Consolidated Financial Statements

Spelman College
Years Ended June 30, 2025 and 2024
With Report of Independent Auditors

Spelman College

Consolidated Financial Statements

Years Ended June 30, 2025 and 2024

Contents

Building a better working world

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Report of Independent Auditors

Management and the Board of Trustees
Spelman College

Opinion

We have audited the consolidated financial statements of Spelman College (the College), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College at 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 for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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 of material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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

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

In performing an audit in accordance with GAAS, we:

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

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

Ernst + Young LLP

December 31, 2025

Spelman College

Consolidated Statements of Financial Position

	June 30	
	2025	**2024**
Assets		
Cash and cash equivalents	**$ 59,474,487**	$ 95,015,997
Student accounts receivable (net of allowance for doubtful accounts of $2,618,902 in 2025 and $2,571,069 in 2024)	**87,430**	207,919
Grants and other receivables	**7,563,273**	4,015,419
Contributions receivable, net *(Note 2)*	**69,373,131**	102,586,156
Investments *(Notes 3 and 9)*	**607,745,963**	549,276,684
Other assets	**2,295,436**	1,555,059
Operating right-of-use asset *(Note 10)*	**5,022,693**	1,317,925
Property and equipment, net *(Note 5)*	**278,692,387**	239,536,414
Total assets	**$ 1,030,254,800**	$ 993,511,573
Liabilities and net assets		
Accounts payable and accrued expenses	**$ 11,649,211**	$ 7,777,672
Accrued compensation and related expenses	**9,703,725**	9,561,041
Deferred revenue	**643,124**	891,692
Bonds payable *(Note 6)*	**39,151,262**	45,364,028
Obligations under right of use lease (Note 10)	**5,022,693**	1,317,925
Advances from federal government	**–**	781,520
Total liabilities	**66,170,015**	65,693,878
Net assets:		
Without donor restrictions:		
Undesignated	**20,431,975**	17,253,222
Designated by the board of trustees as follows:		
Quasi-endowment, net *(Note 4)*	**83,248,450**	84,689,320
Student loans	**–**	(494,419)
Facilities expansion	**28,932,393**	45,843,748
Investment in property and equipment	**203,915,987**	86,995,622
Total without donor restrictions	**336,528,805**	234,287,493
With donor restrictions *(Notes 4 and 8)*	**627,555,980**	693,530,202
Total net assets	**964,084,785**	927,817,695
Commitments and contingencies *(Notes 3, 6, 14, and 15)*		
Total liabilities and net assets	**$ 1,030,254,800**	$ 993,511,573

See accompanying notes to financial statements.

Spelman College

Consolidated Statements of Activities

Year Ended June 30, 2025
(With Summarized Financial Information for the Year Ended June 30, 2024)

	2025			2024
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Total**
Operating revenue:				
Tuition and fees, excluding student aid	**$ 55,591,197**	**$ –**	**$ 55,591,197**	$ 52,112,277
Government grants and contracts	**1,319,311**	**13,160,746**	**14,480,057**	14,480,383
Private gifts and grants	**5,958,735**	**13,303,825**	**19,262,560**	31,254,253
Investment income, net	**3,561,214**	**1,076,143**	**4,637,357**	7,525,692
Realized and unrealized gains (losses) on investments, net	**140,958**	**–**	**140,958**	2,717
Endowment spending in accordance with the College's spending rule *(Note 4)*	**7,420,684**	**17,324,281**	**24,744,965**	24,156,286
Sales and services of auxiliary enterprises	**30,438,084**	**–**	**30,438,084**	30,926,189
Other	**1,260,373**	**380,679**	**1,641,052**	1,008,244
Net assets released from restrictions *(Note 7)*	**55,044,942**	**(55,044,942)**	**–**	–
Total operating revenue	**160,735,498**	**(9,799,268)**	**150,936,230**	161,466,041
Operating expenses *(Note 11):*				
Instruction	**47,936,177**	**–**	**47,936,177**	46,851,160
Research	**6,704,757**	**–**	**6,704,757**	5,860,505
Public service	**278,407**	**–**	**278,407**	276,267
Academic support	**15,649,170**	**–**	**15,649,170**	14,923,376
Student services	**16,105,271**	**–**	**16,105,271**	16,987,785
Institutional support	**34,540,130**	**–**	**34,540,130**	29,890,496
Auxiliary enterprises	**27,118,587**	**–**	**27,118,587**	26,634,636
Total operating expense	**148,332,499**	**–**	**148,332,499**	141,424,225
Change in net assets from operating activities	**12,402,999**	**(9,799,268)**	**2,603,731**	20,041,816
Nonoperating activities:				
Contributions	**–**	**10,209,395**	**10,209,395**	89,169,404
Investment gains (losses), net	**1,007,846**	**4,868,398**	**5,876,244**	3,829,757
Realized and unrealized gains (losses) on investments, net	**7,604,048**	**39,637,329**	**47,241,377**	42,312,409
Endowment spending in accordance with the College's spending rule *(Note 4)*	**(7,420,684)**	**(17,324,281)**	**(24,744,965)**	(24,156,286)
Net assets released from restriction-construction	**93,419,510**	**(93,419,510)**	**–**	–
Capital campaign expenditures	**(2,884,293)**	–	**(2,884,293)**	(1,883,986)
Other nonoperating income (loss)	**(1,888,114)**	**(146,285)**	**(2,034,399)**	(378,071)
Change in net assets from nonoperating activities	**89,838,313**	**(56,174,954)**	**33,663,359**	108,893,227
Change in net assets	**102,241,312**	**(65,974,222)**	**36,267,090**	128,935,043
Net assets at beginning of year	**234,287,493**	**693,530,202**	**927,817,695**	798,882,652
Net assets at end of year	**$ 336,528,805**	**$ 627,555,980**	**$ 964,084,785**	$ 927,817,695

See accompanying notes to financial statements.

Spelman College

Consolidated Statements of Activities (continued)

Year Ended June 30, 2024

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Operating revenue:			
Tuition and fees, excluding student aid	$ 52,112,277	$ –	$ 52,112,277
Government grants and contracts	1,027,674	13,452,709	14,480,383
Private gifts and grants	2,857,015	28,397,238	31,254,253
Investment income, net	5,179,273	2,346,419	7,525,692
Realized and unrealized gains (losses) on investments, net	2,717	–	2,717
Endowment spending in accordance with the College's spending rule *(Note 4)*	6,832,417	17,323,869	24,156,286
Sales and services of auxiliary enterprises	30,926,189	–	30,926,189
Other	1,008,244	–	1,008,244
Net assets released from restrictions *(Note 7)*	54,982,477	(54,982,477)	–
Total operating revenue	154,928,283	6,537,758	161,466,041
Operating expenses *(Note 11):*			
Instruction	46,851,160	–	46,851,160
Research	5,860,505	–	5,860,505
Public service	276,267	–	276,267
Academic support	14,923,376	–	14,923,376
Student services	16,987,785	–	16,987,785
Institutional support	29,890,496	–	29,890,496
Auxiliary enterprises	26,634,636	–	26,634,636
Total operating expenses	141,424,225	–	141,424,225
Change in net assets from operating activities	13,504,058	6,537,758	20,041,816
Nonoperating activities:			
Contributions	1,100,626	88,068,778	89,169,404
Investment loss, net	(670,787)	4,500,544	3,829,757
Realized and unrealized (losses) on investments, net	10,742,636	31,569,773	42,312,409
Endowment spending in accordance with the College's spending rule *(Note 4)*	(6,832,417)	(17,323,869)	(24,156,286)
Net assets released from restriction for construction	4,734,984	(4,734,984)	–
Capital campaign expenditures	(1,883,986)	–	(1,883,986)
Other nonoperating income (loss)	(248,027)	(130,044)	(378,071)
Change in net assets from nonoperating activities	6,943,029	101,950,198	108,893,227
Change in net assets	20,447,087	108,487,956	128,935,043
Net assets at beginning of year	213,840,406	585,042,246	798,882,652
Net assets at end of year	$ 234,287,493	$ 693,530,202	$ 927,817,695

See accompanying notes to financial statements.

Spelman College

Consolidated Statements of Cash Flows

	June 30 2025	June 30 2024
Operating activities		
Change in net assets	**$ 36,267,090**	$ 128,935,043
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	**6,668,505**	5,545,149
Amortization of bond issuance costs	**(530,413)**	64,860
Amortization of bond premium	**378,130**	(613,579)
In-kind contribution of property and other	**–**	(20,750)
Net realized and unrealized gains (losses) on investments	**(48,179,082)**	(43,385,810)
Private gifts and grants restricted for long-term investment	**(6,034,266)**	(23,220,778)
Decrease in student accounts receivable	**120,489**	332,672
Increase in grants and other receivables	**(3,547,854)**	(511,536)
Decrease (increase) in contributions receivable, net	**33,213,025**	(68,459,848)
Increase in other assets	**(740,377)**	(411,894)
Increase (decrease) in accounts payable and accrued expenses, and accrued compensation and related expenses	**4,014,224**	(1,607,792)
Decrease in deferred revenue	**(248,568)**	(197,162)
Net cash provided by (used in) operating activities	**21,380,902**	(3,551,425)
Investing activities		
Purchases and acquisitions of property and equipment	**(46,979,961)**	(56,619,337)
Disposal of property and equipment	**–**	79,364
Proceeds from sales of investments	**366,356,723**	328,411,074
Purchases of investments	**(376,646,920)**	(320,327,934)
Net cash used in investing activities	**(57,270,158)**	(48,456,833)
Financing activities		
Principal repayments on bonds and notes payable	**(4,905,000)**	(4,820,000)
Decrease in advances from federal government	**(781,520)**	781,520
Proceeds from private gifts and grants restricted for long-term investment	**6,034,266**	23,220,778
Net cash provided by financing activities	**347,746**	19,182,298
Decrease in cash and cash equivalents and restricted cash	**(35,541,510)**	(32,825,960)
Cash and cash equivalents and restricted cash at beginning of year	**95,015,997**	127,841,957
Cash and cash equivalents and restricted cash at end of year	**$ 59,474,487**	$ 95,015,997
Supplemental disclosures:		
Cash paid for interest	**$ 1,450,901**	$ 2,294,581
Non-cash change in right of use asset and liability	**3,704,768**	(583,094)
In-kind gift – property and other	**–**	20,750
Property and equipment included in accounts payable	**2,738,707**	625,255

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

(a) General

Spelman College (the College) is a private, nonprofit institution of higher education located in Atlanta, Georgia. The College provides education and training services for students at the undergraduate level and performs research, training, and other services under grants, contracts, and similar agreements with sponsoring organizations and governmental agencies.

(b) Basis of Presentation

The consolidated financial statements of the College have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles.

The consolidated financial statements of the College include all the related entities over which the College exercises control and has an economic interest. All intercompany accounts and transactions have been eliminated from the consolidated financial statements.

The College's net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions.

Accordingly, the net assets of the College and changes therein are classified and reported as follows:

> **Without donor restrictions –** Net assets that are not subject to donor-imposed stipulations.
>
> **With donor restrictions –** Net assets subject to donor-imposed stipulations that may or will be met either by actions of the College pursuant to those restrictions and/or the passage of time.

Revenue from sources other than contributions is reported as increases in net assets without donor restrictions. Contributions are reported as increases in the appropriate net asset category. Contributions of assets other than cash and cash equivalents are initially recorded at their estimated fair value at the date of the gift, as determined by independent appraisal or other valuation methods as deemed appropriate by management. In the consolidated statements of activities, contributions with donor restrictions received in the same year in which the donor restrictions are satisfied are recorded as revenue with donor restrictions and as net assets released from restrictions. Contributions to be received after one year are discounted at a rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue and classified in accordance with donor imposed restrictions, if any, on the contribution.

1. Summary of Significant Accounting Policies (continued)

Expenses are reported as decreases in net assets without donor restrictions. Net realized and unrealized gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. The expiration of donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Donor restrictions on gifts to acquire long lived assets are considered met in the period in which the assets are acquired and placed in service and are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions.

(c) Investments

Investments consist of marketable securities, privately held limited partnerships, and real estate.

Marketable securities are stated at fair value based on quoted market prices. The net realized and unrealized gains on investments are reflected in the statements of activities. Net realized and unrealized gains are allocated to the appropriate net asset class based upon donor restrictions.

Investments in private limited partnership interests are valued using the most current information provided by the general partner. The change in net assets related to limited partnership interests is presented as net realized and unrealized gains based upon the estimated fair value of each partnership as determined by the general partner. General partners typically value privately held companies at cost as adjusted based on recent arm’s length transactions. Real estate partnerships and funds are valued based on appraisals of properties held and are conducted by third party appraisers retained by the general partner or investment manager. General partners of funds invested in marketable securities provide values based on quoted market prices and exchange rates for publicly held securities and valuation estimates of derivative instruments. Investment managers are authorized to employ derivative instruments, including swaps, futures, forwards, and options. These derivatives are generally used for managing interest rate or foreign currency risk, or to attain or hedge a specific financial market position. The College does not have direct investments in such instruments. Management reviews and evaluates valuation information provided by general partners and investment managers, and management believes such values are reasonable estimates of fair value.

The College’s investments include various types of investment securities and investment vehicles, which are exposed to various risks, such as liquidity, interest rate, currency, market, and credit risks.

1. Summary of Significant Accounting Policies (continued)

Liquidity risk represents the possibility that the College may be unable to rapidly adjust the size of its portfolio holdings in times of high volatility and financial stress at a reasonable price. If the College was compelled to dispose of a liquid or illiquid investment at an inopportune time, it may be required to do so at a substantial discount to fair value.

The College invests in alternative investments, which can be highly illiquid. Under adverse market or economic conditions, the secondary market for certain of these alternative investments could contract. As a result, the College could find it more difficult to sell these securities or may only be able to sell the securities at prices lower than if such securities were more widely traded. The College’s interests in alternative investments are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the College’s interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2025 and 2024, the College had no plans or intentions to sell investments at amounts different from NAV.

The College holds investments denominated in currencies other than the U.S. dollar. Thus, there is exposure to currency risk because the value of the investments denominated in other currencies may fluctuate due to changes in currency exchange rates, and this can have an adverse effect on the reported value of assets and liabilities denominated in currencies other than the U.S. dollar.

The College’s investment portfolio is subject to interest rate and credit risks for certain securities whose valuation would be impacted by changes in interest rates. The portfolio is also subject to the risk where the issuer of a security is not able to pay interest or repay principal when it is due.

The value of securities held by the College may decline in response to certain economic events, including those events impacting entities whose securities are owned and included in the investment portfolio. Those events impacting valuation may include (but are not limited to) economic changes, global pandemics, market fluctuations, regulatory changes, global and political instability, currency, interest rate, and commodity price fluctuations. The College attempts to manage these risks through diversification, ongoing due diligence of fund managers, and monitoring of economic conditions.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the College’s consolidated financial statements.

1. Summary of Significant Accounting Policies (continued)

(d) Property and Equipment

Property and equipment are stated at cost at date of acquisition or at estimated fair value at date of donation, less accumulated depreciation.

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. A summary of depreciable lives is as follows:

Land improvements	25 years
Buildings	50 years
Furniture and equipment	5-7 years

Property and equipment may be capitalized if it is owned or considered owned by the College, held for operations (not resale), has a useful life that exceeds one year, and meets the capitalization threshold.

(e) Advances From Federal Government for Student Loans

The College owns a one tenth interest in its Federal Perkins Loan fund used to advance loans to students. The remaining nine tenths is distributable to the federal government upon liquidation of the federal loan program and is recorded as a liability in the accompanying consolidated statements of financial position.

(f) Income Tax Status

The College is recognized as an organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3), whereby only unrelated business income, as defined by Section 512(a) of the Code, is subject to federal income tax. The College reviews its tax positions annually and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements at June 30, 2025 or 2024.

(g) Atlanta University Center Consortium, Inc.

The College records as expenses an allocated share of expenditures made through Atlanta University Center Consortium, Inc., an affiliated organization, for the benefit of the four affiliated institutions.

1. Summary of Significant Accounting Policies (continued)

(h) Cash Equivalents

Cash equivalents consist primarily of money market accounts, commercial paper, and any other short-term investments with original maturities of three months or less. Cash and cash equivalents that are part of the pooled investments are shown within investments as these funds are generally held for reinvestment.

(i) Tuition and Fees

Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, revenue is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration the College expects to be entitled in exchange for those goods or services (i.e., the transaction price). The College's operating revenue is primarily derived from undergraduate academic programs provided to students.

Student tuition and fee revenue is recognized in the reporting period in which the academic programs are delivered. Tuition is charged at different rates depending on the enrollment status of the student. As part of a student's course of instruction, certain fees, such as technology fees, are billed to students. Tuition and fees are earned over the applicable academic term and are not considered separate performance obligations. Educational activities related to non-credit bearing instruction is recognized as tuition over the related period.

Tuition and fees received in advance of services to be rendered are categorized as deferred revenue in the accompanying consolidated statements of financial position. Educational aid is awarded to students to defray the costs of the academic programs, which reduce the amount of revenue recognized. Scholarships awarded to students were $30,081,726 in 2025 and $28,161,340 in 2024. For the year ended June 30, 2025, the revenue from tuition and fees reflects aggregate reductions from student aid of $30 million against charges for which the amounts at published rates were approximately $86 million. For the year ended June 30, 2024, the revenue from tuition and fees reflects the aggregate reduction from student aid of $28 million against charges for which the amount at published rates were approximately $80 million.

1. Summary of Significant Accounting Policies (continued)

(j) Auxiliary Enterprise Revenue

Auxiliary Enterprise services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public. Fees charged for auxiliary services are priced to offset the cost of the goods or services provided. The distinguishing characteristic of auxiliary services is that they are managed as an essential self-supporting activity. Revenues and expenses from auxiliary enterprises are reported as changes in net assets without donor restrictions.

Auxiliary enterprise revenue primarily includes activities for student housing and dining facilities, the campus bookstore, and parking services. Performance obligations for housing and dining services are delivered over the academic terms. Consequently, associated revenues are earned and recognized over the course of each term as the services are delivered.

(k) Use of Estimates

Management of the College has made certain estimates and assumptions relating to the reporting of the allowance for uncollectible student receivables and contributions receivable, useful lives of property and equipment, investments without readily determinable fair values, and accrued expenses to prepare the financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(l) Bond Issuance Costs

Bond issuance costs related to the registration and issuance of bonds are carried at cost, less accumulated amortization, and are being amortized over the life of the related bonds. Unamortized bond issuance costs are recorded as a direct deduction from bonds and notes payable on the accompanying statements of financial position.

(m) Leases

Operating leases as a lessee are included in operating lease right-of-use assets and operating lease liabilities on the consolidated statements of financial position. Right-of-use assets represent the College’s right to use an underlying asset for the lease term. Obligations under right of use leases represent the College’s liability to make lease payments arising from the lease. Operating right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate.

1. Summary of Significant Accounting Policies (continued)

The commencement date is when the College either takes possession of the asset, or when the asset is available for use. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

2. Contributions Receivable, Net

Contributions receivable as of June 30, 2025 and 2024, are summarized as follows:

	2025	2024
Unconditional promises expected to be collected in:		
Less than one year	**$ 39,709,696**	$ 49,699,549
One year to five years	**50,788,823**	75,602,450
Greater than five years	**650,000**	–
	91,148,519	125,301,999
Less: allowance for uncollectible contributions	**(4,557,425)**	(6,265,106)
Less: unamortized discount	**(17,217,963)**	(16,450,737)
	$ 69,373,131	$ 102,586,156

Contributions are discounted at rates ranging from 7.73% to 2.19% for the years ended June 30, 2025 and 2024, commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue and classified in accordance with the related donor-imposed restrictions. The College's allowance for uncollectible contributions is estimated by using past collection history as an indication of future collections. At June 30, 2025, and 2024, the College's two largest outstanding donor pledge balances represented 71% and 69%, respectively, of the College's gross contributions receivable.

The College has conditional contributions, not recorded, for the promotion of higher education and research of approximately $21.5 million. As of June 30, 2025, conditional contributions are broken out as follows: National Science Foundation grants of $12.6 million, Title III of $3.1 million, Department of Education grants of $2.5 million, Department of Commerce of $1.6 million, and other of $0.8 million. As of June 30, 2024, conditional contributions were National Science

2. Contributions Receivable, Net (continued)

Foundation grants of $15.0 million, Title III of $3.8 million, Department of Education grants $2.7 million, Department of Commerce of $2.0 million, NASA $0.5 million, and other of $0.9 million.

3. Investments

The fair value of investments is summarized as follows on June 30, 2025 and 2024:

	2025	2024	2025 Unfunded Capital Commitments	2024 Unfunded Capital Commitments
Short-term investments	**$ 31,836,160**	$ 30,162,394	**$ –**	$ –
U.S. equity	**119,509,128**	96,473,166	**–**	–
Non-U.S. equity:				
Developed markets	**77,072,670**	73,050,937	**–**	–
Emerging markets	**7,164,019**	6,337,619	**–**	–
	84,236,689	79,388,556	**–**	–
Marketable alternatives	**97,541,445**	81,081,958	**–**	–
Real assets:				
Natural resources	**4,286,408**	5,516,810	**1,696,866**	1,660,113
Real estate	**6,743,72**	6,250,788	**729,264**	1,085,520
	11,030,130	11,767,598	**2,426,130**	2,745,633
Private equity:				
Private and venture capital	**198,071,400**	178,694,584	**96,474,245**	66,495,256
Distressed	**20,384,859**	29,839,372	**1,028,449**	6,450,880
	218,456,259	208,533,956	**97,502,694**	72,946,136
Fixed income	**45,136,152**	41,869,056	**309,620**	–
Total investments, at fair value	**$ 607,745,965**	$ 549,276,684	**$ 100,238,444**	$ 75,691,769

3. Investments (continued)

The College has investments in certain partnerships and is obligated under the related partnership agreements to invest capital amounts in private equity vehicles. The College estimates that the additional capital amounts will be paid over the next five years depending on timing of potential investment opportunities identified by investment fund managers.

The following is a summary of the liquidation terms of investments as of June 30, 2025 and 2024:

	2025							
	Redemption Period							Day(s)
	Daily	**Monthly**	**Quarterly**	**Semiannually**	**Annually**	**Illiquid**	**Total**	**Notice**
Short-term investments[a]	**$ 31,836,160**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ 31,836,160**	**1**
U.S. equity[b]	**49,961,485**	**11,045,406**	**56,233,876**	**–**	**–**	**2,268,359**	**119,509,126**	**1–90**
Non-U.S. equity[b]	**4,822,963**	**34,461,696**	**25,607,132**	**–**	**19,344,898**	**–**	**84,236,689**	**60–120**
Marketable alternatives[c]	**10,136,109**	**11,803,393**	**37,962,243**	**–**	**30,639,700**	**7,000,000**	**97,541,445**	**30–90**
Real assets[d]	**–**	**–**	**–**	**–**	**–**	**11,030,130**	**11,030,130**	**–**
Private equity[e]	**–**	**–**	**–**	**–**	**–**	**218,456,260**	**218,456,260**	**–**
Fixed income[f]	**35,795,089**	**–**	**–**	**–**	**–**	**9,341,064**	**45,136,152**	**3–90**
	$132,551,806	**$ 57,310,495**	**$119,803,251**	**$ –**	**$ 49,984,598**	**$248,095,813**	**$607,745,962**	

	2024							
	Redemption Period							Day(s)
	Daily	**Monthly**	**Quarterly**	**Semiannually**	**Annually**	**Illiquid**	**Total**	**Notice**
Short-term investments[a]	$ 30,162,394	$ –	$ –	$ –	$ –	$ –	$ 30,162,394	1
U.S. equity[b]	9,521,892	8,862,915	75,924,350	–	–	2,164,009	96,473,166	1–90
Non-U.S. equity[b]	22,575,954	31,210,413	4,943,949	–	20,658,238	–	79,388,556	60–120
Marketable alternatives[c]	–	5,178,339	38,236,189	5,063,489	32,603,942	–	81,081,958	30–90
Real assets[d]	–	–	–	–	–	11,767,598	11,767,598	–
Private equity[e]	–	–	–	–	–	208,533,956	208,533,956	–
Fixed income[f]	41,869,056	–	–	–	–	–	41,869,056	3–90
	$104,129,296	$ 45,251,667	$119,104,489	$ 5,063,489	$ 53,262,180	$222,465,563	$549,276,684	

(a) This category includes assets that are cash or cash equivalents.

(b) This category includes investments in funds that take long positions in publicly traded equity securities. Approximately 50% of these investments are in U.S. companies and 50% are in non -U.S. companies. A range of styles, market caps, and geographic focuses is included. The public nature of the securities makes this category very liquid.

(c) This category includes investments U.S. corporate and government bonds as well as hedge funds that take long and short positions largely in equity securities, credit securities, and event -driven situations. Managers vary in style, market cap focus, geographic focus, sectors of focus, and types of securities, with some having considerable flexibility in each of these areas. The funds also vary in net long/short positioning with most equity funds generally maintaining a low net and little or no leverage. Most credit funds generally maintain a moderate net long position and little or no leverage.

3. Investments (continued)

(d) This category includes investments in real estate equity funds and commodity funds that take ownership of properties ranging from office, retail, multifamily, land, hotel, and various other commodities. These are investments that cannot be redeemed since the investment is distributed as the underlying investments are liquidated, which generally takes 4–10 years. There are currently no plans to sell any of these investments prior to their liquidation so the assets are carried at NAV as estimated by the investment fund manager.

(e) This category includes investments in private equity funds that provide growth equity or take full ownership of the companies in which they invest. Private equity funds take significant ownership positions in start-up or early-stage companies largely in the technology or healthcare spaces. These are private investments that cannot be redeemed since the investment is distributed as the underlying investments are liquidated, which generally takes 4–8 years. There are currently no plans to sell any of these investments prior to their liquidation, so the assets are carried at NAV as estimated by the investment fund manager.

(f) This category includes investments in funds that take long positions in publicly traded fixed income securities. Derivatives may be used to replicate securities or change the positioning of the portfolio without the need to buy or sell securities. The public nature of the securities makes this category very liquid.

As of June 30, 2025, and 2024, the College has approximately $442,500,000 and $410,575,000, respectively, of investments that are reported at estimated fair value based on NAV of the funds. Unless it is probable that all or a portion of the investment will be sold for an amount different from NAV, the College has applied a practical expedient and concluded that the NAV reported by the underlying fund approximates the fair value of these investments. Management estimates of fair value are based upon information provided by general partners and investment managers. On June 30, 2025, and 2024, the College had $2,268,360 and $2,164,000 in investments with redemption lock up provisions respectively.

4. Endowment Net Assets

The College's endowment consists of approximately 400 individual funds established for a variety of purposes, including both donor restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The Board of Trustees of the College has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act), as adopted in Georgia, as providing among other things, expanded spending flexibility by allowing, subject to a standard of prudence, an institution to spend from an endowment fund without regard to the book value of the corpus of the fund. This flexibility under UPMIFA allows an expenditure that lowers the value of the corpus of a donor restricted endowment fund below its historic dollar value.

4. Endowment Net Assets (continued)

In accordance with the Act, the College considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the College and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the College
7. The investment policies of the College

Endowment net assets consisted of the following at June 30, 2025 and 2024:

	2025		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	**$ –**	**$ 525,791,683**	**$ 525,791,683**
Board-designated endowment funds	**83,248,450**	**–**	**83,248,450**
Total endowed net assets	**$ 83,248,450**	**$ 525,791,683**	**$ 609,040,133**

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$ –	$ 492,345,951	$ 492,345,951
Board-designated endowment funds	84,689,320	–	84,689,320
Total endowed net assets	$ 84,689,320	$ 492,345,951	$ 577,035,271

4. Endowment Net Assets (continued)

Endowments are to be utilized for the following purposes as of June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Faculty support	**$ –**	**$ 80,985,824**	**$ 80,985,824**
Program support	**–**	**47,912,069**	**47,912,069**
Scholarship support	**–**	**312,039,196**	**312,039,196**
Research	**–**	**19,046**	**19,046**
Operating	**83,248,450**	**83,029,314**	**166,277,764**
Other	**–**	**1,806,234**	**1,806,234**
Total	**$ 83,248,450**	**$ 525,791,683**	**$ 609,040,133**

Endowments are to be used for the following purposes as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Faculty support	$ –	$ 69,359,271	$ 69,359,271
Program support	–	44,819,741	44,819,741
Scholarship support	–	294,160,756	294,160,756
Research	–	17,886	17,886
Operating	84,689,329	82,282,190	166,971,510
Other	–	1,706,107	1,706,107
Total	$ 84,689,320	$ 492,345,951	$ 577,035,271

4. Endowment Net Assets (continued)

Changes in endowment net assets for the years ended June 30, 2025 and 2024, were as follows:

	2025		
	Net Assets Without Donor Restrictions	**Net Assets With Donor Restrictions**	**Total**
Endowment net assets, June 30, 2024	**$ 84,689,320**	**$ 492,345,951**	**$ 577,035,271**
Investment return:			
Investment income, net	**1,007,847**	**4,868,397**	**5,876,244**
Net appreciation	**7,604,048**	**39,634,695**	**47,238,743**
Total investment return	**8,611,895**	**44,503,092**	**53,114,987**
Contributions	**–**	**6,154,465**	**6,154,465**
Appropriation of endowment assets for:			
Operations	**(7,420,684)**	**(17,324,281)**	**(24,744,965)**
Support of the College's investments office	**–**	**–**	**–**
Appropriation of endowment assets for campaign support	**(2,884,293)**	**–**	**(2,884,293)**
Transfers – other	**–**	**–**	**–**
Endowment net asset, June 30, 2025	**$ 82,996,238**	**$ 525,679,227**	**$ 608,675,465**

	2024		
	Net Assets Without Donor Restrictions	**Net Assets With Donor Restrictions**	**Total**
Endowment net assets, June 30, 2023	$ 80,648,890	$ 398,124,087	$ 478,772,977
Investment return:			
Investment gain, net	914,197	4,500,544	5,414,741
Net appreciation	10,742,636	31,569,773	42,312,409
Total investment return	11,656,833	36,070,317	47,727,150
Contributions	1,000,000	75,601,321	76,601,321
Appropriation of endowment assets for:			
Operations	(6,832,417)	(17,323,869)	(24,156,286)
Appropriation of endowment assets for campaign support	(1,883,986)	–	(1,883,986)
Other expense	100,000	(125,905)	(25,905)
Endowment net asset, June 30, 2024	$ 84,689,320	$ 492,345,951	$ 577,035,271

4. Endowment Net Assets (continued)

(b) Underwater Funds

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 the Act requires the College to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in net assets with donor restrictions are $182,015 and $464,924 as of June 30, 2025 and 2024. These deficiencies typically result from unfavorable market fluctuations that occur shortly after the investment of new contributions with donor restrictions and continued appropriation for certain programs that are deemed prudent by the Board of Trustees.

(c) Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the College must hold in perpetuity or for a donor specified period, as well as board designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a benchmark while assuming a moderate level of investment risk. The College expects its endowment funds, over three to five years, to provide an average annual real rate of return of approximately 5% to 6% annually. Actual returns in any given year may vary from this amount.

(d) Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places emphasis on investments in equities, fixed income, hedge funds, and alternative assets (distressed, real estate, venture capital, and private equities) to achieve its long term objectives within prudent risk parameters.

4. Endowment Net Assets (continued)

(e) Spending Policy

The College utilizes the total return concept (income yield and appreciation) in the management of its endowment. The College has implemented a spending policy designed to stabilize annual spending levels and preserve the real value of the endowment over time. In accordance with the College’s policy, a predetermined endowment spending rate, consistent with the College’s total return objective, has been established. Should the actual return be insufficient to support this policy, the balance is provided from net accumulated appreciation. Should the return exceed the amounts withdrawn in accordance with the spending policy, the balance is reinvested in the endowment.

The College has a policy of appropriating for distribution each year 4.70% of a weighted average of its endowment funds values as of September 30 for each of the four fiscal years preceding the fiscal year in which the distribution is planned. In establishing these policies, the College considered the expected return on its endowment. Accordingly, the College expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate at least equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return. The College withdrew an additional .53% and 0.37% of the fair value of the endowment as of the beginning of the year for each of the years ended June 30, 2025 and 2024, respectively, in order to support its capital campaign. The actual spending rate used to support the College’s operating budget for the years ended June 30, 2025 and 2024, calculated as a percentage of the fair value of the endowment as of the beginning of the year, was 4.70% and 5.22%, respectively.

5. Property and Equipment

Property and equipment as of June 30, 2025 and 2024, consist of the following:

	2025	2024
Land	**$ 14,687,722**	$ 14,687,722
Land improvements	**22,280,251**	22,280,251
Buildings	**322,347,260**	208,618,387
Furniture and equipment	**42,506,179**	39,589,781
Robert W. Woodruff Library at the Atlanta University Center Consortium, Inc.	**547,000**	547,000
Construction in progress	**31,773,424**	102,597,918
	434,141,836	388,298,350
Less accumulated depreciation	**155,449,449**	148,784,645
	$ 278,692,387	$ 239,536,414

Depreciation expense totaled $6,668,505 and $5,545,149 in 2025 and 2024, respectively.

6. Bonds Payable

Bonds payable as of June 30, 2025 and 2024, consist of the following:

	Interest Rates	Maturity (Serially)	Original Issue	Outstanding as of June 30 2025	Outstanding as of June 30 2024
Development Authority of Fulton County:					
Fixed rate:					
Revenue Bonds of 2012	2.00%–5.00%	2029	25,145,000	**$ –**	$ 1,170,000
Revenue Bonds of 2012	4.00%	2029	725,000	**–**	345,000
Revenue Bonds of 2015	3.25%–5.00%	2032	52,080,000	**–**	42,215,000
Revenue Bonds of 2025	3.5%-5.00%	2032	37,805,000	**37,330,000**	–
				37,330,000	43,730,000
Unamortized premium				**2,443,592**	2,065,462
Bond issuance costs				**(622,330)**	(431,434)
Total bonds payable				**$ 39,151,262**	$ 45,364,028

6. Bonds Payable (continued)

Under the terms of the agreements related thereto, the Revenue Bonds of 2012 (the 2012 bonds) are unsecured general obligations of the College. The proceeds of the 2012 bonds were for the purpose of advance refunding a portion of the 2003 bonds and refunding the outstanding principal balances of the 2005 and 2008 notes payable to a commercial bank. Approximately $18,559,000 of the proceeds from the issuance of the 2012 bonds was placed in escrow in order to refund $17,010,000 of the 2003 bonds on June 1, 2012.

Under the terms of the agreements related thereto, the Revenue Bonds of 2015 (the 2015 bonds) are unsecured general obligations of the College. The proceeds of the 2015 bonds were for the purpose of advance refunding a portion of the 2007 bonds. Approximately $59,683,000 of the proceeds from the issuance of the 2015 bonds was placed in escrow in order to refund $53,820,000 of the 2007 bonds based on an amended maturity date of June 1, 2017.

On March 4, 2025, Spelman College refinanced a portion of its outstanding debt through the issuance of the $37,805,000 Development Authority of Fulton County Revenue Bonds (Spelman College), Series 2025. The Series 2025 Bonds were issued to (i) redeem all outstanding Series 2012 Bonds, (ii) redeem the Series 2015 Bonds maturing on or after June 1, 2026, and (iii) pay costs associated with the issuance of the Series 2025 Bonds.

The Series 2025 Bonds were issued at a premium of $2,641,716.85, with a total purchase price of $40,270,320.60. Net proceeds were deposited into an escrow fund to defease the refunded bonds in accordance with applicable trust indentures and law. The Series 2025 Bonds mature annually from June 1, 2025 through June 1, 2032, bearing interest rates ranging from 3.50% to 5.00%.

The refinancing reduces the College's annual debt service obligations and aligns with its long-term financial strategy. Following the transaction, the Series 2025 Bonds are the only bonds outstanding under the Trust Indenture.

6. Bonds Payable (continued)

The maturity schedule for bonds payable as of June 30, 2025, is as follows:

Year ending June 30:	
2026	$ 3,645,000
2027	5,185,000
2028	5,420,000
2029	5,475,000
2030	5,640,000
Thereafter	11,965,000
Total	$ 37,330,000

Interest expense related to bonds payable approximated $902,897 and $1,681,002 for the years ended June 30, 2025 and 2024, respectively.

7. Net Assets Released from Restrictions

Net assets were released from donor imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30, 2025 and 2024, as follows:

	2025	**2024**
Operating:		
Scholarships and fellowships	**$ 24,456,715**	$ 23,273,573
Instruction	**13,100,305**	13,796,400
Research	**4,805,489**	3,954,059
Public service	**48,318**	50,923
Academic support	**4,745,087**	4,243,285
Student services	**1,695,352**	2,545,312
Institutional support	**2,484,287**	3,103,584
Auxiliary enterprises	**21,775**	267,752
Other	**3,687,613**	3,747,589
	55,044,941	54,982,477
Nonoperating:		
Construction	**93,419,510**	4,734,984
	$ 148,464,451	$ 59,717,461

8. Net Assets

Net assets with donor restrictions as of June 30, 2025 and 2024, were available for the following purposes:

	2025	2024
Scholarships and fellowships	**$ 187,417,847**	$ 177,563,167
Programs and other operating purposes	**188,512,462**	191,081,049
Contributions and purchase of property and equipment	**10,209,395**	89,619,032
Endowment investment and other	**241,416,276**	235,266,954
	$ 627,555,980	$ 693,530,202

9. Fair Value

The College's estimates of fair value for financial assets and liabilities are based on the framework established in ASC Topic 820, *Fair Value Measurement*. This guidance establishes 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs – Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

- Level 2 inputs – Quoted prices for instruments that are identical or similar in markets that are not active and model-derived valuations for which all significant inputs are observable, either directly or indirectly, in active markets.

- Level 3 inputs – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Investments made directly by the College whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include actively traded common and preferred stock, U.S. government fixed income instruments, and non U.S. government fixed income instruments. Level 1 investments may also include listed mutual funds, exchange traded funds, and money market funds.

9. Fair Value (continued)

In accordance with ASC Subtopic 820 10, *Fair Value Measurement–Overall*, certain investments that are measured at fair value using NAV as a practical expedient to fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

The following tables present, for each level within the fair value hierarchy, the College's recurring, and nonrecurring fair value measurements for assets as of June 30, 2025, and 2024:

	June 30, 2025				
	Level 1	**Level 2**	**Level 3**	**Investments measured at NAV**	**Total**
Short-term investments	**$ 31,836,160**	**$ –**	**$ –**	**$ –**	**$ 31,836,160**
U.S. equity	**45,356,028**	**–**	**–**	**74,153,100**	**119,509,128**
Non-U.S. equity	**4,799,745**	**–**	**–**	**79,436,944**	**84,236,689**
Marketable alternatives	**40,775,808**	**–**	**–**	**56,765,637**	**97,541,445**
Real assets	**–**	**–**	**6,743,722**	**4,286,408**	**11,030,130**
Private equity	**–**	**–**	**–**	**218,456,260**	**218,456,260**
Fixed income	**35,795,089**	**–**	**–**	**9,341,063**	**45,136,152**
Total investments	**$ 158,562,830**	**$ –**	**$ 6,743,722**	**$ 442,439,412**	**$ 607,745,963**

	June 30, 2024				
	Level 1	**Level 2**	**Level 3**	**Investments measured at NAV**	**Total**
Short-term investments	$ 30,162,394	$ –	$ –	$ –	$ 30,162,394
U.S. equity	5,215,209	–	–	91,257,957	96,473,166
Non-U.S. equity	22,575,954	–	–	56,812,602	79,389
Marketable alternatives	32,628,628	–	–	48,453,330	81,081,958
Real assets	–	–	6,250,788	5,516,810	11,767,598
Private equity	–	–	–	208,533,956	208,533,956
Fixed income	41,869,056	–	–	–	41,869,056
Total investments	$ 132,451,241	$ –	$ 6,250,788	$ 410,574,655	$ 549,276,684

9. Fair Value (continued)

The carrying amounts of cash and cash equivalents, student accounts receivable, grants, and other receivables approximate fair value because of the terms and relatively short maturity of these financial instruments. Investments are reported at fair value as of the date of the financial statements.

Contributions receivable for current year gifts is initially measured at fair value in the year the receivable is recorded based on the present value of future cash flows discounted at a rate commensurate with risks involved, which is an application of the income approach.

A reasonable estimate of the fair value of advances from the federal government and student loans could not be made because the notes receivable is not salable and can only be assigned to the federal government or its designees. The carrying value of institutional student notes receivable approximates fair value.

The carrying amounts of accounts payable, accrued compensation and related expenses, and other related accruals approximate fair value because of the relatively short maturity of these financial instruments.

10. Leases-Right of Use

The College has several non-cancelable operating leases for machinery and equipment with expiration dates through 2029. As of June 30, 2025, the College’s right of use assets and corresponding liability was $5,022,693 represented the present value of the remaining lease payments. The payments were discounted using the College’s weighted average borrowing rate of 3.35% and weighted average remaining lease term of 3.5 years. As a practical expedient, in accordance with ASC 842, the College elected not to separate non-lease components from the lease component and instead accounted for each separate lease component and the non-lease components associated with that lease component as a single lease component.

10. Leases-Right of Use (continued)

Future minimum lease payments for years ending June 30 are as follows:

2026	$	2,726,572
2027		2,588,900
2028		190,878
2029		13,976
2030		–
Less present value discount		(497,633)
Present value of lease liabilities	$	5,022,693

11. Expenses

Expenses are reported in the accompanying consolidated statements of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program service is instruction. Expenses reported as academic support, student services, institutional support, and auxiliary enterprises are incurred in support of this primary program service. Institutional support includes fund raising expenses approximating $3,700,000 and $3,600,000 for the years ended June 30, 2025, and 2024, respectively.

The College allocates operation and maintenance of plant, interest and depreciation to the program and support expenses reported in the accompanying consolidated statements of activities based on square footage. Other expenses attributable to more than one category are based primarily on time and effort allocation techniques.

11. Expenses (continued)

The following tables report the amount of these expenses included in the accompanying consolidated statements of activities for the year ended June 30, 2025, and 2024:

	2025				
Functional Category	**Compensation and Benefits**	**Interest and Depreciation**	**Services and Other**	**Operation and Maintenance of Plant**	**Total Expenses**
Instruction	**$ 33,677,253**	**$ –**	**$ 7,802,907**	**$ 6,456,017**	**$ 47,936,177**
Research	**4,087,772**	**–**	**2,616,985**	**–**	**6,704,757**
Public service	**264,105**	**–**	**14,302**	**–**	**278,407**
Academic support	**7,570,811**	**–**	**7,616,835**	**461,524**	**15,649,170**
Student services	**11,239,205**	**–**	**2,782,175**	**2,083,891**	**16,105,271**
Auxiliary services	**2,939,509**	**4,936,733**	**18,767,644**	**474,701**	**27,118,587**
Institutional support	**20,207,940**	**2,634,669**	**9,485,768**	**2,211,753**	**34,540,130**
	$ 79,986,596	**$ 7,571,402**	**$ 49,086,615**	**$ 11,687,886**	**$ 148,332,499**

	2024				
Functional Category	**Compensation and Benefits**	**Interest and Depreciation**	**Services and Other**	**Operation and Maintenance of Plant**	**Total Expenses**
Instruction	$ 31,385,467	$ –	$ 9,786,766	$ 5,678,927	$ 46,851,160
Research	3,860,066	–	2,000,439	–	5,860,505
Public service	240,033	–	36,234	–	276,267
Academic support	7,831,342	–	6,476,094	615,940	14,923,376
Student services	10,884,056	–	3,322,615	2,781,113	16,987,785
Auxiliary enterprises	3,187,703	6,146,653	16,665,759	633,521	26,634,636
Institutional support	16,902,717	1,078,057	8,960,263	2,948,459	29,890,496
	$ 74,291,384	$ 7,226,710	$ 47,248,170	$ 12,657,960	$ 141,424,225

12. Liquidity and Availability of Financial Assets

The College's financial assets available for general expenditure within one year of June 30, 2025, are as follows:

	2025	2024
Total assets	**$ 1,030,254,800**	$ 993,511,573
Less non-financial assets and assets not available for general expenditure:		
Contributions receivable	**59,291,382**	59,948,057
Endowment funds	**609,040,134**	577,112,633
Property and equipment	**278,692,387**	239,536,414
Operating right-of-use	**5,022,693**	1,317,925
Other assets	**2,295,436**	1,555,059
Total financial assets available to meet general expenditures within one year	**$ 93,788,850**	$ 114,041,485

The College's working capital and cash flow to fund general expenditures have seasonal variations related to the timing of tuition billings, receipt of gifts, pledge payments, and transfers from the endowment. To manage its resources, the College utilizes a combination of investment strategies to align its cash flows with anticipated outflows in accordance with policies approved by the Board of Trustees. The College's endowment funds consist of donor restricted endowments and board designated endowment funds. Board designated endowments were $83.2 million and $84.7 million as of June 30, 2025 and 2024, respectively. Although the College does not intend to spend from its board designated endowment funds, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation processes, amounts from its board designated endowment funds could be made available if necessary and are considered available for general expenditure.

13. Expendable Net Assets

Expendable net assets can be used to fund capitalized assets. The calculation of expendable net assets as of June 30, 2025 and June 30, 2024, consists of the following:

	2025	2024
Net assets without donor restrictions	**$ 336,528,804**	$ 234,287,493
Net assets with donor restrictions	**627,555,980**	693,530,202
Long term debt	**39,151,262**	45,364,028
Less:		
Net assets restricted in perpetuity	**241,416,276**	235,266,954
Net property and equipment	**278,692,387**	239,536,414
	$ 483,127,383	$ 498,378,355

14. Pension Plan

The College has a defined contribution retirement plan with Teacher's Insurance and Annuity Association and College Retirement Equities Fund, which covers substantially all full-time employees at the time of employment. Employees are fully vested in the College's contributions after completing three full years of service.

Total pension expense under this plan approximated $2,853,000 and $2,641,000 for the years ended June 30, 2025 and 2024, respectively.

15. Commitments and Contingencies

(a) Federal Compliance Audits

Certain federally funded financial aid programs are routinely subject to compliance audit. The reports on these audits, which are conducted pursuant to specific regulatory requirements by the independent auditors for the College, are required to be submitted to both the College and the U.S. Department of Education. Such agency has the authority to determine liabilities, as well as to limit, suspend, or terminate federal student aid program

15. Commitments and Contingencies (continued)

These audits could result in claims against the resources of the College. No provision has been recorded for any liabilities that may arise from such audits, since the amounts, if any, cannot be determined at this date. Management believes that any such amounts would not have a material adverse effect on its consolidated financial position on June 30, 2025.

(b) Litigation

The College is a defendant in various litigations considered to be in the normal course of business. Although the final results of any litigation cannot be predicted with certainty, the College believes the outcome of pending litigation will not have a material adverse effect on its consolidated financial position, changes in net assets, or cash flows.

16. Related Parties

The U.S. Department of Education (DOE) requires higher education institutions that participate in financial aid programs under Title IV of the Higher Education Act to disclose all related-party transactions in their financial statements. The regulation also states that if there are no related party transactions during the audited fiscal year or related party outstanding balances reported in the financial statements, then management must add a note to the financial statements to disclose this fact. Related parties are defined as entities or individuals that can significantly influence or be influenced by the institution’s financial or operating policies. Related parties also include entities controlled by, controlling, or under common control with the College, key management personnel, members of the Board of Trustees, and their close family members.

Members of the College’s Board of Trustees and senior leadership may, from time to time, be associated, either directly or indirectly, with companies doing business with the College. The College requires annual disclosure of significant financial interests in or employment or consulting relationships with, entities doing business with the College. These annual disclosures cover both employees and their immediate family members. The College has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees can participate in any decision in which he or she (or an immediate family member) has a material financial interest. As of June 30, 2025 and 2024 the College had unsecured contributions receivable due from non- compensated members of the Board of Trustees in the amounts of $60,430,174 and $88,970,003 respectively. Contributions made by members of the College’s Board of Trustees totaled $31,836,443 and $13,918,231, during the year ended June 30, 2025 and 2024 respectively.

16. Related Parties (continued)

The College has an ongoing relationship with the Atlanta University Center (AUC), a nonprofit organization that aims to advance the mission and goals of its member institutions. The affiliation between Spelman College and the AUC is a consortium of four historically Black College and Universities, including Spelman College. Consolidation of this not-for-profit organization is not required because the College does not have both control and an economic interest.

For the fiscal year 2025, the College noted no additional related party transactions. The College notes disclosure of related party transactions is made in accordance with the requirements of the DOE and generally accepted accounting principles.

17. Subsequent Events

The College evaluated subsequent events from the financial reporting date of June 30, 2025 through December 31, 2025, which is the date the College's financial statements were available to be issued and determined that there were no significant events requiring recognition or disclosure.