day + 2
iShares Core S&P Total U.S. Stock Market ETF	22,223	-	-	-	22,223	Daily		One, Trade Day + 2
Total	30,568	-	-	21,500	52,068			
Global equities:								
AKO European Long Only Fund, Ltd	-	-	-	6,776	6,776	Quarterly		30
Adams Fund - Ownership Series	-	-	-	13,229	13,229	Monthly		5
Children's Investment Fund, Ltd (The)	-	-	-	13,862	13,862	Every 24 months	2/1/2024	120
iShares Core MSCI Emerging Markets ETF	2,083	-	-	-	2,083	Daily		One, Trade Day + 2
iShares Core MSCI International Developed Markets ETF	6,874	-	-	-	6,874	Daily		One, Trade Day + 2
iShares MSCI Japan Index Fund	8,486	-	-	-	8,486	Daily		One, Trade Day + 2
Kalorama Separate Account Ichigo	-	-	-	3,635	3,635	Every 18 months		60
Kalorama Separate Account Overlook	-	-	-	4,189	4,189	Quarterly		60
Total	17,443	-	-	41,691	59,134			

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NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

	2024					Redemption	Lock up	Days'
	Level 1	Level 2	Level 3	NAV (1)	Total	or Liquidation	Expiration	Notice
Alternative funds:								
Kalorama Separate Account CBRE Segregated Portfolio	\$ -	\$ -	\$ -	\$ 6,700	\$ 6,700	Quarterly		60
Clarion Lion Properties Fund, LP	-	-	-	4,633	4,633	Quarterly		90
Deerfield Partners, L.P.	-	-	-	785	785	36 months, Quarterly	4/1/2024	90
EcoR1 Capital Offshore Fund, Ltd.	-	-	-	3,260	3,260	Every 6 months	1/1/2024	60
Kalorama Separate Account Braidwell	-	-	-	792	792	Quarterly		90
Kalorama Separate Account Diameter	-	-	-	5,865	5,865	Quarterly		90
Kalorama Separate Account Laurion	-	-	-	5,823	5,823	12 months, Quarterly		45
Kalorama Separate Account Relative Value	-	-	-	6,908	6,908	Annual	1/1/2025	45
Mariner Atlantic Multi-Strategy Fund, Ltd	-	-	-	7,030	7,030	12 months, Quarterly		60
SPDR Gold Trust (ETF)	5,012	-	-	-	5,012	Daily		One, Trade Day + 2
StoneCastle FICA	-	-	-	45	45	Daily		One, Trade Day + 2
Wilson Fund SPC, Ltd (FJ Capital)	-	-	-	117	117	Daily		60
Total	5,012	-	-	41,958	46,970			
Private equity and venture								
Base10 Advancement Initiative I, L.P.	-	-	-	401	401	None		N/A
Bond II, LP	-	-	-	1,595	1,595	None		N/A
Bond III, LP	-	-	-	129	129	None		N/A
Coatue Growth V Offshore Feeder Fund LP	-	-	-	612	612	None		N/A
Commonfund Endowment Venture	-	-	-	1	1	None		N/A
Deerfield Private Design Fund V, L.P.	-	-	-	1,242	1,242	None		N/A
Foundation Capital X, L.P.	-	-	-	1,172	1,172	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2016	-	-	-	15,492	15,492	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2020 - A	-	-	-	2,941	2,941	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - A	-	-	-	2,553	2,553	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - B	-	-	-	1,836	1,836	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - C	-	-	-	661	661	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - D	-	-	-	1,972	1,972	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - E	-	-	-	626	626	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - F	-	-	-	243	243	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - G	-	-	-	2,546	2,546	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - H	-	-	-	330	330	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2021 - I	-	-	-	125	125	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2022 - A	-	-	-	1	1	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2022 - C	-	-	-	57	57	None		N/A
Georgetown Opportunistic Fund Series LLC - Series 2022 - D - Sub-	-	-	-	185	185	None		N/A
Georgetown Opportunistic Fund Series LLC - Series Core	-	-	-	98	98	None		N/A
Hirtle Callaghan PE Fund XII	-	-	-	7,152	7,152	None		N/A
Hirtle Callaghan Private Equity Fund XI, L.P.	-	-	-	5,360	5,360	None		N/A
iNovia Growth Fund II-A, L.P.	-	-	-	614	614	None		N/A
IPI Partners Fund II, LP	-	-	-	2,946	2,946	None		N/A
Jen 7 Parallel Fund	-	-	-	566	566	None		N/A
Luminate Capital Partners III, LP	-	-	-	508	508	None		N/A
Peppertree Capital Fund IX QP LP	-	-	-	1,624	1,624	None		N/A
Peppertree Capital Fund X QP, LP	-	-	-	300	300	None		N/A
RockCreek Impact Fund - Private	-	-	-	1,228	1,228	None		N/A
RoundTable Healthcare Partners Fund I	-	-	-	44	44	None		N/A
IIA	-	-	144	-	144	None		N/A
Total	-	-	144	55,160	55,304			
Total investments	109,636	-	144	160,309	270,089			
Other assets:								
Cash	15,408	-	-	-	15,408			
Perpetual trust	-	-	25,255	-	25,255			
Total other assets	15,408	-	25,255	-	40,663			
Total	\$ 125,044	\$ -	\$ 25,399	\$ 160,309	\$ 310,752			

- (1) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

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NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

Investment Strategy: The investments above include multiple strategies in investments that are intended to either protect capital through unique investment opportunities while finding value when markets are less than optimal or to maximize returns greater than, while providing less correlation to, the volatility of the overall stock markets. Hedge and absolute return investments which seek to protect capital may include strategies such as equity long/short, relative value, even-driven, etc.

The investment portfolio is diversified to minimize the concentration risk of any single security, class of securities, or asset class. Except as disclosed above, there is no provision for redemption during the life of these funds, and the timing of liquidation is unknown.

Aggregate investment liquidity as of May 31, 2025 and 2024, is presented below based on redemption or sale period:

	<u>2025</u>	<u>2024</u>
Investment redemption or sale period:		
Daily	\$ 109,312	\$ 109,798
Monthly	2,791	13,229
Quarterly	67,950	64,093
Annual	7,562	6,908
Subject to rolling lock-ups	36,171	20,757
Redemptions not permitted	<u>63,697</u>	<u>55,304</u>
Total	<u>\$ 287,483</u>	<u>\$ 270,089</u>

The tables below present a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended May 31, 2025 and 2024:

	<u>Beneficial Interest in Perpetual Trusts</u>
Beginning balance, June 1, 2024	\$ 25,255
Net investment return	1,359
Purchase of investment	<u>-</u>
Ending balance, May 31, 2025	<u>\$ 26,614</u>
The amount of total return for the period included in net return on investments attributable to the change in unrealized gain relating to assets still held at May 31, 2025	\$ 1,359

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
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NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

	<u>Beneficial Interest in Perpetual Trusts</u>
Beginning balance, June 1, 2023	\$ 22,505
Net investment return	2,750
Purchase of investment	<u>-</u>
Ending balance, May 31, 2024	<u>\$ 25,255</u>
The amount of total return for the period included in net return on investments attributable to the change in unrealized gain relating to assets still held at May 31, 2024	
	\$ 2,750

NOTE 4 – ENDOWMENTS

The University endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the University has interpreted the State of Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Notwithstanding the foregoing, this determination is not intended to, and shall not, affect the University's authority under UPMIFA to spend any amounts from an endowment fund on a short-term basis even if the market value of the endowment fund is below the original value of the gifts by the donor. As the result of this interpretation, the University classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of the subsequent gifts to the permanent endowments; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund including unrealized gains and losses attributable to those gifts is classified as net assets with donor restrictions as there are specific purpose restrictions that have not been met by the University.

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NOTE 4 – ENDOWMENTS (Continued)

Endowment net assets consist of the following as of May 31, 2025:

	Without Donor Restrictions	With Donor Restrictions			Total Endowment Funds
		Other Funds	Underwater Funds	Total	
Board-designated funds	\$ 64,986	\$ -	\$ -	\$ -	\$ 64,986
Donor-restricted endowment corpus					
Original donor-restricted gifts	-	103,454	114,748	218,202	218,202
Accumulated gains (losses)	-	12,780	(13,489)	(709)	(709)
Donor-restricted endowment pledges	-	7,842	-	7,842	7,842
Total	<u>\$ 64,986</u>	<u>\$ 124,076</u>	<u>\$ 101,259</u>	<u>\$ 225,335</u>	<u>\$ 290,321</u>

Endowment net assets consist of the following as of May 31, 2024:

	Without Donor Restrictions	With Donor Restrictions			Total Endowment Funds
		Other Funds	Underwater Funds	Total	
Board-designated funds	\$ 61,947	\$ -	\$ -	\$ -	\$ 61,947
Donor-restricted endowment corpus					
Original donor-restricted gifts	-	58,708	150,419	209,127	209,127
Accumulated gains (losses)	-	9,690	(16,961)	(7,271)	(7,271)
Donor-restricted endowment pledges	-	10,082	-	10,082	10,082
Total	<u>\$ 61,947</u>	<u>\$ 78,480</u>	<u>\$ 133,458</u>	<u>\$ 211,938</u>	<u>\$ 273,885</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 61,947	\$ 211,938	\$ 273,885
Endowment-related investment return:			
Endowment-related investment income, net	333	1,116	1,449
Endowment-related net realized and unrealized gain	<u>3,704</u>	<u>12,395</u>	<u>16,099</u>
Total endowment-related investment return, net	4,037	13,511	17,548
Additions to endowment	1,082	9,070	10,152
Change in pledges with donor restrictions	-	(2,240)	(2,240)
Appropriation	(6,386)	(20,466)	(26,852)
Other - payment of loan, including interest	3,925	13,136	17,061
Other	<u>381</u>	<u>386</u>	<u>767</u>
Endowment net assets, end of year	<u>\$ 64,986</u>	<u>\$ 225,335</u>	<u>\$ 290,321</u>

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NOTE 4 – ENDOWMENTS (Continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 60,814	\$ 197,985	\$ 258,799
Endowment-related investment return:			
Endowment-related investment income, net	470	1,530	2,000
Endowment-related net realized and unrealized gain	5,879	19,159	25,038
Total endowment-related investment return, net	6,349	20,689	27,038
Additions to endowment	1,089	8,903	9,992
Change in pledges with donor restrictions	-	6,203	6,203
Additional endowment distribution	-	(2,944)	(2,944)
Appropriation	(5,562)	(18,248)	(23,810)
Other	(743)	(650)	(1,393)
Endowment net assets, end of year	\$ 61,947	\$ 211,938	\$ 273,885

Spending Policy and Strategies Employed for Achieving Objectives: The University has adopted an investment policy to provide a stable source of funds to help and support the ongoing operations and activities of the University. Pursuant to this objective, the University seeks to earn a long-term total rate of return sufficient to produce growth of endowment assets, net of spending requirements of 5%, inflation, and investment expenses.

The purpose of the endowment funds is to facilitate donors' desires to make substantial long-term gifts to the University and to develop a new and significant source of revenue for the University. In doing so, the endowment fund will provide a secure, long-term source of funds to: (a) fund special programs; (b) ensure long-term growth; (c) enhance the University's ability to meet changing University needs; and (d) support the administrative expenses of the University as deemed appropriate.

To achieve these goals, the University's spending policy utilizes the total return concept of endowment spending. Under the method adopted by the University, interest and dividends as well as appreciation on investments held by the investment pool are made available for spending. The University's total endowment fund spending is based upon a target percentage of a subset of investments. The target percentage set by the Board of Trustees is 5% of the average quarterly endowment balance for the prior 12 quarters. In fiscal year 2024 the Board of Trustees increased the target percentage to 10.000%, which was the authorization for both fiscal years 2025 and 2024. The University's actual cost was 10.000% and 8.725% for the fiscal years ended May 31, 2025 and 2024, respectively. The endowment distribution expenditures were \$26,852 for fiscal year 2025 and \$23,810 for fiscal year 2024. The Board of Trustees budgeted endowment distribution is \$13,049 for fiscal year 2026.

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NOTE 4 – ENDOWMENTS (Continued)

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 gave to the University to retain as a fund of perpetual duration. These deficiencies are the result of unfavorable investment returns in prior fiscal years, as well as appropriations deemed prudent, for certain programs, by the Board of Trustees. For the year ended May 31, 2025, there were 188 donor-restricted funds with deficiencies totaling approximately \$13,489. The original value of these funds was \$114,748. The aggregate fair value of these funds was \$101,259. For the year ended May 31, 2024, there were 235 donor-restricted funds with deficiencies totaling approximately \$16,961. The original value of these funds was \$150,419. The aggregate fair value of these funds was \$133,458.

The University has a policy that permits distribution for expenditure from underwater endowment funds, unless otherwise precluded by the donor intent or relevant laws and regulations. The target percentage set by the Board of Trustees is 5% of the average quarterly endowment balance for the prior 12 quarters. So as not to suspend certain programs, it was deemed prudent to appropriate 10.000% and 8.725% for the years ending May 31, 2025 and 2024, respectively. In fiscal year 2025, the total endowment distribution from the underwater endowment funds was \$7,188 and \$12,315 in fiscal year 2024 for the expenditure on the donor restricted program purposes.

In fiscal year 2022, the University made a Board-approved loan of \$15,000 to fund a voluntary retirement incentive plan of \$3,314, and in fiscal year 2023 approved the balance of the loan, \$11,686, for operations. The Executive Committee considered and passed that the remaining loan could be used for operations. In fiscal year 2025, the University repaid the \$15,000 loan with interest of \$2,061.

NOTE 5 – PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give and are summarized as follows at May 31:

	<u>2025</u>	<u>2024</u>
Pledges receivable	\$ 12,848	\$ 21,095
Discount to present value future cash flows	(745)	(1,249)
Allowance for doubtful pledges receivable	<u>(2,729)</u>	<u>(2,570)</u>
Net pledges receivable	<u>\$ 9,374</u>	<u>\$ 17,276</u>

The following is a summary showing the expected timing of collection of total gross unconditional pledges receivable outstanding as of May 31:

	<u>2025</u>	<u>2024</u>
Less than one year	\$ 7,421	\$ 10,087
1 to 5 years	4,756	10,108
More than 5 years	<u>671</u>	<u>900</u>
	<u>\$ 12,848</u>	<u>\$ 21,095</u>

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NOTE 5 – PLEDGES RECEIVABLE (Continued)

As of May 31, 2025 and 2024, the University had received communications from certain donors that they intended to give approximately \$3,221 and \$9,486, respectively, to the University. However, these gifts are not deemed unconditional promises to give and, therefore, have not been recorded as revenue or pledges receivable for fiscal years 2025 and 2024.

NOTE 6 – FINANCING RECEIVABLES

The University's financing receivables consist of a revolving loan fund for Federal Perkins Loans for which the University acts as an agent for the federal government and institutional loan funds created by the University to assist students in funding their education. These loans are valued based on the outstanding principal balance, less an allowance for estimated losses. Interest earned on outstanding loan balances is recorded based on the terms of the individual loan agreements and continues to accrue even when past due.

The University participates in the Federal Perkins Loan program. The Federal Perkins Loan program has been discontinued by the federal government and is closed to new loan originations; the University continues to administer and collect outstanding Perkins loans under the program. Funds held in the federal loan programs of \$885 and \$1,589 are ultimately refundable to the government and are classified as a liability in the consolidated statements of financial position as of May 31, 2025 and 2024, respectively.

Balances of financing receivables as of May 31, 2025, consist of the following:

	<u>Perkins Loans</u>	<u>Institutional Loans</u>	<u>Total</u>
Gross balance	\$ 1,170	\$ 1,997	\$ 3,167
Allowance for credit losses	<u>-</u>	<u>(633)</u>	<u>(633)</u>
Balance at May 31, 2025	<u>\$ 1,170</u>	<u>\$ 1,364</u>	<u>\$ 2,534</u>

Balances of financing receivables as of May 31, 2024, consist of the following:

	<u>Perkins Loans</u>	<u>Institutional Loans</u>	<u>Total</u>
Gross balance	\$ 1,368	\$ 2,027	\$ 3,395
Allowance for credit losses	<u>-</u>	<u>(638)</u>	<u>(638)</u>
Balance at May 31, 2024	<u>\$ 1,368</u>	<u>\$ 1,389</u>	<u>\$ 2,757</u>

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NOTE 6 – FINANCING RECEIVABLES (Continued)

For each class of financing receivables, the following table presents the credit quality indicator as determined by the delinquency status of the loan as of May 31, 2025. The delinquency status is updated monthly by the University's loan servicer.

	<u>Perkins Loans</u>	<u>Institutional Loans</u>	<u>Total</u>
Performing	\$ 999	\$ 447	\$ 1,446
Nonperforming (defaulted)	<u>171</u>	<u>1,550</u>	<u>1,721</u>
Balance at May 31, 2025	<u>\$ 1,170</u>	<u>\$ 1,997</u>	<u>\$ 3,167</u>

The delinquency status as of May 31, 2024, is as follows:

	<u>Perkins Loans</u>	<u>Institutional Loans</u>	<u>Total</u>
Performing	\$ 1,147	\$ 623	\$ 1,770
Nonperforming (defaulted)	<u>221</u>	<u>1,404</u>	<u>1,625</u>
Balance at May 31, 2024	<u>\$ 1,368</u>	<u>\$ 2,027</u>	<u>\$ 3,395</u>

The aging of financing receivables as of May 31, 2025, is presented as follows:

<u>Aging</u>	<u>31-60</u>	<u>61-90</u>	<u>91+</u>	<u>Total Past Due</u>	<u>Total Current</u>	<u>Total</u>
Perkins	\$ 13	\$ 23	\$ 135	\$ 171	\$ 999	\$ 1,170
Institutional	<u>38</u>	<u>12</u>	<u>1,500</u>	<u>1,550</u>	<u>447</u>	<u>1,997</u>
Total	<u>\$ 51</u>	<u>\$ 35</u>	<u>\$ 1,635</u>	<u>\$ 1,721</u>	<u>\$ 1,446</u>	<u>\$ 3,167</u>

The aging of financing receivables as of May 31, 2024, is presented as follows:

<u>Aging</u>	<u>31-60</u>	<u>61-90</u>	<u>91+</u>	<u>Total Past Due</u>	<u>Total Current</u>	<u>Total</u>
Perkins	\$ 37	\$ 43	\$ 392	\$ 472	\$ 896	\$ 1,368
Institutional	<u>16</u>	<u>43</u>	<u>1,497</u>	<u>1,556</u>	<u>471</u>	<u>2,027</u>
Total	<u>\$ 53</u>	<u>\$ 86</u>	<u>\$ 1,889</u>	<u>\$ 2,028</u>	<u>\$ 1,367</u>	<u>\$ 3,395</u>

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ILLINOIS INSTITUTE OF TECHNOLOGY
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NOTE 6 – FINANCING RECEIVABLES (Continued)

The University estimates the credit loss allowance balance by performing an aging analysis and determining the probability of default using relevant available internal and external information, considering past and current conditions and reasonable and supportable forecasts. Notes receivable are charged to the allowance for credit losses when the University determines the receivable is not collectible. Since student loans under the Perkins loan program can be assigned to the government when no longer collectible, a Perkins loan write-off will reduce the amount refundable to the government.

Changes in allowance for estimated losses on financing receivables for the year ended May 31, 2025, are as follows:

Balance at June 1, 2024	\$ 638
Write-off	(5)
Increase reserve	<u>-</u>
Balance at May 31, 2025	<u><u>\$ 633</u></u>

Changes in allowance for estimated losses on financing receivables for the year ended May 31, 2024, are as follows:

Balance at June 1, 2023	\$ 644
Write-off	(31)
Increase reserve	<u>25</u>
Balance at May 31, 2024	<u><u>\$ 638</u></u>

NOTE 7 – PHYSICAL PROPERTIES

The University's consolidated physical properties consisted of the following as of May 31:

	<u>2025</u>	<u>2024</u>
Land and land improvements	\$ 24,092	\$ 24,092
Building and building improvements	603,339	589,352
Equipment	114,651	118,748
Right of use asset	27,830	5,919
Construction in progress	<u>12,619</u>	<u>11,703</u>
Total physical properties	782,531	749,814
Less accumulated depreciation	<u>430,797</u>	<u>407,191</u>
Physical properties, net	<u><u>\$ 351,734</u></u>	<u><u>\$ 342,623</u></u>

The estimated cost to complete construction in progress at May 31, 2025 was approximately \$124.

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NOTE 8 – BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The University is an income beneficiary of certain irrevocable trusts that are held and controlled by independent trustees. The University has no equity interest in the principal of these trusts. At May 31, 2025 and 2024, the share of these trusts from which the University derives income had a combined fair value of \$26,614 and \$25,255, respectively. These trusts provided investment income without donor restrictions of \$923 and \$1,096 in fiscal years 2025 and 2024, respectively.

NOTE 9 – NOTES AND BOND PAYABLE

Notes and bonds payable consist of the following at May 31:

		<u>2025</u>	<u>2024</u>
IFA Bonds, Series 2018 payable in varying installments through 2034	3.60%	\$ -	\$ 31,550
IFA Bonds, Series 2019, payable in varying installments through 2042	5% and 4%	107,985	111,130
IFA Bonds, Series 2025A, payable in varying installments through 2046	5.875%	127,200	-
IFA Bonds, Series 2025B, payable in varying installments through 2039	8.250%	67,800	-
IITRI - IFA Series 2014, payable in varying installments through 2034	Variable	2,088	2,320
Bond discount - Series 2025AB		(6,944)	-
Bond premium payable - Series 2019		6,863	8,478
		<u>304,992</u>	<u>153,478</u>
Lines of credit	Variable	-	44,725
Trustee loans	Variable	10,000	20,000
Pathward loan	Variable	782	-
Bond issuance costs		(4,857)	(1,465)
		<u>\$ 310,917</u>	<u>\$ 216,738</u>

The following is a summary of required principal payments on outstanding secured obligations as of May 31, 2025:

<u>Fiscal year ending:</u>	<u>Bond Principal</u>	<u>Notes Payable Principal</u>	<u>Total</u>
2026	\$ 3,437	\$ 157	\$ 3,594
2027	3,512	10,157	13,669
2028	3,592	156	3,748
2029	3,647	156	3,803
2030	3,712	156	3,868
2031 and thereafter	<u>287,173</u>	<u>-</u>	<u>287,173</u>
	<u>\$ 305,073</u>	<u>\$ 10,782</u>	<u>\$ 315,855</u>

(Continued)

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NOTE 9 – NOTES AND BOND PAYABLE (Continued)

In June of 2018, the University issued \$40,250 in fixed rate revenue bonds through the Illinois Finance Authority (IFA Series 2018) and Wintrust Bank. Proceeds from the bonds were used to reimburse the University for the costs of the acquisition of on campus student resident facilities, refund the IFA Series 2009 Bonds issued in the original principal amount of \$30,000, of which \$25,440 remained outstanding, and to finance or reimburse the University for certain of the costs incurred in connection with the issuance of IFA Series 2018 and the refunding of the IFA Series 2009. The fixed rate on the Series 2018 Bonds was 3.6% per annum. The IFA Series 2025 AB bonds refinanced the IFA Series 2018 bonds. Refer below to the refinancing of the 2018 bonds.

In December of 2019, the University issued \$122,915 in fixed rate revenue bonds through the Illinois Finance Authority (IFA Series 2019). The bonds were issued at a premium of \$15,611, which is being amortized against interest expense over the call period of ten years. Proceeds from the bonds were used to refund the IFA Series 2006 Bonds issued in the original principal amount of \$160,000, of which \$135,125 remained outstanding, and to finance or reimburse the University for certain of the costs incurred in connection with the issuance of IFA Series 2019 and the refunding of the IFA Series 2006. The refunding lowered principal and resulted in an effective interest rate of 3.52%. The fixed rates on the Series 2019 Bonds are 5% and 4% with serial bonds maturing from September 2020 through 2041.

In May of 2025, the University issued \$195,000 in fixed rate revenue bonds through the Illinois Finance Authority (IFA Series 2025AB). The par amount of the IFA Series 2025A tax-exempt bonds was \$127,200 and the IFA Series 2025B taxable bonds was \$67,800. The Bonds were issued at a discount of \$6,944 with maturity dates of September 1, 2039, and September 1, 2046, and interest rates of 8.250% and 5.875% respectively.

Proceeds from the bonds were used to: (1) fund \$29,451 to currently refund the IFA Series 2018 bonds; (2) refinance \$44,873 of outstanding indebtedness consisting of two lines of credit; (3) finance or reimburse \$62,700 for all or a portion of the costs of various capital projects; (4) fund \$19,013 for separate debt service reserve funds for the bonds; (5) fund \$28,326 of capitalized interest on a portion of the bonds; and (6) fund \$3,717 of costs of issuance for the bonds.

The University maintained funds held in trust by the bond trustee under the Series 2025 Indenture. These assets are limited as to use and are not available to support general operations. Balances consisted of: (i) a Debt Service Reserve Fund to meet debt service requirements, \$19,014; (ii) a Project Fund to finance authorized project costs, \$30,300; and (iii) a Capitalized Interest Fund to pay interest on the bonds, \$28,326. Amounts are invested in cash and short-term instruments and will be applied in accordance with the Indenture; the Debt Service Reserve Fund may be used to cure shortfalls in scheduled principal and interest and is subject to replenishment provisions. These balances are reported within restricted cash held by bond trustee and restricted investments held by bond trustee in the statement of financial position.

IFA Series 2019 and 2025AB bonds are in compliance with the requirements of Illinois state statute and the Illinois Finance Authority Act regarding the use of proceeds derived from the issuance of bonds. Under the Act, proceeds from such bonds must be applied solely to capital projects and related costs.

In August 2004, IITRI issued an \$18,820 bond issue of adjustable-rate demand debt under the tax-exempt authority of the Illinois Finance Authority (IFA Series 2004). The proceeds from the sale were used to renovate and construct lab and office space; establish a debt service reserve fund and pay certain costs incurred in connection with the bond issue. In February 2014, IITRI entered into a bond and loan agreement with the Illinois Finance Authority and North Shore Community Bank. IITRI issued a \$10,400 Revenue

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NOTE 9 – NOTES AND BOND PAYABLE (Continued)

Refunding Bond (IFA Series 2014) that was sold to North Shore Community Bank and Trust. IITRI used the proceeds and certain other funds to refund and redeem the Series 2004 Bond. In February 2024, North Shore Community Bank and Trust agreed to continue to hold the bond to maturity. Starting February 1, 2025, and continue until the bond matures in 2034, the new principal payments on the Bond will be reduced from \$520 per a year to \$232 per a year. The interest rate is variable and reset by North Shore Community Bank on a monthly basis. The interest rate is based on an applicable factor of 74% times the sum of the Secured Overnight Financing Rate (“SOFR”) plus the applicable margin of 105 basis points on May 31, 2025 and 2024 the rates were 4.06% and 4.79%, respectively.

The University maintains a line of credit agreement that allows borrowings up to \$19,725. Borrowings under the line of credit bear interest at the daily SOFR rate plus two hundred and fifty basis points. The borrowing under the line of credit is payable on demand, but if no demand is made, the borrowing shall automatically mature on the next interest payable date following the date the loan is made. The amount outstanding under the agreement was \$19,725 for year ended May 31, 2024. The full amount of the line of credit was refinanced with the IFA Series 2025AB bonds and was terminated in May 2025.

In August 2020, the University entered into an additional line of credit agreement that allows borrowings up to \$25,000 in 2021. Borrowings under the line of credit bear interest at the daily SOFR rate plus two hundred and fifty basis points. The borrowing under the line of credit is payable on demand, but if no demand is made, borrowing shall automatically mature on the next interest payable date following the date the loan is made. The amount outstanding under the agreement was \$25,000 for year ended May 31, 2024. The full amount of the line of credit was refinanced with the IFA Series 2025AB bonds and was terminated in May 2025.

In December 2022, the University entered into two subordinated promissory note agreements totaling \$20,000 with two trustee affiliated organizations. The notes accrue interest at the short-term applicable federal rate less one hundred basis points determined as of the date of the loan. Repayment of the principal amount and any unpaid interest is due on or before the first anniversary date. However, the University has extensions of time for payment, renewals of the notes and acceptance of partial payments, whether before, at, or after maturity, all or any of which may be made without notice and without affecting the University’s liability to the trustee affiliated organizations. As of May 31, 2025, one of the notes has been paid in full with interest. The remaining promissory note matures on August 31, 2026. At May 31, 2025, the interest rate was 3.55%.

In November 2023, the University entered into an irrevocable standby letter of credit with CIBC Bank USA, issued in favor of Zoe Life 400 Aberdeen LLC to support the University’s obligations under a lease; the instrument permits partial and multiple drawings up to \$1,250. The letter of credit expired on October 20, 2024, and automatically renews for successive one-year periods unless the issuer provides 30 days’ notice of non-renewal, but not beyond October 31, 2039. Refer to Note 13 for information regarding the Zoe Life 400 Aberdeen LLC transaction.

In January 2025, the University entered into an agreement with Pathward National Association for the funding of the artificial turf field replacement on campus. The amount financed was \$782. The interest rate is based on the yield of 5-year interest rate swaps (index rate), which was 4.25% at the time of the agreement. The term is five years.

The University and IITRI are subject to certain debt covenants. As of May 31, 2025, management believes those covenants have been either met or waived by the lender.

Subsequent to May 31, 2025, the University entered into a new Revolving Line of Credit (“LOC”). Refer to Note 17 for information regarding this transaction.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024
(In thousands of dollars)

NOTE 10 – EMPLOYEE BENEFIT PLANS

Retirement Plan: Substantially all full-time employees of the University and IITRI are participants in defined contribution retirement plans that are funded by contributions from the University, IITRI, and participating employees. Total contributions made under the plans for the years ended May 31, 2025 and 2024 were \$7,827 and \$406 by the University and \$764 and \$814 by IITRI, respectively.

Healthcare Benefits Plans: The University maintains a healthcare benefits plan (the Plan) that provides for certain major medical, surgical, and other benefits for all eligible employees and dependents. The Plan is partially self-funded by the University, subject to stop-loss arrangements. Under this Plan, the University makes contributions to cover benefits not funded by employees, limited by stop-loss amounts.

IITRI offers a healthcare benefits plan (the Plan) that provides for certain medical and dental expense coverage, including certain vision discounts for all eligible employees and dependents. The Plan is fully insured and underwritten by Blue Cross Blue Shield of Illinois (medical), United Healthcare (dental) and Eyemed (vision). Under this Plan, premium contributions are shared by both IITRI and plan participants.

Accrued Postretirement Benefit Obligation: The University created a retirement incentive program for tenured faculty in November 2006. As part of the incentive program, certain medical benefits are offered to participants. A reconciliation of the plan's funded status with the accrued benefit cost reported on the consolidated statements of financial position at May 31, is presented below. The accumulated postretirement benefit obligation disclosed below is the actuarial value of future benefits for employees' service rendered through the measurement date:

	<u>2025</u>	<u>2024</u>
Accumulated postretirement benefit obligations at beginning of the period	\$ 727	\$ 750
Service cost	11	10
Interest cost	36	35
Actuarial gain	127	66
Actuarial benefit payments net contributions	<u>(154)</u>	<u>(134)</u>
Accumulated postretirement benefit obligation at end of the period	<u>\$ 747</u>	<u>\$ 727</u>

The University follows FASB ASC Section 715 Subtopic 60, *Defined Benefit Plans – Other Postretirement*. The accumulated change to net assets without donor restrictions consisting of amounts that have not yet been recognized in net periodic benefit cost at May 31, are as follows:

	<u>2025</u>	<u>2024</u>
Service cost	\$ 11	\$ 10
Interest cost	<u>36</u>	<u>35</u>
Net periodic postretirement benefit cost	<u>\$ 47</u>	<u>\$ 45</u>

These amounts will be subsequently recognized in future years as components of net periodic pension cost. The estimated amortization of transition obligation, prior service cost, and net losses in the next fiscal year is \$0, \$10, and \$36, respectively.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 – EMPLOYEE BENEFIT PLANS (Continued)

Actuarial Assumptions

The weighted average assumptions used in the accounting for the postretirement plan for the years ended May 31, are shown below:

	<u>2025</u>	<u>2024</u>
Discount rate (expense)	5.42%	4.98%
Discount rate (obligation)	5.75	5.42
Healthcare cost trend rates:		
Healthcare cost trend rate assumed for next year	5.28	5.28
Ultimate rate	5.69	5.69
Year that the ultimate rate is reached	2029	2029

Assumed healthcare cost trend rates have a significant effect on the amounts reported for healthcare plans. A one-percentage point change in assumed healthcare cost trend rates would have the following effects for the fiscal years ended May 31:

	<u>2025</u>	<u>2024</u>
Effect on total service cost and interest cost:		
One-percentage point increase	\$ (4)	\$ (3)
One-percentage point decrease	4	3
Effect on year-end postretirement benefit obligation:		
One-percentage point increase	\$ (39)	\$ (48)
One-percentage point decrease	36	41

Estimated Future Benefits Payments

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

2026	\$ 390
2027	438
2028	449
2029	381
2030	426
2031-2035	2,022

Plan Amendment

Effective August 1, 2007, the plan was amended to eliminate post-65 benefits for all retirees, both current and future. There was also a group of faculty participants who were offered a special option under which the University would reimburse their premiums for post-65 retiree coverage. This special benefit option was only available through May 31, 2008. Participants had to sign up by this date in order to participate.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024
(In thousands of dollars)

NOTE 11 – NET ASSETS

Certain net assets without donor restrictions are designated for specific purposes by the Board of Trustees of the University and are summarized as follows at May 31:

	<u>2025</u>	<u>2024</u>
Board-designated endowment	\$ 64,986	\$ 61,947
Net investment in physical properties	118,457	125,885
Undesignated	<u>(36,851)</u>	<u>(41,861)</u>
Total	<u>\$ 146,592</u>	<u>\$ 145,971</u>

Net assets with donor restrictions consist of the following at May 31:

	<u>2025</u>	<u>2024</u>
General operations	\$ 11,462	\$ 28,888
Endowment	217,493	201,856
Endowment pledges	7,842	10,082
Donor-designated for plant	13,290	8,855
Donor-restricted revolving loan funds	4,767	4,732
Scholarships	2,988	3,195
Split-interest annuity agreements	2,261	2,116
Beneficial interest in perpetual trusts	<u>26,614</u>	<u>25,255</u>
Total	<u>\$ 286,717</u>	<u>\$ 284,979</u>

NOTE 12 – FUNCTIONAL CLASSIFICATION OF EXPENSES

Operating and nonoperating expenses are reported in the consolidated statements of activities by natural business category. The University's primary program services are instruction and research. Expenses reported as academic support, student services, institutional support, and auxiliary enterprises are incurred in support of these primary program services. Expenses are allocated based on square footage.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(In thousands of dollars)

NOTE 12 – FUNCTIONAL CLASSIFICATION OF EXPENSES (Continued)

Consolidated expenses by functional classification are as follows for the years ended May 31:

<u>2025</u>	<u>Program Activities</u>	<u>Supporting Activities</u>	<u>Fundraising</u>	<u>Total</u>
Operating expenses:				
Faculty salaries	\$ 65,676	\$ 1,844	\$ -	\$ 67,520
Administrative salaries	28,811	16,093	6,951	51,855
Part-time salaries	16,499	784	73	17,356
Employee benefits	21,525	7,409	1,203	30,137
Operations and maintenance	20,408	8,259	-	28,667
Supplies and services	44,316	9,404	859	54,579
Professional fees and advertising	18,447	4,507	196	23,150
IITRI research	18,539	2,435	-	20,974
Interest on indebtedness	6,619	3,023	-	9,642
Depreciation	16,684	6,925	-	23,609
Total operating expenses	257,524	60,683	9,282	327,489
Restructuring expenses	-	3,150	-	3,150
Total expenses	<u>\$ 257,524</u>	<u>\$ 63,833</u>	<u>\$ 9,282</u>	<u>\$ 330,639</u>
<u>2024</u>	<u>Program Activities</u>	<u>Supporting Activities</u>	<u>Fundraising</u>	<u>Total</u>
Operating expenses:				
Faculty salaries	\$ 63,895	\$ 1,682	\$ -	\$ 65,577
Administrative salaries	27,928	16,100	7,608	51,636
Part-time salaries	16,457	1,047	63	17,567
Employee benefits	13,934	5,836	1,532	21,302
Operations and maintenance	19,100	8,293	-	27,393
Supplies and services	39,023	9,530	903	49,456
Professional fees and advertising	15,257	5,198	205	20,660
IITRI research	20,567	1,340	-	21,907
Interest on indebtedness	6,963	3,163	-	10,126
Depreciation	16,868	6,445	-	23,313
Total operating expenses	239,992	58,634	10,311	308,937
Restructuring expenses	-	3,538	-	3,538
Total expenses	<u>\$ 239,992</u>	<u>\$ 62,172</u>	<u>\$ 10,311</u>	<u>\$ 312,475</u>

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024
(In thousands of dollars)

NOTE 13 – LEASES

The University has obligations as a lessee for networking and copier equipment. These leases are classified as operating leases. Payments due under the lease contracts include fixed payments plus variable payments. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

These leases have remaining lease terms of 1 year to 2 years.

In October 2023, the University entered into a 15-year lease with Zoe Life 400 Aberdeen LLC for approximately 424,642 square feet of laboratory, research, office, and retail area. This lease also includes the rental of 33,972 square feet for a chemical and product storage area. The rent is fully abated in months one through fifteen and partially abated in months sixteen to thirty. The lease commencement date was October 1, 2024. A right of use asset and lease liability was recorded for \$21,937 as of the lease commencement date.

The University's research and development building space requires it to make variable payments for the University's share of the building's property taxes, insurance, and common area maintenance. These variable lease payments will not be included in lease payments used to determine lease liability and will be recognized as variable costs when incurred.

Operating leases are included in physical properties, less accumulated depreciation and lease liabilities in the consolidated statements of financial position.

The components of lease expense were as follows:

<u>Year Ending May 31:</u>	<u>2025</u>	<u>2024</u>
Operating lease cost	<u>\$ 997</u>	<u>\$ 1,135</u>

Supplemental cash flow information related to leases is as follows:

<u>Year Ending May 31:</u>	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 997	\$ 1,135

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024
(In thousands of dollars)

NOTE 13 – LEASES (Continued)

Supplemental balance sheet information related to leases is as follows:

<u>Year Ending May 31:</u>	<u>2025</u>	<u>2024</u>
Operating leases		
Right of use asset, net of accumulated depreciation	\$ 20,160	\$ 39
Lease liability	<u>\$ 21,949</u>	<u>\$ 34</u>
Weighted average remaining lease terms		
Operating leases	14 years	2 years
Weighted average discount rate		
Operating leases	6.0%	1.4%

Maturities of lease liabilities were as follows:

<u>Year Ending May 31:</u>	<u>Operating Leases</u>
2026	\$ 776
2027	1,889
2028	2,142
2029	2,197
2030	2,252
2031 and thereafter	<u>23,918</u>
Total lease payments	33,174
Less imputed interest	<u>(11,225)</u>
Total	<u>\$ 21,949</u>

In January 2006, the University entered into a 55-year ground lease agreement with Townsend Chicago, LLC (Townsend). Future minimum lease payments to be received for the next five years are as follows:

2026	\$ 187
2027	191
2028	195
2029	199
2030	203

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024
(In thousands of dollars)

NOTE 14 – BROADBAND LICENSE, COGEN, AND TRIGEN

The University had held two licenses with the Federal Communications Commission (FCC) since 1976. The license period for each channel is 10 years in duration and requires the payment of a nominal licensing fee with each renewal. In 2005, the FCC split the channels into two categories: Educational Broadband Services (EBS), and Broadband Radio Services (BRS). The FCC allows commercial entities to own the licensing to BRS channels, but only educational institutions can own the licensing to EBS channels.

The University had leased the excess capacity on its two licensed channels to Clearwire Spectrum Holdings III, LLC (Clearwire). In December 2017, the University entered into an agreement with Clearwire to cancel one of its existing license with the FCC on the BRS channel and terminate the related lease agreement with Clearwire for that channel's excess capacity to permit Clearwire to obtain the channel from the FCC. In February 2018, the license on that channel was cancelled with the FCC.

In May 2022, the University entered into an agreement to sell its license in its EBS channel to Clearwire Spectrum Holdings III LLC. The total consideration paid for the license was \$55,000. The consideration is payable by Clearwire to the University according to the following payment schedule:

Year Ending May 31,

2026	\$ 3,000
2027	3,000
2028	3,000
2029	3,000
2030	3,000
2031 and thereafter	<u>3,000</u>
	<u>\$ 18,000</u>

The University accounted for the sale of the Utility System assets with IIT Energy Tech Partners, LLC ("ETP"), as a sales type lease and recognized a gain on sale of fixed asset of \$8,228 for the year ended May 31, 2022. The University accounted for the right to operate the Utility System as a deferred vendor incentive of \$18,378. As of May 31, 2025 and 2024, the deferred vendor incentive was \$16,610 and \$17,072, respectively. For the years ended May 31, 2025 and 2024, the University amortized, on a straight-line basis, \$461, respectively, as a reduction of operation and maintenance expense. The term of the agreement is 40 years. The University continues to evaluate alternatives for funding additional energy projects through the current contract.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024
(In thousands of dollars)

NOTE 14 – BROADBAND LICENSE, COGEN, AND TRIGEN (Continued)

On November 22, 2024, the University and ETP executed a First Amendment to their Long-Term Utility Agreement to authorize the development of a combined cooling, heat, and power facility on the Mies Campus (the Trigeneration Project). The Amendment designates the Trigeneration Project as an approved capital improvement and energy conservation measure.

Under the Amendment, ownership of capital improvements, including the Trigeneration Project, will generally remain with ETP unless otherwise agreed. The Amendment also provides flexibility to modify the project's structure to enable the University to benefit from available federal or state tax incentives, such as those under the Inflation Reduction Act.

Because the Trigeneration Project is structured as an ETP-owned capital improvement, the University does not record the related project assets. Project costs are recognized through ongoing service charges, with any incremental costs associated with the Trigeneration Project recognized prospectively as incurred.

NOTE 15 – CONTINGENCIES

The University is a defendant in legal proceedings arising in the ordinary course of its business. Although the outcome of these proceedings cannot presently be determined, in the opinion of management, disposition of these proceedings will not have a material adverse effect on the financial position of the University.

The amount of grants and contracts reflected in the consolidated financial statements is subject to review and adjustment by contracting agencies, principally, the federal government. The amount, if any, of expenses that may be disallowed by the contracting agencies cannot be determined at this time. It is the opinion of management that such disallowances, if any, will not be significant.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024
(In thousands of dollars)

NOTE 16 – LIQUIDITY AND AVAILABILITY

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

	2025		2024	
	<u>University</u>	<u>IITRI</u>	<u>Consolidated</u>	<u>Consolidated</u>
Financial assets:				
Cash and cash equivalents	\$ 31,310	\$ -	\$ 31,310	\$ 15,408
Non-endowment investments	2,997	2,008	5,005	6,285
Accounts receivable, net	23,593	5,438	29,031	33,708
Pledge payments available for operations	3,192	-	3,192	4,373
Subsequent year's endowment payout	13,779	-	13,779	13,780
Total financial assets available within one year	<u>74,871</u>	<u>7,446</u>	<u>82,317</u>	<u>73,554</u>
Total financial assets and liquidity resources available within one year	<u>\$ 74,871</u>	<u>\$ 7,446</u>	<u>\$ 82,317</u>	<u>\$ 73,554</u>

The University's cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year end. To manage liquidity, the University maintains a line of credit that is drawn upon as needed during the year to manage cash flows. For each year ended May 31, 2025 and 2024, the amount outstanding under the lines of credit amounted to \$0 and \$44,725. Refer to Note 17 for the line of credit entered into by the University subsequent to fiscal year end.

In addition, as of May 31, 2025 and 2024, the University has approximately \$65,000 and \$62,000, respectively, in funds functioning as endowment net of subsequent year appropriation, which is available for general expenditure with Board approval.

NOTE 17 – SUBSEQUENT EVENTS

In connection with the preparation of the consolidated financial statements and in accordance with FASB ASC Topic 855, *Subsequent Events*, management evaluated subsequent events after the statement of financial position date of May 31, 2025 through November 10, 2025, which was the date the consolidated financial statements were issued. Identified subsequent events are discussed below.

On August 29, 2025, the University entered into a new Revolving Line of Credit ("LOC") with PNC Bank in an amount up to and not to exceed \$20,000 for general corporate and working capital purposes. The LOC expires on August 29, 2026.

The trustee loan of \$10,000 plus accrued interest was forgiven in November 2025.

The University's fiscal 2026 budget has been affected by recent federal administrative actions related to foreign student visa regulations and restrictions on indirect cost recovery. Management is assessing various strategies to address the anticipated loss of revenue associated with these changes.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024
(In thousands of dollars)

NOTE 18 – RELATED PARTY TRANSACTIONS

The University has certain members of its Board of Trustees who have financial interests in entities which engage in business transactions with the University. These entities include Forward Space LLC, Collegis Education, Airgas USA LLC, and Global Grounds. The terms of the agreements and contracts with these entities are consistent with the University's policy and code of ethics. The terms are no more or less favorable to the University than could have been obtained from unrelated entities.

The consolidated financial statements include IIT, IITRI and IIT India. Transactions between these related organizations included reimbursement for purchases of goods or services or sharing of facilities. All inter-organizational balances have been eliminated in the consolidated financial statements. The University had contributions from Board members of \$36,535 and \$8,091 as of May 31, 2025 and 2024, respectively. The University had outstanding pledges receivable from Board members of \$2,202 and \$4,174 as of May 31, 2025 and 2024, respectively.

SUPPLEMENTARY INFORMATION

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
May 31, 2025
(In thousands of dollars)

	University	IITRI	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 31,310	\$ -	\$ -	\$ 31,310
Restricted cash held by bond trustee	49,314	-	-	49,314
Notes and accounts receivable:				
Grants and contracts, less allowance of \$778	7,378	5,438	-	12,816
Students:				
Tuition, less allowance of \$1,632	15,027	-	-	15,027
Notes, less allowance of \$633	2,534	-	-	2,534
Other, less allowance of \$634	19,188	-	-	19,188
Pledges, net	9,374	-	-	9,374
Affiliated organizations, net	2,889	-	(2,889) (a)	-
Inventories, prepaid expenses, and deferred charges	6,234	86	-	6,320
Equity interest in IITRI	28,554	-	(28,554) (b)	-
Restricted investments held by bond trustee	28,326	-	-	28,326
Investments	285,475	2,008	-	287,483
Physical properties, less accumulated depreciation	321,129	31,891	(1,286) (c)	351,734
Beneficial interest in perpetual trusts	26,614	-	-	26,614
	<u>\$ 833,346</u>	<u>\$ 39,423</u>	<u>\$ (32,729)</u>	<u>\$ 840,040</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	\$ 16,477	\$ 5,664	\$ (2,889) (a)	\$ 19,252
Accrued salaries and wages	16,841	692	-	17,533
Deferred revenue	13,757	1,139	-	14,896
Deposits by students and others	3,076	-	-	3,076
Accrued postretirement benefit obligation	747	-	-	747
Obligation under split-interest agreements	593	-	-	593
Lease liability	21,949	1,286	(1,286) (c)	21,949
Advances from U.S. government for student loans	885	-	-	885
Asset retirement obligation	273	-	-	273
Deferred vendor incentive	16,610	-	-	16,610
Debt:				
Bonds payable	302,985	2,088	-	305,073
Notes payable	10,782	-	-	10,782
Bond premium payable	6,863	-	-	6,863
Bond discounts	(6,944)	-	-	(6,944)
Cost of issuance	(4,857)	-	-	(4,857)
Total debt	<u>308,829</u>	<u>2,088</u>	<u>-</u>	<u>310,917</u>
Total liabilities	<u>400,037</u>	<u>10,869</u>	<u>(4,175)</u>	<u>406,731</u>
Net assets:				
Without donor restrictions	146,592	28,554	(28,554) (b)	146,592
With donor restrictions	286,717	-	-	286,717
Total net assets	<u>433,309</u>	<u>28,554</u>	<u>(28,554)</u>	<u>433,309</u>
	<u>\$ 833,346</u>	<u>\$ 39,423</u>	<u>\$ (32,729)</u>	<u>\$ 840,040</u>

- (a) Elimination of inter-entity accounts payable/receivable
(b) Elimination of equity interest in IITRI
(c) Elimination of inter-entity lease obligations

See accompanying Independent Auditor's Report.

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended May 31, 2025
(In thousands of dollars)

	Without Donor Restrictions				With Donor Restrictions	
	University	IITRI	Inter-entity Eliminations	Total	University	Total
Operating revenue:						
Tuition and fees, net of scholarships of \$153,563	\$ 157,155	\$ -	\$ -	\$ 157,155	\$ -	\$ 157,155
Government grants and contracts	55,274	13,889	-	69,163	-	69,163
Private grants and contracts	3,260	9,415	-	12,675	-	12,675
Private gifts	30,724	-	-	30,724	4,553	35,277
Endowment spending distribution	26,852	-	-	26,852	-	26,852
Sales and services of auxiliary enterprises, net	16,927	-	-	16,927	-	16,927
Other sources	14,646	-	(1,929) (a)	12,717	-	12,717
Net assets released from restrictions	7,561	-	-	7,561	(7,561)	-
Total operating revenue	<u>312,399</u>	<u>23,304</u>	<u>(1,929)</u>	<u>333,774</u>	<u>(3,008)</u>	<u>330,766</u>
Operating expenses:						
Faculty salaries	67,520	-	-	67,520	-	67,520
Administrative salaries	51,855	-	-	51,855	-	51,855
Part-time salaries	17,356	-	-	17,356	-	17,356
Employee benefits	30,137	-	-	30,137	-	30,137
Operations and maintenance	28,667	-	-	28,667	-	28,667
Supplies and services	54,579	-	-	54,579	-	54,579
Professional fees and advertising	23,150	-	-	23,150	-	23,150
IITRI research	-	22,903	(1,929) (a)	20,974	-	20,974
Interest on indebtedness	9,553	89	-	9,642	-	9,642
Depreciation	21,880	1,729	-	23,609	-	23,609
Total operating expenses	<u>304,697</u>	<u>24,721</u>	<u>(1,929)</u>	<u>327,489</u>	<u>-</u>	<u>327,489</u>
Increase (decrease) in net assets from operating activities	7,702	(1,417)	-	6,285	(3,008)	3,277
Nonoperating revenue and expenses:						
Private gifts	-	-	-	-	10,298	10,298
Change in donor designation	(217)	-	-	(217)	217	-
Return on investments, net	3,815	181	-	3,996	13,641	17,637
Net gain on beneficial interest in perpetual trusts	-	-	-	-	1,359	1,359
Endowment spending distribution	(6,370)	-	-	(6,370)	(20,482)	(26,852)
Restructuring expenses	(3,150)	-	-	(3,150)	-	(3,150)
Net loss on disposal of asset	(88)	-	-	(88)	-	(88)
Other	325	(160)	-	165	(287)	(122)
Equity income from IITRI	(1,396)	-	1,396 (b)	-	-	-
(Decrease) increase in net assets from nonoperating activities	(7,081)	21	1,396	(5,664)	4,746	(918)
Increase (decrease) in net assets	621	(1,396)	1,396	621	1,738	2,359
Net assets at beginning of year	<u>145,971</u>	<u>29,950</u>	<u>(29,950)</u>	<u>145,971</u>	<u>284,979</u>	<u>430,950</u>
Net assets end of year	\$ 146,592	\$ 28,554	\$ (28,554)	\$ 146,592	\$ 286,717	\$ 433,309

(a) Elimination of inter-entity utility income and expense

(b) Elimination of equity interest in IITRI earnings and contribution to IIT

See accompanying Independent Auditor's Report.

ILLINOIS INSTITUTE OF TECHNOLOGY
CONSOLIDATING STATEMENT OF CASH FLOWS
Year ended May 31, 2025
(In thousands of dollars)

	University	IITRI	Eliminations	Total
Cash flows from operating activities:				
Change in net assets	\$ 2,359	\$ (1,396)	\$ 1,396 (a)	\$ 2,359
Adjustments to reconcile change in net assets to net cash from operating activities:				
Private gifts restricted for long-term investment	(2,568)	-	-	(2,568)
Depreciation	21,880	1,729	-	23,609
Amortization	(5,007)	213	-	(4,794)
Net gain on investments	(15,959)	-	-	(15,959)
Net gain on beneficial interest in perpetual trust	(1,359)	-	-	(1,359)
Net loss on disposal of assets	87	-	-	87
Accretion on asset retirement obligation	254	-	-	254
Changes in assets and liabilities:				
Receivables: tuition, grants, pledges, and other	13,693	917	1,057 (b)	15,667
Inventories, prepaid expenses, and deferred charges	(721)	354	-	(367)
Equity interest in IITRI	1,396	-	(1,396) (a)	-
Accounts payable and accrued expenses	(6,280)	769	(1,057) (b)	(6,568)
Accrued salaries and wages	(490)	(132)	-	(622)
Deferred revenue	(1,764)	(2,265)	-	(4,029)
Lease liability	(9)	(186)	186 (c)	(9)
Deposits by students and others	(18)	-	-	(18)
Accrued postretirement benefit obligation	20	-	-	20
Obligations under split-interest agreements	20	-	-	20
Asset retirement obligation	(433)	-	-	(433)
Deferred vendor incentive	(462)	-	-	(462)
Net cash from operating activities	<u>4,639</u>	<u>3</u>	<u>186</u>	<u>4,828</u>
Cash flows from investing activities:				
Proceeds from sale of investments	127,354	1,427	-	128,781
Purchase of investments	(115,216)	-	-	(115,216)
Purchase of investments held by bond trustee	(28,326)	-	-	(28,326)
Purchase of physical properties	(8,524)	(2,386)	(186) (c)	(11,096)
Issuance of notes receivable	(78)	-	-	(78)
Payments received on notes receivable	273	-	-	273
Net cash from investing activities	<u>(24,517)</u>	<u>(959)</u>	<u>(186)</u>	<u>(25,662)</u>
Cash flows from financing activities:				
Private gifts restricted for long-term investment	2,568	-	-	2,568
Return of capital to U.S. government for student loans	(704)	-	-	(704)
Repayment on endowment loan	(15,000)	-	-	(15,000)
Proceeds on notes and bonds payable	188,838	-	-	188,838
Payments on notes and bonds payable	(89,420)	(232)	-	(89,652)
Net cash from financing activities	<u>86,282</u>	<u>(232)</u>	<u>-</u>	<u>86,050</u>
Change in cash and cash equivalents and restricted cash held by bond trustee	66,404	(1,188)	-	65,216
Cash and cash equivalents and restricted cash held by bond trustee at:				
Beginning of year	14,220	1,188	-	15,408
End of year	<u>\$ 80,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,624</u>
Supplemental disclosure of cash flow information:				
Cash paid for interest	\$ 9,656	\$ 102	\$ -	\$ 9,758
Construction payable	124	-	-	124
Noncash recognition of new lease	21,949	-	-	21,949

- (a) Elimination of change in equity interest in IITRI
(b) Elimination of change in inter-entity accounts payable/receivable
(c) Elimination of inter-entity lease obligations

See accompanying Independent Auditor's Report.