



NAZARENE BIBLE COLLEGE

Financial Statements
With Independent Auditor's Report

June 30, 2025 and 2024

NAZARENE BIBLE COLLEGE

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Nazarene Bible College
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of Nazarene Bible College, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nazarene Bible College as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Nazarene Bible College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Nazarene Bible College's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Trustees
Nazarene Bible College
Colorado Springs, Colorado

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

In performing an audit in accordance with generally accepted auditing standards, 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 Nazarene Bible College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nazarene Bible College's ability to continue as a going concern for a reasonable period of time.

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

Capin Crouse LLC

Colorado Springs, Colorado
December 18, 2025

NAZARENE BIBLE COLLEGE

Statements of Financial Position

	June 30,	
	2025	2024
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 387,454	\$ 115,433
Accounts receivable (net of allowance of \$13,793 and \$19,869)	19,406	33,308
Prepaid expenses and other assets	141,239	119,398
Investments	771,862	748,348
	1,319,961	1,016,487
Operating lease—right-of-use assets	20,353	30,096
Property, plant, and equipment—net	109,250	166,458
Investments held for endowments	3,169,840	3,039,451
	\$ 4,619,404	\$ 4,252,492
Total Assets	\$ 4,619,404	\$ 4,252,492
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 135,077	\$ 185,094
Performance contract liabilities	76,469	80,974
Operating lease obligations-current portion	10,492	10,248
Line of credit	-	175,000
	222,038	451,316
Operating lease obligations-net of current portion	10,109	19,848
Defined benefit pension liability	2,414,314	2,353,833
Total liabilities	2,646,461	2,824,997
Net assets (deficit):		
Without donor restrictions:		
General operations	(1,808,349)	(2,212,184)
Board-designated for quasi-endowment	837,613	810,823
	(970,736)	(1,401,361)
With donor restrictions:		
Restricted by purpose or time	866,801	756,978
Restricted in perpetuity	2,076,878	2,071,878
	2,943,679	2,828,856
Total net assets	1,972,943	1,427,495
Total Liabilities and Net Assets	\$ 4,619,404	\$ 4,252,492

See notes to financial statements

NAZARENE BIBLE COLLEGE

Statements of Activities

	Year Ended June 30,							
	2025				2024			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
	Restricted by Purpose or Time	Restricted in Perpetuity			Restricted by Purpose or Time	Restricted in Perpetuity		
SUPPORT AND REVENUE:								
Tuition and fees, net	\$ 1,160,475	\$ -	\$ -	\$ 1,160,475	\$ 1,262,669	\$ -	\$ -	\$ 1,262,669
Gifts and grants	2,041,472	44,539	-	2,086,011	1,194,498	144,143	-	1,338,641
Investment and interest income	122,906	-	-	122,906	106,000	-	-	106,000
Book sales and other	33,460	-	-	33,460	36,238	-	-	36,238
Total Support and Revenue	3,358,313	44,539	-	3,402,852	2,599,405	144,143	-	2,743,548
NET ASSETS RELEASED FROM:								
Purpose and time restrictions	103,855	(103,855)	-	-	314,989	(314,989)	-	-
EXPENSES:								
Program services:								
Instruction	550,006	-	-	550,006	1,090,311	-	-	1,090,311
Academic support	544,657	-	-	544,657	646,480	-	-	646,480
Student services	554,757	-	-	554,757	687,017	-	-	687,017
	1,649,420	-	-	1,649,420	2,423,808	-	-	2,423,808
Supporting activities:								
General and administrative	883,912	-	-	883,912	1,128,857	-	-	1,128,857
Fundraising	194,193	-	-	194,193	295,192	-	-	295,192
	1,078,105	-	-	1,078,105	1,424,049	-	-	1,424,049
Total Expenses	2,727,525	-	-	2,727,525	3,847,857	-	-	3,847,857
Change in Net Assets from								
Operating Activities	734,643	(59,316)	-	675,327	(933,463)	(170,846)	-	(1,104,309)

(continued)

See notes to financial statements

NAZARENE BIBLE COLLEGE

Statements of Activities (continued)

	Year Ended June 30,							
	2025				2024			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
	Restricted by Purpose or Time	Restricted in Perpetuity			Restricted by Purpose or Time	Restricted in Perpetuity		
NON-OPERATING ACTIVITIES:								
Contributions	-	-	5,000	5,000	-	-	12,324	12,324
Investment gain on endowments	26,790	169,139	-	195,929	40,959	151,271	-	192,230
Net periodic pension cost other than service cost	(268,177)	-	-	(268,177)	(108,655)	-	-	(108,655)
Pension-related changes other than net periodic pension cost	(62,631)	-	-	(62,631)	(436,366)	-	-	(436,366)
Change in Net Assets	430,625	109,823	5,000	545,448	(1,437,525)	(19,575)	12,324	(1,444,776)
Net Assets, Beginning of Year	(1,401,361)	756,978	2,071,878	1,427,495	36,164	776,553	2,059,554	2,872,271
Net Assets, End of Year	\$ (970,736)	\$ 866,801	\$ 2,076,878	\$ 1,972,943	\$ (1,401,361)	\$ 756,978	\$ 2,071,878	\$ 1,427,495

See notes to financial statements

NAZARENE BIBLE COLLEGE

Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 545,448	\$ (1,444,776)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	56,120	63,753
Reinvested dividends	(85,002)	(88,262)
Contributions restricted for endowment fund	(5,000)	(12,324)
Net unrealized and realized gain on investments	(218,901)	(192,737)
Loss on disposal of property, plant, and equipment	1,088	12,134
Change in defined benefit pension liability	60,481	574,435
Gain on lease termination	-	(9,685)
Non-cash lease expense	248	-
Change in operating assets and liabilities:		
Accounts receivable	13,902	(20,470)
Prepaid expenses and other assets	(21,841)	14,968
Accounts payable and accrued liabilities	(50,017)	25,033
Performance contract liabilities	(4,505)	(13,747)
Net Cash Provided (Used) by Operating Activities	<u>292,021</u>	<u>(1,091,678)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	-	-
Purchases of investments	-	(30,000)
Proceeds from sales of investments	150,000	954,828
Proceeds from sales of property, plant, and equipment	-	5,500
Net Perkins loans and federal student loan transactions	-	(576)
Net Cash Provided by Investing Activities	<u>150,000</u>	<u>929,752</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for endowment fund	5,000	12,324
Payments on line of credit	(175,000)	-
Proceeds from line of credit	-	175,000
Net Cash Provided (Used) by Financing Activities	<u>(170,000)</u>	<u>187,324</u>
Net Change in Cash and Cash Equivalents	272,021	25,398
Cash and Cash Equivalents, Beginning of Year	<u>115,433</u>	<u>90,035</u>
Cash and Cash Equivalents, End of Year	<u>\$ 387,454</u>	<u>\$ 115,433</u>
SUPPLEMENTAL DISCLOSURES AND NON-CASH TRANSACTIONS:		
Cash paid for interest	<u>\$ 21,675</u>	<u>\$ -</u>
Right-of-use assets obtained through operating lease obligations	<u>\$ -</u>	<u>\$ 28,657</u>

See notes to financial statements

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

1. NATURE OF ORGANIZATION:

Nazarene Bible College (the College) is a nonprofit educational institution of the Church of the Nazarene (the Church) specializing in training and educating students for Christian vocations. The College is governed by a board of trustees which is elected by the General Assembly of the Church. The College is a nonprofit corporation that is exempt, as a subordinate unit of the Church, from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the College is subject to federal income tax on any unrelated business taxable income. In addition, the College is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

The principal sources of revenue are from tuition, fees, and gifts from the Church. The College operates solely in an online modality, and has affiliations with various Multicultural Extension Training Centers (METCs) throughout the United States. The METCs are designed to provide classroom education to students in their cultural context. The accompanying financial statements do not include the operations of the METCs because they do not meet the criteria of reporting related entities for consolidation purposes. The College is authorized in Colorado with administrative offices in Colorado Springs, Colorado and Lenexa, Kansas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The College maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. Estimates that are particularly susceptible to significant change are depreciation of property and equipment based on useful lives, actuarial present value calculations for defined benefit pension plan, and the allocation of expenses on a functional basis based on time and effort.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, savings, and money market accounts. As of June 30, 2025 and 2024, the College's cash balances exceeded federally insured limits by approximately \$137,000 and \$0, respectively.

ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from students for tuition and fees and are net of an allowance for credit losses of \$13,793 and \$19,869, as of June 30, 2025 and 2024, respectively. Management's estimate of uncollectible accounts was based upon an analysis of past due accounts, which took into consideration historical collections, adjusted for management's expectations about current and future economic conditions. Accounts are written off when all methods to collect have been exhausted. As of June 30, 2025 and 2024, there were no accounts that were accruing interest.

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS AND INVESTMENTS HELD FOR ENDOWMENTS

Investments and investments held for endowments consist of a group investment fund held at Northern Trust (Northern), UMB Financial Institution (UMB), and funds held at the Church of the Nazarene Foundation (CONF). Investments held at Northern are measured at fair value using net asset value (NAV) as a practical expedient. Investments held at UMB consist of cash, cash equivalents, and certificates of deposits with original maturities of greater than 90 days and are held at amortized cost. Investments held at CONF are pooled investments held at fair value Level 2. Earnings are included within investment and interest income on the statements of activities.

OPERATING LEASE–RIGHT-OF-USE ASSETS AND OBLIGATIONS

The College recognizes assets and liabilities that arise from leases in the statements of financial position. The College has elected to exclude leases with terms of less than 12 months and to combine lease and nonlease components as a single lease component. Additional lease disclosures can be found in Note 6.

PROPERTY, PLANT, AND EQUIPMENT

The College records property, plant, and equipment at cost or, if donated, at fair value as of the date of the gift. Property, plant, and equipment donated with restrictions regarding its use and contributions of cash to acquire property and equipment are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time. The College capitalizes purchases or donations greater than \$10,000. Lesser amounts and repairs and maintenance costs are expensed as incurred. Depreciation for financial reporting purposes is provided using the straight-line method over the estimated useful lives:

Furniture and equipment	5-10 years
Computers and software	5 years

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The net assets of the College are reported in the following two classes:

Net assets without donor restrictions represent those net assets whose use is not restricted by the donors; however, their use may be limited by board designation. Included in net assets without donor restrictions are resources that are used to support current operations, including property, plant, and equipment. Board designated amounts are not available to management for operations.

Net assets with donor restrictions include donor-restricted contributions for specified exempt purposes, earnings from endowments, and gift instruments requiring the principal be invested in perpetuity.

Management of the College has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as net assets restricted in perpetuity both the original value of the gifts donated to the endowment, and the original value of the subsequent gifts to the endowment. Therefore, the net assets restricted in perpetuity reflect the historical cost value of the endowment. All investment gains and losses will be added to the net assets with purpose restrictions until which time a determination is made as to its disposition.

During the year ended June 30, 2025 and 2024, the College approved a policy of appropriating for distribution six percent of a three year rolling average. In establishing the spending policy, the College considered the long-term expected return on its endowment investments. The primary investment objective of endowment funds is to follow those policies that will preserve the principal value, provide predictable income, and to the extent possible with prudence, to increase the principal to offset the long-term effects of inflation. Accordingly, over the long-term, the College expects the current spending policy to allow its endowment to grow on an annual basis. Actual results in any given year may vary.

REVENUE, SUPPORT, EXPENSES, AND REVENUE RECOGNITION

Tuition revenue is recognized ratably over the period in which students have participated in classes and/or extra-curricular activities, which is as the performance obligations are overcome. Amounts received in advance are recorded as performance contract liabilities and amounts earned but not received are treated as accounts receivable. Accounts receivable-net related to tuition revenue totaled \$19,406, \$33,308, and \$12,838 and performance contract liabilities totaled \$76,469, \$80,974, and \$94,721 as of June 30, 2025, 2024, and 2023, respectively. Courses are provided every six weeks with revenue recognized ratably over terms: fall, winter, spring, and summer. Tuition and fees are recorded net of scholarships. Scholarships are also recognized ratably over the academic period, totaling \$513,829 and \$375,899, for the years ended June 30, 2025 and 2024, respectively, in the statements of activities.

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE, SUPPORT, EXPENSES, AND REVENUE RECOGNITION, continued

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Investment income is recognized when earned. Unrealized gains and losses are recorded to reflect the investments at their fair market value.

Book sales are recognized at a point in time when the sale occurs. Other income is recognized when earned.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting.

STUDENT FINANCIAL ASSISTANCE PROGRAMS

The College participates in various programs administered by the Department of Education (ED) and state boards, and the College acts as an agent for the respective agencies. The governmental grants amounts reported exclude funds directly awarded and credited to students under various federal and state programs; however, substantial portions of the tuition and fees revenue and collection of accounts receivable are dependent upon the College's continued participation in the various programs.

ADVERTISING

The College uses advertising to recruit prospective students. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2025 and 2024, was \$84,703 and \$270,573, respectively.

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following table reflects the College's financial assets, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, held in perpetual endowments and the accumulated earnings thereof, net of appropriations within one year subject to donor purpose or time restrictions, net of spending pursuant to the restrictions within one year or because funds are set aside by the governing board.

	June 30,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 387,454	\$ 115,433
Accounts receivable–net	19,406	33,308
Investments	771,862	748,348
Investments held for endowments	3,169,840	3,039,451
Financial assets, year-end	<u>4,348,562</u>	<u>3,936,540</u>
Less those unavailable for general expenditure within one year, due to:		
Investments held for endowments, net of amounts expected to be appropriated	(2,000,668)	(1,938,670)
Investments held for quasi-endowment	<u>(837,613)</u>	<u>(810,823)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,510,281</u>	<u>\$ 1,187,047</u>

The College has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2025 and 2024, the College has included donor restricted financial assets of \$111,452 and \$100,228, respectively, in liquidity as management considers it to be available for general expenditures within the next 12 months for ongoing programs. As part of the College's liquidity management, it invests cash in excess of daily requirements in appropriate short-term interest bearing accounts. It is also noted that the College has a line of credit available to draw on, see disclosure in Note 9.

4. FAIR VALUE MEASUREMENTS:

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

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

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

4. FAIR VALUE MEASUREMENTS, continued:

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Pooled investment fund: Valued at the College's interest in the pooled funds held at the Church of the Nazarene Foundation. Pro-rata ownership in the pools is determined under a system in which units of ownership are recorded to represent each member's share of the total market value of assets; therefore, the College reports its interest in the pooled funds at fair value using Level 2 inputs.

Certificates of deposit: Valued at amortized cost. Accordingly, the investments have been excluded from the fair value hierarchy leveling.

Group investment fund: Valued based on net asset value (NAV) per share or unit as a practical expedient as reported by the fund manager, multiplied by the number of shares or units held as of the measurement date. Accordingly, the NAV based investments have been excluded from the fair value hierarchy leveling.

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

4. FAIR VALUE MEASUREMENTS, continued:

Fair values of assets measured on a recurring basis at June 30, 2025 are:

	June 30, 2025	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Other Unobservable Inputs (Level 3)
Investments:				
Pooled investment fund	\$ 35,138	\$ -	\$ 35,138	\$ -
Investments, as of June 30, 2025, held at other than fair value:				
Certificates of deposit	350,000			
Group investment fund	3,556,564			
	\$ 3,941,702			

Fair values of assets measured on a recurring basis at June 30, 2024 are:

	June 30, 2024	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Other Unobservable Inputs (Level 3)
Investments:				
Pooled investment fund	\$ 31,309	\$ -	\$ 31,309	\$ -
Investments, as of June 30, 2024, held at other than fair value:				
Certificates of deposit	\$ 350,000			
Group investment fund	3,406,490			
	\$ 3,787,799			

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

4. FAIR VALUE MEASUREMENTS, continued:

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended December 31, 2025, there were no significant transfers in or out of Levels 1, 2 or 3.

The College uses Net Asset Value (NAV) to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments in group investment funds by major category as of June 30, 2025.

<u>Investment Category</u>	<u>Fair Value Determined Using NAV</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Group investment fund	<u>\$ 3,556,564</u>	<u>\$ -</u>	Daily	Immediate

The following table lists investments in private equity funds by major category as of June 30, 2024.

<u>Investment Category</u>	<u>Fair Value Determined Using NAV</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Group investment fund	<u>\$ 3,406,490</u>	<u>\$ -</u>	Daily	Immediate

The group investment fund is a fund held by Northern that seeks to maintain a diversified portfolio across multiple asset classes. Targeted allocation of this fund is 3% cash and cash equivalents, 33% fixed income, 54% equities, and 10% other.

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

5. INVESTMENTS:

Operating investments consist of the following:

	June 30,	
	2025	2024
Church of the Nazarene Operating Fund, at net asset value	\$ 3,556,564	\$ 3,406,490
Church of the Nazarene Foundation, at fair value	35,138	31,309
Certificate of deposit, at cost	350,000	350,000
Assets held for endowment	(3,169,840)	(3,039,451)
	<u>\$ 771,862</u>	<u>\$ 748,348</u>

Investment and interest income (loss) consists of the following:

	Year Ended June 30,	
	2025	2024
<u>Non-operating</u>		
Realized and unrealized gain	<u>\$ 195,929</u>	<u>\$ 192,230</u>
<u>Operating</u>		
Realized and unrealized gain	\$ 33,711	\$ 11,363
Interest and dividends	99,934	105,493
Less: investment expenses	(10,739)	(10,856)
	<u>\$ 122,906</u>	<u>\$ 106,000</u>

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

6. OPERATING LEASE—RIGHT-OF-USE ASSETS AND OBLIGATIONS:

The College leases office space expiring in 2027. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term as of adoption date. Monthly payments under this lease total \$854, with a discount rate of 4.62%.

	Year Ended June 30,	
	2025	2024
Operating lease—right-of-use assets	\$ 20,353	\$ 30,096
Operating lease obligations	\$ 20,601	\$ 30,096
Operating lease costs	\$ 10,495	\$ 42,441
Cash paid for operating leases	\$ 10,247	\$ 42,441
Short-term lease costs	\$ -	\$ 42,144
Weighted-average discount rate	4.62%	4.62%
Weighted-average remaining lease term	2 years	3 years

Future minimum lease payments required under operating and finance leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

Year Ending June 30,	
2026	\$ 10,492
2027	10,745
	<u>21,237</u>
Less imputed interest	<u>(636)</u>
	<u>\$ 20,601</u>

7. PROPERTY, PLANT, AND EQUIPMENT—NET:

Property, plant, and equipment—net consists of:

	June 30,	
	2025	2024
Computers and software	\$ 395,955	\$ 757,534
Furniture and equipment	12,095	56,331
	<u>408,050</u>	<u>813,865</u>
Accumulated depreciation	<u>(298,800)</u>	<u>(647,407)</u>
	<u>\$ 109,250</u>	<u>\$ 166,458</u>

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

8. RETIREMENT PLANS:

DEFINED BENEFIT PLAN

On January 1, 1996, the College established a Defined Benefit Pension Plan (the Plan) covering eligible employees who chose to participate. The Plan was frozen effective May 31, 2010. Approximately one quarter of the College's current employees participate in the Plan. The benefits are based on years of service and the employee's highest average compensation. The funding policy is to review the Plan's status annually and make contributions in accordance with the Plan's objectives. Plan assets are held with the group investment fund (see Notes 4 and 5, above). The following table sets forth the Plan's funded status and amounts recognized in the College's statements of financial position in accordance with the ASC topic of Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans:

	Year Ended June 30,	
	2025	2024
Change in Benefit Obligation:		
Benefit obligation at beginning of year	\$ 6,545,984	\$ 6,136,156
Service cost	46,432	61,102
Interest cost	344,600	315,258
Plan participant contributions	18,009	14,788
Actuarial loss	12,174	401,015
Benefits paid	(456,290)	(382,335)
Benefit Obligation at End of Year	<u>\$ 6,510,909</u>	<u>\$ 6,545,984</u>
Change in Plan Assets:		
Fair value of plan assets at beginning of year	\$ 4,192,151	\$ 4,356,758
Actual return on plan assets	273,013	171,252
Employer contributions	75,547	31,688
Plan participant contributions	12,174	14,788
Benefits paid	(456,290)	(382,335)
Fair Value of Plan Assets at End of Year	<u>\$ 4,096,595</u>	<u>\$ 4,192,151</u>
Reconciliation of Funded Status:		
Funded status (underfunded)	<u>\$ (2,414,314)</u>	<u>\$ (2,353,833)</u>
Defined Benefit Pension Liability	<u>\$ (2,414,314)</u>	<u>\$ (2,353,833)</u>

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

8. RETIREMENT PLANS, continued:

DEFINED BENEFIT PLAN, continued

	Year Ended June 30,	
	2025	2024
Net Periodic Benefit Cost, included in functional expenses:		
Service cost	\$ 46,432	\$ 61,102
Net Periodic Pension Cost, other than service cost, included in non-operating activities:		
Interest cost	344,600	315,258
Expected return on plan assets	(197,029)	(206,603)
Net loss amortization	120,606	-
Net periodic pension cost other than service cost	268,177	108,655
Net Periodic Benefit Cost	\$ 314,609	\$ 169,757

Pension-related changes other than net periodic benefit cost, included in nonoperating activities, are as follows:

	Year Ended June 30,	
	2025	2024
Amortization of net loss (gain) to net periodic benefit cost	\$ 57,975	\$ (436,366)
Amortization of prior service cost to net periodic benefit cost	(120,606)	-
	\$ (62,631)	\$ (436,366)

Weighted-average assumptions and method disclosures include:

	Year Ended June 30,	
	2025	2024
Discount rate	5.35%	5.50%
Expected return on plan assets	5.00%	5.00%
Rate of compensation increase	2.50%	2.50%
Amortization method	Straight-line	Straight-line

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

8. RETIREMENT PLANS, continued:

DEFINED BENEFIT PLAN, continued
Expected future benefit payments are:

<u>Year Ending June 30,</u>	
2026	\$ 593,729
2027	614,278
2028	600,219
2029	584,371
2026	566,919
Thereafter	<u>3,551,393</u>
	<u>\$ 6,510,909</u>

DEFINED CONTRIBUTION PLAN

On January 1, 1996, the College's employees also became eligible to participate in the Church's defined contribution plan. Under this tax-sheltered 403(b)(9) annuity plan, participants can contribute pre-tax earnings toward their retirement. The College then contributes a matching portion of up to 3% of the employee compensation. Employees hired prior to May 1, 2017, are grandfathered in at the College contribution of up to 7% of employee compensation, if not a participant in the defined benefit plan. Employees who participate in the defined benefit plan are eligible for a matching portion of up to 4% of the employee compensation. Employees vest in their employer contributions after five years of service. Total contributions by the College amounted to \$40,211 and \$58,589 for the years ended June 30, 2025 and 2024, respectively.

9. LINE OF CREDIT:

In February 2023, the College obtained a revolving line of credit of \$350,000 with a variable interest rate (7.75% as of June 30, 2025) held at a financial institution, secured by investments. The line of credit matures in February 2026. As of June 30, 2025 and 2024, the College had an outstanding balance of \$0 and \$175,000 on the line of credit, respectively.

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

10. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing various program services and supporting activities of the College have been summarized on a functional basis below. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on average estimates of time and effort by employees. Depreciation and occupancy expenses are allocated based on square footage. Remaining expenses are allocated based on the underlying nature of the expense. The College had not identified joint costs for the years ended June 30, 2025 and 2024.

The following tables present the functional allocation of expenses:

	For the Year Ended June 30, 2025					
	Program Services			Support Activities		Total
	Instruction	Academic Support	Student Services	General and Administrative	Fundraising	
Salaries and benefits	\$ 480,185	\$ 274,006	\$ 436,512	\$ 660,770	\$ 142,771	\$ 1,994,244
Professional services	18,427	167,506	44,194	114,145	16,082	360,354
Supplies & other	4,866	57,573	25,204	23,953	13,609	125,205
Occupancy	28,547	24,639	24,639	23,875	5,199	106,899
Advertising/events	9,451	3,872	7,147	49,945	14,288	84,703
Depreciation	8,530	17,061	17,061	11,224	2,244	56,120
	<u>\$ 550,006</u>	<u>\$ 544,657</u>	<u>\$ 554,757</u>	<u>\$ 883,912</u>	<u>\$ 194,193</u>	<u>\$ 2,727,525</u>
Plus net periodic pension cost in non-operating activities	268,177	-	-	-	-	268,177
Total reconciled expenses	<u>\$ 818,183</u>	<u>\$ 544,657</u>	<u>\$ 554,757</u>	<u>\$ 883,912</u>	<u>\$ 194,193</u>	<u>\$ 2,995,702</u>

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

10. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

	For the Year Ended June 30, 2024					Total
	Program Services			Support Activities		
	Instruction	Academic Support	Student Services	General and Administrative	Fundraising	
Salaries and benefits	\$ 895,980	\$ 312,579	\$ 466,069	\$ 829,782	\$ 174,440	\$ 2,678,850
Professional services	21,111	170,375	50,760	117,336	16,449	376,031
Supplies & other	12,685	67,924	27,680	67,103	18,278	193,670
Occupancy	50,756	72,168	72,168	61,072	8,816	264,980
Advertising/events	100,089	4,053	50,959	40,813	74,659	270,573
Depreciation	9,690	19,381	19,381	12,751	2,550	63,753
	\$ 1,090,311	\$ 646,480	\$ 687,017	\$ 1,128,857	\$ 295,192	\$ 3,847,857
Plus net periodic pension cost in non-operating activities	108,655	-	-	-	-	108,655
Total reconciled expenses	\$ 1,198,966	\$ 646,480	\$ 687,017	\$ 1,128,857	\$ 295,192	\$ 3,956,512

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

11. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	June 30,	
	2025	2024
Restricted by purpose or time:		
Scholarships	\$ 93,865	\$ 82,641
Benevolence	17,587	17,587
	<u>111,452</u>	<u>100,228</u>
Undistributed endowment earnings:		
Scholarships	594,367	511,046
Lectureship	132,571	125,912
Other	28,411	19,792
	<u>755,349</u>	<u>656,750</u>
	866,801	756,978
Restricted in perpetuity:		
Assets held for endowment fund	<u>2,076,878</u>	<u>2,071,878</u>
	<u>\$ 2,943,679</u>	<u>\$ 2,828,856</u>

12. ENDOWMENT FUNDS AND RELATED ASSETS:

Assets held for endowment fund consist of:

	June 30,	
	2025	2024
Church of the Nazarene Operating Fund	\$ 2,819,840	\$ 2,689,451
Certificate of deposit	350,000	350,000
	<u>\$ 3,169,840</u>	<u>\$ 3,039,451</u>
Net assets restricted in perpetuity consist of:		
Scholarships	\$ 1,253,167	\$ 1,248,167
Pastoral care	517,864	517,864
Other	305,847	305,847
	<u>\$ 2,076,878</u>	<u>\$ 2,071,878</u>

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

12. ENDOWMENT FUNDS AND RELATED ASSETS, continued:

The endowment net asset composition by type consists of:

	June 30,	
	2025	2024
Board-designated endowment funds:		
Quasi-endowment	\$ 837,613	\$ 810,823
Donor restricted endowment funds:		
Restricted by purpose or time	755,349	656,750
Restricted in perpetuity	<u>2,076,878</u>	<u>2,071,878</u>
	3,669,840	3,539,451
Less: Quasi-endowment loan to operations	<u>(500,000)</u>	<u>(500,000)</u>
Investments held for endowments	<u>\$ 3,169,840</u>	<u>\$ 3,039,451</u>

Changes in endowment net assets for the year ended June 30, 2025:

	Without Donor Restrictions	<u>With Donor Restrictions</u>		Total
		Original Gift Amount	Accumulated Gains	
Endowment net assets, beginning of year	\$ 810,823	\$ 2,071,878	\$ 656,750	\$ 3,539,451
Investment income	26,790	-	169,139	195,929
Contributions	-	5,000	-	5,000
Appropriated for expenditure	-	-	<u>(70,540)</u>	<u>(70,540)</u>
Endowment net assets, end of year	<u>\$ 837,613</u>	<u>\$ 2,076,878</u>	<u>\$ 755,349</u>	<u>\$ 3,669,840</u>

During the year ended June 30, 2025, \$500,000 of the \$837,613 in endowment net assets without donor restrictions has been loaned to operations. Subsequent to June 30, 2025, the board removed the \$500,000 from the quasi-endowment, eliminating the internal loan to operations.

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

12. ENDOWMENT FUNDS AND RELATED ASSETS, continued:

Changes in endowment net assets for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift Amount	Accumulated Gains	
Endowment net assets, beginning of year	\$ 769,864	\$ 2,059,554	\$ 649,348	\$ 3,478,766
Investment income	40,959	-	151,271	192,230
Contributions	-	12,324	-	12,324
Appropriated for expenditure	-	-	(143,869)	(143,869)
Endowment net assets, end of year	<u>\$ 810,823</u>	<u>\$ 2,071,878</u>	<u>\$ 656,750</u>	<u>\$ 3,539,451</u>

During the year ended June 30, 2024, \$500,000 of the \$810,823 in endowment net assets without donor restrictions has been loaned to operations.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature did not exist during the years ended June 30, 2025 and 2024.

13. OPERATING AND NONOPERATING ACTIVITIES:

The activity of the College has been reported in the statements of activities in the following two categories: operating and non-operating. Operating includes the core educational activities of the College. Non-operating includes all other activity that is not considered to be "core educational," such as contributions with donor restrictions to be held in perpetuity, net periodic pension cost other than service cost, pension-related changes other than net periodic pension cost, and investment income and losses related to endowments. These activities may be reoccurring or one time events, and management does not rely on or budget for these non-operating activities.

14. CONCENTRATION:

During the years ended June 30, 2025 and 2024, one donor contributed approximately 36% and 34%, respectively, of total support and revenue.

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

15. RELATED PARTY TRANSACTIONS:

Related party transactions for the year ended June 30, 2025:

<u>Related Party</u>	<u>Location</u>	<u>Nature</u>	<u>Revenue (Expense)</u>	<u>Asset (Liability)</u>	<u>Other</u>
Church of the Nazarene	Lenexa, Kansas	Donations	\$ 1,218,965		Denomination institution
Nazarene Congregations	Lenexa, Kansas	Donations	\$ 327,438		Member of denomination

The College is an educational institution of the Church of the Nazarene (the Church). During the year ended June 30, 2024, the College received contributions from the Church for education services of \$825,854 and for capital purchases of \$100,571. The College also had an operating lease with the Church for office space. Short-term lease expense totaled \$42,144 for the year ended June 30, 2024; this lease was terminated during the year ended June 30, 2024.

The College received funds from various individual Nazarene congregations as an annual offering. For the year ended June 30, 2024, the annual offerings totaled \$202,219.

Additionally, the College received contributions from board members and key members of management totaling approximately \$118,000 and \$46,000 during the years ended June 30, 2025 and 2024, respectively.

16. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 18, 2025, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial