

NEW ISSUE - BOOK-ENTRY ONLY

S&P RATING: "A"
See "RATING" herein

In the opinion of Ice Miller LLP, Indianapolis, Indiana, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account in computing the federal alternative minimum tax imposed on certain corporations. Such opinion is conditioned on continuing compliance by the Authority and the Borrower with the Tax Covenants (each as hereinafter defined). In the opinion of Ice Miller LLP, Indianapolis, Indiana, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is exempt from income taxation in the State of Indiana. See "TAX MATTERS" and Appendix D herein.



\$44,785,000*
INDIANA FINANCE AUTHORITY
EDUCATIONAL FACILITIES REVENUE BONDS, SERIES 2025
(TAYLOR UNIVERSITY PROJECT)

Dated: Date of Delivery

Due: September 1, as shown on the inside cover

The Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2025 (Taylor University Project) (the "Bonds") are being issued pursuant to a Trust Indenture dated as of December 1, 2025 (the "Indenture"), between the Indiana Finance Authority (the "Authority") and The Bank of New York Mellon Trust Company, National Association, as trustee (the "Trustee"). Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing on March 1, 2026. Pursuant to a Loan Agreement dated as of December 1, 2025 (the "Loan Agreement"), between the Authority and Taylor University, Inc. (the "Borrower"), the proceeds of the Bonds will be loaned to the Borrower to be applied as set forth therein and described herein.

The Bonds are initially issuable as fully registered bonds without coupons. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as the securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds. The principal of and interest on the Bonds is payable by the Trustee to DTC, which is to remit such principal and interest to its Participants (as defined herein). In turn, the Participants are to remit such principal and interest to the Beneficial Owners (as defined herein) of the Bonds, as described herein. All notices given by the Trustee pursuant to the Indenture, including any notice of redemption, shall be given only to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM."

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS—Redemption."

The Bonds are being issued for the purpose of financing (i) all or a portion of the costs of the acquisition, construction, expansion, renovation and equipping of various educational facilities on the Borrower's campus in Upland, Indiana, as further described herein; and (ii) certain costs relating to the issuance of the Bonds.

The Bonds are payable from payments required to be made by the Borrower under the Loan Agreement and under the Promissory Note, Series 2025, of the Borrower (the "Note"). The Borrower's obligation to make payments under the Loan Agreement and the Note are general unsecured obligations of the Borrower and require the Borrower to make payments thereunder in amounts sufficient to pay, when due, the principal of and interest on the Bonds.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM AND SECURED EXCLUSIVELY BY THE COLLATERAL (AS DEFINED HEREIN) CREATED BY THE INDENTURE, INCLUDING WITHOUT LIMITATION, THE REVENUES AND INCOME PLEDGED FOR THE PAYMENT THEREOF BY THE BORROWER UNDER THE LOAN AGREEMENT. THE BONDS ARE NOT A GENERAL OR MORAL OBLIGATION, DEBT OR LIABILITY OF THE AUTHORITY, THE STATE OF INDIANA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR STATUTES OF THE STATE, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, IF ANY, OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE BONDS DO NOT GRANT TO THE HOLDERS THEREOF ANY RIGHT TO HAVE THE AUTHORITY, THE GENERAL ASSEMBLY OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AND DO NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NONE OF THE AUTHORITY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND THAT MAY BE UNDERTAKEN BY THE BORROWER. THE AUTHORITY HAS NO TAXING POWER.

The Bonds are being offered by the Underwriter, when, as and if issued by the Authority and accepted by the Underwriter, subject to prior sale, withdrawal, or modification of the offer without any notice, and subject to the delivery of an approving opinion by Ice Miller LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed upon for the Authority by its special counsel, Bose McKinney & Evans LLP, Indianapolis, Indiana, for the Borrower by its counsel, Ice Miller LLP, Indianapolis, Indiana, and for the Underwriter by its counsel, Nixon Peabody LLP. Blue Rose Capital Advisors, LLC, Minneapolis, Minnesota, is serving as Municipal Advisor to the Borrower. It is expected that the Bonds will be available for delivery through the book-entry procedures of DTC on or about , 2025.

STIFEL

Dated: , 2025

* Preliminary, subject to change

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIP NUMBERS

Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2025 (Taylor University Project)

Maturity (September 1) *	Principal Amount* (\$)	Interest Rate (%)	Yield (%)	Price (\$)	CUSIP [†]
2026	640,000				
2027	675,000				
2028	710,000				
2029	745,000				
2030	785,000				
2031	825,000				
2032	865,000				
2033	910,000				
2034	955,000				
2035	1,005,000				
2036	1,055,000				
2037	1,110,000				
2038	1,165,000				
2039	1,225,000				
2040	1,290,000				
2041	1,360,000				
2042	1,430,000				
2043	1,510,000				
2044	1,595,000				
2045	1,685,000				
2046	1,785,000				
2047	1,890,000				
2048	2,000,000				
2049	2,120,000				
2050	2,245,000				
2051	2,370,000				
2052	2,500,000				
2053	2,635,000				
2054	2,775,000				
2055	2,925,000				

\$, ,000 % Term Bond due September 1, 20 , Yield %; Price \$; CUSIP[†]

* Preliminary, subject to change.

[†] CUSIP data herein is provided by the CUSIP Global Services ("CGS"). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. None of the Authority, the Borrower or the Underwriter or their agents or counsel is responsible for the selection, use or accuracy of the CUSIP numbers nor is any representation made as to their correctness with respect to the Bonds as included herein or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part, or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson, or other person has been authorized by the Authority, the Borrower or the Underwriter to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. *This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds by any persons in any jurisdiction in which it is unlawful to make such offer, solicitation or sale prior to registration or qualification under the securities laws of any such jurisdiction. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.*

Only the information set forth herein relating to the Authority under the headings “THE AUTHORITY” and “LITIGATION—The Authority” has been obtained from the Authority. The Authority has not supplied or verified, makes no representation or warranty, express or implied, and assumes no obligation related to the accuracy or completeness of any other information set forth herein. All other information herein has been obtained by the Underwriter from the Borrower and other sources deemed by the Underwriter to be reliable and is not to be construed as a representation by the Authority or the Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Borrower since the date hereof.

References in this Official Statement to any legislation or documents do not purport to be complete. Refer to such legislation and documents for full and complete details of their provisions. Following issuance of the Bonds, a copy of the Indenture and the Loan Agreement is expected to be on file with the Trustee.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER (OR YIELDS HIGHER) THAN THE PUBLIC OFFERING PRICES (OR YIELDS) STATED ON THE INSIDE COVER PAGE HEREOF AND SAID OFFERING PRICES (OR YIELDS) MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “will” and analogous expressions are intended to identify forward-looking statements. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business

conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Authority and the Borrower. These forward-looking statements speak only as of the date of this Official Statement. The Authority and the Borrower disclaim any obligation or agreement to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority's or the Borrower's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE BORROWER FOR PURPOSES OF RULE 15c2-12 ("RULE 15c-2-12") OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(b)(1).

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OFFICIAL STATEMENT

**Relating to
\$44,785,000***
**INDIANA FINANCE AUTHORITY
EDUCATIONAL FACILITIES REVENUE BONDS, SERIES 2025
(TAYLOR UNIVERSITY PROJECT)**

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page, the inside cover page, and Appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings assigned to them in APPENDIX C hereto.

INTRODUCTION

The purpose of this Official Statement, including the cover page, this Introduction and the Appendices hereto, is to set forth information in connection with the offering by the Indiana Finance Authority (the “Authority”), a body politic and corporate of the State of Indiana (the “State”), not a state agency but an independent instrumentality exercising essential public functions, of \$44,785,000* in aggregate principal amount of its Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2025 (Taylor University Project) (the “Bonds”). The Authority is issuing the Bonds pursuant to an authorizing resolution adopted by the Authority on September 18, 2025 (the “Bond Resolution”).

The Bonds will be issued pursuant to a Trust Indenture dated as of December 1, 2025 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, National Association, as trustee (the “Trustee”). The proceeds of the Bonds will be used, together with certain other monies, to provide funds to Taylor University Inc., an Indiana nonprofit corporation (the “Borrower”), for the purpose of financing (i) all or a portion of the costs of the acquisition, construction, expansion, renovation and equipping of various educational facilities on the Borrower’s campus in Upland, Indiana, including but not limited to new townhome buildings and a new residence hall (collectively, the “Project”); and (ii) certain costs relating to the issuance of the Bonds. See “PLAN OF FINANCE.”

The Authority will lend the proceeds from the sale of the Bonds to the Borrower under the terms of the Loan Agreement dated as of December 1, 2025 (the “Loan Agreement”), between the Borrower and the Authority, through the purchase of a Promissory Note, Series 2025 (the “Note”) of the Borrower.

A description of the Borrower, the Authority and the Bonds, and summaries of the Indenture and the Loan Agreement are included in this Official Statement, including the Appendices attached hereto. Such information, summaries and descriptions do not purport to be comprehensive or definitive.

All references in this Official Statement, including the Appendices attached hereto, to the specified documents are qualified in their entirety by reference to each such document, and all references to the Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto included in the aforesaid documents. Prior to the delivery of the Bonds, copies of the proposed forms of such documents may be obtained from the Underwriter. Following the delivery of the Bonds, copies of such documents will be available from the Trustee.

* Preliminary, subject to change.

THE BORROWER

Founded in 1846, the Borrower's campus is located in Upland, Indiana (55 miles north of Indianapolis and 40 miles south of Fort Wayne), and is the oldest evangelical, nondenominational Christian liberal arts college in the United States (referred to herein as the "University"). The University offers over 100 areas of study across the arts, humanities, sciences and social sciences. The University is predominantly an undergraduate institution with a primarily residential student body but also offers a Master of Arts in Leadership, a PhD in Leadership, a Master of Science in Physician Assistant Studies, a Master of Arts in Higher Education (MAHE), and a post-baccalaureate Transition to Teaching program.

For a more complete description of the Borrower, see APPENDIX A.

Audited consolidated financial statements of the Borrower as of and for the years ended May 31, 2025 and 2024, are included in APPENDIX B hereto. Crowe LLP, the Borrower's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Crowe LLP also has not performed any procedures relating to this Official Statement or the Bonds.

THE AUTHORITY

The Authority, a body politic and corporate of the State, not a state agency but an independent instrumentality exercising essential public functions, has authorized the issuance of the Bonds pursuant to the provisions of Indiana Finance Authority Act, codified at Indiana Code 5-1.2, as supplemented and amended (the "Act") and the Bond Resolution.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM AND SECURED EXCLUSIVELY BY THE COLLATERAL CREATED BY THE INDENTURE, INCLUDING WITHOUT LIMITATION THE REVENUES AND INCOME PLEDGED FOR THE PAYMENT THEREOF BY THE BORROWER UNDER THE LOAN AGREEMENT. THE BONDS ARE NOT A GENERAL OR MORAL OBLIGATION, DEBT OR LIABILITY OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR STATUTES OF THE STATE, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, IF ANY, OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE BONDS DO NOT GRANT TO THE HOLDERS THEREOF ANY RIGHT TO HAVE THE AUTHORITY, THE GENERAL ASSEMBLY OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AND DO NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NONE OF THE AUTHORITY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND THAT MAY BE UNDERTAKEN BY THE BORROWER. THE AUTHORITY HAS NO TAXING POWER.

No covenant or agreement contained in the Indenture, the Loan Agreement or the Bonds shall be deemed to be a covenant or agreement of any member, officer, director, agent, attorney or employee of the Authority, nor shall any member, officer, director, agent, attorney or employee be liable personally on the Bonds or any other of the aforementioned documents. Moreover, the Authority has relied on representations of the Borrower regarding the Project and will not independently monitor the Project.

Only the information set forth herein under the captions “THE AUTHORITY” and “LITIGATION - The Authority” has been obtained from the Authority. The Authority has not supplied or verified, makes no representation or warranty, express or implied, and assumes no obligation related to the accuracy or completeness of any other information set forth herein. The distribution of this Official Statement has been duly approved and authorized by the Authority. Such approval and authorization does not, however, constitute a representation or approval by the Authority of the accuracy or sufficiency of any information contained herein except to the extent of the material under the headings referenced in this paragraph.

THE BONDS

The following is a summary of certain provisions of the Bonds while such Bonds are registered in the name of a nominee of The Depository Trust Company (“DTC”). Reference is made to the Bonds for the complete text thereof and to the Indenture for a more detailed description of such provisions. Reference is made hereby to APPENDIX C attached hereto for the definitions of certain capitalized terms used under this caption and for a brief description of certain provisions of the Indenture and the Loan Agreement. The discussion herein is qualified by such reference.

General

The Bonds will be dated the date of issuance, will bear interest at the rates set forth on the inside cover page hereof, and will mature, subject to prior redemption, on September 1 of each of the years and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, with the first interest payment date being March 1, 2026. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Payment of interest on the Bonds on any interest payment date will be made to the person appearing on the registration books of the Authority as the Owner as of the close of business of the Trustee on the fifteenth day of the month next preceding the next interest payment date. So long as the Bonds are registered in the name of Cede & Co. as nominee of DTC, the initial securities depository for the Bonds, principal of and interest on the Bonds will be paid as described in this Official Statement under “BOOK-ENTRY ONLY SYSTEM.” The Bonds will be available only in fully registered form in authorized denominations of \$5,000 or any integral multiple thereof (“Authorized Denominations”).

As to any Bond, the person in whose name the ownership of such Bond shall be registered on the registration books maintained by the Trustee shall be deemed and regarded as the absolute Owner of such Bond for all purposes, and payment of the principal of and interest on any such Bond shall be made only to or upon the order of the Owner of such Bond or such Owner’s legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and interest on such Bond, to the extent of the sum or sums so paid.

The Trustee shall keep the registration books for the Bonds at its designated corporate trust office, initially located at The Bank of New York Mellon Trust Company, National Association in Indianapolis, Indiana. Subject to the conditions contained in the Indenture, Bonds may be transferred or exchanged for a like aggregate amount of Bonds of other Authorized Denominations. While the Bonds are held in a book-entry only system, transfers and exchanges of beneficial interests in the Bonds shall be made in accordance with the customary procedures of DTC. In the event that the Bonds are not held in a book-entry only system, transfers and exchanges shall be made in accordance with terms set forth in the Indenture.

Redemption of the Bonds

Optional Redemption. The Bonds maturing on or after September 1, 20__, are subject to redemption at the option of the Authority at the direction of the Borrower on or after September 1, 20__, in whole or in part on any day, at par, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__ (collectively, the “Term Bonds”), are subject to mandatory sinking fund redemption prior to maturity on September 1 of the years set forth below in the respective principal amounts set forth below, at the redemption price of 100% of the principal amount of such Bonds being redeemed, plus accrued interest to the date of redemption and without premium:

<u>September 1</u>	<u>Amount</u>
20__	\$, ,000
20__	, ,000
20__	, ,000
20__	, ,000
20__ [†]	, ,000

[†] Final Maturity

The principal amount of the Term Bonds to be redeemed on the dates set forth above shall be reduced, in the order as shall be directed by the Borrower, by the principal amount of Term Bonds which have been previously redeemed (otherwise than as a result of a previous mandatory redemption requirement), or purchased or acquired and delivered to the Trustee for cancellation; provided that such Term Bond has not previously been applied as a credit against any mandatory redemption obligation. The Borrower shall give written notice to the Authority and the Trustee at least sixty (60) days prior to any mandatory redemption date of the Borrower’s exercise of its option to reduce the amount of the mandatory redemption requirement on such date and the amount of such reduction.

Extraordinary Redemption. The Bonds are subject to redemption by the Authority at the direction of the Borrower prior to maturity, in whole at any time at a price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, in the event that:

(i) a substantial portion of the properties or facilities of the Borrower deemed by the Borrower to be necessary for the efficient and economic operation of the Borrower (the “Key Facilities”) have been destroyed to such an extent that it is not practicable to rebuild, repair and restore the same and operate the Borrower as a private institution of higher education; or

(ii) all or substantially all of the Key Facilities have been condemned or taken by eminent domain or the Key Facilities or other property of the Borrower in connection with which the Key Facilities are used have been condemned or taken by eminent domain so as to render the Key Facilities unsatisfactory to the Borrower for their intended use.

Notice of Redemption; Effect.

Notice of the redemption of the Bonds shall be given by the Trustee by first class mail to the registered owner of each Bond not more than forty-five (45) days nor less than twenty (20) days prior to the date fixed for redemption. For so long as the Bonds are registered in the name of DTC or its nominee, the Trustee will mail notices of redemption of the Bonds only to DTC or its nominee, in accordance with

the preceding sentence. Neither the Authority, the Borrower nor the Trustee will have any responsibility for selecting for redemption any Beneficial Owners' interests in the Bonds. See "BOOK-ENTRY ONLY SYSTEM."

Interest on the Bonds so called for redemption shall cease to accrue on the redemption date specified in said notice if funds are on deposit with the Trustee to redeem the Bonds on the redemption date.

Notwithstanding anything to the contrary in the Indenture, prior to the date that any notice of optional redemption is first mailed, the Borrower has reserved the right to direct the Trustee to include language in the redemption notice stating that the Borrower retains the right to rescind such notice at any time prior to and including the scheduled redemption date upon delivery of written instructions to the Trustee instructing the Trustee to rescind the redemption notice. Upon such rescission, the notice previously provided and the redemption previously scheduled shall be of no effect. The Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected registered owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding and the rescission shall not constitute an Event of Default under the Indenture.

Partial Redemption. If fewer than all of the Bonds are to be redeemed, the Authority may select (at the direction of the Borrower) the maturity or maturities to be redeemed. If fewer than all the Term Bonds of any maturity are selected to be optionally redeemed, the Borrower may select (at the direction of the Borrower) the mandatory sinking fund installment(s) against which such redemption shall be applied. If fewer than all of the Bonds of any maturity are to be redeemed, the Trustee will select by lot the particular Bonds or portion of Bonds of such maturity to be redeemed. The portion of any Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple of that sum, and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000.

For so long as the Bonds are registered in the name of DTC or its nominee, the Authority will (at the direction of the Borrower) select and the Trustee will call for redemption only Bonds or portions thereof registered in the name of DTC or its nominee, in accordance with the preceding paragraph. Neither the Authority, the Borrower nor the Trustee will have any responsibility for selecting for redemption any Beneficial Owners' interests in the Bonds. See "BOOK-ENTRY ONLY SYSTEM."

Open Market Purchases

Under the Indenture, the Authority grants to the Borrower the option, to be exercised not less than forty-five (45) days prior to any redemption date, to deliver or cause the Issuer to deliver to the Trustee Bonds purchased with moneys of the Borrower and instruct the Trustee to apply the principal amount of such Bonds so delivered for credit at 100% of the principal amount thereof against the principal amount of Bonds of the same maturity to be redeemed on the next succeeding redemption date. Each such Bond so delivered will be so credited by the Trustee.

Security for the Bonds

The Bonds, together with interest thereon, are special limited obligations of the Authority and are payable solely from (a) certain payments to be made by the Borrower to the Trustee for the account of the Authority pursuant to the Loan Agreement and the Note, (ii) proceeds of the Bonds, (iii) the amounts in the funds and accounts established and pledged under the Indenture (other than the Rebate Fund), (iv) certain proceeds of condemnation and insurance received by the Borrower and applied to the extraordinary optional redemption of the Bonds, or (v) payments made with proceeds of such additional security as subsequently

may be granted in favor of the holders of the Bonds. Pursuant to the Indenture, the Authority will assign its rights to receive such payments under the Loan Agreement and on the Note to the Trustee as security for the payment of the Bonds.

Under the Loan Agreement, the Authority agrees to make a loan to the Borrower in an amount equal to the principal amount of the Bonds (plus any bond premium and less any original issue discount), which loan will be utilized to enable the Borrower to finance (i) the Project, and (ii) all or a portion of the costs of issuing the Bonds, including the Underwriter's discount. Under the Loan Agreement, the Borrower agrees to borrow an amount equal to the principal amount of the Bonds from the Authority and to repay such loan in accordance with the provisions of the Loan Agreement. Such loan shall be evidenced by the Note delivered to the Authority pursuant to the Loan Agreement.

Payments to be made by the Borrower pursuant to the Loan Agreement and the Note are the general obligation of the Borrower. The Borrower will make periodic payments to the Trustee, as assignee of the Authority, beginning on or before the last business day prior to March 1, 2026, and on or before the last business day prior to each March 1 and September 1 after that date, equal to the principal and interest due on the Bonds due on the next succeeding March 1 or September 1. The obligation of the Borrower to make payments under the Loan Agreement is absolute and unconditional and is not subject to modification or termination for any reason whatsoever. The Loan Agreement will remain in full force and effect until all the Bonds have been fully paid and discharged (or provisions made for payment in accordance with the Indenture).

The rights of the Trustee, the Authority and the Borrower and the enforceability of the Bonds, the Loan Agreement, the Note and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally, and to the exercise of judicial discretion in accordance with general principles of equity. The rights of the Trustee, the Authority and the Borrower and the enforceability of the Bonds, the Loan Agreement, the Note and the Indenture may be subject to the valid exercise of the constitutional powers of the State of Indiana and the United States of America.

NONE OF THE BORROWER'S PROPERTY, INCLUDING THE PROJECT, IS MORTGAGED OR PLEDGED AS SECURITY FOR THE BORROWER'S OBLIGATIONS UNDER THE NOTE OR THE LOAN AGREEMENT. THERE IS NO DEBT SERVICE RESERVE FUND SECURING THE BONDS.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM AND SECURED EXCLUSIVELY BY THE COLLATERAL CREATED BY THE INDENTURE, INCLUDING WITHOUT LIMITATION THE REVENUES AND INCOME PLEDGED FOR THE PAYMENT THEREOF BY THE BORROWER UNDER THE LOAN AGREEMENT. THE BONDS ARE NOT A GENERAL OR MORAL OBLIGATION, DEBT OR LIABILITY OF THE AUTHORITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR STATUTES OF THE STATE, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, IF ANY, OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE BONDS DO NOT GRANT TO THE HOLDERS THEREOF ANY RIGHT TO HAVE THE AUTHORITY, THE GENERAL ASSEMBLY OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AND DO NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NONE OF THE AUTHORITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE,

OBLIGATION OR AGREEMENT OF ANY KIND WHICH MAY BE UNDERTAKEN BY THE BORROWER. THE AUTHORITY HAS NO TAXING POWER.

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the principal amount of such maturity, and will be deposited with the Trustee as custodian for DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE FOR DTC, REFERENCES HEREIN TO BONDHOLDERS, HOLDERS OR OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "CONTINUING DISCLOSURE" HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

The information contained in the following paragraphs of this subsection "BOOK-ENTRY ONLY SYSTEM" has been extracted from a schedule prepared by DTC entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE." The Borrower, the Trustee, the Authority and the Underwriter make no representation as to the completeness or the accuracy of such information subsequent to the date hereof.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing Borrower" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the "Exchange Act"). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Borrower ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Borrower, and Fixed Income Clearing Borrower all of which are registered clearing agencies. DTC is owned by users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission ("SEC"). More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults and proposed amendments to bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments (including redemption proceeds) on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority, the Borrower or the Trustee, as Bond Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority, the Borrower or the Bond Registrar, or the Borrower, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest (including redemption proceeds) to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, the Borrower or the Bond Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority, the Borrower or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority, with the consent of the Trustee and the Borrower, or the Trustee, with the consent of the Authority and the Borrower, or the Borrower, with the consent of the Authority and the Trustee may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY AND THE BORROWER BELIEVE TO BE RELIABLE, BUT THE UNDERWRITERS, THE AUTHORITY, THE TRUSTEE AND THE BORROWER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NONE OF THE BORROWER, THE AUTHORITY AND THE TRUSTEE (IN THEIR CAPACITY AS SUCH) WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNERS WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS OF THE BONDS; OR (IV) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS A BONDHOLDER.

PLAN OF FINANCE

The proceeds from the sale of the Bonds will be loaned by the Authority to the Borrower and used by the Borrower for the purpose of financing a portion of the costs of the Project and paying certain costs relating to the issuance of the Bonds. The Project will be part of a larger campus enhancement, expected to include the construction, equipping and furnishing of new townhome buildings and a new residence hall. See APPENDIX A “– Capital Projects” for additional information.

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Estimated Sources and Uses of Funds

The sources and uses of funds in connection with the issuance of the Bonds are estimated as follows:

Sources of Funds

Principal Amount of Bonds

[Net] Original Issue Premium/Discount _____

Total Sources: _____

Uses of Funds

Deposit to Project Account

Costs of Issuance⁽¹⁾ _____

Total Uses: _____

⁽¹⁾ Includes underwriter's discount, Authority fee, legal fees, advisor fees, trustee fees, rating agency fees and other miscellaneous costs incurred in connection with the issuance of the Bonds.

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ESTIMATED DEBT SERVICE REQUIREMENTS OF THE BORROWER

The following table sets forth, for each Fiscal Year of the Borrower, the amounts required to be made available by the Borrower for payment of debt service on the Bonds, together with the payment of debt service on the Borrower's currently outstanding long-term indebtedness (the "Outstanding Bonds"). The Outstanding Bonds consist of the Town of Upland, Indiana Economic Development Revenue Bonds, Series 2021 (Taylor University Project).

Fiscal Year Ending	Outstanding Bonds (\$)	The Bonds (\$)
2026	1,540,975	
2027	1,536,975	
2028	1,541,975	
2029	1,540,875	
2030	1,543,675	
2031	1,545,275	
2032	1,540,775	
2033	1,540,175	
2034	1,543,275	
2035	1,540,075	
2036	1,540,575	
2037	1,539,675	
2038	1,542,275	
2039	1,543,275	
2040	1,542,675	
2041	1,540,475	
2042	1,541,575	
2043	1,540,875	
2044	1,538,375	
2045	1,543,875	
2046	1,542,275	
2047	1,538,675	
2048	1,538,750	
2049	1,543,000	
2050	1,536,375	
2051	1,533,937	
2052		
2053		
2054		
2055		
	\$ 40,060,712	\$

CERTAIN RISK FACTORS

General

Prospective purchasers of the Bonds should be aware of certain investment considerations and risk factors in evaluating an investment in the Bonds. Purchase of the Bonds involves investment risk. Accordingly, prospective purchasers should carefully consider the following investment considerations and risk factors, in addition to the other information concerning the Borrower contained in this Official Statement, before purchasing the Bonds offered hereby.

Some of the risks that could affect the Bonds and the future financial condition of the Borrower are described below. This description of various risks is not, and is not intended to be, exhaustive and such risks are not necessarily presented in the order of their magnitude. Inclusion of certain factors below is not intended to signify that there are no other investment considerations or risks attendant to the Bonds. See APPENDIX A of this Official Statement for additional information about the Borrower.

The Borrower is subject to a wide variety of federal and state regulatory actions and legislative and policy changes by those governmental and private agencies that administer college funding. The future financial condition of the Borrower could be adversely affected by, among other things, changes in the method and amount of payments to the Borrower, the financial viability of the costs of a college education, increased competition from other colleges and universities, the costs associated with providing a college education, demand for such programs, future changes in the economy and demographic changes. Any of the risk factors described herein may affect the Borrower's revenues, expenses, cash flow and financial condition and impair its ability to make required payments under the Loan Agreement and the Note when due. Any such impairment will adversely affect the Trustee's ability to pay to Bondholders the principal of and interest on, the Bonds when those payments are due.

No representation or assurance can be given that the Borrower will generate sufficient revenues to meet the Borrower's payment obligations under the Loan Agreement and the Note.

Sources of Revenue

The Borrower's primary sources of support are tuition and fees (net of student financial aid); revenues from certain auxiliary enterprises, gifts, grants and bequests, government appropriations and investment income. Each of these sources is subject to many discretionary factors and there is no assurance that historic or current levels will be maintained.

Tuition and Fees. The primary source of revenue for the Borrower is tuition, net of student financial aid, and related fees. Tuition and fee revenue are dependent upon a variety of factors, many of which are outside the control of the Borrower, such as general economic and demographic conditions, funding levels at state-supported and competing private institutions and public and private funding of financial aid programs, and there is no guarantee that tuition revenues will remain at current levels. Although the Borrower in the past has been able to raise tuition and related fees without adversely affecting enrollment, there can be no assurance that it will continue to be able to do so in the future. Future tuition increases could adversely affect enrollment, which could adversely affect the Borrower's financial position. Additionally, tuition increases do not always result in increased net revenue for the Borrower if the Borrower must give increased discounts in the form of scholarships and grants to attract students and/or if operating expenses increase in equal measure. For a discussion of the Borrower's history of tuition and fees see APPENDIX A "– Tuition and Fees."

Gifts, Grants and Bequests. One of the Borrower's primary sources of revenue is private gifts and grants, which it uses to support its general activities, including making payments on indebtedness. Fundraising results are difficult to project as a result of a variety of factors, including the voluntary nature of charitable giving, the effect of the general and local economy on giving, the effectiveness of the marketing of a fundraising campaign, the deductibility of the gift and many other factors. No assurance can be given that donors will continue to make pledges or gifts, that donors will honor existing pledges or that the Borrower would prevail in any legal action to enforce pledges. A failure to reach its fundraising goals generally could negatively affect the Borrower's ability to make payments on its indebtedness, including its obligations under the Loan Agreement and the Note, when due.

Investment Income. The Borrower has significant holdings in a range of investments and budgets for certain levels of investment revenue derived from the investment of its endowment and other funds. The economy and market disruptions drive market fluctuations, which affect the value of those investments. Reduction in investment income and the market value of its investments may have a negative impact on the Borrower's revenues. For a discussion of the Borrower's investments, see APPENDIX A "– Investments and Endowment."

Financial Aid

The amount of available financial assistance is a significant factor in the decision of many students to attend a particular institution of higher education. A significant percentage of students at the University receive financial support in the form of federally supported loans and scholarships and grants from the University. There can be no assurance that the amount of federally supported loans or other financial aid will remain stable or increase in the future. See "CERTAIN RISK FACTORS – Uncertainty of the Federal Landscape," below. If the amount of such loans or other financial aid decreases in the future, there can be no assurance that the University will be able to increase the amount of financial aid it provides, which could have a negative effect on enrollment. See also APPENDIX A "– Financial Aid."

Enrollment

The adequacy of the Borrower's revenues will depend upon its enrollment levels. The Borrower competes with other private and public colleges and universities, vocational and technical training institutions, and other career alternatives. There can be no assurance that the Borrower can continue to enroll a sufficient number of students to generate revenues sufficient to pay the debt service on the Bonds. For a discussion on the Borrower's enrollment trends, see APPENDIX A "– Campus Enrollment" and "– Student Admissions."

Unsecured Obligation; No Debt Service Reserve Fund

None of the Borrower's revenues, property, collections and restricted assets are pledged to secure the Borrower's payment obligations with respect to the Bonds. The Bonds are not secured by a pledge of, or any lien or mortgage on or security interest in, any real or personal property of the Borrower. The Bonds are not secured by a debt service reserve fund. In the event of a default and the exercise by the Trustee of remedies available to them, the Trustee would be an unsecured creditor with no rights to any specific revenues property, collections or restricted assets of the Borrower.

Damage to Facilities

Colleges and universities are highly dependent on the condition, functionality and accessibility of their physical facilities. Damage from tornadoes, floods, fires, other natural causes, deliberate acts of

destruction, various facilities system failures or health emergencies may have a material adverse impact on operations and/or financial conditions.

Environmental Laws and Regulations

The Borrower is subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations. In the role of an operator of properties or facilities, Borrower may be subject to liability for damage to individuals, property or the environment or to investigations, administrative proceedings, penalties or other governmental agency actions. At the present time, management of the Borrower is not aware of any pending or threatened claim, investigation or enforcement action regarding such environmental issues that, if determined adversely to the Borrower, would be expected to have a material adverse effect on the Borrower's operations or financial condition.

Uncertainty of the Federal Landscape

The federal government has historically provided funding to institutions of higher education to support education and research. The sources of funding and the governmental programs that support them have been and will continue to be subject to elimination and modification due to federal policy decisions, executive orders, legislative action and government funding limitations.

The evolving priorities and policies of the executive branch may have a significant effect on higher education, and potential federal legislative and executive actions and initiatives could negatively affect the finances of the Borrower. Such possible actions include, but are not limited to, regulatory changes to programs administered by federal agencies such as the Department of Education, cuts to federal spending on research and other programs, curtailment of tax-exempt bond financing, increases to the endowment tax, reduced funding for financial aid programs, and immigration policies that impact international student enrollment. The uncertainty surrounding the higher education landscape at this time makes it impossible to predict what impact any such actions may have on the finances of the Borrower and its ability to pay debt service on the Bonds.

Future Pandemics or Epidemics

The COVID-19 global pandemic's substantial disruptive and negative impacts on the economy and society generally also resulted in direct and indirect adverse impacts on the finances and operations of the Borrower. Future pandemics or epidemics with a similarly resulting impact on the local economy could adversely affect the financial condition and/or operations of the Borrower. Adverse impacts could include: (i) limiting the ability of the Borrower to conduct its operations, (ii) limiting the volume of students, (iii) limiting the availability of personnel and other service providers to continue providing services for the Borrower, (iv) increasing costs of operations (e.g., additional technology expenses and cleaning measures), (v) decreasing cash and liquid assets, and reducing investment values, and (vi) adversely affecting funding availability for the Borrower, any of which may adversely affect the secondary market, if any, for and value of the Certificates.

Limited Obligations of the Authority

The Bonds are special, limited obligations of the Authority. The principal of and interest on the Bonds are payable solely from and secured exclusively by the Collateral created by the Indenture, including without limitation the revenues and income pledged for the payment thereof by the Borrower under the Loan Agreement. The Bonds are not a general or moral obligation, debt or liability of the Authority, the State, or any political subdivision thereof within the meaning of the constitution or statutes of the State, or a pledge of the faith and credit or taxing power, if any, of the Authority, the State or any political subdivision

thereof. The Bonds do not grant to the holders thereof any right to have the Authority, the general assembly of the State, or any political subdivision of the State levy any taxes or appropriate any funds for the payment of the principal of or interest on the Bonds and do not constitute or give rise to any pecuniary liability of the Authority, the State or any political subdivision thereof, and none of the Authority, the State, nor any political subdivision thereof shall be liable for the payment of the principal of or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind that may be undertaken by the Borrower. The Authority has no taxing power.

Matters Relating to Enforceability

The practical realization of any rights upon any default by the Borrower will depend upon the exercise of various remedies specified in the Indenture and the Loan Agreement. Any attempt by the Trustee to enforce these remedies may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Indenture and the Loan Agreement may not be readily enforceable. For example, a court may decide not to order the specific performance of the covenants contained in these documents if it determines that monetary damages will be an adequate remedy. In the event of a bankruptcy of the Borrower, the federal bankruptcy laws may delay or prevent the enforcement by the Trustee and the Bondholders of their claim to the Trust Estate, which could delay or prevent payment of principal and interest with respect to the Bonds.

All legal opinions with respect to the enforceability of legal documents will be expressly subject to a qualification that enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights generally and by applicable principles of equity.

Secondary Markets and Prices

The Underwriter is not obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance is given that any secondary market will develop following the completion of the offering of the Bonds.

Tax-Exempt Status of the Borrower

The Internal Revenue Service (the "IRS") has determined that the Borrower is a tax-exempt organization described in Section 501(c)(3) of the Code. In order to maintain its tax-exempt status, the Borrower must comply with a number of requirements affecting its operations. The possible modification or repeal of certain existing federal income tax laws, a change of IRS policies or positions, a change in the Borrower's operations, purposes or other factors could result in the loss of its tax-exempt status.

State and Federal Legislation Affecting Exempt Organizations

In recent years, the activities of nonprofit organizations have been subject to increased scrutiny by federal, state, and local legislative and administrative agencies. Various proposals have been or are currently being considered that would restrict the definition of tax-exempt status for nonprofit organizations, impose new restrictions on the activities of tax-exempt organizations and/or tax or otherwise burden the activities of such organizations. There can be no assurance that future changes in the laws, rules, regulations, interpretations and policies relating to the definition, activities and/or taxation of nonprofit organizations will not have material adverse effects on the future operations of the Borrower.

Additionally, the federal government from time to time changes, suspends or terminates its funding priorities for institutions of higher education, which may occur by executive, legislative or judicial decisions

or by regulatory action. Threats to decrease the availability of federal student loan funds or other state or federal financial aid could have a negative impact on enrollment.

Tax-Exempt Status of Interest on the Bonds

The tax-exempt status of the interest on the Bonds, as described under the caption “TAX MATTERS” in this Official Statement, is based on the continued compliance by the Authority and the Borrower with certain covenants contained in the Indenture, the Loan Agreement and certain other tax compliance documents and in reporting of certain information to the United States Treasury. These covenants relate generally to arbitrage limitations, rebate of certain excess investment earnings to the federal government, restrictions on the amount of issuance costs which can be financed with the proceeds of the Bonds, requirements regarding the timely and proper use of proceeds of the Bonds and maintenance of the Borrower’s status as an organization described in Section 501(c)(3) of the Internal Revenue Code, as amended (the “Code”). Failure to comply with any of these covenants may result in the treatment of interest on the Bonds as taxable retroactive to the date of issuance. In such event, the Holders of such Bonds might incur a significant tax liability and might be unable to sell, or might suffer a loss in selling, their Bonds. Upon the occurrence of such an event of taxability, there is no provision for mandatory redemption of the Bonds. The Authority and the Borrower will covenant to maintain the tax-exempt status of the Bonds.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Such proposals may have an adverse impact on the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any potential, proposed or pending legislation, regulatory initiatives or litigation.

Other Factors Affecting the Financial Performance of the Borrower

One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the Borrower’s operations and financial performance to an extent that cannot be determined at this time:

Changes in Management. Changes in key management personnel could affect the capability of management of the Borrower which, in turn, could adversely affect the financial condition and/or operations of the Borrower.

Organized Labor Efforts. None of the Borrower’s employees are currently represented by collective bargaining units. Efforts to organize employees of the Borrower into collective bargaining units could result in adverse labor actions or increased labor costs.

Additional Debt. The Loan Agreement does not restrict the incurrence of additional indebtedness by the Borrower. Any additional indebtedness of the Borrower would increase debt service requirements and could adversely affect the Borrower’s ability to pay debt service on the Bonds.

Cybersecurity Risks. Cybersecurity risks related to breaches of the Borrower's information technology systems or computer viruses and inadvertent disclosure of confidential information could cause material disruption of the Borrower's finances and operations, and/or could expose the Borrower to material litigation, fines, ransomware and other legal risks.

Amendments to the Indenture and the Loan Agreement

Certain amendments to the Indenture and the Loan Agreement may be made with the consent of the Holders of a majority in aggregate principal amount of the outstanding Bonds. Such amendments may adversely affect the security of the Bondholders. See APPENDIX C hereto for further detail.

Bond Examinations

The Bonds may be, from time to time, subject to audits by the IRS. The Borrower believes that the Bonds properly comply with the tax laws. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Bonds, as described under the caption, "TAX MATTERS" herein. The Borrower has not sought to obtain a private letter ruling from the IRS with respect to the Bonds, however, and the opinion of Bond Counsel is not binding on the IRS or the courts. There can be no assurance that any IRS examination of the Bonds will not adversely affect the market value of the Bonds. See "TAX MATTERS" herein.

Potential Effects of Bankruptcy

If the Borrower were to file a petition for relief (or if a petition were filed against the Borrower) under the United States Bankruptcy Code, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Borrower and its property. If the bankruptcy court so ordered, such Borrower's property, including its accounts receivable and proceeds thereof, could be used for the benefit of the Borrower despite the claims of its creditors. Amounts received by Bondholders with respect to the payment of principal of, and interest on, the Bonds during an applicable preference period could be required to be disgorged by the Bondholders to a bankruptcy trustee.

In a bankruptcy proceeding, the petitioner could file a plan for the adjustment of its debts which modifies the rights of creditors generally, or the rights of any class of creditors, secured or unsecured. The plan, if confirmed by the court, would bind all creditors who had notice or knowledge of the plan and discharge all claims against the debtor as provided for in such confirmed plan. No plan may be confirmed unless, among other conditions, the plan is in the best interests of creditors, is feasible and unless otherwise ordered by the court (as referenced below) has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

Bond Rating

There is no assurance that the rating assigned to the Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for, and marketability of, the Bonds. See "RATING" herein.

LITIGATION

The Authority

To the Authority's knowledge, there is no pending or threatened litigation seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, questioning or affecting the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, questioning or affecting the validity of the pledge or application of any moneys, revenues or security provided for the payment of the Bonds or questioning or affecting the existence or powers of the Authority.

The Borrower

No action, suit, proceeding, or investigation at law or in equity, before or by any court, any governmental agency, or any public board or body is pending or, to the Borrower's knowledge, threatened affecting the validity of the Loan Agreement, the Indenture, the Tax Agreement, the Bond Purchase Agreement or the Bonds or contesting the corporate existence or powers of the Borrower. There is no litigation pending against the Borrower or, to its knowledge, threatened, which, if resolved adversely to the Borrower, is reasonably expected to have a material adverse effect on the consolidated financial position of the Borrower.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Ice Miller LLP, Indianapolis, Indiana, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as Bond Counsel to the Authority. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that Ice Miller LLP, in its capacity as Bond Counsel, has, at the request of the Authority, reviewed the statements describing its approving opinion and information contained under the captions "THE BONDS," and "TAX MATTERS" and in APPENDIX C attached hereto. This review was undertaken solely at the request and for the benefit of the Authority and did not include any obligation to establish or confirm factual matters set forth herein.

Certain legal matters will be passed upon for the Authority by its special counsel, Bose McKinney & Evans LLP, Indianapolis, Indiana; for the Borrower by its counsel, Ice Miller LLP; and for the Underwriter by its counsel, Nixon Peabody LLP.

TAX MATTERS

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purposes of computing the alternative minimum tax imposed on certain corporations. This opinion is conditioned on continuing compliance by the Authority and the Borrower with the Tax Covenants (as hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the excludability from gross income for federal income tax purposes retroactive to the date of issue.

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing statutes, decisions, regulations and rulings interest on the Bonds is exempt from income taxation in the State. This opinion relates only to the exemption from State income tax of interest on the Bonds. See APPENDIX D for the form of opinion of Bond Counsel.

The Code imposes certain requirements that must be met subsequent to the issuance of the Bonds as a condition to the excludability from gross income of interest on the Bonds for federal income tax purposes. The Authority and Borrower will covenant not to take any action nor fail to take any action, within their respective power and control, with respect to the Bonds that would result in the loss of the excludability from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code (collectively, the “Tax Covenants”). The Indenture and certain certificates and agreements to be delivered on the date of delivery of the Bonds establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the Indenture if interest on the Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the Bonds.

Indiana Code Section 6-5.5 imposes a franchise tax (as defined in Indiana Code Section 6-5.5) on certain taxpayers which generally include all corporations that transact the business of a financial institution in the State. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of this statute on their ownership of the Bonds.

Although Bond Counsel will render an opinion that interest on the Bonds is excluded from federal gross income and that interest on the Bonds is exempt from State income tax, the accrual or receipt of interest on the Bonds may otherwise affect a Bondholder’s federal income tax or state tax liability with respect to the Bonds. The nature and extent of these other tax consequences will depend upon the Bondholder’s particular tax status and a Bondholder’s other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel expresses no opinion regarding any other tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors with regard to other consequences of owning the Bonds.

Legislation affecting municipal bonds is considered from time to time by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of Bonds maturing on [September 1, 20 through September 1, 20] (collectively, the “Discount Bonds”), are less than the principal amounts payable at maturity, and as a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds as set forth on the inside cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the “Issue Price” for such maturity), and the amounts payable at maturity of the Discount Bonds will be treated as “original issue discount.” A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and who holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bonds on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending [1 and 1] (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption, or payment at maturity). Owners of the Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

As described under "TAX MATTERS," the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial public offering should consult their own tax advisors with regard to the other tax consequences of owning the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning Discount Bonds. It is possible under the applicable provisions governing the determination of state and local income taxes that accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

AMORTIZABLE BOND PREMIUM

The Bonds maturing on [September , 20 through September , 20] (collectively, the "Premium Bonds") have a yield to maturity (or yield to the par call date) that is less than the stated interest rate. The initial offering price of the Premium Bonds is greater than the principal amount payable at maturity, and as a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial public offering of the Bonds will be required to adjust the owner's basis in the Premium Bond downward as a result of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Premium Bonds, including sale, redemption or payment at maturity. The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (1) the amount of amortizable Bond Premium and (2) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other

disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax exempt securities, are found at Section 75 of the Code. Dealers in tax exempt securities are urged to consult their tax advisors concerning treatment of Bond Premium.

The proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

RATING

S&P Global Ratings, Inc. ("S&P") has assigned the Bonds the rating of "A" with a stable outlook. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P. Certain information and materials not included in this Official Statement were furnished to S&P by the Borrower. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Bonds. Such rating should not be taken as a recommendation to buy or hold the Bonds.

UNDERWRITING

The Bonds are being purchased for reoffering by Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter" or "Stifel") pursuant to the terms of a bond purchase agreement entered into among the Underwriter, the Authority and the Borrower (the "Bond Purchase Agreement"). The Underwriter has agreed to purchase the Bonds from the Authority at a purchase price of \$ (representing the aggregate principal amount of the Bonds less an underwriter's discount of \$ plus/minus a [net] premium/discount of \$) subject to various conditions contained in the Bond Purchase Agreement. The Underwriter will be obligated to purchase all Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trust) at prices lower than the public offering prices set forth on the cover page of this Official Statement and such public offering prices may be changed, from time to time, by the Underwriter. The Borrower has agreed to indemnify the Underwriter against certain liabilities arising out of, or relating to, misstatements in or omissions from this Official Statement or from materials supplied by the Borrower in writing in connection with the offering of the Bonds.

Stifel and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the Authority and/or the Borrower and to persons and entities with relationships with the Authority and/or the Borrower, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority and/or the Borrower (directly,

as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority and/or the Borrower.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority and/or the Borrower.

Any obligations of the Underwriter are its sole obligations and do not create any obligations on the part of any affiliate of the Underwriter, including any affiliated banks. Securities sold, offered or recommended by the Underwriter are not deposits, are not insured by the Federal Deposit Insurance Corporation, are not guaranteed by any affiliated banks of the Underwriter and are not otherwise an obligation or responsibility of any such affiliated banks.

MUNICIPAL ADVISOR TO THE BORROWER

Blue Rose Capital Advisors, LLC, Minneapolis, Minnesota (the “Municipal Advisor”), has been retained by the Borrower to provide certain financial advisory services in connection with the issuance of the Bonds, including limited assistance with the preparation of this Official Statement. The Municipal Advisor is not obligated to conduct, and has not conducted, a detailed investigation of the affairs of the Borrower to independently verify the completeness or accuracy of the information set forth in this Official Statement and the Appendices hereto. The Municipal Advisor is not a public accounting firm and has not been engaged by the Borrower to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. The Municipal Advisor is a municipal advisor registered with the SEC and the Municipal Securities Rulemaking Board (“MSRB”) in accordance with applicable federal securities laws, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds. The fee to be paid to the Municipal Advisor for services provided in connection with the issuance of the Bonds is partially contingent upon the closing of the Bonds.

The Municipal Advisor is under common ownership with HedgeStar, LLC (“HedgeStar”). HedgeStar provides hedge accounting, fair value accounting, and valuation services for financial instruments including, but not limited to, fixed-income securities and derivatives. HedgeStar currently does not, and in connection with the Bonds is not expected to, provide services to the Borrower.

CONTINUING DISCLOSURE

In connection with the issuance of the Bonds, the Borrower will execute a First Supplement to Second Amended and Restated Continuing Disclosure Undertaking Agreement (the “Disclosure Supplement”). The Disclosure Supplement will update Exhibit A to the Borrower’s outstanding Second Amended and Restated Continuing Disclosure Undertaking Agreement dated as of August 1, 2021 (the “Master Continuing Disclosure Agreement”) to include the Bonds, as expressly permitted therein. The Borrower has agreed in the Master Continuing Disclosure Agreement, for the benefit of the Beneficial Owners of the Bonds, to send, or, where applicable, cause to be sent, certain information annually and to provide, or, where applicable, cause to be provided, notice of certain events to the MSRB through its Electronic Municipal Market Access pursuant to the requirements of Section (b)(5) of Rule 15c2-12 adopted by the SEC under the Exchange Act (the “Rule”). The specific nature of the information to be contained in the Annual Report and the event notices is set forth in the conformed copy of the Master Continuing Disclosure Agreement and form of Disclosure Supplement, both attached hereto as APPENDIX E – “COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT AND FORM OF FIRST SUPPLEMENT TO THE MASTER CONTINUING DISCLOSURE AGREEMENT”.

Past Compliance

In order to assist the Underwriter in complying with its obligations pursuant to the Rule and as required by the Rule, the Borrower represents that in the previous five years it has not failed to comply, in any material respect, with the Master Continuing Disclosure Agreement or any of its previous continuing disclosure undertakings in a written contract or agreement as specified in paragraph (b)(5)(i) of the Rule.

The Borrower has implemented procedures to ensure continued compliance in all material respects with its reporting obligations.

Authority Statement

No financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds and the Authority has not and will not make any provision to provide any annual financial statements or other credit information to investors on a periodic basis. The Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under the Master Continuing Disclosure Agreement, and shall have no liability to any person, including any owner or Beneficial Owner of the Bonds, with respect to the Rule. The Authority shall have no continuing disclosure obligations.

MISCELLANEOUS

The agreement of the Authority with the Owners of the Bonds is fully set forth in the Indenture, and neither any advertisement of such Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. The references herein to the Act, the Bonds, the Indenture, the Loan Agreement and the Bond Purchase Agreement are summaries of certain provisions thereof. Such summaries do not purport to be complete and for full and complete statements of the provisions thereof reference is made to the Act, the Bonds, the Indenture, the Loan Agreement and the Bond Purchase Agreement. Prior to the delivery of the Bonds, copies of the proposed forms of such documents may be obtained from the Underwriter. Subsequent to delivery of the Bonds, copies of such documents may be obtained from the Trustee. So far as any statements are made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

It is anticipated that the CUSIP identification number will be printed on the Bonds, but neither the failure to print such number nor any error in the printing of such number shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

The attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The Borrower has authorized the execution and delivery of this Official Statement.

This Official Statement is approved:

TAYLOR UNIVERSITY, INC.

By: _____
Title:

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APPENDIX A

TAYLOR UNIVERSITY, INC.

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TAYLOR UNIVERSITY, INC.

Taylor University, Inc. (the “Borrower,” “Taylor” or the “University”), established in 1846, is America’s oldest evangelical, nondenominational Christian liberal arts college. Throughout its history the University has remained committed to both its Christian and its liberal arts academic mission. The University was founded in Fort Wayne, Indiana as Fort Wayne Female College. The University later became coeducational (1885), merged with the Fort Wayne College of Medicine to become Taylor University (1890), and ultimately moved from Fort Wayne to Upland, Indiana (1893), where it is headquartered today. The University is exempt from federal income taxation as an organization described in Section 501(c)(3) of the Code.

Taylor students obtain many educational benefits by the main campus being situated in the rural community of Upland, Indiana, but Taylor is also conveniently located 55 miles north of Indianapolis and 40 miles south of Fort Wayne. The main campus covers 284 acres, and the University owns an additional 660 acres of land contiguous to the campus that is used for educational, adventure, and athletic purposes.

Taylor is predominantly an undergraduate institution with a primarily residential student body. Forty-two states and forty-six foreign countries are represented in the student body. Non-U.S. citizen international students make up 5% of the undergraduate degree seeking student body. The name, Taylor University, embodies the distinctiveness of the University. Bishop William Taylor, for whom the institution was named, was a remarkably energetic missionary evangelist, a Christian possessed of unusual vitality of commitment and devotion.

The University’s main campus enrollment in the fall of 2025 was 2,332 undergraduate students. For the reporting year ending on Aug 31, 2025, the main campus has awarded a total of 380 bachelor degrees.

The University also offers a Master of Arts in Higher Education, a Master of Arts in Leadership, a Master of Science in Physician Assistant Studies and a Ph.D. in Leadership, and a post-baccalaureate Transition to Teaching program. Graduate-level enrollment for the fall of 2025 was 91 with an additional 250 students in Transition to Teaching classes. For the reporting year ending on August 31, 2025, 20 graduate degrees have been awarded. Taylor University is experiencing robust online enrollment of high school guests with 377 enrolled and an additional 60 adult guests taking undergraduate coursework.

GOVERNANCE

The University is governed by the Board of Trustees (the “Board”), which consists of not more than 30 members. The President of the University is an ex-officio member of the Board. The by-laws of the University require that at least five members of the Board be alumni of the University. Each trustee is elected for a term of five years. The Board meets at least three times a year with a majority of the membership constituting a quorum.

The officers of the Board consist of a Chairman, a Vice Chairman, a Secretary, a Treasurer, and such other officers or assistant officers as deemed necessary and elected from time to time by the Board. Each officer is elected for a term of one year at each annual meeting.

Trustee	Business Affiliation	Term Expiration
Angela Angelovska-Wilson '96	Lawyer and Founder, DLx Law	2028
Jill Anschultz '07	Director, The Anschutz Foundation	2030
Jonathan Beukelman '98	Senior Vice President, UBS Financial Services	2026
Minda Chow	Retired Nurse/Homemaker	2026
Mark T. Davis	Ministry Consultant/President Atlantic Christian Academy	2027
Sarah Flick '92	Coach, Maxson & Associates	2030
Lisa Ford	Educator/Homemaker	2030
Chris Goeglein '84	Managing Partner, True North Strategic Advisors, LLC	2028
Jamie Haenggi	Senior Executive Advisor, ADT	2029
Tamara Shaya Hoffmann '08	Foreign Service Officer, Department of State	2027
Erik Hotmire '95	Co-Founder, Watermark Strategies	2027
Rhonda Jeter '79	Professor and Dean of the College of Education, Bowie State University	2030
Stephen L. Johnson '73	President of Stephen L. Johnson & Associates Strategic Consulting, LLC	2026
Jeff Jones, '85	President, Forge Resources Group	2029
Heather Larson '96	Founder, Philanthropy Advisor & Leadership Consultant, LiveGive	2029
Jana Murphy '96	Senior Vice President, Corporate Affairs, Saab, Inc.	2028
Manuel Rosado '96	President, Spectrum Investment Advisors, Inc.	2028
Kathy Stevens '82	Owner, Opex Corporation	2026
Mark D. Taylor	President, Tyndale House Publishers	2026
Karen E. Thomas '87	Minister and Business Owner	2027
P. Eric Turner '74	President & CEO, T3 Investments Corp.	2026
Nicholas J. Wallace	CPA, BKD, LLP	2028
Luther Whitfield	Founder and Senior Pastor, New Covenant Worship Center	2026
Shani P. Wilfred '99	Associate Professor of Criminal Justice, Valdosta State University	2027
Dan S. Wolgemuth '77	President Emeritus, Youth for Christ USA	2026
Bob Wright	President and Chief Executive Officer, Potbelly Sandwich	2029

Officers of the Board	
Name	Title
Chris Goeglein	Chairman
Dan Wolgemuth	Vice Chairman
Nick Wallace	Secretary
Eric Turner	Treasurer

There are five standing committees of the Board:

- Audit Committee
- Business and Finance Committee
- Committee on Trustees
- Executive Committee
- Investment Committee

In addition to the standing committees, the Board has appointed four other strategic committees:

- Academic Programs Committee
- Advancement Committee
- Enrollment Committee
- Student Life Committee

CONFLICT OF INTEREST POLICY

The Borrower has on rare occasion invested certain of its funds, and procured goods and services, from institutions and corporations affiliated with or controlled by various members of the Board. In the opinion of management of the Borrower, fees and compensation paid to such persons as a result of these very few business transactions, along with the other material terms and conditions of agreements or arrangements with such persons, have been no less favorable to the University than those which would have been obtained in transactions with unrelated or unaffiliated persons. The University will remain open to engaging in business transactions with members of the Board, and their affiliated firms and institutions, in the future but only where the University has a need for services offered by any such persons or firms, and where the terms and conditions of such services and the compensation paid therefore would be as favorable in all material respects as the University could obtain from unaffiliated or unrelated persons.

ADMINISTRATION

The current principal administrative officers of the University are listed in the table below. Short biographies of administrative officers are also included below.

University Administration	
Name	Position
Dr. Michael Lindsay	President
Gregory Dyson	Vice President for Spiritual Life & Intercultural Leadership and Campus Pastor
Dr. Mike Falder	Vice President for University Advancement
Chris Jones	Vice President, Chief of Staff, and Chief Information Officer
Dr. Jewel Maxwell	Provost
Stephen Olson	Vice President for Finance/CFO
Dr. Skip Trudeau	Vice President for Student Development & Intercollegiate Athletics
Holly Whitby	Vice President for Enrollment and Marketing

Dr. Michael Lindsay, President. Dr. Lindsay has been the President of the University since August 2021, after a decade of distinguished service as president of Gordon College on Boston's North Shore. Previously, Dr. Lindsay was a member of the sociology faculty at Rice University, where he won multiple awards both for teaching and academic research. He is the author of two dozen scholarly publications and numerous books, including *Faith in the Halls of Power: How Evangelicals Joined the American Elite*, which was nominated for the nonfiction Pulitzer Prize, and his award-winning *View from the Top*, which has been translated into Chinese and Japanese. His most recent book, *Hinge Moments*, was launched globally on the Taylor campus in 2021 and is published with InterVarsity Press.

Dr. Lindsay earned his PhD in sociology from Princeton University and graduate theological degrees from Wycliffe Hall at Oxford University and Princeton Theological Seminary. He is a summa cum laude and Phi Beta Kappa graduate of Baylor University where he has been named Outstanding Young Alumnus. He has lectured on six continents and is recognized for his insights on leadership and higher education.

Gregory Dyson, Vice President for Spiritual Life & Intercultural Leadership and Campus Pastor. Mr. Dyson was appointed Vice President in 2020 after serving as the Special Assistant to the President for Intercultural Initiatives since 2019. Previously he served as the Director of Intercultural Leadership at Cedarville University from 2014-2018, Dean of Admissions at Word of Life Bible Institute from 2012-2014, and Senior Pastor at Church in the Acres from 2009-2012. Mr. Dyson earned a BA from Cedarville University and an MS in Organization Leadership from Cairn University.

Dr. Mike Falder, Vice President for University Advancement. Prior to becoming Vice President for University Advancement, Dr. Falder led the Major and Planned Gifts team, including the Regional Directors of Development and Planned Giving. He came to Taylor in 2007 after serving 10 years as Executive Director of Central Michigan Youth for Christ. He holds a BA in Business Administration from Taylor University, an MA in Philanthropic Studies from Indiana University's Lilly Family School of Philanthropy and EdD in Higher Education Leadership from Regent University. His dissertation addressed Advancement's Role in Enhancing Financial Viability of Christian Colleges.

Chris Jones, Vice President, Chief of Staff, and Chief Information Officer. Mr. Jones joined the Taylor staff in 2022 as the Chief Information Officer, adding the roles of Vice President and Chief of Staff in 2024. Mr. Jones has worked in higher education his entire career. After graduating from Gordon College, he spent 23 years at Gordon, beginning as a PC Hardware Specialist, eventually becoming Vice President of Administration. He holds a BS in Computer Science from Gordon College.

Dr. Jewel Maxwell, Provost. Dr. Maxwell became Provost in 2021, having previously served as Vice President for Academic Initiatives and Dean of Graduate, Professional, and Extended Studies at Gordon College. Under his leadership, Gordon's graduate and extended studies programs grew exponentially, and strategic partnerships were forged with multiple institutions and associations across the United States and in Africa and South America. Additionally, Dr. Jewel has significant classroom experience, teaching American Politics and International Relations at Emory & Henry College, Thiel College, and Cedarville University (where he also served as the Associate Dean of the Center for Lifelong Learning). Dr. Maxwell has earned a BA from Muskingum University, an MA from Miami University, and PhD from Miami University.

Stephen Olson, Vice President for Business & Finance/Chief Financial Officer. Mr. Olson was appointed Vice President on July 1, 2011. Mr. Olson previously served the University as Associate Vice President for Business Development and Services (three years), Associate Vice President for Finance and Operations (four years), Associate Controller (three years), and Assistant Controller (two years). He holds an undergraduate degree from Taylor University, is a Certified Public Accountant, and has earned an MBA from Indiana University-Purdue University Fort Wayne.

Dr. Skip Trudeau, Vice President for Student Development & Intercollegiate Athletics. Dr. Trudeau was appointed Vice President in 2011, after serving as Dean of Students and Associate Dean of Students since 1999. He previously served at Anderson University as Associate Dean of Students, Director of Student Activities, and Resident Director. Dr. Trudeau earned a BA from John Brown University, an MA from the State University of New York College at Buffalo, and an EdD from Indiana University Bloomington.

Holly Whitby, Vice President for Enrollment and Marketing. Ms. Whitby came to Taylor in 2021 with extensive experience in higher education and the private business sector in the areas of sales, marketing, and communications. Over the last decade, she held successively larger areas of responsibility at Trevecca Nazarene University, including director of admissions, associate provost and dean of enrollment, and vice president of enrollment, marketing, and athletics. Prior to joining the higher education sector, Ms. Whitby spent nearly two decades in sales and marketing, including a dozen years selling and marketing Microsoft Business Solutions where she won multiple awards. She also started her own consulting firm and has experience as an entrepreneur. Ms. Whitby holds a BA from Trevecca Nazarene University, an MBA from Belmont University, and an MS from Trevecca Nazarene University.

AFFILIATES

The Borrower has a number of wholly owned subsidiaries:

- Taylor University Broadcasting Incorporated (playing contemporary Christian music for listeners in north central Indiana, northwest Ohio, and southern Michigan, as well as across the world via the internet)
- Taylor University Foundation
- Taylor University Charitable Corporation (to receive and manage contributions that are non-cash in nature or have other unique characteristics)
- 1846 Enterprises (to invest in and manage activities that are primarily non-educational)

ACCREDITATION AND MEMBERSHIPS

The University was accredited in 1947 by The Higher Learning Commission of the North Central Association and was approved in 1998 to offer online associate degrees and in 2006 to offer online BBA degrees. In 2003, Taylor was approved to offer graduate programs and, in 2004, Taylor was admitted to the Academic Quality Improvement Program (now HLC's Open Pathway). The University was re-accredited most recently in June of 2018.

The University also maintains accreditation from professional associations for various programs as follows:

- Council on Social Work Education since 1980
- National Association of Schools of Music since 1970
- Council for the Accreditation of Educator Preparation - Indiana Professional Standards Board since 1962
- Engineering Accreditation Commission of ABET in Computer Engineering and Engineering Physics since 2007
- Commission on English Language Program Accreditation since 2013
- Accreditation Council for Business Schools and Programs since 2016
- Accreditation Review Commission for the Physician Assistant (ARC-PA) since 2025
- Initial Accreditation through the Indiana State Board of Nursing since 2025

ACADEMIC PROGRAMS

The University operates on a 4-1-4 academic calendar that consists of traditional fall and spring semesters, a January interterm, and summer sessions. The January interterm provides students an intensive period of study in a single course or opportunities to study in off-campus locations in the United States or

abroad. In addition, three summer sessions are available to enhance and supplement the students' educational programs and to meet special program requirements. The summer sessions are comprised of a full summer session (12 weeks), an 18-day session, and a 24-day session.

Taylor University offers 8 degrees, 72 baccalaureate majors, including 12 baccalaureate teaching majors, 4 associate majors, 64 baccalaureate minors, and various pre-professional and certificate programs.

The University offers programs leading to the Bachelor of Arts degree, Bachelor of Science degree, Bachelor of Music degree, Bachelor of Fine Arts degree, Associate of Arts degree, and pre-professional training. Two years of one foreign language are required of students pursuing the Bachelor of Arts degree program. The Bachelor of Arts degree may be combined with curriculum requirements in education. The Bachelor of Music degree may be combined with curriculum requirements in education. Most Bachelor of Science degree programs are only available when combined with curriculum requirements in education or systems analysis. Pre-professional programs include premedical technology, pre-medicine and pre-law.

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Baccalaureate majors

Bachelor Majors

Accounting	Exercise Science	Photography
Art Education	Film and Media Arts	Physics
Biblical Literature	Finance	Physics/Mathematics Education
Biochemistry	Global Studies	Physics Science Education
Biology Health Sciences	Graphic Art	Political Science, Philosophy, and Economics
Biology Investigations and Applications	History	Politics and Law
Biology Science Education	Human Physiology and Preventative Medicine	Politics and Public Service
Chemistry	Illustration	Pre-Art Therapy
Chemistry-Environmental Science	Individual Goal-Oriented	Professional Writing
Chemistry Education	Intercultural Studies	Psychology
Christian Ministries	Management	Public Relations
Communication	Marketing	Social Studies Education
Composition	Mathematics	Social Work
Computer Engineering	Mathematics Education	Sociology
Computer Science	Mechanical Engineering	Spanish
Data Science	Medical Laboratory Science	Spanish Education
Design	Multimedia Journalism	Sport Management
Educational Studies	Music	Studio Art
Elementary Education	Music Education	Studio Art 2D
Engineering	Musical Theatre	Studio Art 3D
English	Nursing	Sustainable Development
English Education	Orphaned and Vulnerable Children	Theatre and English Education

Teaching Majors

Art Education
Biology Science Education
Chemistry Education
Elementary Education
English Education
Mathematics Education
Music Education
Physics/Mathematics Education
Physics Science Education
Social Studies Education
Spanish Education
Theatre and English Education

The Associate of Arts degree is offered in biblical studies (TU Online), human services (TU Online), liberal arts (Upland and TU Online) and professional writing (TU Online).

Approximately 95% of the degrees granted by Taylor are at the baccalaureate level. For the graduating class of 2025, approximately 49% received a Bachelor of Science, 47% received a Bachelor of Arts, 3% received a Bachelor of Fine Arts, and 1% received a Bachelor of Music.

RECENT HONORS

US News and World Reports Best Colleges 2026, published September 2025

Taylor University is ranked #4 in the Best Midwest Regional Colleges in the U.S. News & World Report, marking the 29th consecutive year Taylor has appeared in the region's top five. Taylor received particularly high marks in the following areas:

- #1 in Undergraduate Teaching (Midwest Regional Colleges) for the last two years
- Consistently top-ranked for retention and graduation rates among Midwest regional colleges
- High marks for alumni giving rate and student selectivity
- Strong performance in peer assessment and faculty resources

Open Doors Study Abroad Survey (2022–2023 Data)

According to the most recent Open Doors report (published by the Institute of International Education), Taylor University continues to be a national leader among baccalaureate institutions for study abroad participation:

- #4 in the nation for short-term duration study abroad trips among baccalaureate colleges
- #11 in the nation for overall undergraduate participation in study abroad (Top 40 baccalaureate colleges)
- #12 in the nation for awarding credit for study abroad (Top 40 baccalaureate colleges)

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FACILITIES

The University conducts operations on a 284-acre campus and owns an additional 660 acres immediately to the northwest of the main campus property.

Building Name	Year of Completion	Building Type	Purpose
Ayres Memorial Hall	1950	Administrative	President's Office, Provost's Office, Admissions
Bergwall Hall	1989	Residential	Student living spaces
Boren Campus Center	2016	Administrative/ Community	Student Life offices, dining area, chapel, campus police office
Boyd Maintenance Building	1993	Administrative	Facilities Services offices and garages
Breuninger Hall	2013	Residential	Student living spaces
Campbell Hall	2008	Residential	Student living spaces
Campus Store	2019	Administrative	Campus store, mail room
Delta Apartments (acquisition)	2023	Residential	Student living spaces
English Hall	1975	Residential	Student living spaces
Euler Science Complex	2012	Academic	Science labs classrooms, Education department
The Flats (acquisition)	2024	Residential	Student living spaces
Football Fieldhouse	1966	Athletic	Football offices
Freimuth Administration Building	1967	Administrative	Financial Aid, Registrar, Business Office, Advancement offices
Gerig Hall	1971	Residential	Student living spaces
Haakonsen Hall	1975	Administrative	Event Services offices
Helena Hall	1911	Academic	Art Gallery
Hodson Dining Commons	1971	Community	Dining areas
Horne Academic Center	2024	Academic	Film & Media department, Center for Innovation & Entrepreneurship offices
Kesler Student Activities Center	2004	Athletic/Academic	Exercise ctr., indoor track, athletic locker rooms, Kinesiology dept., indoor pool
Ockenga House (acquisition)	2009	Academic	Honors program
Memorial Prayer Chapel	2008	Community	Small sanctuary, prayer rooms
Metcalf Visual Arts Center	2003	Academic	Art instruction
Morris Hall	1999	Residential	Student living spaces
Muselman House	1966	Residential	Home for the president
Nussbaum Science Building	1967	Academic/ Administrative	Science labs & classrooms, Information Technology
Ockenga Honors Lodge	1967	Academic	Gathering space for the honors program
Odle Gymnasium	1975	Athletic	Basketball arena
Olson Hall	1966	Residential	Student living spaces
Randall Center	1992	Academic	Physician Assistant department and Environmental Studies
Reade Memorial Liberal Arts Center	1966	Academic	Business, Education, Philosophy, Social Work, History instruction
Residential Village (7 townhomes)	2025	Residential	Student living spaces
Rupp Communication Arts Center	1994	Academic	Communications, Journalism, Film & Media
Sickler Hall	1902	Administrative	Human Resources office, Intercultural offices
Smith-Hermanson Music Center	1981	Academic	Music instruction
Swallow Robin Hall	1917	Residential	Student living spaces
Sutherland Studios	1989	Administrative	Construction Services offices
Wengatz Hall	1965	Residential	Student living spaces
Wolgemuth Hall	2011	Residential	Student living spaces
Zondervan Library	1986	Academic	Library, educational technology offices, classrooms

FACULTY AND STAFF

The University currently employs 138 full-time instructional and 88 part-time and adjunct faculty in academic affairs (including those serving the TU Online program). Seventy percent of ranked teaching faculty hold doctorate degrees, and eighty-one percent of ranked teaching faculty hold terminal degrees. Administrators and student development personnel also may hold faculty rank. The total faculty represents about 71 national and international baccalaureate programs and 98 graduate institutions.

The University currently has approximately 296 full-time employees that are not considered to be instructional faculty.

All full-time employees of the University, who meet the age and time-in-service requirements, participate in the University's defined contribution retirement plans administered by TIAA-CREF. Under this plan, the University makes contributions, which are immediately vested for the benefit of the participants. Contributions for the Fiscal Years ended May 31, 2025 and May 31, 2024, were approximately \$1,702,000 and \$1,375,000, respectively, for the entire corporation.

There are no unions representing the University's employees, and relations with employees are considered by the administration to be good.

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CAMPUS ENROLLMENT

Full-time, part-time, and full-time equivalent (FTE) fall undergraduate and graduate enrollment statistics for Taylor University are shown in the following tabulation for the last five academic years, including the current academic year:

Traditional Undergraduate

<u>Year</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>	<u>FTE</u>
2021-22	1,669	72	1,741	1,739
2022-23	1,733	65	1,798	1,794
2023-24	1,862	47	1,909	1,903
2024-25	2,002	54	2,056	2,051
2025-26	2,273	59	2,332	2,338

Graduate Students

<u>Year</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>	<u>FTE</u>
2021-22	17	21	38	28
2022-23	14	19	33	29
2023-24	9	15	24	21
2024-25	18	26	44	40
2025-26	55	36	91	117

Online Programs Undergraduate

<u>Year</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>	<u>FTE</u>
2021-22	1	202	203	47
2022-23	0	395	395	98
2023-24	1	462	463	114
2024-25	1	446	447	111
2025-26	0	437	437	102

Online Programs Post-Baccalaureate

<u>Year</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>	<u>FTE</u>
2020-21	55	82	137	69
2021-22	45	80	125	58
2022-23	58	189	247	102
2023-24	43	215	258	100
2024-25	47	203	250	102

For the fall 2025 semester, the Upland campus had the following student body demographics:

By residence:

Indiana	45.1%
Contiguous States	33.3%
All Other Locations	<u>21.6%</u>
All Traditional Students	100.0%
Foreign Citizens	5.7%

Overall, there are 42 states and 46 foreign countries represented in the student body.

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STUDENT ADMISSIONS

Freshman Admissions

The following table sets forth inquiries, applications, admission and enrollment of first-time freshman applicants (not including transfers) for the last five academic years, including the current academic year, for each fall semester.

Freshman Admissions

<u>Fall</u>	<u>Inquiries</u>	<u>Applied</u>	<u>Admitted</u>	<u>Enrolled</u>	<u>Applicants Admitted</u>	<u>Admitted Enrolled</u>
2021	8,889	2,037	1,484	401	73%	27%
2022	8,684	2,099	1,566	521	75%	33%
2023	9,329	2,076	1,580	564	76%	36%
2024	10,334	2,425	1,783	576	74%	32%
2025	10,971	2,658	1,986	663	75%	33%

Academic Profile

Approximately 67% of incoming freshmen for fall 2025 ranked in the top 25% of their high school class and 82% ranked in the top 40% of their high school class. The University moved to a test-optional standard for the fall 2020 freshmen class.

The following table sets forth average ACT scores for entering freshmen who opted to submit their scores for the last five years, including the current year.

Freshmen ACT Scores

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
English	26	26	26	27	27
Math	26	25	25	26	26
Composite	27	26	26	27	27

The following table sets forth SAT scores for entering freshmen who opted to submit their scores for the last five academic years, including the current academic year.

Freshmen SAT Scores

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Math	601	595	602	594	599
Reading & Writing	620	605	598	603	609
Total	1,221	1,200	1,200	1,197	1,208

Student Retention

The following table indicates the University's retention rate for the freshman-to-sophomore cohorts for the last five academic years, including the current academic year, as of the commencement of each fall semester.

Freshman Retention					
	2021	2022	2023	2024	2025
Retention Rate	89%	91%	91%	89%	94%

TUITION AND FEES

Undergraduate Students

The following table shows the annual tuition and room and board charges for a full-time student for each of the last five years, including the current academic year.

Tuition and Fees & Room and Board Rates

<u>Year</u>	<u>Tuition & Fees</u>	<u>Room/Board</u> ¹	<u>Total</u>
2021-22	\$36,570	10,659	\$47,229
2022-23	\$37,476	11,058	\$48,534
2023-24	\$39,104	10,888	\$49,992
2024-25	\$40,490	11,502	\$51,992
2025-26	\$41,350	12,025	\$53,375

¹ Assumes a standard full meal plan.

Graduate and Post-Baccalaureate Students

The following table shows the tuition rates for students enrolled in graduate and post-baccalaureate programs at the University over the last five years, including the current academic year. Graduation tuition rates are charged per credit hour.

Graduate Tuition Rates by Credit Hour

<u>Year</u>	<u>MAHE</u>	<u>MAM</u>	<u>Leadership</u>		Transition to <u>Teaching</u>
			<u>MA</u>	<u>PhD</u>	
2021-22	\$635	\$500			\$450
2022-23	\$635	\$500			\$450
2023-24	\$635	\$500			\$450
2024-25	\$650	\$500	\$650	\$800	\$450
2025-26	\$650	\$500	\$650	\$800	\$450

FINANCIAL AID

The purpose of financial aid at Taylor is to provide a meaningful balance to the University's student population. The University strives to create an environment where various gifted, international, ethnic, and socio-economic student groups can be interwoven to provide an enhanced academic experience. Financial aid is provided to students of the University from the following sources: grants (institutional, state and federal), employment, and loans.

The following table shows the aggregate amount of financial aid for undergraduate students on the Upland campus for the last five academic years, including the current academic year, and the unduplicated number of students who received financial aid from one or more of these sources:

Financial Aid by Source

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
<u>Grants:</u>					
University	\$34,466,846	\$34,853,217	\$38,935,950	\$44,034,205	\$50,340,168
Private	2,148,016	1,386,784	1,655,209	2,101,346	1,533,150
State	1,616,188	1,609,441	1,395,509	2,078,170	2,818,592
Federal	1,651,482	1,677,153	1,734,724	2,024,228	3,083,979
Total Grants	\$39,882,532	\$39,526,595	\$43,721,392	\$50,237,949	\$57,775,889
<u>Employment:</u>					
University	\$1,312,041	\$1,569,881	\$1,584,927	\$1,653,527	\$1,603,834
Federal	402,343	387,786	341,419	270,260	291,684
Total Employment	\$1,714,384	\$1,957,667	\$1,926,346	\$1,923,787	\$1,895,518
<u>Loans:</u>					
Fed (Perkins)	\$0	\$0	\$0	\$0	\$0
Fed (Other)	9,391,317	8,581,697	8,161,109	7,615,318	6,612,197
Private	1,517,455	1,772,208	1,734,996	2,048,687	2,230,375
University	162,600	127,068	135,650	151,439	158,200
Total Loans	\$11,071,372	\$10,480,973	\$10,031,755	\$9,815,444	\$9,000,772
Total Aid	\$52,668,288	\$51,965,235	\$55,679,493	\$61,977,180	\$68,672,179
# Unduplicated Students	1,781	1,744	1,767	1,889	2,063
Average Aid per Student	\$29,572	\$29,797	\$31,511	\$32,810	\$33,288

FINANCIAL OPERATIONS OF THE UNIVERSITY

The University manages its balance sheet and income statement using the net assets structure required by FASB ASU 2016-14. The balance sheet and income statement are classified by either net assets with donor restrictions or net assets without donor restrictions. Appendix B contains the audited consolidated financial statements of the University as of May 31, 2025.

Taylor has traditionally adopted balanced budgets and has always strived to complete each Fiscal Year with a positive operating balance. Taylor has had a positive operating balance every year since at least 1960 with the exception of 1972-73 (which was the year the new dining facility was occupied), 2008-09 (as further explained below), 2015-16, and 2018-19. The negative operating balance during 2015-16 and 2018-19 was primarily driven by poor investment performance, but was exacerbated by net tuition revenue challenges that developed from a slight enrollment decline and increasing financial aid discounts. The coronavirus pandemic had a significant negative impact on operations during 2019-20. The pandemic required the University to suspend on-campus operations mid-way through the spring semester. Students were educated virtually for the remainder of the semester, and the University returned approximately half of the revenue charged for room and board during that semester.

The negative operating balance in 2008-09 was primarily driven by the decision in the fall of 2008 to discontinue the University's undergraduate programs on a Fort Wayne campus. This decision was made knowing that costs would be incurred in the short run to affect the consolidation, but that the decision would prevent longer-term losses in operations. Additionally, investments of the University, including the endowment, were adversely affected by the financial market turmoil that began in late 2008.

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Consolidated Statements of Financial Position

The University's consolidated statements of financial position for the past five Fiscal Years are shown in the table below.

Consolidated Statements of Financial Position

(in \$000's)

Fiscal Years Ending May 31

	2021	2022	2023	2024	2025
ASSETS					
Cash and cash equivalents	\$11,875	\$11,168	\$15,714	\$5,514	\$15,740
Unspent bond proceeds and deposits	-	15,611	11,878	9	20
Accounts receivable, net	1,247	921	1,317	1,642	1,149
Contributions receivable, net	2,241	8,641	52,001	52,397	29,124
Inventories and other assets	1,670	2,425	1,990	2,273	2,461
Notes receivable	1,664	1,446	1,331	958	914
Right of use assets	-	-	1,037	1,187	1,057
General and other investments	52,558	54,989	88,746	121,648	126,975
Endowment investments	122,744	117,970	115,712	132,754	149,373
Land, buildings, and equipment, net	101,434	100,727	107,250	163,969	183,763
Total assets	\$295,433	\$313,898	\$396,976	\$482,351	\$510,576
LIABILITIES					
Accounts payable and accrued expenses	\$5,579	\$5,900	\$8,345	\$11,096	\$8,330
Deferred revenue	1,332	1,620	1,332	1,354	1,528
Federal student loan advances	1,145	716	359	261	133
Fair value of interest rate swap agreements	48	-	-	-	-
Annuity and trust payment obligations	6,577	4,840	4,467	4,342	3,780
Lease liability	-	-	1,047	1,210	1,101
Debt	19,865	31,791	31,116	30,281	29,616
Health insurance trust	1,413	1,413	1,413	1,413	1,413
Total liabilities	\$35,959	\$46,280	\$48,079	\$49,957	\$45,901
NET ASSETS					
Without donor restrictions	\$120,980	\$118,996	\$160,024	\$200,634	\$222,501
With donor restrictions	138,494	148,622	188,873	231,760	242,174
Total net assets	\$259,474	\$267,618	\$348,897	\$432,394	\$464,675
TOTAL NET ASSETS AND LIABILITIES	\$295,433	\$313,898	\$396,976	\$482,351	\$510,576

Consolidated Statements of Activities

The University's consolidated statements of activities for the past five Fiscal Years are shown in the table below.

Consolidated Statements of Activities

(in \$000's)

Fiscal Years Ending May 31

	2021	2022	2023	2024	2025
REVENUES AND OTHER SUPPORT					
Tuition and fees, net	\$32,015	\$31,053	\$31,098	\$33,081	\$36,337
Auxiliary services	15,777	16,404	17,931	18,835	21,837
Contributions	11,953	27,734	25,124	69,272	25,666
Contributions of nonfinancial assets	-	-	368	38	152
Investment income	6,198	(1,874)	2,054	9,462	6,638
Endowment income allocated for spending purposes	4,246	4,622	4,811	4,888	5,013
Government appropriations	3,337	2,756	6,661	554	554
Other Income	1,184	3,043	2,861	2,686	3,379
Total revenues	\$74,710	\$83,738	\$90,908	\$138,816	\$99,576
EXPENSES					
Education program services:					
Instruction	\$20,749	\$21,891	\$22,945	\$25,152	\$29,143
Academic support	5,058	5,555	5,912	6,725	7,678
Student services	10,986	12,526	14,253	15,423	16,477
Scholarships and fellowships	1,578	1,034	-	-	-
Research	282	260	406	362	384
Public service	\$2,247	\$2,427	3,324	3,053	\$3,430
Auxiliary expenses	11,025	11,200	11,415	13,163	15,998
Total education program services	\$51,925	\$54,893	\$58,255	\$63,878	\$73,110
Supporting services:					
Management and general	\$8,914	\$11,812	\$11,388	\$13,565	\$11,984
Fundraising	3,544	4,278	4,944	5,341	6,062
Total supporting services	\$12,458	\$16,090	\$16,332	\$18,906	\$18,046
Total expenses	\$64,383	\$70,983	\$74,587	\$82,784	\$91,156
Change in net assets from other changes	\$10,327	\$12,755	\$16,321	\$56,032	\$8,420
Nonoperating activities					
Endowment:					
Contributions	\$2,270	3,525	2,189	11,440	8,444
Investment income	26,628	(4,009)	(670)	14,881	13,469
Endowment income allocated for spending purposes	(4,246)	(4,622)	(4,811)	(4,888)	(5,013)
Change in fair value of interest rate swap agreements	165	48	-	-	-
Contributions for capital projects	-	-	9,825	6,941	7,901
Change in fair value of split-interest agreements	(659)	447	(806)	(909)	(940)
Net gain on nonoperating activities	\$24,158	(\$4,611)	\$5,727	\$27,465	\$23,861
Change in Net Assets	\$34,485	\$8,144	\$22,048	\$83,497	\$32,281
Net Assets, Beginning of Year	224,989	259,474	267,618	348,897	432,394
Restatement	-	-	59,231	-	-
Net Assets, End of Year	\$259,474	\$267,618	\$348,897	\$432,394	\$464,675

DEVELOPMENT

The following table shows the sources of gifts and grants received by the University during the last five Fiscal Years.

	Gifts and Grants (in \$000's) <u>Fiscal Years Ending May 31</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Employees	\$156	\$164	\$114	\$204	\$171
Alumni	2,780	7,293	22,832	10,474	3,461
Other Individuals	3,196	6,401	4,926	6,217	5,131
Corporate	522	809	818	2,451	1,745
Foundation	3,166	4,592	6,324	44,502	29,805
Churches	294	77	62	46	2,050
Total	\$10,114	\$19,336	\$35,076	\$63,894	\$42,363

Giving at Taylor has become an important part of the financial success of the University. During Fiscal Year 2025, approximately 10% of the Upland campus alumni who were solicited for annual gifts participated by giving to the University.

Taylor University publicly launched its \$500 million “Life to the Full” Campaign in April 2024, the largest fundraising effort in the school’s 178-year history and one of the largest fundraising initiatives ever for a Christian college. Expanding the impact of Taylor University is the mission at the heart of Taylor’s Life to the Full campaign—a historic undertaking to make possible the University’s visionary strategic plan, Taylor Thrives. Life to the Full: The Campaign for Taylor is built on six foundational pillars aimed at enhancing Taylor’s holistic approach to education, increasing Taylor’s community impact, and expanding Taylor’s global influence. The six foundational pillars are: Widening the Circle of Learners, Telling the Taylor Story, Developing and Investing in Our People, Catalyzing Entrepreneurial Energy, Ensuring Excellence and Affordability, and Developing Servant-Leaders to Minister to a World in Need. At this pivotal moment, Taylor has an opportunity to strengthen the University for generations to come.

To date, Taylor has raised \$370,000,000 of the campaign goal of \$500,000,000.

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INVESTMENTS AND ENDOWMENT

The Taylor University Endowment Fund represents principal gifts to the University that are restricted by donors or other outside agencies as non-expendable. Included in the Taylor University Endowment Fund are principal gifts and accumulated unexpended income that the University's Board or administration has determined to be retained.

The Taylor University Endowment Fund's market values (rounded to the nearest thousand) for the last five Fiscal Years were (including internal financing):

Endowment Fund Balances
(in \$000's)
Fiscal Years Ending May 31

<u>Fiscal Year</u>	<u>Balance</u>
2021	\$122,744
2022	\$117,970
2023	\$115,712
2024	\$132,754
2025	\$149,373

The endowment funds include funds held by the Taylor University Foundation and Taylor University Broadcasting Incorporated, wholly owned subsidiaries of Taylor University.

The Annuity and Life Income Fund was established to separately account for gifts received by the University and the Foundation and subject to the payment of annuities or income by the University or Foundation to the donor and/or named beneficiaries. The market values (rounded to the nearest thousand) of this Fund for the last five Fiscal Years were:

Annuity and Life Income Fund Balances
(in \$000's)
Fiscal Years Ending May 31

<u>Fiscal Year</u>	<u>Balance</u>
2021	\$24,528
2022	\$22,109
2023	\$20,171
2024	\$18,973
2025	\$19,282

The University's endowment is managed by the Investment Committee of the Board, which has established clear guidelines for the management of the endowment. The annual spending rate is equal to 5% of the previous 60-month moving average market value. The asset allocation for the externally managed endowment is intended to be approximately 34% fixed income and 66% equities. The University also internally manages a portion of the endowment, and this consists of cash and funds invested by students under the direction of a Finance professor.

OUTSTANDING INDEBTEDNESS

The University had the following long-term debt obligations outstanding as of May 31, 2025 and September 1, 2025, respectively:

<u>Description</u>	<u>Final Maturity</u>	<u>Remaining Interest Rates</u>	<u>Outstanding Balance as of</u>	
			<u>May 31, 2025</u>	<u>September 1, 2025</u>
Economic Development Revenue Bonds Series 2021	9/1/2050	2.50 - 4.00%	\$26,265,000	\$25,675,000

CAPITAL PROJECTS AND FUTURE FINANCINGS

The Project to be financed with proceeds of the Bonds consists of the construction of a new, approximately 275-bed student residence hall. An older administrative building will be razed to make room for this critical structure as current housing for students is stretching capacity levels. The University growth targets indicate that these beds will be needed to house students in the near term. The University recently completed the addition of two student apartment buildings that complement the five student apartment buildings that were constructed during summer 2024, for which the University intends to reimburse itself from a portion of the proceeds of the Bonds.

The University is currently constructing a new Chapel and Welcome Center which will be connected to the north end of the existing Boren Campus Center. The new structure will be approximately 85,000 square feet and contain a chapel/auditorium with at least 2,700 seats, as well as offices for Admissions, Marketing, Advancement, Alumni & Parent Relations, and the President. As part of this project, the existing athletic track will be demolished and a new athletic track constructed on the west end of the University's main property. This project is expected to be completed by summer 2027. The cost for construction of the new building, related projects, and various other expenses (including the addition of an endowment to fund building operations) is expected to be approximately \$68,000,000 and will be funded by donor contributions.

The University recently completed construction of a new facility for the Film and Media program. This building contains classrooms, offices, and creative spaces that will support and expand this program. The project cost approximately \$30,000,000 and was fully funded by donor contributions.

The University recently completed renovation of the existing Football Fieldhouse. This renovation supports the expansion of the football team roster and provides space needed for team offices, lockers, and meeting space. The renovation cost approximately \$3,000,000 and was fully funded by donor contributions.

The Board of Trustees is committed to adding any additional non-housing facilities first through donor gifts. The commitment of the Board of Trustees is that all such facilities that are new to the campus will have a specific plan, including an endowment, which covers the operation of the new facility, namely utility and housekeeping/maintenance staffing costs. The Board of Trustees requires that all funds needed for a new project should be identified before construction begins, and that 75% of the funds should be received as cash on hand before construction begins.

The University continuously evaluates its facilities and campus infrastructure needs in light of its academic programs, enrollment trends, and strategic objectives. From time to time, the University considers the development, renovation, or acquisition of additional facilities and improvements to support its educational mission. However, as of the date of this Official Statement, the University has no current plans or commitments to undertake or finance any material new capital projects beyond those described herein.

PHYSICAL PROPERTY

The following table sets forth the University's investment in physical property at the end of each Fiscal Year (stated in thousands).

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Land, buildings, and equipment (at cost)	\$195,151	\$198,279	\$202,612	\$225,750	\$289,710
Less Accumulated Depreciation	(94,477)	(98,874)	(102,403)	(105,523)	(113,931)
Construction in progress	760	1,322	7,041	43,742	7,984
Net investment in plant	\$101,434	\$100,727	\$107,250	\$163,969	\$183,763

INSURANCE COVERAGE

The University insures, at all times, its buildings and contents, including those under construction, against losses resulting from fire, with extended coverage (including riot, vandalism and malicious mischief, and steam boiler explosion, along with other insurable perils) providing for repair or replacement without deduction for depreciation.

The approximate amounts of certain major property insurance policies, currently in force, are as follows: building and contents, in the amount of \$452,000,000.

All revenues from Taylor University operations are insured against loss due to unusable facilities caused by fire and other perils and are insured under a business interruption and a rental income policy against actual loss. The University has in force comprehensive general and automobile liability policies, including an excess liability umbrella to protect it and its employees from claims arising from its operations activities, whether for personal injury or property damage.

APPENDIX B

CONSOLIDATED FINANCIAL STATEMENTS OF THE BORROWER

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**TAYLOR UNIVERSITY
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

TAYLOR UNIVERSITY AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Taylor University and Affiliates

Report on the Audit of the Consolidated Financial Statements***Opinion***

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as of May 31, 2025 and 2024, and the changes in 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2025 and 2024 Consolidating Statements of Financial Position and 2025 Consolidating Statements of Activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operation, and cash flows of the individual entities, and are not a required part of the consolidated financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Crowe LLP

Indianapolis, Indiana
October 23, 2025

TAYLOR UNIVERSITY AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
May 31, 2025 and 2024
(In thousands of dollars)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 15,740	\$ 5,514
Unspent bond proceeds and deposits	20	9
Accounts receivable, net	1,149	1,642
Contributions receivable, net	29,124	52,397
Inventories and other assets	2,461	2,273
Notes receivable	914	958
Right of use assets	1,057	1,187
General and other investments	126,975	121,648
Endowment investments	149,373	132,754
Land, buildings and equipment, net	<u>183,763</u>	<u>163,969</u>
Total assets	<u>\$ 510,576</u>	<u>\$ 482,351</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 8,330	\$ 11,096
Deferred revenue	1,528	1,354
Federal student loan advances	133	261
Annuity and trust payment obligations	3,780	4,342
Lease liability	1,101	1,210
Debt	29,616	30,281
Health insurance trust	<u>1,413</u>	<u>1,413</u>
Total liabilities	<u>45,901</u>	<u>49,957</u>
Net assets		
Without donor restrictions	222,501	200,634
With donor restrictions	<u>242,174</u>	<u>231,760</u>
Total net assets	<u>464,675</u>	<u>432,394</u>
Total liabilities and net assets	<u>\$ 510,576</u>	<u>\$ 482,351</u>

See accompanying notes to consolidated financial statements.

TAYLOR UNIVERSITY AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended May 31, 2025
(In thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Tuition and fees, net	\$ 36,337	\$ -	\$ 36,337
Auxiliary services	21,837	-	21,837
Contributions	14,806	10,860	25,666
Contributions of nonfinancial assets	152	-	152
Investment income	5,936	702	6,638
Income allocated for spending purposes	5,013	-	5,013
Government appropriations	554	-	554
Other income	3,139	240	3,379
Net assets released from restrictions	<u>23,847</u>	<u>(23,847)</u>	-
Total revenues and other support	111,621	(12,045)	99,576
Expenses			
Education program services:			
Instruction	29,143	-	29,143
Academic support	7,678	-	7,678
Student services	16,477	-	16,477
Research	384	-	384
Public service	3,430	-	3,430
Auxiliary expenses	<u>15,998</u>	<u>-</u>	<u>15,998</u>
Total education program services	73,110	-	73,110
Supporting services:			
Management and general	11,984	-	11,984
Fundraising	<u>6,062</u>	<u>-</u>	<u>6,062</u>
Total supporting services	<u>18,046</u>	<u>-</u>	<u>18,046</u>
Total expenses	<u>91,156</u>	<u>-</u>	<u>91,156</u>
Change in net assets from operating activities	20,465	(12,045)	8,420
Non-operating activities:			
Endowment:			
Contributions	1	8,443	8,444
Investment income	797	12,672	13,469
Endowment income allocated for spending purposes	(626)	(4,387)	(5,013)
Net asset transfer	(5,247)	5,247	-
Contributions for capital projects	-	7,901	7,901
Net assets for capital projects released from restriction	8,292	(8,292)	-
Change in fair value of split-interest agreements	<u>(1,815)</u>	<u>875</u>	<u>(940)</u>
Net gain on other activities	1,402	22,459	23,861
Change in net assets	21,867	10,414	32,281
Net assets, beginning of year	<u>200,634</u>	<u>231,760</u>	<u>432,394</u>
Net assets, end of year	<u>\$ 222,501</u>	<u>\$ 242,174</u>	<u>\$ 464,675</u>

See accompanying notes to consolidated financial statements.

TAYLOR UNIVERSITY AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended May 31, 2024
(In thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Tuition and fees, net	\$ 33,081	\$ -	\$ 33,081
Auxiliary services	18,835	-	18,835
Contributions	11,712	57,560	69,272
Contributions of nonfinancial assets	38	-	38
Investment income	8,632	830	9,462
Income allocated for spending purposes	4,888	-	4,888
Government appropriations	554	-	554
Other income	1,993	693	2,686
Net assets released from restrictions	<u>28,833</u>	<u>(28,833)</u>	-
Total revenues and other support	108,566	30,250	138,816
Expenses			
Education program services:			
Instruction	25,152	-	25,152
Academic support	6,725	-	6,725
Student services	15,423	-	15,423
Research	362	-	362
Public service	3,053	-	3,053
Auxiliary expenses	<u>13,163</u>	<u>-</u>	<u>13,163</u>
Total education program services	63,878	-	63,878
Supporting services:			
Management and general	13,565	-	13,565
Fundraising	<u>5,341</u>	<u>-</u>	<u>5,341</u>
Total supporting services	<u>18,906</u>	<u>-</u>	<u>18,906</u>
Total expenses	<u>82,784</u>	<u>-</u>	<u>82,784</u>
Change in net assets from operating activities	25,782	30,250	56,032
Non-operating activities:			
Endowment:			
Contributions	1	11,439	11,440
Investment income	1,599	13,282	14,881
Endowment income allocated for spending purposes	(575)	(4,313)	(4,888)
Net asset transfer	(6,395)	6,395	-
Contributions for capital projects	-	6,941	6,941
Net assets for capital projects released from restriction	22,169	(22,169)	-
Change in fair value of split-interest agreements	<u>(1,971)</u>	<u>1,062</u>	<u>(909)</u>
Net gain on other activities	14,828	12,637	27,465
Change in net assets	40,610	42,887	83,497
Net assets, beginning of year	<u>160,024</u>	<u>188,873</u>	<u>348,897</u>
Net assets, end of year	<u>\$ 200,634</u>	<u>\$ 231,760</u>	<u>\$ 432,394</u>

See accompanying notes to consolidated financial statements.

TAYLOR UNIVERSITY AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended May 31, 2025 and 2024
(In thousands of dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 32,281	\$ 83,497
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,044	6,946
Right of use lease asset amortization	131	(150)
Contribution of non-financial assets of land, buildings and equipment	(152)	(38)
Contribution of non-financial assets of investments	(3,710)	(4,660)
Net loss on disposal of assets	54	400
Net gain on investments	(13,401)	(17,497)
Interest and dividends re-invested	(6,424)	(5,865)
Annuity and trust actuarial change	940	909
Restricted contributions received for facilities	(6,988)	(6,356)
Restricted contributions received for endowment	(7,838)	(10,280)
Changes in:		
Student accounts receivable	(80)	(5)
Other accounts receivable	573	(320)
Contributions receivable	20,738	818
Other assets	(266)	(361)
Accounts payable, accrued expenses and deposits and advances	442	(408)
Lease liability	(109)	163
Net cash provided by operating activities	<u>26,235</u>	<u>46,793</u>
Cash flows from investing activities:		
Purchases of land, buildings and equipment	(32,794)	(60,900)
Proceeds from sales of property and equipment	23	65
Notes receivable awarded	(161)	(151)
Notes receivable collected	77	426
Purchase of investments	(55,353)	(86,685)
Proceeds from sale of investments	<u>56,942</u>	<u>64,762</u>
Net cash used in investing activities	(31,266)	(82,483)
Cash flows from financing activities:		
Proceeds received from contributions restricted for facilities	11,041	7,775
Proceeds received from contributions restricted for endowment	6,320	7,647
Other change in annuity and trust obligations	(1,501)	(1,035)
Principal payments on debt	(592)	(766)
Net cash provided by financing activities	<u>15,268</u>	<u>13,621</u>
Net increase (decrease) in cash, cash equivalents and escrows	10,237	(22,069)
Cash, cash equivalents and escrows at beginning of year	<u>5,523</u>	<u>27,592</u>
Cash, cash equivalents and escrows at end of year	<u>\$ 15,760</u>	<u>\$ 5,523</u>

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended May 31, 2025 and 2024
(In thousands of dollars)

The following table provides a reconciliation of cash, cash equivalents and bond escrow deposits reported within the consolidated statements of financial position to the total of the corresponding amounts shown in the consolidated statements of cash flows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 15,740	\$ 5,514
Unspent bond proceeds and deposits	<u>20</u>	<u>9</u>
Cash, cash equivalents and escrows at end of year	<u>\$ 15,760</u>	<u>\$ 5,523</u>
Supplemental Disclosures of Cash Flow Information		
Expensed interest paid on debt	\$ 902	\$ 851
Accounts payable for property and equipment	2,472	5,507
Supplemental Schedule of Non-Cash Activity		
Contributions of nonfinancial assets	\$ 152	\$ 38

See accompanying notes to consolidated financial statements.

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization:

Taylor University, Incorporated: Taylor University (University) is incorporated in the state of Indiana as a not-for-profit corporation. The University's affiliates include the following corporations: the Taylor University Foundation (Foundation), Taylor University Broadcasting Incorporated (Broadcasting), 1846 Enterprises (1846) and Taylor University Charitable Corporation (TUCC), which together with the University are collectively referred to as the Organization. The University and each affiliate is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (code). As such, contributions by the public are deductible for income tax purposes. The University and each affiliate is not considered to be a private foundation. The Organization may receive unrelated business income each year and annually files the appropriate tax returns.

The University is a four-year, private university. It was founded in 1846 and began operations as the Fort Wayne Female College in Fort Wayne, Indiana. It became co-educational in 1855 and was then called Fort Wayne University. The name was changed to Taylor University in 1890, and in 1893, the University was moved to Upland, Indiana. The University is supported by tuition and fees from students, charitable contributions, and government aid in the form of student financial aid.

Taylor University Foundation (Foundation): The Foundation was incorporated in 1933. The Foundation's purposes are to receive property, real or personal, tangible, outright or in trust; to hold, invest and manage any such property; and to distribute such property by way of grants, scholarships and stipends for the direct or indirect benefit of the University. The Foundation is supported primarily by earnings on investments that were funded by contributions.

Taylor University Broadcasting (Broadcasting): Broadcasting was incorporated in 1996 and operates Christian radio stations in Indiana, southern Michigan and western Ohio. These stations provide a diverse menu of Christian programming designed to minister to the public at large in its broadcasting area. The local programs include a daily talk show, music programs and numerous special features, plus the best of nationally known speakers. Broadcasting receives unrelated business income each year and annually files the appropriate tax returns. The radio stations are supported primarily through contributions from its listening audience.

Taylor Angel Fund (Fund): The Fund was created by the University in 2006 as a limited liability company pursuant to the Indiana Business Flexibility Act (Act), with the University as the Fund's managing member. Its purpose is to conduct any and all lawful business and activities for which limited liability companies may be organized under the Act. The Fund did not have any assets as of May 31, 2025 and 2024, and had not undertaken any activities during the years ended May 31, 2025 and 2024.

1846 Enterprises, Inc. (1846): 1846 was created by the University in 2018 to support the University through the development of revenue-generating opportunities that may not be specifically educational in nature.

1846 Real Estate - Kershner Commons LLC (LLC): LLC was created in 2021 by 1846 as a single-member limited liability company pursuant to the Indiana Business Flexibility ACT, as amended, for the purpose of acquiring real property in furtherance of the 1846's charitable purpose. 1846 is the sole member of LLC.

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taylor University Charitable Corporation, Inc. (TUCC): TUCC was created by the University in 2019 to serve as the corporate trustee of the Taylor University Sponsoring Organization. In addition, TUCC serves as the trustee of the University's pooled income funds.

Taylor University Sponsoring Organization (TUSO): TUSO was created by the University in 2019 as a tax-exempt trust to accept primarily non-cash contributions.

Accreditation: The University is accredited by The Higher Learning Commission, Indiana Professional Standards Board, National Council for Accreditation of Teacher Education, Accreditation Council for Business Schools and Programs, Commission on English Language Program Accreditation, National Association of Schools of Music, Engineering Accreditation Commission of ABET, Accreditation Review Commission on Education for the Physician Assistant, and Council on Social Work Education.

Management: The business and financial affairs of the University are conducted by a board of trustees, including the president of the University. All the trustees are elected by the board, and no fewer than five are alumni of the University.

The business and financial affairs of the Foundation are conducted by a board of directors, including the president of the University. All of the directors are appointed by the University's board.

The business and financial affairs of Broadcasting are conducted by a board of directors, including the president of the University. Four directors are appointed by the University and three community members are elected by Broadcasting's board.

The business and financial affairs of 1846 are conducted by a board of directors, including the president of the University. All of the directors are appointed by the University's board.

The business and financial affairs of TUCC are conducted by a board of directors, including the president of the University. All of the directors are appointed by the University's board. The TUCC board also serves as the corporate trustee for TUSO.

Significant Accounting Policies:

Basis of Accounting: The consolidated financial statements of the University have been prepared on the accrual basis and in accordance with the reporting principles of not-for-profit accounting.

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

Basis of Presentation: The Organization has presented its assets and liabilities in an unclassified manner, but in order of liquidity.

(Continued)

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Notes Receivable: Notes receivable for the loan fund were subject to certain estimates. The University loans assume a seven percent interest rate, seven-year payoff on average after all deferments and payment timeframes and monthly payments.

Classification and Reporting of Net Assets: The classification of the Organization's net assets and its revenue, expenses, gains and losses is based on the existence or absence of donor-imposed restrictions. Net assets are classified and reported in the following two categories:

- Net Assets Without Donor Restrictions consist of net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions include expendable funds available for the support of the Organization and may be designated for specific purposes by action of the Board of Trustees.
- Net Assets With Donor Restrictions consist of net assets that are subject to donor-imposed restrictions. Net assets with donor restrictions contain net assets with restrictions that may be met by actions of the Organization or the passage of time, or that may be held in perpetuity.

Principles of Consolidation: The consolidated financial statements include the operations of the University, the affiliates and related entities. All significant intercompany transactions are eliminated.

Cash and Cash Equivalents: Management considers investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents held by investment managers are classified as investments.

Unspent bond proceeds and deposits are required to service debt and complete construction projects. These deposits are invested in money market funds.

See consolidated statement of cash flows for reconciliation of cash, cash equivalents and unspent bond proceeds and deposits reported within the consolidated statements of financial position to the total of the corresponding amounts shown in the consolidated statements of cash flows.

Accounts Receivable: Accounts receivable is comprised primarily of amounts due from students and are reported net of any anticipated losses due to uncollectible accounts. Management's policy for determining when receivables are delinquent is when an account has not been paid within 90 days of the first due date billed. Uncollectible accounts are reported as additions to the allowance for credit losses when it is determined the amounts will become uncollectible, which is typically determined by management on a case-by-case analysis during and near the end of the fiscal year. The University assesses finance charges against student receivables that are past due 30 days or more, the greater of a \$5 monthly late fee, or interest accrued at the rate of 13% per annum. The rate to outstanding accounts for those students who have converted their account balance to a note receivable is 15% per annum. Management's policy is to cease accruing interest when the accounts are sent to a collection agency. Payments received from nonaccrual receivables are received from collection agencies and credited to appropriate receivable accounts.

The allowance for credit loss is maintained at a level when, in management's judgment, it is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, credit concentrations, trends in historical losses, as well as current and expected economic conditions. The allowance for credit loss related to uncollectible student accounts was approximately \$96,000 and \$93,000 as of May 31, 2025 and 2024, respectively.

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

At May 31, 2025 and 2024, student accounts receivable past due 30 days or more and continuing to accrue interest totaled approximately \$214,000 and \$125,000, respectively. At May 31, 2025 and 2024, student accounts receivable once accruing interest but no longer accruing interest (nonaccrual) totaled approximately \$188,000 and \$159,000, respectively.

General, Endowment and Other Investments: Investments in marketable equity and debt securities are stated at fair value based on quoted market prices or, if quoted market prices are not available, at quoted market prices for similar securities or other valuation methods. Donated securities are recorded at fair value on the date of donation. Real property is initially reported at cost (if purchased) or fair value on the date of donation as determined by appraisals and thereafter at estimated fair value.

Investment income from investments of net assets without donor restrictions is reported as increases (decreases) in net assets without donor restrictions. Investment income from investments of net assets with donor restrictions is reported as increases (decreases) in net assets with donor restrictions.

Alternative investments are carried at estimated fair value provided by the management of the respective fund as of May 31, 2025 and 2024. Management believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of May 31, 2025 and 2024. Because the alternative investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a readily available market for the investments existed and such differences could be material.

Trust investments consist of those held in trust, principally charitable remainder trusts, with the University or Foundation serving as trustee. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, typically the remaining assets are available for use pursuant to donor restrictions. The portion of the trust attributable to the future interest of the Organization is reported as contributions of net assets with donor restrictions in the year the trust is established. On an annual basis, management revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate and applicable mortality tables.

Land, Buildings and Equipment: Property and equipment, and other capital assets are stated at cost at date of acquisition or fair value at date of gift less accumulated depreciation. The Organization follows the practice of capitalizing all expenditures for property and equipment over \$5,000 with a useful life in excess of one year. Expenditures in the nature of normal repairs and maintenance are expensed as incurred. Collections of artwork, rare books and other historically significant artifacts are not capitalized or recorded on the consolidated statements of financial position. Depreciation expense was \$10,040,000 and \$6,937,000 for the years ended May 31, 2025 and 2024, respectively.

Depreciation is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	40-50
Campus improvements and furniture and fixtures	5-15
Computer equipment and vehicles	3-5
Library books (reported in furniture and fixtures)	25
Telephone system	5-10

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Asset Retirement Obligations (ARO): ARO are legal obligations associated with the retirement of long-lived assets. These liabilities have been analyzed by the Organization and have been determined to be insignificant in nature.

Leases: The Organization enters into operating and finance leases primarily for equipment and determines if the arrangement is a lease at inception of the contract. For lease agreements entered into or reassessed after the adoption of ASC 842 and with terms greater than 12 months, the Organization records the related right-of-use assets ("ROU") and lease liability at the present value of lease payments over the contract term using the risk-free interest rate, subject to certain adjustments. The Organization does not separate lease and non-lease components. Certain leases include the option to renew the lease at the end of the initial term, with renewal terms that can extend the lease at the then market rate of rental payments. Such options are at the Organization's discretion and are evaluated by management, with only those that are reasonably certain of exercise included in determining the appropriate lease term.

Contributions: Contributions, including unconditional promises to give, unless specifically restricted by the donor, are considered to be available for general use and are recorded in the period cash is received or the promise is made, whichever is earlier. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved and based on the expected term of the contribution.

Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fund raising activity.

Contributions restricted by the donor for a particular purpose are recorded as net assets with donor restrictions revenue and support. When the restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributions that are restricted in perpetuity by the donor are reported as net assets with donor restrictions.

Contributions of Nonfinancial Assets: Contributions of nonfinancial assets are recognized in the period that the asset is provided or received. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. The Organization received nonfinancial assets for the fiscal year ended May 31 as follows (in thousands).

	<u>2025</u>	<u>2024</u>
Buildings and property	\$ 149	35
Books and supplies	<u>3</u>	<u>3</u>
	<u>\$ 152</u>	<u>\$ 38</u>

During the years ended May 31, 2025 and 2024, the Organization received land, buildings, furniture, books, and other items. The value of these items is based on appraisals received at the time of the donations.

(Continued)

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tuition, Auxiliary, and Deferred Revenue: Tuition and Auxiliary revenue is recognized as increases in net assets without donor restrictions when earned. Revenues from tuition and fees, and auxiliary revenue are reported in the fiscal year in which educational programs are conducted. Tuition and fees and auxiliary revenue received in the current fiscal year for future year's programs are reported as deferred revenue.

Derivative Financial Instruments: The accounting standards for derivatives and hedging activities require disclosures about the reasons for using derivative instruments, the effect derivatives have on the Organization's consolidated financial statements, the objectives and strategies for using derivative instruments, quantitative disclosures about the fair value of, and gains and losses on, derivative instruments, as well as disclosures about credit-risk-related contingent features in derivative instruments. The Organization does not designate any derivative instruments as hedging instruments. There were no derivative financial instruments as of May 31, 2025.

Financial Aid: Financial aid represents scholarships and other aid given to students in the course of providing educational services and the amount of aid, as well as the individual recipients, are decided and/or validated by the University. Scholarships are reported as a reduction to student tuition and fees as the University does not receive any goods or services in exchange for the discount.

Federal Student Loan Funds Receivable and Payable: Federal student loan funds represent funds invested in the federal Perkins loan program. As part of this program, the federal government contributed the majority of the funding with the institution having contributed the balance. The federal contribution is carried as a liability because it is refundable upon closure of the program.

Tax Status: The Organization has received determination letters from the Internal Revenue Service indicating it is a tax-exempt organization as provided in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on income related to its exempt purpose. The Organization files the appropriate tax forms in the U.S. federal jurisdiction and the state of Indiana.

The accounting guidance for uncertainty in income taxes prescribes the recognition threshold a tax position is required to meet before being recognized in the financial statements. The guidance also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Management believes there are no material uncertainties in income taxes.

Annuity and Trust Obligations: The obligations for annuities and trusts are reported using actuarially determined present values considering the income beneficiaries and applicable discount rates based upon federal tables. An actuarial adjustment is reported in the consolidated statements of activities for changes in the value. These amounts arise from planned giving instruments. Obligations are reported for certain income payments that are payable to income beneficiaries and to amounts due to other remaindermen (other than the Organization).

Related Party Transactions: The University periodically engages in transactions with related parties. Related party transactions are monitored by the Board of Trustees and management under the University's conflict of interest policy. Receivables from the Board of Trustees and management were \$1,506,000 and \$4,307,000 as of May 31, 2025 and 2024, respectively.

Reclassifications: The Organization has made certain reclassifications of the prior year financial statements in order to conform to the current year presentation. These reclassifications had no effect on net assets or changes in net assets.

Subsequent Events: The Organization has evaluated subsequent events for potential recognition and/or disclosure through October 23, 2025, the date the consolidated financial statements were issued.

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 2 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the program services and supporting activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the functional expense categories using cost allocation methods such as square footage and time and effort. Utilities costs have been allocated using a square footage method. Technology infrastructure costs have been allocated using a time and effort method. Facilities maintenance costs have been allocated using a combination of square footage and time and effort methods. Management evaluates these allocations on an annual basis. Expenses by functional and natural classification consist of the following (in thousands):

<u>2025</u>	<u>Instruction</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Research</u>	<u>Public Service</u>	<u>Auxiliary</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Wages and benefits	\$ 21,153	\$ 4,802	\$ 8,902	\$ 314	\$ 1,629	\$ 2,575	\$ 5,227	\$ 3,168	\$ 47,770
Utilities	863	145	519	-	68	1,249	271	10	3,125
Depreciation	3,007	328	1,629	-	114	3,804	1,148	11	10,041
Interest	178	36	249	-	2	373	140	-	978
Services provided by others	1,396	688	616	6	724	7,228	2,109	1,462	14,229
Other operational expenses	<u>2,546</u>	<u>1,679</u>	<u>4,562</u>	<u>64</u>	<u>893</u>	<u>769</u>	<u>3,089</u>	<u>1,411</u>	<u>15,013</u>
Total	<u>\$ 29,143</u>	<u>\$ 7,678</u>	<u>\$ 16,477</u>	<u>\$ 384</u>	<u>\$ 3,430</u>	<u>\$ 15,998</u>	<u>\$ 11,984</u>	<u>\$ 6,062</u>	<u>\$ 91,156</u>

<u>2024</u>	<u>Instruction</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Research</u>	<u>Public Service</u>	<u>Auxiliary</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Wages and benefits	\$ 18,784	\$ 4,454	\$ 8,255	\$ 293	\$ 1,528	\$ 2,223	\$ 7,121	\$ 2,745	\$ 45,403
Utilities	633	120	431	-	70	909	228	8	2,399
Depreciation	1,744	349	1,414	-	132	2,302	985	11	6,937
Interest	183	37	256	-	6	384	55	-	921
Services provided by others	1,415	620	604	5	612	6,532	2,126	1,293	13,207
Other operational expenses	<u>2,393</u>	<u>1,145</u>	<u>4,463</u>	<u>64</u>	<u>705</u>	<u>813</u>	<u>3,050</u>	<u>1,284</u>	<u>13,917</u>
Total	<u>\$ 25,152</u>	<u>\$ 6,725</u>	<u>\$ 15,423</u>	<u>\$ 362</u>	<u>\$ 3,053</u>	<u>\$ 13,163</u>	<u>\$ 13,565</u>	<u>\$ 5,341</u>	<u>\$ 82,784</u>

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 3 - CONCENTRATIONS OF CREDIT RISK AND CONTRIBUTIONS

Financial instruments, which potentially expose the Organization to concentrations of credit risk consist of cash and cash equivalents, student accounts receivable, promises to give, money market funds included in short-term investments and student loans receivable.

The Organization maintains its cash in commercial bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources. At May 31, 2025 and 2024 student loans represented 0.2% of total assets, respectively.

At May 31, 2025 and 2024, notes receivable was comprised primarily of student loans, which consisted of the following (in thousands):

	<u>2025</u>	<u>2024</u>
Federal government programs	\$ 177	\$ 197
Institutional programs	<u>798</u>	<u>796</u>
	<u>975</u>	<u>993</u>
Less allowance for credit losses:		
Beginning of year	(35)	(95)
Decreases/(Increases)	<u>(26)</u>	<u>60</u>
Write-offs		
End of year	<u>(61)</u>	<u>(35)</u>
Notes receivable, net	<u>\$ 914</u>	<u>\$ 958</u>

The University participates in the federal Perkins revolving loan program. Funds advanced by the federal government of approximately \$133,000 and \$261,000 at May 31, 2025 and 2024, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans cancelled under the program result in a decrease in the liability to the government.

At May 31, 2025 and 2024 the following amounts were past due under student loan programs (in thousands):

	<u>2025</u>	<u>2024</u>
1-60 days past due	\$ 1	\$ 6
61-90 days past due	1	-
90+ days past due	<u>185</u>	<u>127</u>
Total past due	<u>\$ 187</u>	<u>\$ 133</u>

Allowance for credit losses are established based on prior collection experience and current and future economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Institutional loan balances are written off only when they are deemed to be permanently uncollectible. Amounts advanced by the federal government and due under the Perkins loan program are guaranteed by the government and, therefore, no reserves are placed on any past due balances under the program.

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 3 - CONCENTRATIONS OF CREDIT RISK AND CONTRIBUTIONS (Continued)

The Organization received contributions from eleven and thirteen donors that represented 54% and 77% of contributions during the years ended May 31, 2025 and 2024, respectively. The Organization had outstanding receivables from eleven and thirteen donors that represented 68% and 87% of contributions receivable at May 31, 2025 and 2024, respectively.

NOTE 4 - CONTRIBUTIONS RECEIVABLE, NET

The University and Broadcasting have accepted contributions receivable restricted for buildings and equipment, endowments, and other restricted and unrestricted purposes. Contributions are due to be collected through 2030.

Contributions receivable at May 31 are expected to be realized as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Gross contributions receivable, due in:		
One year or less	\$ 8,217	\$ 28,264
Between one and five years	<u>24,497</u>	<u>28,895</u>
	32,714	57,159
Less present value discount (1.1% - 5.9%)	(2,693)	(3,605)
Less allowance for uncollectible contributions	<u>(897)</u>	<u>(1,157)</u>
Contributions receivable, net	<u>\$ 29,124</u>	<u>\$ 52,397</u>

Contributions receivable and related revenue amounts are discounted at a rate commensurate with the risk associated with the receivable and based on the expected term of the contribution. A review of pledges has been made with regard to individual collectability.

NOTE 5 - INVESTMENTS

Investments, presented as general and other investments and endowment investments, consist of the following at May 31 (in thousands):

	<u>2025</u>	<u>2024</u>
General and other investments:		
Cash and cash equivalents	\$ 15,083	\$ 8,894
Bonds and government securities	65,808	73,675
Mutual funds	29,059	25,072
Alternative investments	16,279	13,228
Real estate and other	<u>746</u>	<u>779</u>
Total general and other investments	<u>\$ 126,975</u>	<u>\$ 121,648</u>

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 5 – INVESTMENTS (Continued)

	<u>2025</u>	<u>2024</u>
Endowment investments:		
Cash and cash equivalents	\$ 3,886	\$ 3,727
Corporate stocks	735	856
Corporate bonds	-	2,769
Mutual funds	109,766	93,038
Alternative investments	33,239	30,593
Real estate and other	18	22
Assets held in third party trusts	<u>1,729</u>	<u>1,749</u>
Total endowment investments	<u>\$ 149,373</u>	<u>\$ 132,754</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is 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 consolidated statements of financial position and consolidated statements of activities.

Investment income during the years ended May 31, 2025 and 2024 is summarized as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 7,385	\$ 7,422
Net realized and unrealized gain	13,401	17,497
Investment fees	<u>(679)</u>	<u>(576)</u>
	<u>\$ 20,107</u>	<u>\$ 24,343</u>

The Organization uses the net asset value (NAV) to determine the fair value of all the 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 other investment companies by major category as of May 31, 2025 (in thousands):

Investment Category and Strategy	Fair Value Determined Using NAV	Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions in Place at Year End
Total Return (a)	\$ 219	\$ -	NA	Quarterly	No remaining lock-ups
Private Equity A (b)	8,966	6,168	1-6 years	1-15 years	Limited by the approval of the fund's board and the availability of an interested buyer
Special Opportunities (c)	82	28	NA	0-2 years	Limited by the approval of the fund's board and the availability of an interested buyer
Hedge Funds (d)	2,887	-	NA	0-1 years	Potential that redemption may be gated by fund
Private Equity B (e)	11,825	-	NA	Quarterly	May be subject to a fee within one year of investment
Select Equity (f)	9,957	-			
Direct Investment (g)	<u>15,582</u>	<u>-</u>	NA	NA	NA
	<u>\$ 49,518</u>	<u>\$ 6,196</u>			

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 5 – INVESTMENTS (Continued)

The Organization uses the net asset value (NAV) to determine the fair value of all the 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 other investment companies by major category as of May 31, 2024 (in thousands):

Investment Category and Strategy	Fair Value Determined Using NAV	Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions in Place at Year End
Total Return (a)	\$ 536	\$ -	NA	Quarterly	No remaining lock-ups
Private Equity A (b)	7,311	4,516	1-6 years	1-12 years	Limited by the approval of the fund's board and the availability of an interested buyer
Special Opportunities (c)	141	158	NA	1-3 years	Limited by the approval of the fund's board and the availability of an interested buyer
Hedge Funds (d)	5,160	-	NA	0-1 years	Potential that redemption may be gated by fund
Private Equity B (e)	9,950	-	NA	Quarterly	May be subject to a fee within one year of investment
Select Equity (f)	8,296	-			
Direct Investment (g)	<u>12,427</u>	<u>-</u>	NA	NA	NA
	<u>\$ 43,821</u>	<u>\$ 4,674</u>			

- (a) The objective of the Total Return fund is to maximize risk-adjusted returns and achieve low correlation to the equity markets by investing in a diversified group of pooled investment vehicles. The fund may invest in investment vehicles domiciled both within and outside the United States.
- (b) The objective of the Private Equity A fund is to realize attractive long-term total return by investing in a broad range of private equity funds which will, in turn, invest in different private-equity related disciplines, including, but not limited to, venture capital, growth capital, buyouts, debt, real estate, power and infrastructure. The Organization's investment in private equity is typically achieved by purchasing limited partnership interests in individual private equity partnerships or multi-fund pools that are very long lived (often more than 10 years) and illiquid (sales, where permitted, are done privately and are often done at substantial discounts to market value). Private equity investments, by their nature, involve the investment in securities that are typically not registered or traded on public market exchanges.
- (c) The objective of the Special Opportunities fund is to achieve capital appreciation and earn investment income through opportunistic investments in a broad universe of investment opportunities. The Organization's Special Opportunities investment is permitted to make any and all types of investments that may present an attractive investment opportunity including investments in equities, bonds, debt instruments, derivatives, commodities, futures, options, real estate, private placements and other illiquid assets, and portfolio funds and accounts managed by third party managers. Portfolio funds in which the Special Opportunities pools may invest may employ a variety of investment strategies including, but not limited to: traditional long only, private equity, venture capital, real estate, timber, infrastructure and various hedge fund strategies.
- (d) The objective of the Hedge Funds is to generate consistent long-term returns with low correlation to equity and fixed income markets.

(Continued)

NOTE 5 – INVESTMENTS (Continued)

- (e) The objective of the Private Equity B funds is to generate attractive risk-adjusted returns. A significant strategy of these funds is to seek diversification through exposure to different geographic markets, investment types, sectors, vintage years and portfolio fund managers. A portion of these funds seeks out a balanced portfolio of yield-driven real estate and real estate-related assets that are broadly diversified by geography and product type.
- (f) The objective of the Select Equity fund is to generate long-term growth in assets by investing primarily in equity and equity-related securities. To realize the objective, the fund may allocate capital to be managed by third-party investment managers, as well as make direct investments.
- (g) The Direct Investment fund consists of ownership shares of private companies that were obtained through purchase or donation. The objective of the fund is long-term growth in assets as well as the realization of annual income.

NOTE 6 - FAIR VALUE MEASUREMENT

Investments: Fair value is based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities or other valuation methods. Investments in real estate are carried at estimated fair value based primarily on appraisals. The fair value of the beneficial interests in trusts held by others is based on the fair value of the trusts' underlying assets.

Fair Value Measurement: The Organization follows the FASB guidance for its financial assets and liabilities that are measured and reported at fair value for each reporting period. This guidance defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. Under GAAP, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, GAAP establishes a fair value hierarchy that prioritizes the information used to develop those assumptions and fair value measurements are separately disclosed by level within the fair value hierarchy.

Assets measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 Unadjusted quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level 1 include listed equities and listed derivatives, such as securities that are listed on the United States securities exchange.
- Level 2 Pricing inputs are other than quoted prices in active markets of comparable investments, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives and real estate.
- Level 3 Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies and beneficial interests in third-party trusts.

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 6 - FAIR VALUE MEASUREMENT (Continued)

The following table summarizes the valuation of the Organization's investments, by the above fair value hierarchy levels on a recurring basis as of May 31, 2025 (in thousands):

	Assets Measured at Fair Value on a Recurring Basis				
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Valued Using Net Asset Value ⁽¹⁾	Total May 31, 2025
Assets:					
General and other investments:					
Cash and cash equivalents	\$ 15,083	\$ -	\$ -	\$ -	\$ 15,083
Corporate bonds	-	5,592	-	-	5,592
Government securities	60,216	-	-	-	60,216
Mutual funds:					
Fixed income funds	2,584	-	-	-	2,584
Global funds	1,946	-	-	-	1,946
Large cap funds	3,404	-	-	-	3,404
High yield	335	-	-	-	335
Mid cap funds	4,311	-	-	-	4,311
Small cap funds	900	-	-	-	900
Other equity funds	15,579	-	-	-	15,579
Alternative investments	-	-	-	16,279	16,279
Real estate and other	-	746	-	-	746
Total general and other investments	\$ 104,358	\$ 6,338	\$ -	\$ 16,279	\$ 126,975

	Assets Measured at Fair Value on a Recurring Basis				
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Valued Using Net Asset Value ⁽¹⁾	Total May 31, 2025
Endowment investments:					
Cash and cash equivalents	\$ 3,886	\$ -	\$ -	\$ -	\$ 3,886
Corporate stock, primarily domestic	735	-	-	-	735
Corporate bonds	-	-	-	-	-
Government securities	-	-	-	-	-
Mutual funds:					
Global funds	24,313	-	-	-	24,313
Large cap funds	35,219	-	-	-	35,219
Small cap funds	5,672	-	-	-	5,672
Fixed income funds	30,411	-	-	-	30,411
Emerging funds	3,994	-	-	-	3,994
Other funds	10,157	-	-	-	10,157
Alternative investments	-	-	-	33,239	33,239
Assets held in third party trusts	-	-	1,729	-	1,729
Real estate and other	-	18	-	-	18
Total endowment investments	\$ 114,387	\$ 18	\$ 1,729	\$ 33,239	\$ 149,373

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 6 - FAIR VALUE MEASUREMENT (Continued)

The following table summarizes the valuation of the Organization's investments, by the above fair value hierarchy levels on a recurring basis as of May 31, 2024 (in thousands):

	Assets Measured at Fair Value on a Recurring Basis				
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Valued Using Net Asset Value ⁽¹⁾	Total May 31, 2024
Assets:					
General and other investments:					
Cash and cash equivalents	\$ 8,894	\$ -	\$ -	\$ -	\$ 8,894
Corporate bonds	-	6,918	-	-	6,918
Government securities	66,757	-	-	-	66,757
Mutual funds:					
Fixed income funds	1,090	-	-	-	1,090
Global funds	965	-	-	-	965
Large cap funds	1,222	-	-	-	1,222
High yield	368	-	-	-	368
Mid cap funds	3,360	-	-	-	3,360
Small cap funds	737	-	-	-	737
Other equity funds	17,330	-	-	-	17,330
Alternative investments	-	-	-	13,228	13,228
Real estate and other	-	779	-	-	779
Total general and other investments	<u>\$ 100,723</u>	<u>\$ 7,697</u>	<u>\$ -</u>	<u>\$ 13,228</u>	<u>\$ 121,648</u>
	Assets Measured at Fair Value on a Recurring Basis				
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Valued Using Net Asset Value ⁽¹⁾	Total May 31, 2024
Endowment investments:					
Cash and cash equivalents	\$ 3,727	\$ -	\$ -	\$ -	\$ 3,727
Corporate stock, primarily domestic	856	-	-	-	856
Corporate bonds	-	2,769	-	-	2,769
Government securities	-	-	-	-	-
Mutual funds:					
Global funds	17,881	-	-	-	17,881
Large cap funds	18,938	-	-	-	18,938
Small cap funds	1,226	-	-	-	1,226
Fixed income funds	24,490	-	-	-	24,490
Emerging funds	6,364	-	-	-	6,364
Other funds	24,139	-	-	-	24,139
Alternative investments	-	-	-	30,593	30,593
Assets held in third party trusts	-	-	1,749	-	1,749
Contract receivable	-	22	-	-	22
Total endowment investments	<u>\$ 97,621</u>	<u>\$ 2,791</u>	<u>\$ 1,749</u>	<u>\$ 30,593</u>	<u>\$ 132,754</u>

- ⁽¹⁾ Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of fair value hierarchy to the amounts presented in the consolidated statements of financial position.

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 6 - FAIR VALUE MEASUREMENT (Continued)

The changes in investments measured at fair value for which the Organization has used Level 3 inputs to determine fair value at May 31 are as follows (in thousands):

	Assets Held in Third Party Trust	
	2025	2024
Beginning balance	\$ 1,749	\$ 1,551
Total realized and unrealized gain included in change in net assets	124	288
Fees	(21)	(22)
Income distributed	(123)	(68)
Ending balance	<u>\$ 1,729</u>	<u>\$ 1,749</u>

NOTE 7 - LIQUIDITY AND FINANCIAL RESOURCES

Financial assets available for general expenditure within one year of May 31, 2025 are comprised of the following (in thousands):

	University	Broadcasting	Foundation	1846, TUCC and TUSO	Total
Financial assets:					
Cash and cash equivalents	\$ 13,002	\$ 1,208	\$ 854	\$ 38	\$ 15,102
Accounts and notes receivable, net	1,149	-	-	-	1,149
Contributions receivable available for operations	945	767	-	-	1,712
Investments available for operations	34,467	542	-	-	35,009
Annual board-designated endowment distributions	<u>481</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>499</u>
Total financial assets available within one year	50,044	2,517	872	38	53,471
Liquidity resources:					
Bank line of credit	-	-	-	-	-
Available investment margin loan capacity	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Total financial assets and liquidity resources available within one year	<u>\$ 57,044</u>	<u>\$ 2,517</u>	<u>\$ 872</u>	<u>\$ 38</u>	<u>\$ 60,471</u>

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 7 - LIQUIDITY AND FINANCIAL RESOURCES (Continued)

Financial assets available for general expenditure within one year of May 31, 2024 are comprised of the following (in thousands):

	University	Broadcasting	Foundation	1846, TUCC and TUSO	Total
Financial assets:					
Cash and cash equivalents	\$ 2,255	\$ 1,158	\$ 834	\$ 7	\$ 4,254
Accounts and notes receivable, net	1,642	-	-	-	1,642
Contributions receivable available for operations	17,483	763	-	-	18,246
Investments available for operations	46,252	535	-	-	46,787
Annual board-designated endowment distributions	<u>502</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>521</u>
Total financial assets available within one year	68,134	2,456	853	7	71,450
Liquidity resources:					
Bank line of credit	-	100	-	-	100
Available investment margin loan capacity	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Total financial assets and liquidity resources available within one year	<u>\$ 75,134</u>	<u>\$ 2,556</u>	<u>\$ 853</u>	<u>\$ 7</u>	<u>\$ 78,550</u>

General expenditures consist of expenditures from net assets without donor restrictions. Therefore, excluded from the list of financial assets are any financial assets that contain donor restrictions. Examples of financial assets with donor restrictions include grant funds, distributions from endowments with purpose restrictions, donor funds held for future capital projects, and similar financial assets.

The Organization has a board-designated endowment of approximately \$16,075,000 and \$15,018,000 at May 31, 2025 and 2024, respectively, and the anticipated annual distributions from this endowment are included in the list of financial assets. As these funds are board-designated, the Organization could also access these endowment funds to meet liquidity needs.

The Board of Trustees has authorized the President and the Vice President for Business & Finance/CFO to access, if needed for liquidity purposes, up to \$7,000,000 of a margin loan secured by the Organization's general investments. The amount drawn on the margin loan was \$0 as of May 31, 2025 and 2024, respectively.

The Board of Trustees has also authorized the President and the Vice President for Business & Finance/CFO to establish up to \$11,000,000 of a margin loan secured by the Organization's board-designated endowment investments.

Broadcasting had a \$100,000 line of credit agreement with a bank, \$0 of which was outstanding at May 31, 2025 and 2024. This agreement was terminated during the year ended May 31, 2025.

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 8 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment, at cost, consist of the following at May 31 (in thousands):

	<u>2025</u>	<u>2024</u>
Land	\$ 3,638	\$ 3,638
Buildings	230,985	180,656
Campus improvements	17,111	12,125
Furniture and fixtures	32,449	24,358
Computer equipment	3,413	3,061
Telephone system	-	26
Vehicles	<u>2,114</u>	<u>1,886</u>
	289,710	225,750
Accumulated depreciation	<u>(113,931)</u>	<u>(105,523)</u>
	175,779	120,227
Construction in progress	<u>7,984</u>	<u>43,742</u>
	<u>\$ 183,763</u>	<u>\$ 163,969</u>

Construction in progress at May 31, 2025 represents costs incurred in connection with campus building improvements and deferred maintenance projects. At May 31, 2025, the University has several ongoing projects. See Note 13.

NOTE 9 - DEBT

Debt at May 31, 2025 and 2024 consisted of the following (in thousands):

	<u>2025</u>	<u>2024</u>
University:		
\$28,715,000, Economic Development Revenue Bonds, Series 2021 payable in annual installments ranging from \$525,000 to \$1,515,000, plus interest ranging from 2.50% and 4.00%, until maturity in 2050. The unamortized bond premium of \$3,986,000 is being amortized over the bond term using the interest method.	\$ 26,265	\$ 26,835
Plus - unamortized bond premium	3,646	3,735
Less - unamortized debt issuance costs	<u>(295)</u>	<u>(301)</u>
Total University debt	29,616	30,259
Broadcasting:		
\$500,000, bank loan originated November 2019, interest only payments for first 6 months, payable thereafter in monthly installments of \$5,086 including interest fixed at 3.4%. The loan was paid in full as of October 2024.	<u>-</u>	<u>22</u>
Total debt	<u>\$ 29,616</u>	<u>\$ 30,281</u>

The agreement for the Economic Development Revenue Bonds contain certain financial covenants, which, among other restrictions, require the University to maintain certain coverage and financial ratios.

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 9 - DEBT (Continued)

In 2024 and 2025, the University borrowed a total of \$12,000,000 from the University's endowment to fund its investment in the construction of new student housing. The Board approved up to \$12,000,000 in borrowing from the endowment for this purpose. This borrowing accrues interest annually at 5%.

Scheduled debt maturities are due as follows for the fiscal years ending May 31 (in thousands):

2026	\$ 590
2027	610
2028	640
2029	665
2030	695
Thereafter	<u>23,065</u>
	26,265
Add premium on bonds payable	3,646
Less costs of issuance	<u>(295)</u>
	<u>\$ 29,616</u>

The interest expense and bond premium amortization costs were approximately \$976,000 and \$921,000 for the years ended May 31, 2025 and 2024, respectively.

The Organization has access to margin loans, \$7,000,000 secured by general investments and \$11,000,000 secured by the Organization's board-designated endowment investments. When drawn, interest would accrue at the greater of the Feds Fund Target Rate or 0.00%, plus 0.85%.

NOTE 10 - NET ASSETS

At May 31, 2025 and 2024, the net assets are comprised of the following (in thousands):

	<u>2025</u>	<u>2024</u>
Without donor restrictions:		
Education and general operations	\$ 49,400	\$ 48,804
Board-designated building and equipment reserves	2,859	3,115
Board-designated quasi-endowments	16,075	15,018
Investment in property, net of debt	<u>154,167</u>	<u>133,697</u>
Total without donor restrictions	<u>222,501</u>	<u>200,634</u>
With donor restrictions:		
Endowment	145,098	125,122
Pledges for endowments	4,668	3,263
Other scholarship funds	7,444	6,375
Trusts and annuities	10,587	10,167
Grant programs	31,331	32,547
Buildings and equipment	17,628	16,912
Loan funds	1,993	1,938
Other	<u>23,425</u>	<u>35,436</u>
Total with donor restrictions	<u>242,174</u>	<u>231,760</u>
Total net assets	<u>\$ 464,675</u>	<u>\$ 432,394</u>

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 10 - NET ASSETS (Continued)

For the years ended May 31, 2025 and 2024 approximately \$32,139,000 and \$51,002,000, respectively, of net assets were released from donor restrictions by the passage of time or by incurring expenses satisfying purpose restrictions including financial aid, facilities and educational programs.

Endowment: The Organization's endowment consists of approximately 632 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by GAAP, 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. The original donor-restricted endowment gift amount and amounts required to be retained in perpetuity by donors is approximately \$106,804,000 and \$94,194,000 as of May 31, 2025 and 2024, respectively.

The difference between endowment net assets in the table above and Endowment Investments on the Statement of Financial Position is due to endowment loans (see Note 9).

Interpretation of Relevant Law: The University's board of trustees has interpreted the Indiana State Prudent Management of Institutional Funds Act (ISPMIFA) allowing the returns from the endowment earnings to return to the restricted nature of the endowment, including losses up to a prudent level as permitted by law absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment that are made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added or deducted from the fund.

In accordance with ISPMIFA, the Organization would consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization 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 Organization.
7. The investment policies of the Organization.

Endowment net asset composition by the types of funds at May 31, 2025 (in thousands):

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Endowment funds:			
General support	\$ 4,182	\$ 7,151	\$ 11,333
Scholarships	2,718	92,803	95,521
Facilities	3,250	15,639	18,889
Programs	<u>5,925</u>	<u>29,505</u>	<u>35,430</u>
Total funds	<u>\$ 16,075</u>	<u>\$ 145,098</u>	<u>\$ 161,173</u>

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 10 - NET ASSETS (Continued)

The following is a summary of changes in endowment net assets for the year ended May 31, 2025 (in thousands):

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Endowment net assets, beginning of year	\$ 15,018	\$ 125,122	\$ 140,140
Investment return and draw:			
Investment income	427	3,539	3,966
Net appreciation (realized and unrealized)	1,094	9,468	10,562
Allocated for endowment purpose (draw)	(591)	(5,203)	(5,794)
Management fees	(48)	(437)	(485)
Total investment return and draw	<u>882</u>	<u>7,367</u>	<u>8,249</u>
Contributions	1	7,258	7,259
Transfer (to) from other fund	<u>174</u>	<u>5,351</u>	<u>5,525</u>
Endowment net assets, end of year	<u>\$ 16,075</u>	<u>\$ 145,098</u>	<u>\$ 161,173</u>

Endowment net asset composition by the types of funds at May 31, 2024 (in thousands):

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Endowment funds:			
General support	\$ 3,746	\$ 6,602	\$ 10,348
Scholarships	2,608	80,676	83,284
Facilities	3,058	14,764	17,822
Programs	<u>5,606</u>	<u>23,080</u>	<u>28,686</u>
Total funds	<u>\$ 15,018</u>	<u>\$ 125,122</u>	<u>\$ 140,140</u>

The following is a summary of changes in endowment net assets for the year ended May 31, 2024 (in thousands):

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Endowment net assets, beginning of year	\$ 13,896	\$ 101,816	\$ 115,712
Investment return and draw:			
Investment income	368	2,710	3,078
Net appreciation (realized and unrealized)	1,418	10,949	12,367
Allocated for endowment purpose (draw)	(616)	(4,724)	(5,340)
Management fees	(49)	(395)	(444)
Total investment return and draw	<u>1,121</u>	<u>8,540</u>	<u>9,661</u>
Contributions	1	8,262	8,263
Transfer (to) from other fund	<u>-</u>	<u>6,504</u>	<u>6,504</u>
Endowment net assets, end of year	<u>\$ 15,018</u>	<u>\$ 125,122</u>	<u>\$ 140,140</u>

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 10 - NET ASSETS (Continued)

The University's reconciliation of endowment investment and endowment net asset balances as of May 31, 2025 and 2024 are as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Endowment investment balance per the Statement of Financial Position	\$ 149,373	\$ 132,754
Endowment borrowings	<u>11,800</u>	<u>7,386</u>
Total endowment net assets	<u>\$ 161,173</u>	<u>\$ 140,140</u>

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or ISPMIFA requires the University to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature existed in 3 donor-restricted endowment funds as of May 31, 2025, which together have an original gift value of \$54,000, and a current fair value of \$53,000. Deficiencies of this nature existed in 13 donor-restricted endowment funds as of May 31, 2024, which together have an original gift value of \$1,135,000, and a current fair value of \$1,118,000. Deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new donor-restricted contributions and continued appropriation for certain programs deemed prudent by the board of trustees.

Return Objectives and Risk Parameters: The Organization 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 Organization must hold in perpetuity or for a donor-specified period(s) 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 the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return that exceeds the rate of inflation by five percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Organization has a policy of appropriating for distribution each year five percent of its endowment fund's average fair market value over the prior 60 months on a rolling basis. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow at the rate of inflation annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment Borrowing: During 2025 and 2024, the Organization borrowed \$7,386,000 and \$4,614,000 from the University's board-designated endowment, for a cumulative total of \$12,000,000, to fund the construction of five new student residential apartment buildings.

The borrowing is under a separate term note agreement that accrues interest at 5% and allows for total borrowing of \$12,000,000. Principal and interest payments are due quarterly by the University to the Endowment Fund. The final balance of the note is payable on or before December 31, 2054.

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 11 - EMPLOYEE BENEFITS

Retirement Plans: The University's retirement plan covers all full-time employees that meet the eligibility requirements in defined contribution plans known as the Teachers Insurance Annuity Association (TIAA) and the College Retirement Equities Fund (CREF). The annual contribution was approximately \$1,702,000 and \$1,375,000 for the years ended May 31, 2025 and 2024. The plan contributions are fully funded by the University. As of June 1, 2020, the University's retirement plan has been merged into the Independent Colleges of Indiana Multiple Employer Plan.

The University has a 457(b) deferred compensation plan for highly compensated employees of the University. This plan is an employer-sponsored non-qualified deferred compensation plan. This means that it is funded with contributions from the University. It has "unfunded" status (meaning the related assets are general assets of the University for purposes such as insolvency) although the University has chosen to informally fund it through TIAA-CREF. It is also referred to as a "top-hat" plan, or a Supplemental Executive Retirement Plan (SERP). As it is an unfunded plan, it is not subject to ERISA.

In the event of insolvency, the participant will have rights to the assets only as a general creditor to the University. The University may invest contributions at their discretion, and the participant may direct the investments. Payments will be made upon retirement or to the beneficiary upon death of employee. Contributions by the University will not be taxable to the employee until distributions are made upon retirement (or death). Benefits will consist of the contributions made, and adjusted for any earnings, gains, or losses of the investment. The University did not contribute to the plan for the years ended May 31, 2025 and 2024, respectively.

Health Insurance Plan: The University has a self-insured employee health insurance plan (plan). The plan provides certain health and other benefits for eligible employees, retirees, and their beneficiaries covered by the plan. The health portion of the plan is reinsured through aggregate excess loss insurance (medical and dental) and specific excess loss insurance (medical). Aggregate excess loss insurance is set at 125% of expected claims per year. Maximum specific loss per person per year is \$200,000, which is paid by the plan. The University established the Taylor University Health Benefit Trust on July 1, 1993, to hold the plan's net assets. All contributions received by the plan come directly from the University, a part of which originates with retirees and former participants now on COBRA, as well as a part of which originates with employee premiums. Contributions to the plan are based on a per participant premium, which is determined by actual costs plus the desired level of funding. The University incurred employer contribution expenses of approximately \$8,724,000 and \$6,669,000 for the years ended May 31, 2025 and 2024. The plan has calculated a liability for plan benefits of \$1,398,000 at May 31, 2025 and 2024, respectively.

NOTE 12 - LEASES

The Organization currently leases certain equipment and radio tower space under non-cancelable operating leases. The Organization also leases certain equipment that are classified as finance leases. The following table summarizes the details for the operating and finance leases recorded on the Consolidated Statement of Financial Position as of May 31, 2025 and 2024 (dollars are in thousands).

	2025 <u>Operating</u>	2025 <u>Finance</u>
Right of use lease assets	\$ 795	\$ 262
Lease liability	\$ 834	\$ 267
Weighted average remaining lease term in months	168	48
Weighted average discount rate	3.14%	4.54%

(Continued)

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2025 and 2024

NOTE 12 - LEASES (Continued)

	2024 <u>Operating</u>	2024 <u>Finance</u>
Right of use lease assets	\$ 860	\$ 327
Lease liability	\$ 883	\$ 327
Weighted average remaining lease term in months	177	60
Weighted average discount rate	3.13%	4.54%

The Organization's lease agreements do not provide an implicit rate, so the Organization used the risk-free rate, which is derived from third-party information available at the lease commencement date, in determining the present value of lease payments. Fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. Right-of-use assets are periodically evaluated for impairment.

The following table is a summary of the Organization's components of net lease cost, which is included in Other operational expenses, within the Functional Classification of Expenses for the years ended May 31, 2025 and 2024 (in thousands), respectively:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 94	\$ 207
Finance lease cost	<u>66</u>	<u>1</u>
Total net lease cost	<u>\$ 160</u>	<u>\$ 208</u>

Future minimum lease payments by year are as follows (in thousands):

	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2026	\$ 66	\$ 73	\$ 139
2027	71	73	144
2028	73	73	146
2029	71	73	144
2030	66	-	66
Thereafter	<u>694</u>	<u>-</u>	<u>694</u>
Total lease payments	1,041	292	1,333
Less: discount	<u>(207)</u>	<u>(25)</u>	<u>(232)</u>
Present value of lease liabilities	<u>\$ 834</u>	<u>\$ 267</u>	<u>\$ 1,101</u>

NOTE 13 - COMMITMENTS

Capital Projects: Estimated costs to complete all currently scheduled capital projects are approximately \$6,221,000.

Insurance Coverage: The University holds insurance policies to mitigate potential losses from property damage and liability issues. The annual cost of these insurance policies is approximately \$623,000.

SUPPLEMENTAL INFORMATION

TAYLOR UNIVERSITY AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION, BY ENTITY
May 31, 2025
(In thousands of dollars)

	<u>University</u>	<u>Broadcasting</u>	<u>Foundation</u>	<u>1846, TUCC, and TUSO</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 13,400	\$ 1,208	\$ 991	\$ 141	\$ 15,740
Unspent bond proceeds and deposits	20	-	-	-	20
Accounts receivable, net of allowance	1,149	-	-	-	1,149
Contributions receivable	28,357	767	-	-	29,124
Inventories and other assets	2,010	451	-	-	2,461
Notes receivable	914	-	-	-	914
Leased assets	226	831	-	-	1,057
General and other investments	105,381	544	5,003	16,047	126,975
Endowment investments	145,771	392	3,210	-	149,373
Affiliate annuity/trust future remainder	1,137	59	(1,196)	-	-
Affiliate net due to/from	(2,470)	(140)	(836)	3,446	-
Land, buildings and equipment, net	<u>182,671</u>	<u>835</u>	<u>33</u>	<u>224</u>	<u>183,763</u>
Total assets	\$ 478,566	\$ 4,947	\$ 7,205	\$ 19,858	\$ 510,576
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	\$ 8,246	\$ 66	\$ 5	\$ 13	\$ 8,330
Deferred revenue	1,528	-	-	-	1,528
Federal student loan advances	133	-	-	-	133
Annuity and trust payment obligations	1,689	-	1,265	826	3,780
Lease payable	232	869	-	-	1,101
Long-term debt	29,616	-	-	-	29,616
Health insurance trust	<u>1,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,413</u>
Total liabilities	42,857	935	1,270	839	45,901
Net Assets					
Without donor restrictions	200,711	3,076	2,560	16,154	222,501
With donor restrictions	<u>234,998</u>	<u>936</u>	<u>3,375</u>	<u>2,865</u>	<u>242,174</u>
Total net assets	435,709	4,012	5,935	19,019	464,675
Total liabilities and net assets	\$ 478,566	\$ 4,947	\$ 7,205	\$ 19,858	\$ 510,576

TAYLOR UNIVERSITY AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION, BY ENTITY
May 31, 2024
(In thousands of dollars)

	<u>University</u>	<u>Broadcasting</u>	<u>Foundation</u>	<u>1846, TUCC, and TUSO</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 2,514	\$ 1,158	\$ 859	\$ 983	\$ 5,514
Unspent bond proceeds and deposits	9	-	-	-	9
Accounts receivable, net of allowance	1,642	-	-	-	1,642
Contributions receivable	51,634	763	-	-	52,397
Inventories and other assets	1,744	529	-	-	2,273
Notes receivable	958	-	-	-	958
Leased assets	298	889	-	-	1,187
General and other investments	103,119	537	5,100	12,892	121,648
Endowment investments	129,629	101	3,024	-	132,754
Affiliate annuity/trust future remainder	1,254	59	(1,313)	-	-
Affiliate net due to/from	(2,689)	(168)	(640)	3,497	-
Land, buildings and equipment, net	<u>163,056</u>	<u>733</u>	<u>33</u>	<u>147</u>	<u>163,969</u>
Total assets	\$ 453,168	\$ 4,601	\$ 7,063	\$ 17,519	\$ 482,351
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	\$ 11,060	\$ 36	\$ -	\$ -	\$ 11,096
Deferred revenue	1,354	-	-	-	1,354
Federal student loan advances	261	-	-	-	261
Annuity and trust payment obligations	1,873	-	1,592	877	4,342
Lease payable	292	918	-	-	1,210
Long-term debt	30,258	23	-	-	30,281
Health insurance trust	<u>1,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,413</u>
Total liabilities	<u>46,511</u>	<u>977</u>	<u>1,592</u>	<u>877</u>	<u>49,957</u>
Net Assets					
Without donor restrictions	181,697	2,759	2,320	13,858	200,634
With donor restrictions	<u>224,960</u>	<u>865</u>	<u>3,151</u>	<u>2,784</u>	<u>231,760</u>
Total net assets	<u>406,657</u>	<u>3,624</u>	<u>5,471</u>	<u>16,642</u>	<u>432,394</u>
Total liabilities and net assets	\$ 453,168	\$ 4,601	\$ 7,063	\$ 17,519	\$ 482,351

TAYLOR UNIVERSITY AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES, BY ENTITY
May 31, 2025
(In thousands of dollars)

	University	Broadcasting	Foundation	1846, TUCC, and TUSO	Total
Revenues and other support					
Tuition and fees	\$ 84,665	\$ -	\$ -	\$ -	\$ 84,665
Less financial aid	<u>(48,328)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,328)</u>
Net tuition and fees	36,337	-	-	-	36,337
Auxiliary services	21,837	-	-	-	21,837
Contributions	18,684	3,242	-	3,740	25,666
Contributions of nonfinancial assets	152	-	-	-	152
Investment income	6,117	7	473	41	6,638
Income allocated for spending purposes	4,890	-	123	-	5,013
Government appropriations	554	-	-	-	554
Other income	<u>3,050</u>	<u>228</u>	<u>2</u>	<u>99</u>	<u>3,379</u>
Total revenues and other support	91,621	3,477	598	3,880	99,576
Expenses					
Education program services:					
Instruction	29,143	-	-	-	29,143
Academic support	7,678	-	-	-	7,678
Student services	16,477	-	-	-	16,477
Research	384	-	-	-	384
Public service	1,164	2,266	-	-	3,430
Auxiliary expenses	<u>15,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,998</u>
Total education program services	70,844	2,266	-	-	73,110
Supporting services:					
Management and general	10,829	515	84	556	11,984
Fundraising	<u>5,676</u>	<u>386</u>	<u>-</u>	<u>-</u>	<u>6,062</u>
Total supporting services	<u>16,505</u>	<u>901</u>	<u>84</u>	<u>556</u>	<u>18,046</u>
Total expenses	<u>87,349</u>	<u>3,167</u>	<u>84</u>	<u>556</u>	<u>91,156</u>
Change in net assets before other changes	4,272	310	514	3,324	8,420
Other activities:					
Endowment:					
Contributions	8,444	-	-	-	8,444
Investment income	13,158	16	295	-	13,469
Income allocated for spending purposes	(4,890)	-	(123)	-	(5,013)
Contributions for capital projects	7,901	-	-	-	7,901
Change in fair value of split-interest agreements	<u>167</u>	<u>62</u>	<u>(222)</u>	<u>(947)</u>	<u>(940)</u>
Net gain (loss) on other activities	<u>24,780</u>	<u>78</u>	<u>(50)</u>	<u>(947)</u>	<u>23,861</u>
Change in net assets	29,052	388	464	2,377	32,281
Net assets, beginning of year	<u>406,657</u>	<u>3,624</u>	<u>5,471</u>	<u>16,642</u>	<u>432,394</u>
Net assets, end of year	<u>\$ 435,709</u>	<u>\$ 4,012</u>	<u>\$ 5,935</u>	<u>\$ 19,019</u>	<u>\$ 464,675</u>

TAYLOR UNIVERSITY AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES, BY ENTITY
May 31, 2024
(In thousands of dollars)

	University	Broadcasting	Foundation	1846, TUCC, and TUSO	Total
Revenues and other support					
Tuition and fees	\$ 75,055	\$ -	\$ -	\$ -	\$ 75,055
Less financial aid	(41,974)	-	-	-	(41,974)
Net tuition and fees	33,081	-	-	-	33,081
Auxiliary services	18,835	-	-	-	18,835
Contributions	62,011	2,979	-	4,282	69,272
Contributions of nonfinancial assets	38	-	-	-	38
Investment income	5,929	2	636	2,895	9,462
Income allocated for spending purposes	4,760	-	128	-	4,888
Government appropriations	554	-	-	-	554
Other income	2,461	205	-	20	2,686
Total revenues and other support	127,669	3,186	764	7,197	138,816
Expenses					
Education program services:					
Instruction	25,152	-	-	-	25,152
Academic support	6,725	-	-	-	6,725
Student services	15,423	-	-	-	15,423
Research	362	-	-	-	362
Public service	841	2,212	-	-	3,053
Auxiliary expenses	13,163	-	-	-	13,163
Total education program services	61,666	2,212	-	-	63,878
Supporting services:					
Management and general	12,768	473	160	164	13,565
Fundraising	5,030	309	2	-	5,341
Total supporting services	17,798	782	162	164	18,906
Total expenses	79,464	2,994	162	164	82,784
Change in net assets before other changes	48,205	192	602	7,033	56,032
Other activities:					
Endowment:					
Contributions	11,440	-	-	-	11,440
Investment income	14,520	11	350	-	14,881
Income allocated for spending purposes	(4,760)	-	(128)	-	(4,888)
Contributions for capital projects	6,941	-	-	-	6,941
Change in fair value of split-interest agreements	954	-	(121)	(1,742)	(909)
Net gain (loss) on other activities	29,095	11	101	(1,742)	27,465
Change in net assets	77,300	203	703	5,291	83,497
Net assets, beginning of year	329,357	3,421	4,768	11,351	348,897
Net assets, end of year	\$ 406,657	\$ 3,624	\$ 5,471	\$ 16,642	\$ 432,394

TAYLOR UNIVERSITY AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended May 31, 2025

Federal Grantor/Pass-Through <u>Grantor/Program Title</u>	Federal Assistance Listing <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	Federal <u>Expenditures</u>
U.S. Department of Education -			
Direct programs:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 316,792
Federal Work Study Program	84.033	N/A	237,249
Federal Pell Grant Program	84.063	N/A	2,661,375
Federal Perkins Loan Program - beginning of year	84.038	N/A	179,106
Federal Direct Student Loans	84.268	N/A	<u>6,954,722</u>
Total Student Financial Aid Cluster			<u>10,349,244</u>
Passed through Purdue University:			
National Aeronautics and Space Administration	43.008	80NSSC20M0121	<u>43,546</u>
Total Research and Development Cluster			<u>43,546</u>
Total Expenditures of Federal Awards			<u>\$ 10,392,790</u>

See notes to schedule of expenditures of federal awards.

TAYLOR UNIVERSITY AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended May 31, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes federal awards activity of Taylor University and Affiliates under programs of the federal government for the year ended May 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Taylor University and Affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Taylor University and Affiliates.

All programs are for the contract period June 1, 2024 to May 31, 2025.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The University has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance. The indirect cost rate used to allocate amounts to grant programs during the fiscal year ended May 31, 2025, is based on a federally negotiated higher education rate agreement.

No funds were identified as having been provided to subrecipients by the University under the meaning of Section 200.92 and 200.93 of Title 2 CFR Part 200, and accordingly, no funds identified in the Schedule of Expenditures of Federal Awards are attributable to subrecipient entities as required under Section 200.330(a) of Title 2 CFR Part 200.

NOTE 3 - FEDERAL PERKINS LOAN PROGRAM

The amount presented on the schedule of expenditures of federal awards for the Federal Perkins Loan Program represents loan balances outstanding at May 31, 2024 plus current year loan disbursements for which the government imposes continuing compliance requirements. The University had \$160,677 loan balances outstanding at May 31, 2025.

As a result of the federal government's decision to discontinue the Perkins Loan Program, no additional loans were issued during the current year nor were there any federal capital contributions or University matches for the Federal Perkins Loan Program for the year ended May 31, 2025.

NOTE 4 - INSURANCE

The University maintains property and liability insurance which management believes is sufficient to meet its needs. None of the insurance coverages is directly funded by federal awards.

NOTE 5 - NONCASH ASSISTANCE

There was no noncash assistance received by the University related to federal awards during the year ended May 31, 2025.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Taylor University and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Taylor University and Affiliates (the "University"), which comprise the consolidated statement of financial position as of May 31, 2025, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of University's internal control. Accordingly, we do not express an opinion on the effectiveness of University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
October 23, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Taylor University and Affiliates

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Taylor University and Affiliates (University) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the University's major federal program for the year ended May 31, 2025. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended May 31, 2025.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
October 23, 2025

TAYLOR UNIVERSITY AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COST
Year ended May 31, 2025

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to the financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

Student Financial Aid Cluster:

84.007

Federal Supplemental Educational Opportunity Grant

84.033

Federal Work Study Program

84.038

Federal Perkins Loan Program

84.063

Federal Pell Grant Program

84.268

Federal Direct Student Loans

Dollar threshold used to distinguish between Type A and Type B program

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Section II. Financial Statement Findings

There are no audit findings that affect financial statements.

Section III. Findings and Questioned Costs for Federal Awards

There are no audit findings that affect federal awards and questioned costs.

APPENDIX C

DEFINITIONS AND SUMMARY OF PRINCIPAL DOCUMENTS RELATING TO THE BONDS

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APPENDIX C

DEFINITIONS AND SUMMARY OF PRINCIPAL DOCUMENTS RELATING TO THE BONDS

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain of the terms used in the Indenture, the Loan Agreement and this Official Statement. Capitalized terms used in this Appendix C and not defined herein shall have the meanings set forth in the forepart of this Official Statement.

“Balloon Indebtedness” means indebtedness other than Short-Term Indebtedness, 25% or more of the original principal of which matures during any consecutive twelve-month period, if such original principal is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such date.

“Bond Service Account” means the Bond Service Account of the Debt Service Fund established by the Indenture.

“Owner,” “Bondholder” or “holder of a Bond” or “owner of a Bond” or any similar term means the registered owner of any fully registered Bond.

“Collateral” shall have the meaning prescribed therefor in the Granting Clauses of the Loan Agreement, and includes all money and securities from time to time on deposit in all funds and accounts (other than the Rebate Fund) created under the Indenture.

“Credit Facility” shall mean a letter of credit, line of credit, binding long term loan commitment, guaranty or indemnity or surety insurance policy or bond which (a) is issued for the purpose of providing a source of funds for the payment of all or any portion of the Borrower’s payment obligations under any Balloon Indebtedness or Demand Obligation, and (b) is issued by a bank, trust company, savings and loan association or other institutional lender, insurance company or surety company rated in the three highest full rating categories of Moody’s or S&P, and (c) provides for the repayment of draws to pay the purchase or redemption price of Demand Obligations due on demand of the holder.

“Debt Service Fund” means the fund established by the Indenture.

“Debt Service Requirements” means, for any specified period, (a) the amounts payable as lease rentals in respect of any or all Long Term Indebtedness in the form of capitalized leases, (b) the amounts payable to the Trustee in respect of the principal of Outstanding Bonds and the interest on such Outstanding Bonds and (c) the amounts payable to any or all holders of Long Term Indebtedness other than capitalized leases and Bonds (or to any trustee or paying agent for such holders) in respect of the principal of such Long Term Indebtedness (including scheduled mandatory redemption or prepayments of principal) and the interest on such Long Term Indebtedness; provided that (x) the amounts deemed payable in respect of interest shall not include interest on any Long Term Indebtedness which is funded from the proceeds thereof or from other funds set aside in connection with the issuance of such Long Term Indebtedness, and (y) the foregoing shall be subject to adjustment and recalculation as and to the extent permitted or required under the Loan Agreement.

“Demand Obligations” means indebtedness which is payable or required to be purchased, at the option of the holder thereof, prior to its stated maturity date.

“Escrowed Municipals” means obligations of state or local governments secured by an irrevocable escrow of Federal Securities.

“Event of Default” means those events of default specified in and defined by the Indenture and the Loan Agreement.

“Expense Account” means the Expense Account of the Project Fund established by the Indenture.

“Federal Securities” means:

- (1) Cash, or
- (2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

“Fiscal Year” means the period established by the Board of Trustees of the Borrower from time to time in its By-laws or otherwise as the fiscal year of the Borrower for accounting purposes and initially means the period beginning June 1 of each year and ending on May 31 of the next succeeding year.

“Interest Rate Agreement” means an interest rate exchange, hedge or similar agreement, entered into between the Borrower and a Qualified Derivative Provider expressly identified in a certificate of an Authorized Borrower Representative delivered to the Trustee as being entered into in order to hedge the interest payable on all or a portion of any Long Term Indebtedness, which agreement may include, without limitation, an interest rate swap, a forward or futures contract or an option (e.g., a call, put, cap, floor or collar) and which agreement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof.

“Key Facilities” means the facilities of the Borrower deemed by the Borrower to be necessary for the efficient and economic operation of the Borrower as set forth in the Loan Agreement.

“Long Term Indebtedness” shall mean all obligations of the Borrower for the payment of borrowed money or obligations pursuant to a financing contract or lease, except:

- (a) Short Term Indebtedness;
- (b) Current obligations payable out of current revenues, including current payments for the funding of pension plans and contributions to self-insurance programs;
- (c) Obligations under contracts for supplies, services and pensions, allocable to the current operating expenses of future years in which the supplies are to be furnished, the services rendered or the pensions paid; and
- (d) Rentals payable under leases which are properly not capitalized under generally accepted accounting principles.

“Maximum Annual Debt Service Requirement” means the highest Annual Debt Service Requirement in any Fiscal Year.

“Moody’s” means Moody’s Investor Service, Inc.

“Outstanding” or “Bonds outstanding” means all Bonds which have been duly authenticated, and delivered by the Trustee under the Indenture, except:

- A. Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity;
- B. Bonds cancelled or deemed cancelled pursuant to the Indenture after transfer to the Borrower;
- C. “Undelivered Bonds” under the Indenture;
- D. Bonds, the payment or redemption of which, have been satisfied pursuant to the provisions described under the section entitled “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE--Defeasance and Discharge of the Indenture” in this Appendix C to the Official Statement; and
- E. Bonds in lieu of which others have been authenticated under the Indenture.

“Project Account” means the Project Account of the Project Fund established by the Indenture.

“Project Fund” means the fund established by the Indenture.

“Qualified Derivative Provider” means the counterparty with whom the Borrower enters into an Interest Rate Agreement, where the Qualified Derivative Provider, or the person who guarantees the obligation of the Qualified Derivative Provider to make its payments to the Borrower, has unsecured long-term obligations rated as of the date the Interest Rate Agreement is entered into in one of the two highest rating categories by all of the rating agencies then rating such obligations.

“Qualified Investments” means investments in:

- (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”),
- (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America,
- (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America,
- (d) Federal Housing Administration debentures,
- (e) Federal Home Loan Mortgage Corporation participation certificates and senior debt obligations (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),
- (f) Farm Credit Bank consolidated system-wide bonds and notes,
- (g) Federal Home Loan Banks consolidated debt obligations,
- (h) Federal National Mortgage Association senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),
- (i) unsecured certificates of deposit, time deposits and bankers’ acceptances of any bank (including the Trustee and its affiliates) the short-term obligations of which, at the time of purchase, are rated “A-1” or better by S&P having an original maturity of not more than 360 days,
- (j) commercial paper (having original maturities of not more than 270 days) rated “A-1” by S&P and “Prime-1” by Moody’s at the time of purchase,
- (k) evidence of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated,
- (l) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Borrower, or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated at the time of purchase in the “AA” long-term ratings category or higher by S&P and Moody’s or which are fully FDIC-insured,
- (m) money market mutual funds having a rating at the time of investment in the highest investment category granted thereby from S&P or Moody’s, including, without limitation any mutual fund

for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee,

(n) repurchase and reverse repurchase agreements collateralized with Government Securities, including those of the Trustee or any of its affiliates, and

(o) investment deposit agreements constituting an obligation of a bank, as defined by the Indiana Banking Act (including the Trustee and its affiliates), whose outstanding unsecured long-term debt is rated at the time of such agreement in any of the three highest rating categories by both S&P and Moody's.

"Revenues" means total unrestricted operating revenues, less net assets released from restrictions, plus tuition discount, as shown on the statement of activities of the Borrower at the end of each Fiscal Year.

"Short Term Indebtedness" means indebtedness having an original stated maturity (without regard to whether such indebtedness is payable at the option of the holder thereof prior to its stated maturity date) less than or equal to one year and not renewable at the option of the Borrower for a term greater than one year beyond the date of original issuance.

"Tax Representation Certificate" means the Tax Representation Certificate delivered by the Borrower to the Issuer and the Trustee on the date of delivery of the Bonds.

"Variable Rate Indebtedness" means Long Term Indebtedness the interest rate on which is not fixed to maturity at the time of issuance.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following statements are brief summaries of certain provisions of the Indenture. Such statements do not purport to be complete and reference is made to the Indenture, copies of which are available for examination at the office of the Issuer and the Trustee.

Establishment of Funds and Accounts

The Indenture provides for the establishment of the following Funds and Accounts to be held and maintained by the Trustee. The moneys in each of said Funds and Accounts are to be held in trust and applied as provided in the Indenture, and, pending such application (other than any moneys in the Rebate Fund) shall be subject to a prior lien and charge in favor of the holders of the Bonds until paid out or transferred as provided in the Indenture.

Project Fund

The Indenture provides for the establishment of a Project Fund into which the Trustee will deposit a portion of the proceeds of the Bonds. The Project Fund will contain (i) an account to be known as the "Project Account," into which the Trustee will deposit certain proceeds of the Bonds to be used to pay costs of the Project; and (ii) an account to be known as the "Expense Account," into which the Trustee will deposit certain proceeds of the Bonds to be used to pay all or a portion of the costs of issuing the Bonds.

Debt Service Fund

The Debt Service Fund shall consist of the Bond Service Account and the Redemption Account. The Trustee shall withdraw from the Bond Service Account the amount required for paying the interest and principal on the Bonds, including mandatory sinking fund redemption, as such principal and interest become due and payable. Moneys in the Redemption Account shall be applied to the retirement, by purchase or redemption (other than mandatory sinking fund redemption), of the Bonds as provided in the Indenture. In the event that Bonds are not surrendered for payment of principal and premium, if any, within 90 days of the maturity or redemption date thereof and moneys are available (in either the Redemption Account or Bond Service Account, as the case may be) for payment therefor, such Bonds shall

be considered “Undelivered Bonds.” Thereafter, such Undelivered Bonds shall be payable only from the available amounts described above. On the interest payment date which is two (2) years after the scheduled maturity or redemption date of any Undelivered Bonds, the Trustee shall transfer such available amounts to the Borrower upon its written request therefor, and thereafter owners of Undelivered Bonds shall have no claim against any moneys held by the Trustee and shall have recourse only against the Borrower for the payment of principal and premium, if any. Undelivered Bonds shall cease to bear interest as of the scheduled maturity or redemption date.

Rebate Fund

The Rebate Fund shall be used to make any rebate to the United States Government required to prevent the Bonds from becoming “arbitrage bonds” under the Code. The Trustee is also required, at the direction of the Borrower, to pay the rebate amount to the United States Government at such times as shall be required by the Code or applicable regulations.

Payments

Payments on the Note and otherwise received by the Trustee under the Loan Agreement shall be deposited by the Trustee to the credit of the Debt Service Fund, to be credited to the following Accounts in the following manner:

A. to the Bond Service Account on the business day prior to each semi-annual payment date an amount by which (i) the principal and interest then payable on the Bonds exceeds (ii) the amount of moneys then on deposit in the Bond Service Account.

B. in the event of a redemption (other than mandatory sinking fund redemption), to the Redemption Account as provided for redemption of the Bonds.

The Borrower has covenanted in the Loan Agreement that it will pay directly to the Trustee its fees and expenses as Trustee for the Bonds.

Investments

The Project Fund, the Debt Service Fund and the Rebate Fund shall be invested by the Trustee, at the direction of the Borrower, in Qualified Investments which shall be payable or shall be subject to redemption by the holder thereof at the option of such holder, not later than the dates when moneys held for said Fund or Account will be required for expenditure.

Any interest or profit realized from any such investment shall be credited, and any loss resulting from any such investment shall be charged, to the respective Account or Fund involved.

Events of Default and Remedies

The Indenture defines events of default which include, among others, failure to pay when due and payable principal, redemption premium or any installment of interest then due on the Bonds; any default by the Borrower under the Loan Agreement; or failure by the Issuer, after written notice by the Trustee, to perform any covenant contained in the Indenture, in certain cases within or for the specified period of grace.

In the event of any default, (i) the Trustee may, and shall upon satisfactory indemnification and the request of the holders of not less than 25% in aggregate principal amount of the Bonds Outstanding, declare the principal of all Bonds then outstanding and the interest accrued thereon to be due and payable, or (ii) the Trustee may proceed either at law or in equity to protect and enforce any and all rights of the Trustee and the Bondholders under the laws of Indiana or the Indenture and may enforce and compel the performance of all duties required under the laws of Indiana or the Indenture to be performed by the Issuer.

Covenant to Pay Bonds

The Issuer has covenanted that it will pay the principal of and the interest on the Bonds at the places, on the dates and in the manner provided in the Bonds, and any premium required for the retirement of the Bonds by purchase

or redemption but only from the payments to be made by the Borrower on the Note and otherwise under the Loan Agreement.

Assignment of Loan Agreement

The Issuer has assigned to the Trustee, as additional security for the Bonds, the right to receive payment on the Note and certain other rights of the Issuer under the Loan Agreement.

Supplemental Indentures

The Issuer may, with the approval of the Trustee, and without the consent of or notice to the Bondholders, adopt supplemental indentures to, among other things, cure any ambiguity, formal defect or omission in the Indenture; or to grant to the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted; or to subject to the lien of the Indenture additional revenues, properties or collateral; or to make any changes not materially detrimental to the Bondholders necessitated by duly authorized changes in the Loan Agreement; or to make any other change which is not materially adverse to the Trustee or the owners of the Bonds. The Indenture may be modified with the consent of the holders of not less than fifty-one percent (51%) in principal amount of the Bonds then Outstanding; provided that no such change shall permit (a) an extension of the maturity on any Bonds without the consent of the holders of such Bonds, (b) a reduction in the principal amount, the redemption premium or the rate of interest of any Bond without the consent of the holders of such Bonds, (c) a preference of any Bond over any other Bond without the consent of the holders of all the Outstanding Bonds, (d) a reduction in the principal amount of the Bonds the holders of which are required for consent to such supplemental resolution or (e) a modification of the rights, duties or immunities of the Trustee without the written consent of the Trustee.

Defeasance and Discharge of the Indenture

All rights and obligations of the Issuer and the Borrower under the Loan Agreement, the Note and the Indenture shall terminate and the Trustee shall cancel the Note and deliver them to the Borrower, shall execute and deliver all appropriate instruments evidencing and acknowledging the satisfaction of the Indenture, and shall assign and deliver to the Borrower any moneys and investments in all Funds established under the Indenture (except moneys or investments held by the Trustee for the payment of principal of, interest on, or premium, if any, on the Bonds) when;

- A. all fees and expenses of the Trustee and any paying agent shall have been paid;
- B. the Issuer and the Borrower shall have performed all of their covenants and promises in the Loan Agreement, the Note and the Indenture; and
- C. all Bonds theretofore authenticated and delivered (i) have become due and payable, or (ii) are to be retired or called for redemption under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee at the expense of the Borrower, or (iii) have been delivered to the Trustee cancelled or for cancellation; and, in the case of (i) and (ii) above, there shall have been deposited with the Trustee either cash in an amount which shall be sufficient, or noncallable Federal Securities or Escrowed Municipals, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee, shall be sufficient, to pay when due the principal or redemption price, if applicable, and interest due and to become due on the Bonds on or prior to the redemption date or maturity date thereof, as the case may be.

Provided, however, none of the Bonds may be advance refunded if under any circumstances the interest on such refunded Bonds would become includable in gross income for purposes of Federal income taxation or if such advance refunding is not permitted by the laws of Indiana. In determining the foregoing, the Trustee may rely upon an opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that interest on the Bonds being refunded will not be subject to federal income taxation, notwithstanding the satisfaction and discharge of the Indenture.

Any Outstanding Bond or Bonds and all interest due thereon shall, prior to the maturity or redemption date, be deemed to have been paid if, under circumstances which do not render interest on the Bonds subject to federal income taxation there shall have been deposited with the Trustee either cash in an amount which shall be sufficient, or noncallable Federal Securities or Escrowed Municipals, the principal of and the interest on which when due will provide moneys which, together with moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, premium, if any, or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption dates or maturity dates thereof.

The owners of Bonds which have been defeased shall not be entitled to the benefits or protection of the Indenture or subject to the provisions of the Indenture, except as specifically provided in the Indenture and in particular the provisions of the Indenture relating to payment, transfer and exchange and redemption of the Bonds shall continue to apply to defeased Bonds.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following statements are brief summaries of certain provisions of the Loan Agreement. Such statements do not purport to be complete and reference is made to the Loan Agreement, copies of which are available for examination at the office of the Issuer and the Trustee.

Nature of Obligations of the Borrower

The Borrower agrees that its obligations to make payments under the Loan Agreement and on the Note will be absolute and unconditional and that the Borrower will not be entitled to any abatement, diminution, set-off, abrogation, waiver or modification thereof nor to any termination of the Loan Agreement by any reason whatsoever, regardless of any rights of set-off, recoupment or counterclaim that the Borrower might otherwise have against the Issuer or the Trustee or any other parties and regardless of any contingency, act of God, event or cause whatsoever.

The Borrower shall maintain its student tuition and fees at the level necessary, along with additional legally available moneys of the Borrower, as necessary, to generate sufficient revenue to meet its payment obligations when due under the Note and the Loan Agreement.

Covenants of the Borrower

The Borrower covenants, among other things:

A. That the Borrower is an organization described in Section 501(c)(3) of the Code that is exempt from federal taxation under Section 501(a) of the Code, that it is a “nonprofit college or university” within the meaning of the Act, and that the facilities comprising the Project (and each component thereof) constitutes “educational facility projects,” all within the meaning of the Act.

B. That the Borrower will duly and punctually pay, in immediately available funds, the principal of and premium, if any, and interest on the Note.

C. That the Borrower will not use the Projects or permit the Projects to be used in such a way as to subject the Borrower to the tax imposed by Section 511 of the Code, on unrelated business taxable income, as defined in Section 512 thereof, unless such use will in no way adversely affect the status of the Borrower as an organization described in said Section 501(c)(3) or adversely affect the exclusion from gross income of the interest on the Bonds under the Code; nor will it use or permit the Projects to be used by any non-exempt person in such manner as would result in the inclusion of interest on the Bonds in gross income for federal income tax purposes under Section 103 of the Code; nor will it act in any other manner which would adversely affect the excludability from gross income for federal income tax purposes of the interest on the Bonds.

D. That the Borrower will at all times maintain its existence as a nonprofit educational institution and that it will take no action or suffer any action to be taken by others which will alter, change or destroy its status as a nonprofit educational institution or its status as an organization described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code.

E. That, during the term of the Loan Agreement, the Borrower will maintain its corporate existence and will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; except, that the Borrower may, without violating the foregoing, (i) consolidate with or merge into a nonprofit corporation which is an eligible “nonprofit college or university” under the Act, or (ii) permit one or more other such corporations to consolidate with or merge into it (provided that any entity exempt under Section 501 of the Code may merge into the Borrower even if such entity is not a “nonprofit college or university”), or (iii) permit one or more other such corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another such corporation or corporations (and thereafter dissolve or not dissolve as the Borrower may elect) if the requirements set forth hereafter are complied with and there has been delivered to the Issuer and Trustee an opinion of Counsel stating that there has been said compliance:

1. the corporation surviving such merger, resulting from such consolidation or receiving such transferred assets, that will operate the Project (if other than the Borrower), has expressly assumed in writing all of the obligations of the Borrower contained in the Loan Agreement, and will, in the judgment of the Board of Trustees of the Borrower, have resources sufficient to make all required payments with respect to the Loan Agreement and the Note;

2. the liens created by the Indenture and the pledge of the Collateral will not in any manner be affected thereby;

3. the surviving corporation (if other than the Borrower) has met all accreditation requirements and has the same tax-exempt status required of the Borrower under the Loan Agreement;

4. an opinion of Bond Counsel to the effect that such merger, consolidation or transfer will not adversely affect the excludability from gross income for federal income taxation purposes of the interest on the Bonds; and

5. no litigation shall be pending against any party to such merger, consolidation or transfer (other than the Borrower) in which the expected aggregate loss amount (as estimated by counsel for the Borrower) which is not fully covered by insurance or cash reserves established pursuant to a permitted self-insurance program exceeds 2% of the net worth of the party surviving such merger or consolidation or receiving such assets, either in any one case or in the aggregate of all cases.

F. That, while Bonds are Outstanding, the Borrower shall keep or cause to be kept the facilities of the Borrower continuously insured against such risks and in such amounts with such deductible provisions as are customary in connection with the operation of facilities of the type and size comparable to the facilities of the Borrower. The Borrower may also satisfy such insurance requirements through a program of self-insurance if such program is reviewed at least annually for actuarial soundness by an independent consultant.

G. That the Borrower makes the additional representations, warranties, covenants and information in the Tax Representation Certificate of the Borrower delivered upon the issuance of the Bonds.

Events of Default and Remedies

Events of default under the Loan Agreement include, among other things, with certain applicable periods of grace, failure to pay any installment of principal or interest on the Note when due and payable; and failure of the Borrower to perform any other terms of the Loan Agreement subject to applicable grace periods. A default in the payment of obligations or guarantees by the Borrower for borrowed money which in the aggregate equals at least \$500,000, or a default under any agreement relating thereto, if such default continues beyond the expiration of any applicable grace periods and permits the holder or holders thereof to accelerate the amounts due on such borrowings, also constitutes an event of default under the Loan Agreement.

The Trustee may also apply for the appointment of a receiver to enforce any rights of the Trustee under the Loan Agreement and may bring action at law or in equity to protect and enforce its rights under the Loan Agreement.

Additional Indebtedness Limitation

In addition to the indebtedness evidenced by the Note and other indebtedness outstanding on the date of execution and delivery of the Note, the Borrower shall only be permitted to incur additional Long Term Indebtedness (whether through the creation of new indebtedness, the assumption of existing indebtedness or the guaranteeing of any new or existing indebtedness) upon delivery of a certificate of the Borrower's chief financial officer (or other Authorized Borrower Representative) demonstrating that the Maximum Annual Debt Service Requirement on all Long Term Indebtedness to be outstanding upon such incurrence does not exceed 15% of the Borrower's total operating expenses, as shown in the audit report for the most recent Fiscal Year for which an audit report is available.

For the purposes of the Loan Agreement, Debt Service Requirements may be computed with the following adjustments with respect to Balloon Indebtedness, Demand Obligations, Variable Rate Indebtedness, or any Long Term Indebtedness in the form of a guaranty:

(a) Balloon Indebtedness. Balloon Indebtedness shall be deemed to amortize on a level debt service basis (assuming the applicable fixed interest costs or otherwise as provided in subsection (c) below) over a period equal to (A) 20 years, if such debt matures 20 years or later from the date of calculation, (B) the remaining term to maturity, if such term is less than 20 years from the date of calculation or (C) if a binding commitment has been provided for the refinancing of such Balloon Indebtedness, the repayment term of such refinancing.

(b) Demand Obligations. Demand Obligations shall be assumed to amortize in accordance with the repayment terms required by any Credit Facility securing such Demand Obligations; provided that if such Demand Obligations are not secured by a Credit Facility, then the aggregate principal amount thereof shall not exceed 15% of Revenues.

(c) Variable Rate Indebtedness. The following assumption shall be utilized for the purpose of calculating debt service on Variable Rate Indebtedness: a fixed rate equal to the greater of 5.0% per annum and the highest variable rate borne by such indebtedness during the preceding 24 month period (or if the variable rate indebtedness was not then outstanding, then by comparable variable rate obligations with respect to creditworthiness, rating demand features, interest payment provisions and tax characteristics).

(d) Guaranties. The Debt Service Requirements on any Long Term Indebtedness in the form of a guaranty (including any such obligation arising by reason of a general partnership interest in the primary obligor) shall be deemed equal to 20% of the debt service requirements on the indebtedness or portion thereof being guaranteed for each Fiscal Year; provided, however, that if the Borrower makes any payment under a guaranty, the Debt Service Requirements thereon for the Fiscal Year in which the payment is made and each of the next two succeeding Fiscal Years shall be deemed equal to 100% of the debt service requirements on the indebtedness or portion thereof being guaranteed. For the purposes of the foregoing, the debt service requirements on any guaranteed indebtedness shall be calculated in the same manner as specified in the Loan Agreement for the calculation of Debt Service Requirements thereunder.

(e) Treatment of Interest Rate Agreement. Anything in the Loan Agreement to the contrary notwithstanding, any portion of any Long Term Indebtedness of the Borrower for which an Interest Rate Agreement has been obtained by the Borrower shall be deemed to bear interest for the period of time that such Interest Rate Agreement is in effect at a net rate which takes into account the interest payments made by the Borrower on such Long Term Indebtedness and the payments made or received by the Borrower on such Interest Rate Agreement; provided that the long-term credit rating of the provider of such Interest Rate Agreement (or any guarantor thereof) is in one of the two highest rating categories of any rating agency (without regard to any refinements of graduation of rating category by numerical modifier or otherwise) or is at least as high as that of the Borrower. In addition, so long as any Long Term Indebtedness is deemed to bear interest at a rate taking into account an Interest Rate Agreement, any payments made by the Borrower on such Interest Rate Agreement shall be excluded from expenses and any payments received by the Borrower on such Interest Rate Agreement shall be excluded from Revenues for all purposes of the Loan

Agreement. No additional Long Term Indebtedness shall be deemed to arise when an Interest Rate Agreement is entered into or terminated with respect to any Long Term Indebtedness.

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

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_____, 2025

Indiana Finance Authority
Indianapolis, Indiana

Taylor University, Inc.
Upland, Indiana

The Bank of New York Mellon Trust Company,
N.A., as trustee
Indianapolis, Indiana

Re: Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2025 (Taylor University Project) (the “Series 2025 Bonds”) issued pursuant to the Trust Indenture dated as of December 1, 2025 (the “Indenture”) between the Indiana Finance Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), which Indenture contains an assignment of the Authority’s rights under the Loan Agreement dated as of December 1, 2025 (the “Loan Agreement”) between the Authority and Taylor University, Inc. (the “Borrower”), and the Series 2025 Note of the Borrower dated the date hereof (the “Series 2025 Note”) issued pursuant to the Loan Agreement; Total issue \$_____.

Ladies and Gentlemen:

In delivering our opinion, we have examined and relied upon a certified transcript of proceedings and other certificates and representations of the Borrower and the Authority relating to the Series 2025 Bonds, including the Borrower’s Tax Representation Certificate and the Authority’s Certificate Re: Arbitrage (collectively, the “Tax Covenants”), and have not undertaken to verify any facts by independent investigation.

We have also examined Indiana Code 5-1.2, as supplemented and amended, and such other provisions of the constitution and laws of the State of Indiana (the “State”) as we have deemed relevant and necessary as a basis for the opinions set forth herein.

Based on the foregoing and our review of such other information, papers and documents as we believe necessary or advisable, we are of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery thereof by the other party thereto, is a valid and binding agreement of the Authority, enforceable against the Authority in accordance with its terms.
2. The Indenture has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery thereof by the other party thereto, is a valid and binding agreement of the Authority, enforceable against the Authority in accordance with its terms.

3. The Series 2025 Bonds have been duly authorized, executed and issued and are valid and binding limited obligations of the Authority, enforceable in accordance with their terms.

4. Under existing laws, regulations, judicial decisions and rulings, the interest on the Series 2025 Bonds is excludable from income taxation in the State. This opinion relates only to the tax exemption of interest on the Series 2025 Bonds from State income taxes.

5. Under existing laws, regulations, judicial decisions and rulings, interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purposes of computing the alternative minimum tax imposed on certain corporations. This opinion is conditioned on continuing compliance by the Borrower and the Authority with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Series 2025 Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue.

It is understood that the rights of the owners of the Series 2025 Bonds, the Authority, the Trustee and the Borrower and the enforceability of the Series 2025 Bonds, the Indenture and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted to the extent constitutionally applicable and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is understood that the rights of the owners of the Series 2025 Bonds, the Authority, the Trustee and the Borrower and the enforceability of the Series 2025 Bonds, the Indenture and the Loan Agreement may be subject to the valid exercise of the constitutional powers of the State and the United States of America.

Very truly yours,

APPENDIX E

COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT AND FORM OF FIRST SUPPLEMENT TO THE MASTER CONTINUING DISCLOSURE AGREEMENT

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APPENDIX E

COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT

SECOND AMENDED AND RESTATED CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This SECOND AMENDED AND RESTATED CONTINUING DISCLOSURE UNDERTAKING AGREEMENT dated as of August 1, 2021 (the “Second Restated Undertaking”), which supersedes and replaces the Amended and Restated Continuing Disclosure Undertaking Agreement dated as of May 15, 2012 (the “Original Agreement”), by Taylor University, Inc. (the “Obligor”) for the purpose of permitting various Underwriters (as hereinafter defined) of the Obligations (as hereinafter defined) issued for the benefit of the Obligor from time to time to purchase such Obligations in compliance with the Securities and Exchange Commission (“SEC”) Rule 15c2-12 (the “SEC Rule”) as amended;

WITNESSETH THAT:

WHEREAS, the Original Agreement is hereby being amended, by virtue of being superseded and replaced, in order to modify Section 7 regarding Reportable Events pursuant to SEC Release No. 34-83885, dated August 20, 2018, and does not require the consent of existing Holders of Obligations because (i) this amendment is made in connection with a change in circumstances that arises from a change in legal requirements or change in law, (ii) the Original Agreement, as so amended or modified, would have complied with the requirements of the SEC Rule on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the Holders of the Obligations, as determined by nationally recognized bond counsel; and

WHEREAS, each Underwriter, by its agreement to purchase any Obligations from time to time, accepts and assents to this Second Restated Undertaking and the exchange of (i) such agreement for (ii) the promises of the Obligor contained herein, and hereby assigns all its rights hereunder, as promisee, to the Holders of Obligations or Beneficial Owners (as those terms are hereinafter defined);

NOW, THEREFORE, in consideration of the payment for and acceptance of any Obligation by the Underwriters of such Obligations, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Obligor hereby promises to each Underwriter of any Obligations as follows:

Section 1. Definitions. The words and terms defined in this Second Restated Undertaking shall have the meanings herein specified unless the context or use clearly indicates another or different meaning or intent. Those words and terms not expressly defined herein and used herein with initial capitalization where rules of grammar do not otherwise require capitalization, shall have the meanings assigned to them in the SEC Rule.

- (1) “Beneficial Owner” of any Obligation means any owner of a beneficial interest in such Obligation.

- (2) “Bondholder” or “Holder” or any similar term, when used with reference to an Obligation or Obligations, means any person who shall be the registered owner of any outstanding Obligation.
- (3) “Final Official Statement” means, with respect to any Obligations, the final Official Statement relating to such Obligations, including any document or set of documents included by specific reference to such document or documents previously provided to or filed with the Municipal Securities Rulemaking Board (“MSRB”).
- (4) “Obligated Person” means any person, including the Obligor, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or a part of the amounts coming due on the Obligations (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). All current Obligated Persons with respect to Obligations are identified in Section 4 below.
- (5) “Obligations” means the various obligations of Taylor University, Inc., as listed on Exhibit A, as the same shall be amended or supplemented from time to time.
- (6) “Underwriter” or “Underwriters” means, with respect to any Obligations, the underwriter or underwriters of such Obligations pursuant to the applicable purchase agreement for such Obligations.

Section 2. Obligations; No Counterparty. (a) This Second Restated Undertaking applies to the Obligations.

- (b) There shall be no Counterparty under this Second Restated Undertaking.

Section 3. Term. The term of this Second Restated Undertaking extends from the date of delivery of the Original Agreement by the Obligor to the earlier of (i) the date of the last payment of principal or redemption price, if any, of, and interest to accrue on, all Obligations or (ii) the date all Obligations are defeased under the respective trust indentures.

Section 4. Obligated Persons. The Obligor hereby represents and warrants as of the date hereof that it is the only Obligated Person with respect to the Obligations. If any Obligated Person is no longer committed by contract or other arrangement to support payment of the Obligations, such Obligated Person shall no longer be considered an Obligated Person within the meaning of the SEC Rule and the continuing duties under this Second Restated Undertaking to provide annual financial information and notices of events shall terminate with respect to such Obligated Person.

Section 5. Provision of Annual Financial Information. (a) The Obligor hereby undertakes to provide, with respect to any Obligations, the following annual financial information, in each case (i) in an electronic format as prescribed by the MSRB, and (ii) accompanied by identifying information as prescribed by the MSRB:

- (1) To the MSRB, when and if available, the audited financial statements of the Obligor for each fiscal year of the Obligor, beginning with the fiscal year ending May 31, 2021, together with the auditor's report and all notes thereto; and
- (2) To the MSRB, within 180 days of the close of each fiscal year of the Obligor, beginning with the fiscal year ending May 31, 2021, annual financial information for the Obligor for such fiscal year, other than the audited financial statements described in (1) above, including (i) unaudited financial statements of the Obligor if audited financial statements are not then available and (ii) operating data (excluding any demographic information or forecasts) of the general type included in the tables set forth under the following headings in a Final Official Statement relating to such Obligations (collectively, the "Annual Information"); provided, however, that the updating information may be provided in such format as the Obligor deems appropriate:
 - Campus Enrollment
 - Student Admissions
 - Tuition and Fees
 - Financial Aid
 - Development

(b) If any Annual Information or audited financial statements relating to the Obligor referred to in paragraph (a) of this Section 5 no longer can be provided because the operations to which they relate have been materially changed or discontinued, a statement to that effect, provided by the Obligor to the MSRB, along with any other Annual Information or audited financial statements required to be provided under this Agreement, shall satisfy the undertaking to provide such Annual Information or audited financial statements. To the extent available, the Obligor shall cause to be filed along with the other Annual Information or audited financial statements operating data similar to that which can no longer be provided.

(c) The Obligor agrees to make a good faith effort to obtain Annual Information. However, failure to provide any component of Annual Information, because it is not available to the Obligor on the date by which Annual Information is required to be provided hereunder, shall not be deemed to be a breach of this Second Restated Undertaking. The Obligor further agrees to supplement the Annual Information filing when such data is available.

(d) Annual Information or audited financial statements required to be provided pursuant to this Section 5 may be provided by a specific reference to such Annual Information or audited financial statements already prepared and previously provided to the MSRB. Any information included by reference shall also be (i) available to the public on MSRB's Internet Website (i.e., the Electronic Municipal Market Access ("EMMA") System established by the MSRB), at www.emma.msrb.org, or (ii) filed with the SEC.

Section 6. Accounting Principles. The accounting principles pursuant to which the Obligor's financial statements will be prepared shall be generally accepted accounting principles applicable to private colleges and universities, as in effect from time to time, those described in the auditors' report and the notes accompanying the audited financial statements of the Obligor

included in an appendix to any Final Official Statement, or those mandated by State law from time to time, or any other accounting principles which do not, in the determination of the Obligor, materially deviate from any of such accounting principles.

Section 7. Reportable Events. (a) The Obligor undertakes to disclose the following events within 10 business days of the occurrence of any of the following events, to the MSRB, in each case (i) in an electronic format as prescribed by the MSRB and (ii) accompanied by identifying information as prescribed by the MSRB:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations;
- (7) modifications to rights of security holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Obligations, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Obligor;
- (13) the consummation of a merger, consolidation, or acquisition involving the Obligor or the sale of all or substantially all of the assets of the Obligor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Obligor, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligor, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligor, any of which reflect financial difficulties.

(b) “Financial Obligation” shall mean (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the SEC Rule.

(c) Determinations of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws, as then in existence.

(d) The Obligor may from time to time choose to provide notice of the occurrence of any other event, in addition to those listed above, if such other event is material with respect to any Obligations and should be disclosed (which determination of materiality shall be made by the Obligor in accordance with the standards established by the federal securities laws), but the Obligor does not commit to provide any such notice of the occurrence of any event except those events set forth above.

Section 8. Notice to Trustee; Form of Filing. (a) The Obligor will give to the trustee of any Obligations a notice of any filing under Sections 5, 7, or 10 hereof with respect to such Obligations or notice of failure to disclose Annual Information which it files or causes to be filed under Sections 5, 7 and 10 hereof with respect to such Obligations, respectively, concurrently with or prior to such filing. Such notice may be made by electronic or facsimile transmission.

(b) If such disclosure is made pursuant to Section 5(a)(1) hereof, such disclosure shall be accompanied by a certificate of an authorized representative of the Obligor in substantially the form of “Exhibit B” hereto. If such disclosure is made pursuant to Section 5(a)(2) hereof, such disclosure shall be accompanied by a certificate of an authorized representative of the Obligor in substantially the form of “Exhibit C” hereto. If such disclosure is made pursuant to Section 7 hereof, such disclosure shall be accompanied by a certificate of an authorized representative of the Obligor in substantially the form of “Exhibit D” hereto.

(c) The Obligor hereby agrees to provide written notice to the MSRB if it is determined, pursuant to Section 4 hereof, that a person is no longer an Obligated Person under this Second Restated Undertaking. Any party’s receipt of any information, statements or notices pursuant to this Section 8 shall impose on such party no duties of examination, disclosure or dissemination with respect to such information or notices.

(d) All continuing disclosure filings under this Second Restated Undertaking shall be made in accordance with the terms and requirements of the MSRB at the time of such filing. As of the date of this Second Restated Undertaking, the SEC has approved the submission of continuing disclosure filings on EMMA, and the MSRB has requested that such filings be made by transmitting such filings electronically to EMMA currently found at www.emma.msrb.org.

Section 9. Use of Agent. The Obligor may, at its sole discretion, utilize an agent (the “Dissemination Agent”) in connection with the dissemination of any information required to be provided by the Obligor pursuant to the SEC Rule and this Second Restated Undertaking. If a Dissemination Agent is selected for these purposes, the Obligor shall provide prior written notice thereof (as well as notice of replacement or dismissal of such agent) to the MSRB and on EMMA. Further, the Obligor may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Obligor in making judgments with respect to the scope of its obligations hereunder and compliance therewith, all in order to further the purposes of this Second Restated Undertaking as set forth in the preamble and Section 11 hereof.

Section 10. Failure to Disclose. If, for any reason, the Obligor fails to provide the Annual Information or audited financial statements as required by this Second Restated Undertaking, the Obligor shall provide notice of such failure in a timely manner to the MSRB and on EMMA.

Section 11. Remedies. (a) The purpose of this Second Restated Undertaking is to enable the Underwriters to purchase the Obligations from time to time by providing for an undertaking by the Obligor in satisfaction of the SEC Rule. This Second Restated Undertaking is solely for the benefit of (i) the Underwriters, and (ii) the Bondholders and Beneficial Owners of the Obligations, as third party beneficiaries hereunder and as assignees of the Underwriters, and creates no new contractual or other rights for the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other Obligated Persons or any other third party. The sole remedy against the Obligor for any failure to carry out any provision of this Second Restated Undertaking shall be for specific performance of the Obligor’s disclosure obligations hereunder and not for money for damages of any kind or in any amount or for any other remedy. The Obligor’s failure to honor its covenants hereunder shall not constitute a breach or default of the Obligations, the applicable indenture or any other agreement to which the Obligor is a party and shall not give rise to any other rights or remedies.

(b) Subject to paragraph (e) of this Section 11, in the event the Obligor fails to provide any information required of it by the terms of this Second Restated Undertaking, any Beneficial Owner of Obligations may pursue the remedy set forth in the preceding paragraph in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such person is a Beneficial Owner of Obligations supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue this remedy.

(c) Subject to paragraph (e) of this Section 11, any challenge to the adequacy of the information provided by the Obligor by the terms of this Second Restated Undertaking may be pursued only by Beneficial Owners of not less than 25% in principal amount of Obligations of any series then Outstanding in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such persons are Beneficial Owners of Obligations supported by

reasonable documentation of such claim shall be sufficient to evidence standing to pursue the remedy set forth in the preceding paragraph.

(d) If specific performance is granted by any such court, the party seeking such remedy shall be entitled to payment of costs by the Obligor and to reimbursement by the Obligor of reasonable fees and expenses of attorneys incurred in the pursuit of such claim. If specific performance is not granted by any such court, the Obligor shall be entitled to payment of costs by the party seeking such remedy and to reimbursement by such party of reasonable fees and expenses of attorneys incurred in the pursuit of such claim.

(e) Prior to pursuing any remedy for any breach of any obligation under this Second Restated Undertaking, a Beneficial Owner of Bonds shall give notice to the Obligor, by registered or certified mail, of such breach and its intent to pursue such remedy. Thirty (30) days after the receipt of such notice, or upon earlier response from the Obligor to this notice indicating continued noncompliance, such remedy may be pursued under this Second Restated Undertaking if and to the extent the Obligor has failed to cure such breach.

Section 12. Modification of Second Restated Undertaking. The Obligor may, from time to time, amend or modify this Second Restated Undertaking without the consent of or notice to the Underwriters or Bondholders if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Obligor, or type of business conducted, (ii) this Second Restated Undertaking, as so amended or modified, would have complied with the requirements of the SEC Rule on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the Bondholders, as determined either by (A) any person selected by the Obligor that is unaffiliated with the Obligor (including the trustee under the applicable indenture, or nationally recognized bond counsel) or (B) an approving vote of the Holders of the requisite percentage of Outstanding Obligations of a series at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds this Second Restated Undertaking) is permitted by the SEC Rule, as then in effect.

Section 13. Additional Information. Nothing in this Second Restated Undertaking shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Second Restated Undertaking or any other means of communication, or including any other information in any Annual Information or notice of occurrence of a reportable event, in addition to that which is required by this Second Restated Undertaking.

Section 14. Interpretation Under Indiana Law. It is the intention of the parties hereto that this Second Restated Undertaking and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with, the law of the State of Indiana.

Section 15. Severability Clause. In case any provision in this Second Restated Undertaking shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 16. Successors and Assigns. All covenants and agreements in this Second Restated Undertaking made by the Obligor shall bind its successors, whether so expressed or not.

Section 17. Notices. All notices required to be given to the Obligor under this Second Restated Undertaking shall be made at the following address:

Taylor University, Inc.
236 West Reade Avenue
Upland, Indiana 46989
Attention: Vice President for Finance

IN WITNESS WHEREOF, the Obligor has caused this Second Restated Undertaking to be executed as of the 1st day of August, 2021.

TAYLOR UNIVERSITY, INC., as Obligor

By: /s/Stephen P. Olson
Stephen P. Olson, Vice President for Finance

EXHIBIT A

OBLIGATIONS

Proforma after Issuance of the
Town of Upland, Indiana Economic Development Revenue Bonds, Series 2021
(Taylor University Project)

Bonds Outstanding

Town of Upland, Indiana Economic Development Revenue Bonds,
Series 2021 (Taylor University Project)

Final Maturity

September 1, 2050

EXHIBIT B

CERTIFICATE RE: AUDITED FINANCIAL STATEMENTS

The undersigned, on behalf of Taylor University, Inc., as Obligor under the Second Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of August 1, 2021 (the “Second Restated Undertaking”) hereby certifies that the enclosed herewith are the audited financial statements which are required to be provided pursuant to Section 5(a)(1) of the Second Restated Undertaking.

Dated:

TAYLOR UNIVERSITY, INC., as Obligor

By: _____

Name: _____

Title:

EXHIBIT C

CERTIFICATE RE: ANNUAL FINANCIAL INFORMATION DISCLOSURE

The undersigned, on behalf of Taylor University, Inc., as Obligor under the Second Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of August 1, 2021 (the “Second Restated Undertaking”) hereby certifies that the information enclosed herewith constitutes the Annual Information (as defined in the Second Restated Undertaking) which is required to be provided pursuant to Section 5(a)(2) of the Second Restated Undertaking.

Dated:

TAYLOR UNIVERSITY, INC., as Obligor

By: _____

Name: _____

Title:

EXHIBIT D

CERTIFICATE RE: REPORTABLE EVENT DISCLOSURE

The undersigned, on behalf of Taylor University, Inc., as Obligor under the Second Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of August 1, 2021 (the “Second Restated Undertaking”) hereby certifies that the information enclosed herewith constitutes notice of the occurrence of a reportable event which is required to be provided pursuant to Section 7 of the Second Restated Undertaking.

Dated:

TAYLOR UNIVERSITY, INC., as Obligor

By: _____

**FORM OF
FIRST SUPPLEMENT TO
SECOND AMENDED AND RESTATED CONTINUING DISCLOSURE UNDERTAKING
AGREEMENT**

**Indiana Finance Authority
Educational Facilities Revenue Bonds, Series 2025
(Taylor University Project)**

This First Supplement to the Second Amended and Restated Continuing Disclosure Undertaking Agreement, dated _____, 2025, supplementing the Second Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of August 1, 2021, as supplemented and amended to the date hereof (the “Disclosure Agreement”), is executed and delivered by Taylor University, Inc., an Indiana non-profit corporation duly organized and validly existing under the laws of the State of Indiana (the “Obligor”) in connection with the issuance of the Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2025 (Taylor University Project) (the “2025 Bonds”).

Section 1. The terms of the Disclosure Agreement, as supplemented hereby, are hereby made applicable in all respects to the 2025 Bonds.

Section 2. Exhibit A of the Disclosure Agreement is hereby amended and restated with the Exhibit A attached hereto to include the 2025 Bonds.

Date: _____, 2025

TAYLOR UNIVERSITY, INC., as Obligor

By: _____
Stephen P. Olson, Vice President for Finance
and Chief Financial Officer

EXHIBIT A

Obligations

Bonds Outstanding

Final Maturity

Town of Upland, Indiana Economic Development Revenue Bonds,
Series 2021 (Taylor University Project)

September 1, 2025

Indiana Finance Authority Educational Facilities Revenue Bonds, Series
2025 (Taylor University Project)

September 1, 20__



TAYLOR
UNIVERSITY



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