



**NORTHWEST UNIVERSITY AND NORTHWEST
UNIVERSITY FOUNDATION**

Consolidated Financial Statements

For the Year Ended May 31, 2025

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Independent Auditor's Report

**To the Board of Directors
Northwest University and Northwest University Foundation
Kirkland, Washington**

Opinion

We have audited the financial statements of Northwest University and Northwest University Foundation (collectively, the University) which comprise the consolidated statement of financial position as of May 31, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the University's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 financial statements as a whole.

Clark Nuber P.S.

Certified Public Accountants
September 29, 2025

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION
Consolidated Statement of Financial Position - Assets
May 31, 2025
(With Comparative Totals for 2024)
(In Thousands)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 11,833	\$ 6,873
Prepaid expenses	548	635
Accounts receivable	743	942
Student accounts receivable, net (Note 3)	1,260	1,219
Notes receivable, current portion		12
	<u>14,384</u>	<u>9,681</u>
Total Current Assets	14,384	9,681
Notes receivable, net of current portion		197
Program development costs, net	624	693
Investments (Note 4)	11,863	13,949
Investments held in split interest agreements (Note 4 and 6)	3,197	3,161
Beneficial interest in assets held by other charities (Note 6)	4	4
Property and equipment, net (Note 7)	44,645	45,823
Other assets	174	31
	<u>74,891</u>	<u>73,539</u>
Total Assets	\$ 74,891	\$ 73,539

See accompanying notes.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION
Consolidated Statement of Financial Position - Liabilities and Net Assets
May 31, 2025
(With Comparative Totals for 2024)
(In Thousands)

	<u>2025</u>	<u>2024</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 2,950	\$ 2,447
Student deposits	555	635
Deferred revenue (Note 3)	2,485	1,774
Notes and bonds payable, current portion (Note 8)	<u>2,041</u>	<u>22,466</u>
Total Current Liabilities	8,031	27,322
Notes and bonds payable, net of current portion and unamortized bond fees (Note 8)	19,349	696
Noncurrent accrued expenses	497	15
Split interest agreement obligations (Note 6)	2,128	2,104
Asset retirement obligations	<u>155</u>	<u>155</u>
Total Liabilities	30,160	30,292
Net Assets:		
Without donor restrictions (Note 10)	28,521	27,377
With donor restrictions (Note 11)	<u>16,210</u>	<u>15,870</u>
Total Net Assets	44,731	43,247
Total Liabilities and Net Assets	<u>\$ 74,891</u>	<u>\$ 73,539</u>

See accompanying notes.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended May 31, 2025
(With Comparative Totals for 2024)
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Operating Revenue and Support:				
Tuition and fees	\$ 36,548	\$ -	\$ 36,548	\$ 34,841
Less student assistance	(12,697)		(12,697)	(12,630)
	23,851		23,851	22,211
Sales and services of auxiliary enterprises	6,402		6,402	6,085
Government grants	286		286	161
Private gifts and grants	4,184	1,245	5,429	4,684
Operating return on investments, net (Note 4)	207	392	599	617
Other income	722		722	691
Net assets released from restrictions	1,559	(1,559)		
Total Operating Revenue and Support	37,211	78	37,289	34,449
Operating Expenses:				
Program services	27,114		27,114	27,942
Institutional support	7,903		7,903	7,673
Fundraising	1,137		1,137	1,197
Total Operating Expenses	36,154		36,154	36,812
Change in Net Assets From Operations	1,057	78	1,135	(2,363)
Nonoperating Activities:				
Impairment loss on physical therapy program development (Note 2)				(1,335)
Nonoperating return on investments, net (Note 4)	82	253	335	2,011
Change in value of split interest agreements	5	9	14	158
Change in Net Assets	1,144	340	1,484	(1,529)
Net assets, beginning of year	27,377	15,870	43,247	44,776
Net Assets, End of Year	\$ 28,521	\$ 16,210	\$ 44,731	\$ 43,247

See accompanying notes.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION
Consolidated Statement of Functional Expenses
For the Year Ended May 31, 2025
(With Comparative Totals for 2024)
(In Thousands)

		Support Services				
	Program Services	Institutional Support	Fundraising	Total	2025 Total	2024 Total
Operating Expenses:						
Salaries	\$ 13,654	\$ 1,685	\$ 538	\$ 2,223	\$ 15,877	\$ 16,702
Payroll taxes	823	246	17	263	1,086	1,163
Benefits	2,221	526	97	623	2,844	2,921
Total salaries, taxes, and benefits	16,698	2,457	652	3,109	19,807	20,786
Management services	3,589	158	146	304	3,893	3,703
Depreciation and amortization	37	2,359	1	2,360	2,397	2,377
Miscellaneous	1,584	264	60	324	1,908	1,746
Professional services	944	656	15	671	1,615	1,317
Instructional expenses	1,380				1,380	1,590
Utilities	1,128	53	21	74	1,202	1,178
Travel	688	20	53	73	761	866
Interest, bond costs, and bank fees	441	246	26	272	713	734
Advertising and marketing	27	644		644	671	802
Maintenance	579	33	15	48	627	644
Insurance	19	507		507	526	474
General and administrative		506		506	506	451
Fundraising events			148	148	148	144
Total Operating Expenses	\$ 27,114	\$ 7,903	\$ 1,137	\$ 9,040	\$ 36,154	\$ 36,812

See accompanying notes.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION
Consolidated Statement of Cash Flows
For the Year Ended May 31, 2025
(With Comparative Totals for 2024)
(In Thousands)

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,484	\$ (1,529)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Noncash changes:		
Depreciation	2,290	2,340
Amortization of bond issuance costs	38	37
Amortization of capitalized program costs	69	
Impairment loss on physical therapy program development		1,335
Realized and unrealized gain on investments	(335)	(2,011)
Change in value of split interest agreements	(12)	(148)
Accrued interest on notes payable	13	15
Provision for allowance for doubtful accounts	159	97
Contributions to donor restricted endowments	(281)	(233)
Change in operating assets and liabilities:		
Prepaid expenses	87	149
Accounts receivable	199	(660)
Student accounts receivable, net	(200)	(96)
Other assets	(143)	5
Accounts payable and accrued expenses	967	(1,160)
Student deposits	(80)	146
Deferred revenue	711	40
Net Cash Provided by (Used in) Operating Activities	4,966	(1,673)
Cash Flows From Investing Activities:		
Purchase of investments	(4,039)	(13,774)
Proceeds from sales of investments	6,460	23,200
Purchase of property and equipment	(1,094)	(3,362)
Purchase of program development costs		(1,232)
Proceeds from sales of split interest investments	193	188
Payments received on notes receivable	209	10
Net Cash Provided by Investing Activities	1,729	5,030

See accompanying notes.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION
Consolidated Statement of Cash Flows (Continued)
For the Year Ended May 31, 2025
(With Comparative Totals for 2024)
(In Thousands)

	<u>2025</u>	<u>2024</u>
Cash Flows From Financing Activities:		
Payments of notes and bonds payable	(1,823)	(1,455)
Contributions to donor restricted endowments	281	233
Beneficial payments made for charitable remainder trusts and gift annuities	<u>(193)</u>	<u>(203)</u>
Net Cash Used by Financing Activities	<u>(1,735)</u>	<u>(1,425)</u>
Net Change in Cash and Cash Equivalents	4,960	1,932
Cash and cash equivalents, beginning of year	<u>6,873</u>	<u>4,941</u>
Cash and Cash Equivalents, End of Year	<u>\$ 11,833</u>	<u>\$ 6,873</u>
Supplementary Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 607	\$ 651
Purchases of property and equipment in accounts payable	\$ 18	\$ -

See accompanying notes.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 1 - Nature of Operations

Northwest University was incorporated on July 18, 1952, under the laws of the State of Washington. Northwest University is a Christian co-educational institution, located on a 57-acre campus in Kirkland, Washington, under the control of the Alaska, Montana, Northwest, Oregon, Southern Idaho, Wyoming, Central Pacific, Northwest Hispanic, and Hawaii districts of the Assemblies of God. The University is operated as a Christian university offering doctoral, masters, bachelors, and associate degrees as well as certificates in religious, ministerial, liberal arts, and professional studies.

Northwest University Foundation (the Foundation) was established on June 1, 1992, to secure, receive, and administer gifts of money, real estate, and tangible and intangible property on behalf of the University.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include the accounts of Northwest University and Northwest University Foundation (collectively, the University). All significant inter-organization transactions have been eliminated.

Basis of Accounting - The financial statements of the University have been prepared on the accrual basis of accounting.

Basis of Presentation - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the University and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets on which there are no donor-imposed restrictions for use, or such donor-imposed restrictions were temporary and expired or were met during the current or previous years.

Net Assets With Donor Restrictions - Net assets restricted by donors to be used for certain purposes or for future periods, including donor-restricted endowments whose corpus is intended to be held in perpetuity.

All contributions are considered available for use without donor restrictions unless specifically restricted by the donor or subject to legal restrictions. For contributions restricted by donors for property or other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is placed into service.

Operating Activities - The consolidated statement of activities and changes in net assets includes a measure of change in net assets from operating activities. Changes in net assets which are excluded from operating results include realized and unrealized gains and losses on investments, impairment loss on program development costs, and the actuarial gains and losses on trusts and annuities.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 2 - Continued

Revenue Recognition -

Tuition and Fees - Tuition and fees are recognized as revenue in the period in which the University's service obligation is met. A contract is entered into with a student and covers a course or term. Revenue recognition occurs once the course begins, after a one-week course withdrawal period. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue. Financial assistance in the form of scholarships and grants that cover a portion of tuition and other costs is reflected as a reduction of tuition and fees revenue. The University determined that there are no costs that are capitalized to obtain or to fulfill a contract with a customer.

Sales and Services of Auxiliary Enterprises - Auxiliary enterprises consists primarily of fees for room and dining services (board) during the student's education. The University considers room and board fees to have separate performance obligations. Room and board fees are charged at different rates for residence halls and apartments. Room fees are billed in advance of each academic term and revenue recognition begins once a student moves into the housing. Deposits and other fees are recognized when no longer refundable. Board fees are charged at different rates depending on the meal plan selected for the term of the agreement. Board fees are billed in advance of each academic term and are nonrefundable after the academic term starts. In addition to room and board, auxiliary services include rental and various conference services offered by the University. Revenue from the sale of these goods and services is recognized once the performance obligations are complete.

Government Grants - Government grants are considered conditional upon incurring allowable costs and meeting certain compliance requirements. Revenue from government grants is recognized when these conditions have been met.

Private Gifts and Grants - Private gifts and grants are recognized in the period received, including unconditional pledges when promised, at their fair value. Revenue from conditional grants is recognized when the conditions have been met.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand and highly liquid short-term investments with original maturities of three months or less. At times, the University maintains amounts in banks that are in excess of federally insured limits.

Accounts Receivable and Student Accounts Receivable - The University extends credit to a substantial portion of its students and other revenue sources. Accounts receivable and student accounts receivable are recorded at their original transaction amount. An allowance for credit losses is maintained for estimated losses resulting from review of past due balances, historical write-off experience, and economic data. Certain receivables may be assigned to a third-party collection agency for collection (Note 3). Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The University has established credit policies, and historically the losses related to nonpayment have been low as a percentage of net program revenue.

Contributions and Promises to Give - Contributions received, including unconditional promises to give (pledges), are recognized as revenue when the donor's promise is received. Unconditional pledges received and collected in the same reporting period are recorded as revenue when cash is received. There were no outstanding pledges receivable as of May 31, 2025 and 2024.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 2 - Continued

Conditional pledges are recognized when donor stipulations are met. Faith pledges, which include the words "as the Lord enables" or similar wording, are considered to be intentions to give and are recognized as revenue when cash is received. Contributions of noncash assets are recorded at their fair value. Contributions are reported as increases in the appropriate category of net assets. Contributions for which the restrictions are met within the same fiscal year as the contribution is received are included in net assets without donor restrictions.

Notes Receivable - Notes receivable consisted of notes for real estate that has been sold on contract. These notes were repaid during the year ended May 31, 2025.

Investments - Investments consist of marketable debt and equity securities and are stated at fair value.

Split Interest Agreements - Under split interest agreements, donors enter into trust arrangements with the University in which the University receives benefits that are shared with other beneficiaries. Some trust funds are held by the University and others are held by third-party trustees.

For those agreements for which the University is the trustee, contribution revenue from charitable gift annuities and charitable remainder trusts is recognized at fair value on the date the agreement is established, net of the liability recorded for the present value of the estimated future payments due to beneficiaries. These liabilities were calculated using discount rates commensurate with the risks involved at the date of agreement, ranging from 5.0% to 7.0%, and over the estimated lives based on life expectancy tables provided by the Internal Revenue Service (IRS). Balances are adjusted during the terms of the agreements for changes in the value of the assets held, accretion of discounts, and changes in the life expectancies of the donors.

The University is also the beneficiary of multiple charitable remainder trusts and charitable gift annuities that are held by the Assemblies of God Financial Services (AGF) headquartered in Springfield, Missouri. The fair values of the trusts are recognized as assets and contribution revenue at the dates the trusts are established based on the present value of the estimated future benefits to be received when the trust is distributed. No liability is recorded on the consolidated statement of financial position of the University because AGF is the liable party in these arrangements. Adjustments to the net amount to be received by the University are recorded as changes in split interest agreements in the consolidated statement of activities and changes in net assets.

Restrictions associated with split interest agreements are based on the use specified by the donor. Changes in split interest agreements are classified based on the restrictions on the underlying net assets.

Estates and Trusts - The University is named as beneficiary of various estates in probate. The University does not record amounts available for distribution until the point of asset distribution unless the ultimate amount available for distribution can be determined before the close of the probate proceedings. Trusts in which the University is named as the irrevocable beneficiary, but is not the trustee, are recorded when the University is notified by the trustee and the ownership percentage and valuation are determined.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 2 - Continued

Program Development Costs - The University capitalizes costs related to the development of new programs during the design, development and implementation stages of the projects, after feasibility has been determined. The costs capitalized during the years ended May 31, 2025 and 2024, relate to costs associated with a new physician assistant program. The capitalized costs are amortized over the economic useful lives of the development costs beginning in June 2024 when program development was completed. Amortization of \$69,000 was recognized during the year ended May 31, 2025.

During the year ended May 31, 2024, it was determined that the physical therapy program was no longer feasible and capitalized development costs incurred in previous years in the amount of \$1,335,000 were recorded as an impairment loss.

Property, Equipment, and Depreciation - Buildings and equipment are stated at cost, if purchased, or at fair value as of the date contributed. The University capitalizes land, buildings, and equipment with a cost or, if donated, estimated fair value of at least \$5,000. Buildings and equipment are depreciated on the straight-line method over estimated economic lives ranging from 3 to 50 years.

Student Deposits - Student deposits are deposits received from students for housing, student sponsored events and groups, and student prepayments on student accounts receivable.

Deferred Revenue - Deferred revenue represents funds the University received in fiscal years 2025 and 2024 for services to be delivered during the following fiscal year.

Split Interest Agreement Obligations - Split interest agreement obligations represent the present value of the liability for the portion of assets held in charitable remainder trusts and charitable gift annuities for the benefit of beneficiaries and other organizations.

Asset Retirement Obligations - Accounting principles generally accepted in the United States of America (U.S. GAAP) require an organization to recognize a liability for the fair value of a conditional asset retirement obligation if the liability can be reasonably estimated. For the University, these obligations are primarily for the disposal of asbestos and other materials found on campus. Though these materials do not currently pose a health hazard in any of the University facilities, appropriate remediation procedures may be required to remove the materials upon renovation or demolition. The University has recorded a liability for asset retirement obligations on the consolidated statement of financial position.

Income Taxes - The IRS has determined that Northwest University and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code except to the extent of any unrelated business taxable income as defined in the Internal Revenue Code.

Functional Allocation of Expenses - The costs of providing the University's various programs and activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Academic department and fundraising expenses are directly allocated to the program and fundraising functional categories, respectively. Maintenance expenses are allocated based on the approximate square footage of space occupied by various departments. All other expenses are allocated by function based on estimates of the level of effort by the various departments.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 2 - Continued

Advertising - The University uses advertising to recruit prospective students. Advertising costs are expensed as incurred. Advertising expense totaled \$575,000 and \$638,000 for the years ended May 31, 2025 and 2024, respectively.

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Comparative Information - For comparative purposes, the financial statements include certain prior year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended May 31, 2024, from which the summarized information was derived.

Subsequent Events - The University has evaluated subsequent events with respect to the consolidated financial statements for the year ended May 31, 2025, through September 29, 2025, the date upon which the consolidated financial statements were available to be issued.

Going Concern - These financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) assuming the University will continue as a going concern. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of operations. As of May 31, 2024, substantial doubt about the University's ability to continue as a going concern existed.

As discussed in Note 8, the University had bonds payable with outstanding principal balances of \$19,853,000 and \$1,845,000 at May 31, 2024. The loan agreements for those bonds require compliance with certain financial ratio covenants that are measured at the end of each fiscal year. The University was not in compliance with those financial ratio covenants at May 31, 2024 and the lender did not provide a waiver of the noncompliance. As a result, the bonds were callable by the lender and, at the lender's option, may have become immediately due and payable. The University did not have readily available liquid funds to repay the bonds.

During the year ended May 31, 2025, the covenants were amended and the University is in compliance as of May 31, 2025. As a result, substantial doubt no longer exists about the University's ability to continue as a going concern.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements **For the Year Ended May 31, 2025** **(With Comparative Totals for 2024)**

Note 3 - Student Accounts Receivable and Deferred Revenue

Student Accounts Receivable - Student accounts receivable are classified as either active or assigned. Active student accounts receivable are managed by the University. Assigned student accounts receivable have been turned over to a third-party collection agency, and some payments are being made on those accounts. Student accounts receivable consisted of the following at May 31:

	(In Thousands)		
	2025	2024	2023
Student accounts receivable - active	\$ 1,445	\$ 1,381	\$ 1,421
Allowance for bad debts - active	(237)	(215)	(265)
Student Accounts Receivable - Active, Net	1,208	1,166	1,156
Student Accounts Receivable on Third-Party Payment Plan	52	53	64
Student accounts receivable - assigned	1,485	1,348	1,200
Allowance for bad debts - assigned	(1,485)	(1,348)	(1,200)
Student Accounts Receivable - Assigned, Net			
Total Student Accounts Receivable, Net	\$ 1,260	\$ 1,219	\$ 1,220

Deferred Revenue - Deferred revenue consisted of the following at May 31:

	(In Thousands)		
	2025	2024	2023
Tuition and fees	\$ 2,417	\$ 1,700	\$ 1,654
Auxiliary enterprises	68	62	58
Other		12	22
Total Deferred Revenue	\$ 2,485	\$ 1,774	\$ 1,734

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements **For the Year Ended May 31, 2025** **(With Comparative Totals for 2024)**

Note 4 - Investments

University investments consisted of the following at May 31:

	(In Thousands)	
	2025	2024
Investments at fair value-		
Equity mutual funds	\$ 3,141	\$ 3,430
Common and preferred stocks	3,595	3,836
Bond mutual funds	668	683
Corporate bonds and notes	1,172	1,204
Government backed securities	1,553	1,776
Total investments at fair value	10,129	10,929
Investments at cost-		
Cash	1,734	3,020
Total Investments	\$ 11,863	\$ 13,949

Investments held in split interest agreements (Note 6) consisted of the following at May 31:

	(In Thousands)	
	2025	2024
Investments at fair value-		
Equity mutual funds	\$ 1,111	\$ 1,079
Bond mutual funds	1,424	1,418
Common stocks	373	381
Corporate bonds and notes	140	140
Real estate funds	71	68
Total investments at fair value	3,119	3,086
Investments at cost-		
Cash	78	75
Total investments at cost	78	75
Total Investments Held in Split Interest Agreements	\$ 3,197	\$ 3,161

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 4 - Continued

Dividends and interest are reported on the consolidated statement of activities and changes in net assets as operating activities, and market gains and losses are reported as nonoperating activities. Return on investments, net of expenses was as follows for the years ended May 31:

	(In Thousands)	
	2025	2024
Operating return on investments, net	\$ 599	\$ 617
Nonoperating return on investments, net	335	2,011
Total Return on Investments, Net	\$ 934	\$ 2,628

Note 5 - Fair Value Measurements

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

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

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities 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; or

Level 3 - Unobservable inputs that are significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based upon the highest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The University's financial instruments were valued using a market approach.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at May 31, 2025 and 2024.

Equity and Bond Mutual Funds - Valued at quoted market prices in active markets, which represent the net asset value of shares held by the University at year end.

Common and Preferred Stocks - Valued at the closing price reported on the active market on which the stocks are traded.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements **For the Year Ended May 31, 2025** **(With Comparative Totals for 2024)**

Note 5 - Continued

Corporate Bonds and Notes - Valued at quoted prices based on similar assets in active markets.

Government Backed Securities - Valued at quoted prices based on similar assets in active markets.

Real Estate Funds - Valued at quoted market prices in active markets on which the funds are traded.

Beneficial Interest in Assets Held by Other Charities - Valued based on the University's pro rata share of the underlying assets held by the fund, which is held and valued by AGF.

University investments recorded at fair value on a recurring basis were as follows at May 31, 2025:

	(In Thousands)		
	Level 1	Level 2	Total
University Investments:			
Equity mutual funds	\$ 3,141	\$ -	\$ 3,141
Bond mutual funds	668		668
Common and preferred stocks	3,595		3,595
Corporate bonds and notes		1,172	1,172
Government backed securities		1,553	1,553
Total Investments at Fair Value	\$ 7,404	\$ 2,725	\$ 10,129

University investments recorded at fair value on a recurring basis were as follows at May 31, 2024:

	(In Thousands)		
	Level 1	Level 2	Total
University Investments:			
Equity mutual funds	\$ 3,430	\$ -	\$ 3,430
Bond mutual funds	683		683
Common and preferred stocks	3,836		3,836
Corporate bonds and notes		1,204	1,204
Government backed securities		1,776	1,776
Total Investments at Fair Value	\$ 7,949	\$ 2,980	\$ 10,929

There were no University investments classified as Level 3 at May 31, 2025 or May 31, 2024.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements **For the Year Ended May 31, 2025** **(With Comparative Totals for 2024)**

Note 5 - Continued

Trust and annuity investment assets recorded at fair value on a recurring basis were as follows at May 31, 2025:

	(In Thousands)			
	Level 1	Level 2	Level 3	Total
Assets Held in Charitable Remainder Trusts and Annuities				
Equity mutual funds	\$ 1,111	\$ -	\$ -	\$ 1,111
Bond mutual funds	1,424			1,424
Common stocks	373			373
Real estate funds	71			71
Corporate bonds and notes		140		140
Total Trust and Annuity Investments at Fair Value	2,979	140		3,119
Beneficial Interest in Assets Held by Other Charities			4	4
Total Assets Held in Charitable Remainder Trusts and Annuities	\$ 2,979	\$ 140	\$ 4	\$ 3,123

Trust and annuity investment assets recorded at fair value on a recurring basis were as follows at May 31, 2024:

	(In Thousands)			
	Level 1	Level 2	Level 3	Total
Assets Held in Charitable Remainder Trusts and Annuities				
Equity mutual funds	\$ 1,079	\$ -	\$ -	\$ 1,079
Bond mutual funds	1,418			1,418
Common stocks	381			381
Real estate funds	68			68
Corporate bonds and notes		140		140
Total Trust and Annuity Investments at Fair Value	2,946	140		3,086
Beneficial Interest in Assets Held by Other Charities			4	4
Total Assets Held in Charitable Remainder Trusts and Annuities	\$ 2,946	\$ 140	\$ 4	\$ 3,090

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements **For the Year Ended May 31, 2025** **(With Comparative Totals for 2024)**

Note 6 - Split Interest Agreements

Split interest agreement net assets consisted of the following at May 31:

	(In Thousands)	
	2025	2024
Split interest agreement investments (Note 4)-		
Charitable remainder trusts	\$ 3,036	\$ 2,998
Charitable gift annuities	161	163
Total split interest agreement investments	3,197	3,161
Beneficial interests in agreements held by AGF	4	4
Total assets held for split interest agreements	3,201	3,165
Liabilities due under split interest agreements-		
Charitable remainder trusts	(1,647)	(1,635)
Charitable trust funds held for others	(371)	(354)
Charitable gift annuities	(110)	(115)
Total liabilities due under split interest agreements	(2,128)	(2,104)
Total Split Interest Agreement Net Assets	\$ 1,073	\$ 1,061

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements **For the Year Ended May 31, 2025** **(With Comparative Totals for 2024)**

Note 6 - Continued

The changes in split interest agreements were as follows for the years ended May 31:

	(In Thousands)				
	Trusts	Annuities	Other	2025 Total	2024 Total
Change in assets-					
Return on investments	\$ 230	\$ (1)	\$ -	\$ 229	\$ 351
Payments to trust beneficiaries or annuitants	(192)	(1)		(193)	(203)
Change in liabilities-					
Change in actuarial liabilities, net	(221)	4		(217)	(188)
Payments to trust beneficiaries or annuitants	192	1		193	203
Net Change During the Year	9	3		12	163
Total split interest net assets, beginning of year	1,009	48	4	1,061	898
Total Split Interest Net Assets, End of Year	\$ 1,018	\$ 51	\$ 4	\$ 1,073	\$ 1,061

The value of the annuity investments exceeds the reserve requirements of the Washington state insurance commissioner.

Note 7 - Property and Equipment

Property and equipment consisted of the following at May 31:

	(In Thousands)	
	2025	2024
Land	\$ 3,345	\$ 3,345
Buildings and improvements	64,871	64,630
Equipment	10,336	10,930
Construction in progress	5,953	5,670
	84,505	84,575
Less accumulated depreciation and amortization	(39,860)	(38,752)
Property and Equipment, Net	\$ 44,645	\$ 45,823

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 7 - Continued

Depreciation expense totaled \$2,290,000 and \$2,340,000 for the years ended May 31, 2025 and 2024, respectively. Construction in progress consists of remodels and building improvements that will be placed in service in future years.

In June 2025, the University entered into an agreement with a real estate broker to list one of the buildings in Kirkland for sale. The building and associated land have a net book value of \$5.7 million.

Note 8 - Notes and Bonds Payable

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

	(In Thousands)	
	2025	2024
Public Finance Authority Tax-Exempt Educational Facilities Refunding Bonds, Series 2017, issued through the State of Wisconsin. The interest rate is fixed at 2.48% per annum and is subject to adjustment in September 2027. Principal and interest is paid monthly with final maturity on September 1, 2037.	\$ 18,582	\$ 19,852
Taxable loan issued by HomeStreet Bank. The interest rate is fixed at 3.96% per annum and is subject to adjustment in September 2027. Principal and interest is paid monthly with final maturity on September 1, 2037.	1,738	1,845
Unsecured notes payable to various churches, church associations, and church members of the Assemblies of God, interest rates from 1.50% to 3.60%, various maturities from 2026 to 2030.	1,154	1,587
Less unamortized bond issuance costs	(84)	(122)
Total Notes and Bonds Payable, Net	\$ 21,390	\$ 23,162

The Public Finance Authority, existing under the laws of the State of Wisconsin, authorized the issuance of its tax-exempt Refunding Revenue Bond, Series 2017 (Series 2017 Bonds) in the amount of \$27,543,000 dated August 30, 2017. The Agreement with HomeStreet Bank includes a taxable loan transaction in the amount of \$2,457,000.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 8 - Continued

The Series 2017 Bonds bear a tax-exempt fixed rate of interest of 2.48% per annum. The taxable loan bears a fixed rate of interest of 3.96% per annum. Both interest rates are subject to adjustment on September 1, 2027, the reset date. At the reset date for the taxable loan, the rate will be the greater of 3.96% or the 10-year LIBOR or equivalent index, in effect at that time, plus a 1.85% spread. At the reset date for the tax-exempt bond, the rate will be the greater of 2.48% or the taxable loan rate multiplied by the difference of 1.00 minus HomeStreet's then effective corporate tax rate. The Series 2017 Bonds are subject to mandatory redemption by the bond holder on the reset date upon written notice to the University at least one year prior to the reset date. If the bond holder elects to exercise this mandatory redemption option, the entire outstanding principal, interest and fees on the tax-exempt bonds shall be due and payable on the reset date. If the bond holder does not elect to exercise the option then the tax-exempt bonds will be due and payable at final maturity in 2037.

The Series 2017 Bonds and the taxable loan are collateralized by the Commercial Security Agreement, Deed of Trust, and Assignment of Rent Agreement, all dated August 30, 2017.

The Agreement contains restrictive covenants which were amended during the year ended May 31, 2025, that, among other things, require the achievement of certain financial ratios. Those financial ratios are a Debt Service Coverage Ratio and a Days Cash on Hand ratio. The University was in compliance with the financial ratio requirements at May 31, 2025. As discussed in Note 2, the University was not in compliance with the financial ratio requirements at May 31, 2024, and the bank did not provide a waiver of noncompliance.

The current and noncurrent portions of notes and bonds payable that are presented on the consolidated statement of financial positions consisted of the following:

	(In Thousands)	
	2025	2024
Bonds payable, current portion	\$ 1,413	\$ 21,575
Notes payable, current portion	628	891
Total Current Portion of Notes and Bonds Payable	2,041	22,466
Bonds payable, noncurrent portion	18,823	
Notes payable, noncurrent portion	526	696
Total Noncurrent Portion of Notes and Bonds Payable	19,349	696
Total Notes and Bonds Payable, Net	\$ 21,390	\$ 23,162

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 8 - Continued

Scheduled principal maturities for notes and bonds payable are presented in the schedule below. The schedule below assumes that the bonds will not be redeemed under the terms of the bond agreement at the interest reset date of September 1, 2027.

For the Year Ending May 31,	(In Thousands)		
	Bonds Payable	Notes Payable	Total
2026	\$ 1,413	\$ 628	\$ 2,041
2027	1,451	196	1,647
2028	1,488	17	1,505
2029	1,529	1	1,530
2030	1,570	312	1,882
Thereafter	12,869		12,869
Less unamortized bond issuance costs	(84)		(84)
Total Notes and Bonds Payable	\$ 20,236	\$ 1,154	\$ 21,390

Management anticipates that many of the unsecured notes payable to various churches, church associations, and church members of the Assemblies of God will be renewed when they mature.

Bond issuance costs are amortized over the outstanding obligation period using the straight-line method and are reported net of the related accumulated amortization and debt on the consolidated statement of financial position.

Interest expense, including amortization of bond fees on the above notes and bonds, totaled \$690,000 and \$688,000, for the years ended May 31, 2025 and 2024, respectively.

In April 2020, the University entered into an arrangement with Fidelity Investments for a margin line of credit against its investment portfolio, should additional liquidity be necessary. Draws may be taken against the line of credit of up to 50% of the total investment portfolio balance. The interest rate on the line of credit ranges from the Federal Funds rate plus between 1.5% to 4.5%. The terms of the agreement are open ended. There were no draws taken or outstanding against the line of credit during the years ended May 31, 2025 and 2024.

Subsequent to May 31, 2025, the University entered into an agreement to borrow \$500,000 from an individual. Under the terms of the note, 5% simple interest is payable quarterly and principal is due at the earlier of the sale of the Kirkland building (Note 7) or June 30, 2027.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 9 - Retirement Plan

The University offers a Section 403(b) defined contribution plan through the Assemblies of God, to eligible employees. Employees may make contributions to the plan from their salaries up to the limits specified by the IRS. The University matches 100% of each employee's deferral contribution up to a maximum of 3.0% of the employee's salary. The University may also make an annual contribution of 2.5% of each eligible employee's compensation. All funds are fully vested as the contributions are made. Employer contributions to the plan totaled \$620,000 and \$386,000 for the years ended May 31, 2025 and 2024, respectively.

Note 10 - Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of the following at May 31:

	(In Thousands)	
	2025	2024
Undesignated	\$ 28,296	\$ 24,049
Board-designated quasi-endowment (Note 12)	225	3,328
Total Net Assets Without Donor Restrictions	\$ 28,521	\$ 27,377

Board Designated Quasi-Endowment - The Board of Directors of the University has established a quasi-endowment with funds that are not anticipated to be needed for operations (Note 12).

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 11 - Net Assets With Donor Restrictions

Net assets with donor restrictions are subject to the passage of time or expenditure for specified purposes as described below and consisted of the following as of May 31:

	(In Thousands)	
	2025	2024
Subject to the passage of time or expenditure for specified purpose-		
Charitable remainder trusts, time restricted	\$ 710	\$ 701
Accumulated earnings on endowments (Note 12)	2,620	2,232
Contributions restricted for other specific purposes:		
New program start-up costs		1
Capital campaign projects	4,020	3,986
Specific grants for research purposes	1,387	1,808
Specific scholarship funds	336	335
Benevolence	146	170
International short-term summer camp scholarships	156	101
Total subject to the passage of time or expenditure for specified purpose	9,375	9,334
Subject to restrictions in perpetuity-		
Charitable remainder trusts	308	308
Beneficial interests in agreements held by AGF	4	4
Endowments (Note 12)	6,523	6,224
Total subject to the restrictions in perpetuity	6,835	6,536
Total Net Assets With Donor Restrictions	\$ 16,210	\$ 15,870

Note 12 - Endowment Funds

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

The board of directors of the University has reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA) and, having reviewed its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements **For the Year Ended May 31, 2025** **(With Comparative Totals for 2024)**

Note 12 - Continued

As a result of this determination, the University classifies as net assets with donor restrictions the original value of gifts to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Accumulated unspent earnings on the permanent endowment remain donor-restricted until appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by PMIFA.

In accordance with PMIFA, the University considers:

- The duration and preservation of the endowment fund;
- The purposes of the institution and the endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the University; and
- The investment policy of the University.

Endowment net assets consisted of the following at May 31:

	(In Thousands)			
	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Donor restricted endowment funds	\$ -	\$ 9,143	\$ 9,143	\$ 8,456
Board designated endowment funds	225		225	3,328
Total Endowment Net Assets	\$ 225	\$ 9,143	\$ 9,368	\$ 11,784

Changes in endowment net assets are as follows for the years ended May 31:

	(In Thousands)			
	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Endowment net assets, beginning of year	\$ 3,328	\$ 8,456	\$ 11,784	\$ 10,569
Endowment investment return		645	645	1,296
Endowment contributions	4	297	301	243
Appropriation of endowment for expenditure	(3,107)	(255)	(3,362)	(324)
Endowment Net Assets, End of Year	\$ 225	\$ 9,143	\$ 9,368	\$ 11,784

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 12 - 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 or PMIFA requires the University to retain as a fund of perpetual duration. The University's policy is to suspend spending from endowment funds with deficiencies until they recover the corpus balance through future earnings. At May 31, 2025 and 2024, the University had no endowments with deficiencies.

Return Objectives and Risk Parameters - The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets included those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The University expects its endowment funds, over time, to provide an average rate of return equal to or in excess of annual "payout" rates and preservation of capital and maintenance of corpus purchasing power. Actual returns in any given year may vary.

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

Spending Policy and How the Investment Objectives Relate to the Spending Policy - The University has a policy of appropriating for distribution each year 4.50% of its endowment fund's average fair value over the prior 36 months through the end of the current fiscal year. In establishing this policy, the University considered the long-term expected return on its endowment. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at an average of 4.50% annually. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 13 - Commitments and Contingencies

Software - In March 2025, the University entered into a ten year noncancelable contract for a software suite to integrate their donor, financial aid, and accounting systems. The undiscounted contract cost is \$6.5 million, payable in installments over the term of the contract.

In June 2025, the University entered into a three year contract for enrollment management software. The undiscounted contract cost is \$1.07 million, payable in installments over the term of the contract.

Both software systems are expected to be placed in service during the year ended May 31, 2026, at which time installments will become payable.

Chapel Remodel - In May 2025, the University entered into a contract with a construction company to perform exterior renovations on the chapel. The contract has a guaranteed maximum price of \$1.1 million and renovations are expected to be completed in August 2025. If the contract is terminated without cause, the University must pay a fee of 50% of the remaining fees.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 13 - Continued

Contingencies - In the normal course of business, the University has various claims in process and other contingencies. In management's opinion, the outcome from these matters will not materially impact the University's financial position or results of activities.

The University manages loans and grants under certain federal programs that are subject to audit by the federal awarding agency. If, as a result of such audit, noncompliance with the loan or grant programs is identified, the University may be obligated for repayment of disallowed loans or grants.

Note 14 - Liquidity and Availability of Financial Assets

Liquidity - The University's cash flows have seasonal variations during the year attributed in large part to tuition billing, large capital projects, significant summer repairs and maintenance projects, and a concentration of contributions received at calendar year end and a spring fundraising event. In addition, there are Governmental reimbursements for financial aid that are concentrated at the beginning of each semester. In order to manage liquidity to meet the cash flow needs for general expenditures, bank loan principal payments, and other obligations that come due with the upcoming year, the University maintains general cash and money market accounts, and long-term investment accounts with its cash management bank and investment brokers.

The long-term investments are invested primarily in equity and bond mutual funds making access to funds readily available within a two to three-month window, if additional funds are needed to manage cash flows.

Availability of Financial Assets - Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the date of the consolidated statement of financial position, consisted of the following as of May 31:

	(In Thousands)	
	2025	2024
Cash and cash equivalents	\$ 11,833	\$ 6,873
Accounts receivable	743	942
Student accounts receivable, net	1,260	1,219
Notes receivable, current portion		12
Investments	11,863	13,949
Total financial assets	25,699	22,995
Contractual or donor-imposed restrictions-		
Endowment funds	(9,143)	(8,456)
Board designations-		
Quasi-endowment	(225)	(3,328)
Financial Assets Available to Meet Cash Needs for General Operating Expenditures Within One Year	\$ 16,331	\$ 11,211

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended May 31, 2025 (With Comparative Totals for 2024)

Note 15 - Related Party Transactions

AGF manages various cash and investments of the University totaling approximately \$336,000 and \$324,000 at May 31, 2025 and 2024, respectively. AGF also holds certain assets that are recorded on the consolidated statement of financial position as beneficial interest in assets held by other charities. These include charitable remainder unitrusts and charitable gift annuities. The value of these assets, net of related actuarial liability, totaled \$4,000 at May 31, 2025 and 2024 (Note 6). AGF is an affiliate of the Assemblies of God.

Notes payable described in Note 8 include amounts payable to related parties. Notes payable to various churches and church associations related to the Assemblies of God (Note 1) and to a University board member totaled \$731,000 and \$964,000 at May 31, 2025 and 2024, respectively.

As described in Note 9, the University's employees participate in a 403(b) defined contribution plan through the Assemblies of God.

SUPPLEMENTARY INFORMATION

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION
Consolidating Schedule of Financial Position - Assets
May 31, 2025
(With Comparative Totals for May 31, 2024)
(In Thousands)

	<u>University</u>	<u>Foundation</u>	<u>2025 Consolidated Total</u>	<u>2024 Consolidated Total</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 11,608	\$ 225	\$ 11,833	\$ 6,873
Prepaid expenses	548		548	635
Accounts receivable	743		743	942
Student accounts receivable, net	1,260		1,260	1,219
Notes receivable, current portion				12
Total Current Assets	14,159	225	14,384	9,681
Notes receivable, net of current portion				197
Program development costs	624		624	693
Investments	1,523	10,340	11,863	13,949
Investments held in split interest agreements	161	3,036	3,197	3,161
Beneficial interest in assets held by other charities		4	4	4
Property and equipment, net	44,645		44,645	45,823
Other assets	174		174	31
Total Assets	\$ 61,286	\$ 13,605	\$ 74,891	\$ 73,539

See independent auditor's report.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION
Consolidating Schedule of Financial Position - Liabilities and Net Assets
May 31, 2025
(With Comparative Totals for May 31, 2024)
(In Thousands)

	University	Foundation	2025 Consolidated Total	2024 Consolidated Total
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 2,950	\$ -	\$ 2,950	\$ 2,447
Student deposits	555		555	635
Deferred revenue	2,485		2,485	1,774
Notes and bonds payable, current portion	1,413	628	2,041	22,466
Total Current Liabilities	7,403	628	8,031	27,322
Notes and bonds payable, net of current portion and unamortized bond fees	18,823	526	19,349	696
Noncurrent accrued expenses	497		497	15
Split interest agreement obligations	110	2,018	2,128	2,104
Asset retirement obligations	155		155	155
Total Liabilities	26,988	3,172	30,160	30,292
Net Assets:				
Without donor restrictions	28,296	225	28,521	27,377
With donor restrictions	6,002	10,208	16,210	15,870
Total Net Assets	34,298	10,433	44,731	43,247
Total Liabilities and Net Assets	\$ 61,286	\$ 13,605	\$ 74,891	\$ 73,539

See independent auditor's report.

NORTHWEST UNIVERSITY AND NORTHWEST UNIVERSITY FOUNDATION
Consolidating Schedule of Activities and Changes in Net Assets
For the Year Ended May 31, 2025
(With Comparative Totals for the Year Ended May 31, 2024)
(In Thousands)

	University			Foundation			2025	2024
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Consolidated Total	Consolidated Total
Operating Revenue and Support:								
Tuition and fees	\$ 36,548	\$ -	\$ 36,548	\$ -	\$ -	\$ -	\$ 36,548	\$ 34,841
Less student assistance	(12,697)		(12,697)				(12,697)	(12,630)
	23,851		23,851				23,851	22,211
Sales and services of auxiliary enterprises	6,402		6,402				6,402	6,085
Government grants	286		286				286	161
Private gifts and grants	4,180	955	5,135	4	290	294	5,429	4,684
Operating return on investments, net	162		162	45	392	437	599	617
Other income	722		722				722	691
Support from Foundation to University	3,291		3,291	(3,291)		(3,291)		
Net assets released from restrictions	1,268	(1,268)		291	(291)			
Total Operating Revenue and Support	40,162	(313)	39,849	(2,951)	391	(2,560)	37,289	34,449
Operating Expenses:								
Program services	27,114		27,114				27,114	27,942
Institutional support	7,859		7,859	44		44	7,903	7,673
Fundraising	894		894	243		243	1,137	1,197
Total Operating Expenses	35,867		35,867	287		287	36,154	36,812
Change in Net Assets From Operations	4,295	(313)	3,982	(3,238)	391	(2,847)	1,135	(2,363)
Nonoperating Activities:								
Impairment loss on program development								(1,335)
Nonoperating return on investments, net	(53)		(53)	135	253	388	335	2,011
Change in value of split interest agreements	5		5		9	9	14	158
Change in Net Assets	4,247	(313)	3,934	(3,103)	653	(2,450)	1,484	(1,529)
Net assets, beginning of year	24,049	6,315	30,364	3,328	9,555	12,883	43,247	44,776
Net Assets, End of Year	\$ 28,296	\$ 6,002	\$ 34,298	\$ 225	\$ 10,208	\$ 10,433	\$ 44,731	\$ 43,247

See independent auditor's report.