PRELIMINARY OFFICIAL STATEMENT DATED JULY 29, 2026

New Issue—Book Entry Only

Rating: S&P "A" (stable outlook)
(See "RATING" herein)

In the opinion of Bond Counsel, interest on the Bonds will be excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions, subject to the conditions described in "TAX MATTERS" herein. In addition, interest on the Bonds will not be treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the federal alternative minimum tax; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds will be exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. For a more complete discussion, see "TAX MATTERS" herein.

MCCANDLESS INDUSTRIAL DEVELOPMENT AUTHORITY

$25,000,000*
Tax-Exempt Revenue Bonds, Series 2026A
(Shady Side Academy Project)

MCCANDLESS INDUSTRIAL DEVELOPMENT AUTHORITY

$5,000,000*
Taxable Revenue Bonds, Series 2026B
(Shady Side Academy Project)

Dated: Date of Delivery

Due: See Inside Cover

The McCandless Industrial Development Authority Tax-Exempt Revenue Bonds, Series 2026A Bonds (Shady Side Academy Project) (the "2026A Bonds") and the McCandless Industrial Development Authority Taxable Revenue Bonds, Series 2026B Bonds (Shady Side Academy Project) (the "2026B Bonds" and together with the 2026A Bonds, the "Bonds") are limited obligations of the McCandless Industrial Development Authority (the "Authority"), payable solely from and secured by, and only by, the Trust Estate (as defined hereinafter) pledged by the Authority to secure the Bonds pursuant to a Trust Indenture dated as of August 1, 2026 (the "Indenture") between the Authority and The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, as trustee (the "Trustee"), which Trust Estate includes payments received by the Authority pursuant to the Loan Agreement (as defined below) and other funds pledged under the Indenture.

The Bonds will mature on the dates and in the aggregate principal amounts set forth on the inside cover hereof. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2027, until maturity or earlier redemption by the Trustee. The Bonds are issuable only in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). So long as Cede & Co. is the registered owner, reference herein to the registered owners of the Bonds shall mean Cede & Co. and not the Beneficial Owners (as defined herein). DTC will act as securities depository of the Bonds, and purchases of beneficial ownership interest in the Bonds will be made in book-entry form only, in denominations of $5,000 or integral multiples thereof. Beneficial Owners will not receive certificates representing their interest in the Bonds. See "THE BONDS – Description of the Bonds" and "DTC AND BOOK-ENTRY."

Pursuant to a Loan Agreement dated as of August 1, 2026 (the "Loan Agreement") between the Authority and Shady Side Academy, a Pennsylvania nonprofit corporation (the "Academy"), the Authority will loan the proceeds derived from the sale of the Bonds to the Academy to be applied for the purposes described herein. See "PLAN OF FINANCE." The Academy is required under the terms of the Loan Agreement to make payments to the Trustee for the account of the Authority in amounts and at times sufficient to pay the principal of, premium (if any) on and interest on the Bonds. The Academy's obligation to make the payments required by the Loan Agreement is a general obligation of the Academy that is not limited to any particular source of funds or revenues. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and APPENDIX D – Summary of the Indenture and Loan Agreement.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM AND SECURED SOLELY BY FUNDS HELD BY THE TRUSTEE PURSUANT TO THE INDENTURE AND MONEYS AND REVENUES PAYABLE UNDER THE LOAN AGREEMENT. THE BONDS AND THE INTEREST THEREON WILL NEVER CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND WILL NEVER CONSTITUTE OR GIVE RISE TO PECUNIARY LIABILITY OF THE AUTHORITY, NOR WILL ANY BOND OR INTEREST THEREON BE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR THE GENERAL CREDIT AND TAXING POWER OF THE TOWN OF MCCANDLESS, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE TOWN OF MCCANDLESS, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, ON OR INTEREST ON THE BONDS, OR OTHER COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER.

This cover page contains limited information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued by the Authority and received by the Underwriter, subject to prior sale, or to withdrawal or modification of the offer without notice, and subject to the approving opinion of Cozen O'Connor, Pittsburgh, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the Academy by McGuireWoods LLP, Tysons, Virginia, for the Authority by Cozen O'Connor, Pittsburgh, Pennsylvania, and for the Underwriter by Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania. The Bonds are expected to be delivered on or about August 18, 2026.*

STIFEL

Dated: ______________, 2026

* Preliminary, subject to change.

$25,000,000*
McCandless Industrial Development Authority
Tax-Exempt Revenue Bonds, Series 2026A
(Shady Side Academy Project)

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.**

$5,000,000*
McCandless Industrial Development Authority
Taxable Revenue Bonds, Series 2026B
(Shady Side Academy Project)

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.**

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* Preliminary, subject to change.

** The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority, the Academy or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. None of the Authority, the Academy or the Underwriter have agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

MCCANDLESS INDUSTRIAL DEVELOPMENT AUTHORITY
9955 Grubbs Road
Wexford, Pennsylvania 15090

BOARD MEMBERS OF THE AUTHORITY

Gerard J. Aufman, Jr.	Chairperson
William Kirk	Vice Chairperson
Benjamin Gilberti	Secretary
David Immonen	Treasurer
Mark Guzan	Board Member

AUTHORITY COUNSEL
Cozen O'Connor
Pittsburgh, Pennsylvania

ACADEMY
Shady Side Academy
Pittsburgh, Pennsylvania

ACADEMY COUNSEL
McGuireWoods LLP
Tysons, Virginia

TRUSTEE
The Bank of New York Mellon Trust Company, N.A.
Pittsburgh, Pennsylvania

UNDERWRITER
Stifel, Nicolaus & Company, Incorporated
Pittsburgh, Pennsylvania

BOND COUNSEL
Cozen O'Connor
Pittsburgh, Pennsylvania

UNDERWRITER'S COUNSEL
Dinsmore & Shohl LLP
Pittsburgh, Pennsylvania

The information set forth herein has been obtained from the McCandless Industrial Development Authority (the "***Authority***") as to information concerning the Authority, and from Shady Side Academy (the "***Academy***") and other sources which are believed to be reliable, but the information provided by sources other than the Authority is not guaranteed as to accuracy or completeness by the Authority. The information and expressions of opinions herein are 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 any of the information set forth herein since the date hereof.

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 responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Underwriter or the Academy 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 the solicitation of any offer to buy any of the Bonds in any jurisdiction in which it is unlawful to make such an offer, solicitation, or sale.

The Bonds are not and will not be registered under the Securities Act of 1933, or under any state securities laws, and the Indenture has not been and will not be qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom. Neither the Securities and Exchange Commission nor any federal, state, municipal, or other governmental agency will pass upon the accuracy, completeness, or adequacy of this Official Statement.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Preliminary Official Statement constitutes an official statement of the Authority that has been deemed final by the Authority as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, 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 IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

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MCCANDLESS INDUSTRIAL DEVELOPMENT AUTHORITY

\$25,000,000* **Tax-Exempt Revenue Bonds, Series 2026A** **(Shady Side Academy Project)**

\$5,000,000* **Taxable Revenue Bonds, Series 2026B** **(Shady Side Academy Project)**

INTRODUCTION

General

This Official Statement, including the cover page and appendices, sets forth certain information concerning the McCandless Industrial Development Authority (the "***Authority***"), Shady Side Academy (the "***Academy***") and the Authority's Tax-Exempt Revenue Bonds, Series 2026A (Shady Side Academy Project) (the "***2026A Bonds***") and the Authority's Taxable Revenue Bonds, Series 2026B (Shady Side Academy Project) (the "***2026B Bonds***" and together with the 2026A Bonds, the "***Bonds***"). The Authority is a body corporate and politic and an instrumentality of the Commonwealth of Pennsylvania (the "***Commonwealth***"), created pursuant to a resolution of Town Council of the Town of McCandless (the "***Town***"), organized and existing pursuant to the provisions of the Constitution and laws of the Commonwealth, including the Economic Development Financing Law, Act of August 23, 1967, P.L. 251, as amended and supplemented (collectively, the "***Act***"). See "THE AUTHORITY" herein for certain information about the Authority.

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices, and the documents summarized or described herein. Investors should fully review the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or otherwise to use it without the entire Official Statement.

Purpose of the Bonds

The proceeds of the sale of the Bonds will be loaned to the Academy for a project (the "***Project***") consisting of financing all or a portion of the costs of: (a) various capital projects at the facilities of the Academy (together, the "***Capital Projects***"); (b) refinancing certain taxable indebtedness of the Academy as described below under "PLAN OF FINANCE – Uses of Bond Proceeds" (together, the "***Refunded Loans***"); and (c) paying all or a portion of the related financing costs. See "PLAN OF FINANCE."

Description of the Bonds

Redemption. The Bonds are subject to redemption prior to stated maturity. See "THE BONDS – Redemption of the Bonds."

Denominations. The authorized denominations of the Bonds will be \$5,000 and any integral multiple thereof (an "***Authorized Denomination***"). See "THE BONDS – Description of the Bonds."

Registration; Registration of Transfer and Exchange. Ownership of the Bonds shall be registered on the registration books of the Authority maintained by the Trustee (as hereinafter defined). The Bonds will initially be issued only as book-entry securities. The Depository Trust Company ("***DTC***"), New York, New York, will act as securities depository for the Bonds. Ownership of the Bonds may be registered, transferred and exchanged in the manner described under "THE BONDS – Description of the Bonds" and "DTC AND BOOK-ENTRY."

For a more complete description of the Bonds and the basic documentation pursuant to which they are being issued, see "THE BONDS" and APPENDIX D – Summary of the Indenture and Loan Agreement.

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* Preliminary, subject to change.

Security and Sources of Payment for the Bonds

The Bonds are being issued pursuant to a Trust Indenture dated as of August 1, 2026 (the "***Indenture***") between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "***Trustee***"). Pursuant to the Indenture, the Authority will assign and pledge to the Trustee as security for the Bonds the Trust Estate (as defined in the Indenture and in APPENDIX D to this Official Statement), which includes all of the Authority's right, title and interest in and to the Loan Agreement (as defined below) and the payments due thereunder, excluding certain rights to payment of expenses and indemnification, together with all moneys and securities from time to time held by the Trustee under the terms of the Indenture (other than the Rebate Fund) and all income and receipts thereon, subject to the provisions of the Indenture permitting the application of such amounts for the purposes and on the terms and conditions set forth in the Indenture. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and APPENDIX D – Summary of the Indenture and Loan Agreement.

Pursuant to a Loan Agreement dated as of August 1, 2026 (the "***Loan Agreement***") between the Authority and the Academy, the Authority will loan the proceeds derived from the sale of the Bonds to the Academy to be applied for the purposes described above. The Academy is required under the terms of the Loan Agreement to make payments to the Trustee for the account of the Authority in amounts and at times sufficient to pay the principal of, redemption premium (if any), and interest on the Bonds. The Academy's obligation to make the payments required by the Loan Agreement is a general obligation of the Academy that is not limited to any particular source of funds or revenues. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and APPENDIX D – Summary of the Indenture and Loan Agreement.

The Bonds are not secured by a lien on any real property of the Academy. However, the Academy has covenanted, for the benefit of the holders of the Bonds, that it will not grant a lien on any real property to secure any Long-Term Debt unless a lien of equal or superior rank and priority is granted in favor of the Trustee for the benefit of the holders of all Bonds (as that term is defined in the Indenture) issued and Outstanding (as defined in the Indenture) under the Indenture. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and APPENDIX D – Summary of the Indenture and Loan Agreement.

The Bonds are limited obligations of the Authority. Neither the general credit of the Authority nor the credit or the taxing power of the Town, the Commonwealth or any political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the Bonds, nor shall the Bonds be or be deemed to be general obligations of the Authority or obligations of the Town, the Commonwealth or any political subdivision thereof, nor shall the Town, the Commonwealth or any political subdivision thereof be liable for the payment of the principal of, premium, if any, or interest on the Bonds. The Authority has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Tax Exemption

In the opinion of Cozen O'Connor, Pittsburgh, Pennsylvania ("Bond Counsel"), interest on the 2026A Bonds will be excluded from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bond Counsel is also of the opinion that under existing law, interest on the Bonds is exempt from Pennsylvania personal income tax and from Pennsylvania corporate net income tax. See "APPENDIX C — Form of Opinion of Bond Counsel" for the form of opinion Bond Counsel proposes to deliver in connection with the issuance of the Bonds. For a more complete discussion of such opinions and certain tax consequences incident to the ownership of the Bonds, see "TAX MATTERS."

Trustee and Bond Registrar

The Bank of New York Mellon Trust Company, N.A., will act as Trustee and Bond Registrar for the Bonds. The designated corporate trust office of the Trustee (the "***Designated Office***") is located in Pittsburgh, Pennsylvania.

Legal Authority

The Bonds are being issued and secured pursuant to the Act. The Bonds have been authorized pursuant to a resolution of the Authority adopted on June 24, 2026 (the "***Bond Resolution***"). The Loan Agreement will be executed and delivered in accordance with the Act, the Bond Resolution and resolutions adopted by the Board of Trustees of the Academy.

Offering and Delivery of the Bonds

The Bonds are offered subject to prior sale when, as and if issued by the Authority and accepted by the Underwriter, subject to the approval of legality by Cozen O'Connor, Pittsburgh, Pennsylvania, Bond Counsel. It is anticipated that the approving opinion will be in substantially the form attached hereto as APPENDIX C. Legal matters pertinent to the Authority will be passed upon by its counsel, Cozen O'Connor Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the Academy by McGuireWoods LLP, Tysons, Virginia. Certain legal matters will be passed upon for the Underwriter by Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania. It is expected that the Bonds will be available for delivery on or about August 18, 2026*.

Continuing Disclosure

On the date of issuance and delivery of the Bonds, the Academy will enter into a continuing disclosure agreement with respect to the Bonds, as required by Rule 15c2-12 promulgated by the Securities and Exchange Commission ("***Rule 15c2-12***"). See "CONTINUING DISCLOSURE" and "APPENDIX E –Continuing Disclosure Agreement" herein.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice. All references in this Official Statement to the Indenture and the Loan Agreement are qualified in their entirety by reference to such documents, copies of which are available upon request from, and upon payment of a reasonable copying charge to, the Trustee. All references to the Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the applicable Indenture. For definitions of capitalized terms used herein and not otherwise defined, see "APPENDIX D – Summary of the Indenture and Loan Agreement."

THE ACADEMY

The Academy is a private, non-profit corporation, opened in 1883 and incorporated in 1885 under the laws of the Commonwealth. The Academy was initially founded in a one-room schoolhouse in Pittsburgh's Shadyside neighborhood. In 1922, the Academy opened operations on its main campus located in the Borough of Fox Chapel ("***Fox Chapel***"), Allegheny County (the "***County***"), Pennsylvania. The Academy operates an Upper School Campus (consisting of a Senior School and a Middle School) in Fox Chapel, a Junior School Campus in the City of Pittsburgh, and a Country Day School in Fox Chapel. The Academy provides education for students from pre-kindergarten to grade 12.

The Academy has been determined by the Internal Revenue Service (the "***IRS***") to be a charitable organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "***Code***"), and is exempt from income taxation under Section 501(a) of the Code. See APPENDIX A hereto for information about the Academy and APPENDIX B hereto for the audited financial statements of the Academy.

THE AUTHORITY

The McCandless Industrial Development Authority (the "***Authority***") is a body politic and corporate and an instrumentality of the Commonwealth of Pennsylvania (the "***Commonwealth***"), organized and existing pursuant to the provisions of the Constitution and laws of the Commonwealth, including the Economic Development Financing Law, Act of August 23, 1967, P.L. 251, as amended and supplemented (collectively, the "***Act***"). The Authority is

* Preliminary, subject to change.

authorized by the Act to issue its bonds and to lend the proceeds thereof pursuant to financing agreements with eligible entities, including private schools, in order to promote and protect the health, safety and general welfare of the people of the Commonwealth and to further encourage economic development and efficiency within the Commonwealth by providing financing for certain projects, including, without limitation, financing the Project as described hereinafter, provided that such bonds shall not constitute a debt, liability, or obligation, or a pledge of the faith and credit, of the Commonwealth or the Town, but shall be payable solely from the payments to be made by the Academy and any other revenues of the Authority pursuant to such financing agreement. The Authority is governed by a five-member board. The current members of the board of the Authority are as follows:

Member	**Position**
Gerard J. Aufman, Jr.	Chairperson
William Kirk	Vice Chairperson
Benjamin Gilberti	Secretary
David Immonen	Treasurer
Mark Guzan	Board Member

The Authority has previously issued and sold a number of other series of bonds and notes, for entities other than the Academy, that are secured by other instruments separate and apart from the instruments issuing and securing the Bonds. The owners of such bonds and notes have no claim on the assets, funds or revenues of the Authority securing the Bonds, and the owners of the Bonds will have no claim on assets, funds or revenues of the Authority securing such other bonds and notes.

With respect to additional indebtedness of the Authority, the Authority intends to enter into separate agreements, with entities other than the Academy, for the purpose of providing financing for eligible projects and programs. Issues that may be sold by the Authority in the future for entities, other than the Academy, will be created under separate and distinct indentures or resolutions and will be secured by instruments, properties and revenues separate from those securing the Bonds.

EXCEPT FOR INFORMATION REGARDING THE AUTHORITY IN THE SECTIONS OF THIS OFFICIAL STATEMENT CAPTIONED "INTRODUCTION – THE AUTHORITY," "THE AUTHORITY" AND "LITIGATION – THE AUTHORITY," NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY AND THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE BONDS

Description of the Bonds

The Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 or any whole multiple thereof. The Bonds shall bear interest on the unpaid principal at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement and are subject to redemption prior to maturity, as set forth herein. See "THE BONDS – Redemption of the Bonds" herein. While the Bonds are held in book-entry-only form pursuant to the book-entry-only system described below under "DTC AND BOOK-ENTRY", references in this Official Statement to the "Owner" or the "Registered Owner" are to Cede & Co., as nominee of DTC. Each beneficial owner of a Bond may desire to make arrangements with a DTC Participant to receive notices or communications with respect to matters described herein. See "DTC AND BOOK-ENTRY" herein.

Interest on the Bonds shall be computed on the basis of twelve 30-day months and a 360-day year and shall be payable semiannually on February 1 and August 1 of each year (each, an "***Interest Payment Date***") commencing on February 1, 2027. When the date of maturity of interest on or principal of any Bond or the date fixed for redemption of any Bond shall not be a Business Day, then payment of such principal, premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no additional interest shall be payable on such succeeding Business Day as a result of such deferral of payment. A "***Business Day***" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the Commonwealth, the State of New York or the state in which the Designated Office of the Trustee is located are authorized by law to close for a reason not related to financial condition.

Each Bond will be dated as of the date of authentication thereof, and will bear interest from the Interest Payment Date next preceding the authentication date thereof, unless such Bond is (1) authenticated on or after an Interest Payment Date on which interest has been paid or provided for, in which event it shall bear interest from such Interest Payment Date, (2) authenticated on or prior to January 15, 2027, in which event it shall bear interest from the date of issuance and delivery thereof, (3) authenticated after a Record Date but before the next succeeding Interest Payment Date, in which event it shall bear interest from such succeeding Interest Payment Date, or (4) interest on such Bond shall be in default, in which case such Bond shall bear interest from the last date on which interest was last paid or provided for.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of, premium, if any, and interest on the Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC. Disbursement of such payment to the owners of the beneficial interest in the Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). See "DTC AND BOOK-ENTRY" herein. At all other times, the principal of the Bonds shall be payable at the Designated Office of the Trustee in Pittsburgh, Pennsylvania, or such other office or corporate trust office as may be designated by the Trustee as its Designated Office, in such coin or currency of the United States of America as at the time and place of payment is legal tender for public and private debts. Interest shall be paid by check drawn upon the Trustee and mailed to the persons in whose names the Bonds are registered at the close of business on the fifteenth (15th) day (whether or not a Business Day) of the month immediately preceding the month of the relevant Interest Payment Date (the "***Regular Record Date***") at the addresses shown on the registration records for the Bonds (the "***Bond Register***") kept by the Trustee. Notwithstanding the foregoing, if and to the extent there shall be a default in the payment of interest due on an Interest Payment Date, such defaulted interest shall be paid on a special payment date established by the Trustee, to the Registered Owners in whose names the Bonds are registered at the close of business on a special record date (the "***Special Record Date***" and together with the Regular Record Date, the "***Record Date***") to be fixed by the Trustee, such date to be not more than 30 days (whether or not a Business Day) nor less than 10 days prior to the date of payment of the defaulted interest.

The principal of, premium, if any, and interest on the Bonds shall be payable in any currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such principal and premium, if any, shall be payable at the Designated Office of the Trustee upon presentation and surrender thereof.

Payment of the interest on any Bond shall be made to the person appearing on the Bond Register as the registered owner thereof as of the Record Date and shall be paid: (i) by check of the Trustee mailed to such Bondholder on the Interest Payment Date at such Bondholder's address as it appears on the Bond Register or at such other address as is furnished to the Trustee in writing by such owner; (ii) in the case of an interest payment to any owner of $1,000,000 or more in aggregate principal amount of Bonds as of the close of business of the Trustee on the Record Date for a particular Interest Payment Date, by wire transfer to such Bondholder as of the close of business on such Interest Payment Date upon written notice from such Bondholder containing the wire transfer address (which shall be in the continental United States) to which such Bondholder wishes to have such wire directed, which written notice is received not less than one (1) Business Day prior to such Record Date; or (iii) in such other fashion as is agreed upon between the Bondholder and the Trustee.

Delivery of Certificates; Registered Owners

Subject to the provisions described under "DTC AND BOOK-ENTRY" below, in the event that (i) after written notice to the Authority and the Trustee, DTC determines to resign as securities depository for the Bonds and no successor securities depository has been designated pursuant to the Indenture, or (ii) after written notice to DTC and the Trustee, the Authority is advised by the Academy that the Academy has determined that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Academy, Bond certificates in fully registered form will be printed and delivered as directed by DTC. The ownership of the Bonds so delivered (and any Bonds thereafter delivered upon a transfer or exchange described below) shall be registered in the Bond Register kept by the Trustee at its Designated Office, and the Authority, the Academy and the Trustee shall be entitled to treat the registered owners of such Bonds, as their names appear in such Bond Register as of the appropriate dates, as the owners thereof for all purposes described in the Indenture.

Transfer and Exchange

Subject to the provisions described under "DTC AND BOOK-ENTRY" below, a Bond may be transferred or exchanged only upon presentation thereof to the Trustee. Such Bond must be accompanied by a written instrument or instruments of transfer or exchange, in form and with guaranty of signatures satisfactory to the Trustee, duly executed by the Registered Owner thereof or his duly authorized agent or legal representative. Upon surrender of any Bonds to be transferred or exchanged, the Trustee shall record the transfer or exchange in its Bond Register and shall authenticate and deliver new Bonds appropriately registered and in appropriate authorized denominations. Neither the Authority nor the Trustee shall be required to effect or register any transfer or exchange of any Bond during the period beginning on any Record Date and ending on the corresponding Interest Payment Date, except that Bonds properly surrendered for partial redemption may be exchanged for new Bonds, in authorized denominations, equal in the aggregate to the unredeemed portion. No charge will be imposed in connection with any transfer or exchange, except for taxes or governmental charges related thereto. No service charge shall be made for any transfer of any Bond, but the Authority or the Trustee may require payment of any sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Redemption of the Bonds

Optional Redemption of 2026A Bonds. The 2026A Bonds shall be subject to redemption prior to maturity at the option of the Authority, upon the Written Request of the Academy, on or after February 1, 2036*, in whole or in part at any time and from time to time at a redemption price of 100% of the principal amount thereof plus interest, if any, accrued thereon to the date fixed for redemption. Any such redemption shall be made in the order of maturity selected by the Academy and within any maturity by lot, as selected by the Trustee.

Optional Redemption of 2026B Bonds. The 2026B Bonds are not subject to optional redemption prior to maturity.

Mandatory Redemption. The Bonds shall not be subject to mandatory sinking fund redemption prior to maturity.

Extraordinary Redemption. The Bonds are subject to redemption and payment prior to the stated maturity thereof, at the option of the Authority, upon the Written Request of the Academy, in whole or in part at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, if (such redemption is referred to hereinafter as an "Extraordinary Redemption") all or a substantial portion of the Project Facilities (as defined in the Loan Agreement) are damaged or destroyed by fire or other casualty, or title to, or the temporary use of, all or a substantial portion of the Project Facilities is condemned or taken for any public or quasi-public use by any authority exercising or threatening the exercise of the power of eminent domain or title thereto is found to be deficient, to such extent that in the determination of the Academy, (A) the Project Facilities cannot be reasonably restored or replaced to the condition thereof preceding such event, or (B) the Academy is thereby prevented from carrying on its normal operations of the Project Facilities, or (C) the cost of restoration or replacement thereof would exceed the Net Proceeds of any casualty insurance, title insurance, condemnation awards or sale under threat of condemnation with respect thereto.

Selection of Bonds to be Redeemed. No redemption of less than all of the Bonds at the time outstanding shall be made unless the aggregate principal amount of Bonds to be redeemed is equal to at least $5,000 or any integral multiple of $5,000. In the event of a redemption of less than all of the Bonds or less than all of the Bonds of any maturity, except as otherwise specified in the Indenture, the selection of Bonds to be redeemed shall be made in the order of maturity designated by the Academy, and within any maturity by lot, as selected by the Trustee. The method of selecting Bonds for redemption by lot shall be determined by the Trustee. If the Owner of any Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond nevertheless shall become due and payable on the redemption date to the extent of the principal amount called for redemption.

Notice and Effect of Call for Redemption. Official notice of any redemption shall be given by the Trustee on behalf of the Authority by mailing a copy of an official redemption notice by first-class mail at least 30 days and not more than 60 days prior to the redemption date to each Owner of the Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Owner to the Trustee. Any notice of optional

* Preliminary, subject to change.

redemption or extraordinary optional redemption of Bonds may specify that the redemption is contingent upon the deposit of monies with the Trustee in an amount sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Authority shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

A second notice of redemption shall be given within 60 days after the redemption date to the registered owners of redeemed Bonds, which have not been presented for payment within 30 days after the redemption date. In addition to the foregoing notices, further notice shall be given by the Trustee on behalf of the Authority at least 30 days before the redemption date by first-class mail, overnight delivery service or facsimile to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds. Failure to give any notice to any registered owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other Bonds. Any notice mailed shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any registered owner received the notice.

For so long as DTC is effecting book-entry transfers of the Bonds, the Trustee will provide the redemption notice described above to DTC. It is expected that DTC will, in turn, notify its participants, and that the participants, in turn, will notify or cause to be notified the Beneficial Owners of the Bonds to be redeemed. The Authority, the Trustee and the Academy will have no responsibility or liability in connection with any failure on the part of DTC or a participant, or failure on the part of a nominee of a Beneficial Owner of a Bond, to notify the Beneficial Owner of the Bond so affected, and such failure shall not affect the validity of the redemption of such Bond. See "DTC AND BOOK-ENTRY" below.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

General

The Bonds are limited obligations of the Authority payable solely from and secured by a pledge of the revenues derived by the Authority from the Academy pursuant to the Loan Agreement and by other funds pledged under the Indenture as described herein. The Authority has no taxing power.

Pledge of Loan Agreement

The payment of the principal of, premium (if any) and interest on the Bonds is secured under the Indenture by a pledge to the Trustee, for the benefit of the owners of the Bonds, of the Trust Estate, which includes the following: (i) all right, title and interest of the Authority in and to the Loan Agreement and the amounts payable thereunder (excluding Unassigned Rights); (ii) all funds and accounts established by the Trustee under the Indenture other than amounts held by the Trustee in the Rebate Fund and other moneys expressly excluded pursuant to the Indenture, and (iii) all income and receipts on the funds (other than the Rebate Fund) held by the Trustee under the Indenture.

The obligation of the Academy to make the payments required by the Loan Agreement is a general and unconditional obligation of the Academy secured by a first priority security interest in the Academy's Gross Revenues (as defined in the Loan Agreement).

Pledge of Gross Revenues of the Academy

Under the Loan Agreement, as security for its obligation to make payments required thereunder and to perform its other obligations thereunder, the Academy will pledge and grant to the Authority a first priority security interest in the Gross Revenues of the Academy. As defined in the Loan Agreement, "Gross Revenues" means all of the Academy's receipts, revenues, income, tuition (meaning all educational fees paid by the attending families of the Academy, including all receipts and revenues from its educational/instructional activities, including but not limited to traditional educational activities, summer classes and camps the Academy may operate) and other moneys received or owed to it from the operation of its educational facilities, and contributions, gifts, grants, bequests or pledges, reimbursement from insurance companies, governmental agencies and other third-party payors for services provided, whether now owned or hereafter acquired, but excluding (1) any funds or accounts held in a trust or fiduciary capacity and in which the Academy has no beneficial interest, (2) accounts in which the Academy is expressly prohibited by any law or governmental regulation from granting a security interest, and (3) gifts, grants, bequests, donations and contributions heretofore or hereafter made, designated or intended at the time of making thereof by the donor or maker as being for certain specified purposes (which purposes are inconsistent with the pledging thereof) or as not being subject to pledge, and the income or gains derived therefrom to the extent required by such designation or restriction.

Limited Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM AND SECURED SOLELY BY FUNDS HELD BY THE TRUSTEE PURSUANT TO THE INDENTURE AND MONEYS AND REVENUES PAYABLE UNDER THE LOAN AGREEMENT. THE BONDS AND THE INTEREST THEREON WILL NEVER CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND WILL NEVER CONSTITUTE OR GIVE RISE TO PECUNIARY LIABILITY OF THE AUTHORITY, NOR WILL ANY BOND OR INTEREST THEREON BE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR THE GENERAL CREDIT AND TAXING POWER OF THE TOWN, THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE TOWN, THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, ON OR INTEREST ON THE BONDS, OR OTHER COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER.

No recourse shall be had for payment of the principal of or interest or premium, if any, on the Bonds, or for any claims based on the Bonds or the Indenture or any indenture supplemental thereto, against any member, officer or employee, past, present or future, of the Authority, or of any successor corporation, as such, either directly or through the Authority or any such successor corporation, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of such members, officers or employees being released as a condition of and as consideration for the execution of the Indenture and the issuance of the Bonds.

PLAN OF FINANCE

Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of Bond proceeds.

Sources of Funds:	**Series 2026A Tax-Exempt**	**Series 2026B Taxable**
Principal Amount		
Original Issue (Discount)/Premium		
Total Sources of Funds		
Uses of Funds:		
Refinancing - Loans		
Refinancing – Middle School Line of Credit		
New Money – Dining Hall/Student Commons[1]		
New Money – Deferred Maintenance[1]		
Costs of Issuance[2]		
Total Uses of Funds		

[1] See “Campus Master Plan” within Appendix A hereto.
[2] Includes fees and expenses of the Authority, legal fees, underwriting compensation, financial advisory fees, rating agency fees, and other miscellaneous expenses.

Uses of Bond Proceeds

The proceeds of the sale of the Bonds will be loaned to the Academy for costs of the Project, which consists of financing all or a portion of the costs of (a) the Capital Projects, (b) refunding the Refunded Loans, and (c) paying the related financing costs.

The Capital Projects include the following: (i) construction of a new Middle School facility, which was financed with proceeds of the convertible line of credit described below; (ii) a new dining hall on the Upper Campus of the Academy; and (iii) deferred maintenance and improvement projects at the Academy, including (but not limited to) the construction of a new west entrance to the Upper School campus, exterior painting of the Junior School, mechanical replacements in certain buildings on the Upper Campus, water line replacement on the Upper Campus, renovations to certain buildings on the Upper Campus, replacement of turf and track surface on the Upper Campus, updating of landscaping, sidewalks, lighting and parking on the Upper Campus and replacement of the pool roof at the Upper Campus.

The Refunded Loans, each of which will be paid in full with proceeds of the Bonds on or about the date of issuance of the Bonds, include: (a) a nonrevolving convertible line of credit of up to $12,000,000 with PNC Bank, National Association, which matures on April 17, 2030 and was outstanding as of July 15, 2026 in the amount of $8,000,000, the proceeds of which were used to finance the construction of the Middle School and will be refunded with proceeds of the 2026A Bonds; (b) a term note with PNC Bank, National Association in the principal sum of $4,760,030, which matures on February 15, 2031 and was outstanding as of July 15, 2026 in the amount of $4,287,440, which loan will be refunded with proceeds of the 2026B Bonds; and (c) a term note with PNC Bank, National Association in the principal sum of $2,000,000, which matures on January 31, 2028 and was outstanding as of July 15, 2026 in the amount of $633,333, which loan will be refunded with proceeds of the 2026B Bonds. As of the date of the issuance of the Bonds and upon the refunding of the Refunded Loans, the Academy will have no Long-Term Debt outstanding other than the Bonds.

DTC AND BOOK-ENTRY

The Depository Trust Company ("***DTC***"), New York, New York, will act as securities depository for the Bonds. The Bonds of each series 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 corporation" 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. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, 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 Corporation ("***DTCC***"). DTCC is a wholly-owned subsidiary for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC is owned by the 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and 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 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 nominee do not effect 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 transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security 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 registrar and request that copies of the notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 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).

Redemption proceeds, distributions, and dividend payments 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 or the Trustee 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 nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will 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 written notice to the Authority or the Trustee. 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 may discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) upon written notice to the Trustee and DTC if the Academy advises the Authority that the Academy has determined that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Academy. In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority, the Underwriter, the Trustee, or the Academy.

NEITHER THE AUTHORITY, THE TRUSTEE NOR THE ACADEMY WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OR ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN HOLDERS OR OWNERS OF BOOK-ENTRY BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY BONDS.

CERTAIN BONDHOLDERS' RISKS

The Bonds are limited obligations of the Authority and are payable solely from payments made pursuant to the Loan Agreement. The payment of the principal of, premium (if any) on and interest on the Bonds to the registered owners thereof depends entirely upon the ability of the Academy to make its payments under the Loan Agreement. Various factors could adversely affect the Academy's ability to pay the obligations under the Loan Agreement. The future financial condition of the Academy could be adversely affected by, among other things, economic conditions in the areas from which the Academy traditionally draws students, legislation, regulatory actions, increased competition from other educational institutions, demographic changes and litigation. Some of such risk factors are described below.

The following is intended only as a summary of certain risk factors attendant to an investment in the Bonds and is not intended to be exhaustive. In order to identify risk factors and make informed investment decisions, potential investors should be thoroughly familiar with the entire Official Statement (including each of the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks or other financial institutions, or certain recipients of Social Security benefits, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Bonds. See "TAX MATTERS" herein.

General. The Bonds are limited obligations of the Authority payable solely from the Trust Estate, which includes payments made by the Academy under the Loan Agreement and certain funds held by the Trustee pursuant to the Indenture. No representation or assurance can be given that the Academy will generate sufficient revenues to meet its payment obligations under the Loan Agreement. The ability to generate such revenues could be affected adversely by future legislation, regulatory actions, economic conditions, increased competition, and changes in the demand for services or other factors. Neither the Underwriter nor the Authority has made any independent investigation of the extent to which any such factors may have an adverse effect on the revenues of the Academy.

Bonds Not Initially Secured by Real Property; Additional Debt. The Academy has not granted a mortgage on, or security interest in, any of its real property In the event of any proceeding for any remedy available to the Trustee under the Indenture, the beneficial owners of the Bonds will only be secured creditors with respect to the Gross Revenues of the Academy and will have no rights to any real property of the Academy.

The Loan Agreement places certain restrictions on the incurrence of indebtedness by the Academy. No assurance can be given that the Issuer will not issue Additional Bonds for the benefit of the Academy or the that the Academy will not incur additional Indebtedness in the future.

Security Interest in Gross Revenues. To the extent that a security interest can be perfected in the Gross Revenues of the Academy by filing of financing statements, such action will be taken. The security interest in the Gross Revenues of the Academy may not be enforceable against third parties unless such Gross Revenues of the Academy are actually transferred to the Trustee or are subject to exceptions under the Uniform Commercial Code (the "UCC") as enacted in the Commonwealth of Pennsylvania. Under current law, such security interest may be further limited by the following: (1) statutory liens; (2) rights arising in favor of the United States of America or any agency thereof; (3) present or future prohibitions against assignment contained in any Commonwealth of Pennsylvania or Federal statutes or regulations; (4) constructive trusts, equitable liens or other rights impressed or conferred by any Commonwealth of Pennsylvania or Federal court in the exercise of its equitable jurisdiction; (5) Federal bankruptcy laws; and (6) the filing of appropriate continuation statements pursuant to UCC provisions as from time to time in effect.

Philanthropy. The Academy intends to apply philanthropic proceeds to fund redemption of a portion of the Bonds prior to maturity. Philanthropic opportunities at the Academy include capital campaign initiatives, annual fundraising to support current-year operations, and planned giving from bequests and estate gifts. The Academy has in the past demonstrated an ability to raise the funds from a variety of benefactors necessary, in combination with revenues generated from other sources, to finance its operations and to provide the funds to construct, renovate and improve its facilities, as necessary. There can be no assurance, however, that these efforts will continue to be successful. Such efforts may be affected adversely by a number of factors, including changes in general economic conditions and changes in federal and state tax laws affecting the deductibility of charitable contributions.

Reliance on Student Tuition, Fees and Other Charges. The adequacy of the Academy's revenues will largely depend on the amount of future tuition and other student derived revenue the Academy receives. Such revenue in turn will depend primarily on the Academy's ability to charge sufficient rates for tuition, student fees and student charges and to maintain enrollment levels. Future enrollment levels will depend on the number of students applying to the Academy and accepting offers of admission. A number of factors, including, without limitation, levels of tuition rates and other fees, competition from other independent, coeducational private and public schools, a change in the number of school age students and changing general economic conditions will influence the number of applicants to the Academy.

Competition. The Academy competes for qualified applicants with many other independent, coeducational private and public schools for students in grades pre-kindergarten through grade twelve. See "Appendix A – Description of Shady Side Academy." The Academy could face additional competition in the future from other educational institutions that offer comparable services and programs to the population which the Academy presently serves. Such competition could include the establishment of new programs and the construction, renovation or expansion of competing educational institutions. If the Academy is unable to maintain its competitive position, its ability to earn revenues and to pay operating expenses, including debt service on the Bonds, may be impaired. No assurance can be given as to the effect on future operations of such competing services and programs.

Enrollment. Historically, a substantial proportion of the Academy's total revenues has been derived from tuition and fee payments. Although the Academy's total enrollment has either grown or remained stable in recent years, there can be no assurance that this trend will continue, that enrollment figures will remain at levels sufficient to provide funds to pay operating expenses or payments of principal and interest on the Bonds and any other indebtedness, that the amount of financial aid necessary for enrolled students will not increase, or that attempts to raise tuition to offset any drop in enrollment would be successful. See "Appendix A – Description of Shady Side Academy."

Legislative and Regulatory Actions. The Academy and its operations are subject to regulation, certification and accreditation by various federal, state and local government agencies and by certain nongovernmental agencies. No assurance can be given as to the effect on future operations of existing laws, regulations and standards for certification or accreditation or of any future changes in such laws, regulations and standards.

Tax-Exempt/Non-Profit Status. In recent years, the activities of tax-exempt organizations have been subjected to increasing scrutiny by federal, state, and local legislative and administrative agencies (including the United States Congress, the Internal Revenue Service (the "***IRS***"), and local taxing authorities). Various proposals either have been considered previously or are presently being considered at the federal, state, and local level which could restrict the definition of tax-exempt status, impose new restrictions on the activities of tax-exempt organizations and/or tax or otherwise burden the activities of such organizations (including proposals to broaden or strengthen federal tax provisions respecting unrelated business income 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 tax-exempt organizations will not have material adverse effects on the future operations of the Academy.

Compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the Academy to charge and collect revenues, finance or incur indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Bonds. Although the Academy has covenanted to maintain its tax-exempt status, loss of tax-exempt status by the Academy would likely have a significant adverse effect on the Academy and could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to their date of issue or acceleration of the maturity of the Bonds.

Property Tax Assessments. In recent years, a number of local taxing authorities in Pennsylvania, including the County, local townships and school districts, have sought to subject the facilities of nonprofit educational institutions to local real estate taxes, primarily by challenging the status of such institutions as "purely public charities" as described in the Pennsylvania Constitution, notwithstanding the fact that facilities owned by Pennsylvania nonprofit educational institutions historically have been viewed as exempt from such taxes. In response to the uncertainty resulting from divergent court decisions, in 1997 the Pennsylvania legislature enacted The Institutions of Purely Public Charity Act which, among other things, sets forth specific criteria to be met by an entity in order for such entity to be deemed an "institution of purely public charity". Such criteria are highly fact-specific and are to be used by the courts as guidance; therefore, there are no assurances that the Academy facilities will meet such criteria now or in the future. Notwithstanding passage of the Institutions of Purely Public Charity Act, the question whether an institution qualifies as a "purely public charity" remains a constitutional issue to be determined by the courts and it is not clear to what extent, if any, the courts will rely upon the Institutions of Purely Public Charity Act in making such determinations. The Academy has no reason to believe that the Academy facilities that are currently tax-exempt will not retain their real estate tax exemption, but no assurance can be given that such real estate tax exemption will not be challenged in the future.

Covenant to Maintain Tax-Exempt Status of the 2026A Bonds. The tax-exempt status of interest on the 2026A Bonds is based on the continued compliance by the Authority and the Academy with certain covenants contained in the Indenture, the Loan Agreement and the other documents executed by the Authority, the Academy and the Trustee. These covenants relate generally to restrictions on the use of the proceeds of the 2026A Bonds, the use of the Project facilities, arbitrage limitations, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the 2026A Bonds. Failure to comply with such covenants could cause interest on the 2026A Bonds to become subject to federal income taxation retroactively to the date of issuance of the 2026A Bonds.

Risk Associated with the Loss of Tax-Exempt Status of the Academy. Failure of the Academy to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed or refinanced by the 2026A Bonds in a manner that is substantially related to the Academy's charitable purpose under the Code, may result in interest on the 2026A Bonds becoming subject to federal income taxation retroactive to the date of issuance of the 2026A Bonds.

Certain Matters Relating to Enforceability of Obligations. The remedies available to Bondholders upon an Event of Default under the Indenture or the Loan Agreement are in many respects dependent upon judicial action which is subject to discretion or delay. Under existing law and judicial decisions, including specifically the United States Bankruptcy Code (the "***Bankruptcy Code***"), the remedies specified in the Indenture and Loan Agreement may not be readily available or may be limited. A court may decide not to order specific performance.

The various legal opinions to be delivered concurrently with the original delivery of the Bonds will be qualified as to enforceability of the various legal instruments by, among other things, limitations imposed by bankruptcy, reorganization, insolvency or other similar laws or legal or equitable principles affecting creditors' rights.

There exists statutory authority in Pennsylvania for a court to dissolve a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation is insolvent. Moreover, pursuant to the common law and statutory power to enforce charitable trusts and to see that charitable funds are applied to their intended uses, the Attorney General of the Commonwealth may commence legal proceedings to dissolve a nonprofit corporation acting contrary to its charitable purposes or to restrain actions inconsistent with the charitable use of such funds or which render such nonprofit corporation unable to discharge its charitable functions. In certain states, such actions may arise on a court's own motion or pursuant to a petition of the attorney general or such other persons who have interests different than those of the general public. The obligations of the Academy may be limited by such charitable trust laws.

Bankruptcy. The rights and remedies of the owners of the Bonds are subject to various provisions of the Bankruptcy Code. If the Academy were to file a petition for relief (or if a petition were to be filed against the Academy) under the Bankruptcy Code, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Academy and its property.

In a bankruptcy proceeding, the Academy 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, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interest of creditors, is feasible, and 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.

Cybersecurity Risk. In the course of its operations, the Academy collects and stores personally identifiable information, including, but not limited to, social security numbers, educational records and financial information. The Academy also develops, maintains and/or stores, as applicable, intellectual property such as research data.

Like all institutions of education, the Academy could be subject to cyber intrusion through hacking, malware and/or email scams. Cyber intrusion could lead to (i) data breaches requiring breach notification, (ii) denial of service (e.g., network, system, application or data), (iii) loss of intellectual property and data, (iv) harm to the Academy's brand or reputation, (v) life/health safety impacts and/or (vi) financial loss. The Academy has implemented a comprehensive set of cybersecurity and safety policies and practices designed to aid in the prevention, detection, response, and recovery from potential cyberthreats. ***Further, the Academy maintains cyber liability insurance coverage to protect against data breaches and other cyber events.*** However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be disguised or difficult to detect, or may be designed to remain dormant until a triggering event occurs, the Academy may be unable to anticipate these techniques or implement adequate preventative measures. ***In addition, no assurance can be given that the insurance coverages maintained by the Academy would be sufficient to cover all losses and liability resulting from data breaches or other cyber events.***

Changes in Tax Laws. Current and future proposals or legislative proposals in the Congress and in the states, if enacted into law, clarifications of the Internal Revenue Code of 1986, as amended (the "***Code***") or court decisions may cause interest on the 2026A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or not exempted from state income taxation, or otherwise prevent the holders of the 2026A Bonds from realizing the full current benefit of the tax status of such interest. Any such limitation on the use of tax-exempt bonds to finance educational facilities or on the use of tax-exempt bonds generally could reduce the ability of the Academy to finance its future capital needs or to achieve interest rate savings on new or existing debt in the future. The introduction or enactment of any such proposals, clarifications of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2026A Bonds. Prospective purchasers of the 2026A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel will express no opinion. See "TAX MATTERS."

Officials of the IRS have maintained in recent years that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector with specific review of private use. In addition, the IRS has sent several hundred post-issuance compliance questionnaires to nonprofit corporations that have borrowed on a tax-exempt basis regarding their post-issuance compliance with various requirements for maintaining the federal tax exemption of interest on their bonds. The questionnaire includes questions relating to the borrower's (i) record retention, which the IRS has particularly emphasized, (ii) qualified use of bond-financed property, (iii) arbitrage yield restriction and rebate requirements, (iv) debt management policies and (v) voluntary compliance and education.

Local Tax Assessment. In recent years, a number of local taxing authorities in the Commonwealth have sought to subject the facilities of non-profit healthcare and other traditionally exempt organizations to local real estate and business privilege taxes, primarily by challenging their status as "institutions of purely public charity" as described in the Pennsylvania Constitution, notwithstanding the fact that Pennsylvania nonprofit facilities historically have been viewed as exempt from such taxes. The Pennsylvania constitutional test is very subjective and frequently difficult to satisfy. Pennsylvania court decisions have been highly fact-specific and do not provide clear overall guidance on the question. In addition, the Pennsylvania law sets forth additional standards that must be satisfied for tax exemption. Therefore, there is no assurance that under current Pennsylvania law, the Academy will remain exempt from real estate and other local taxes.

Secondary Market. No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Other Factors. Additional factors may affect future operations of the Academy to an extent that cannot be determined at this time. These factors include, among others, the following:

(1) Litigation resulting in required payments by the Academy which exceed insurance coverages.

(2) Increased costs and decreased availability of public liability insurance.

(3) Changes in the demand for programs offered by the Academy in particular.

(4) Cost and availability of energy.

(5) High interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures.

(6) An inability to retain students, resulting in enrollment losses and reduced revenues.

(7) An increase in the costs of health care benefits, retirement plan, or other benefit packages offered by the Academy to its employees and retirees.

(8) A significant decrease in the value of the Academy's investments caused by market or other external factors.

(9) A downgrade in the Academy's bond rating or rating outlook to a level which prevents the Academy from being able to borrow at affordable rates in the future.

(10) Withdrawal of any current exemptions from local real estate taxes, business privilege taxes and similar impositions.

(11) Reduced future Academy net tuition revenue as a result of a need to increase tuition discounting to attract students.

(12) Changes in the management of the Academy, the strategic direction or mission of the Academy, or the investment policies or other finance decisions of the Academy.

(13) Occurrences of pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, including the effects of any climate change, which could damage

some or all of the Academy's facilities, interrupt utility service to some or all of its facilities, or otherwise impair the operation or ability to generate revenues of some or all of its facilities.

(14) Increased competition from other institutions which may offer similar academic programs or may recruit similar students, and that may result in reduced enrollments and reduced Academy revenues.

(15) Reduced ability to attract future capital campaign contributions, that may limit future projects and/or the ability to address deferred maintenance and/or reduced ability to attract future annual fund contributions that may negatively impact the ability to afford annual operating expenses and which may negatively affect operating performance.

(16) Reduced availability of qualified faculty to teach the programs offered by the Academy.

(17) Legislation and regulation by governmental authorities, including developments affecting tax-exempt status of educational institutions like the Academy.

(18) Any failure to successfully implement future new programs, negatively affecting operating performance.

LEGAL MATTERS

Absence of Material Litigation

On the date of issuance of the Bonds, respective certificates will be delivered by the Authority and the Academy to the effect that there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or, to the knowledge of the Authority or the Academy (as applicable), threatened wherein an unfavorable decision, ruling or finding would adversely affect (i) the corporate existence or the organization of the Authority or the Academy or the title or office of any official of the Authority or the Academy or any power of the Authority or the Academy, (ii) the validity of the proceedings for the adoption, the authorization, the execution, the delivery and the performance of the Bonds, (iii) the validity or the enforceability of the Bonds or (iv) the tax-exempt status of the Bonds.

Enforceability of Remedies

The remedies available to the owners of the Bonds upon an Event of Default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay.

The enforceability of remedies or rights with respect to the Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Under existing law (particularly federal bankruptcy law), certain remedies specified by the Indenture may not be readily available or may be limited. See "BONDHOLDERS' RISKS".

TAX MATTERS

Federal Tax Exemption

Exclusion of Interest on the 2026A Bonds from Gross Income. The Code contains provisions relating to the tax-exempt status of interest on obligations issued by governmental entities which apply to the 2026A Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the 2026A Bonds and the rebate of certain investment earnings derived from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the Authority and the Academy subsequent to the issuance and delivery of the 2026A Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. The Authority and the Academy have covenanted to comply with such requirements.

In the opinion of Bond Counsel, interest on the 2026A Bonds will be excluded from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. Interest on the 2026A Bonds is not an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

The opinion of Bond Counsel assumes the accuracy of the representations and certifications of the Authority and the Academy with respect to the Bonds and is subject to a number of qualifications and limitations, including the condition that the Authority and the Academy comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the 2026A Bonds in order that interest thereon continues to be excluded from gross income. Failure to comply with certain of such requirements with respect to the 2026A Bonds could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the 2026A Bonds. The Authority and the Academy have covenanted to comply with all such applicable requirements.

In addition to the matters addressed above, prospective purchasers of the 2026A Bonds should be aware that ownership of the 2026A Bonds may result in collateral tax consequences to certain taxpayers, including, but not limited to, foreign corporations, certain S corporations, financial institutions, recipients of social security and railroad retirement benefits and property or casualty insurance companies.

Bond Counsel is not rendering any opinion as to any federal tax matters related to the 2026A Bonds other than those expressly stated in the Form of Opinion of Bond Counsel included as Appendix D to this Official Statement and expresses no opinion regarding any other federal tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2026A Bonds. Purchasers of the 2026A Bonds should consult their independent tax advisors with regard to all federal tax matters.

Original Issue Discount. Certain of the 2026A Bonds (the "***Discount Bonds***") may be sold with original issue discount which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Discount Bonds. For each maturity of Discount Bonds, original issue discount is the excess of the stated redemption price at maturity over the initial offering price. Such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond, and the tax basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. **Purchasers of any Discount Bonds, whether at the time of the initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and tax treatment of original issue discount.**

Original Issue Premium. Certain of the 2026A Bonds (the "***Premium Bonds***") may be sold with original issue premium. An amount equal to the excess of the initial public offering price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles. The amount of amortized bond premium (i) reduces the holder's basis in the Premium Bond for purposes of determining gain or loss for federal income tax purposes upon the sale or other disposition of the Premium Bond and (ii) is not allowed as a deduction for federal income tax purposes to the holder. **Purchasers of any Premium Bonds, whether at the time of the initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium.**

No assurances can be given that amendments to the Code or other federal legislation will not be introduced and/or enacted which would cause interest on the 2026A Bonds to be subject, directly or indirectly, to Federal income taxation or adversely affect the market price of the 2026A Bonds or otherwise prevent the holders of the 2026A Bonds from realizing the full current benefit of the federal tax status of the interest thereon.

State Tax Exemption

In the opinion of Bond Counsel, under the laws of the Commonwealth, as enacted and construed on the date hereof, the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

Other Matters

Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The Bonds and the interest thereon may be subject to state and local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws. Purchasers of the Bonds should consult their independent tax advisors with regard to all state and local tax matters that may affect them.

This summary is based on laws, regulations, rulings and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary. **Prospective purchasers should consult their tax advisors about the consequences of purchasing or holding the Bonds.**

APPROVAL OF LEGALITY

The Bonds are offered subject to prior sale when, as and if issued by the Authority and accepted by the Underwriter, subject to the approval of legality by Cozen O'Connor, Pittsburgh, Pennsylvania, Bond Counsel. It is anticipated that the approving opinion will be in substantially the form attached hereto as APPENDIX C. Legal matters pertinent to the Authority will be passed upon by its counsel, Cozen O'Connor, Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the Academy by McGuireWoods LLP, Tysons, Virginia. Certain legal matters will be passed upon for the Underwriter by Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania, counsel to the Underwriter.

THE TRUSTEE

The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States, has been appointed to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application of the proceeds of the Bonds by the Authority or the Academy. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the Project, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

CERTAIN RELATIONSHIPS

The law firm serving as Bond Counsel and counsel to the Authority and the law firm representing the Underwriter from time to time represent each or some of the other parties involved in the issuance of the Bonds or their affiliates.

CONTINUING DISCLOSURE

On the date of issuance and delivery of the Bonds, the Academy will enter into a continuing disclosure agreement with respect to the Bonds (the "***Disclosure Agreement***") with The Bank of New York Mellon Trust Company, N.A., as dissemination agent, pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, as amended (the "***Rule***"). The Academy and the Authority have determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds, and the Authority will not provide any such information. The Academy has undertaken all responsibilities for any continuing disclosure pursuant to the Rule as described below, and the Authority will have no obligation to the holders of the Bonds or any other person with respect to the Rule.

The Academy will covenant in the Disclosure Agreement, for the benefit of the holders and beneficial owners of the Bonds, to furnish certain financial information and operating data relating to the Academy (the "***Annual Report***") by not later than 180 days after the end of each fiscal year of the Academy, commencing with the Academy's fiscal year ending June 30, 2027, and to provide notices of the occurrence of certain events enumerated in the Rule ("***Reportable Events***"). The specific nature of the information to be contained in the Annual Report, the information to be contained in notices of Reportable Events and the timing of filing notices of Reportable Events is set forth in APPENDIX E – Continuing Disclosure Agreement. The Academy's covenants as set forth in the Disclosure Agreement are being made in order to assist the Underwriter in complying with its obligations under subsection (b)(5) of the Rule.

UNDERWRITING

Stifel, as the underwriter (the "***Underwriter***"), has agreed, subject to certain conditions, to purchase the Bonds from the Authority at an aggregate price of $______________ (which represents the par amount of the Bonds, plus/less original issue premium/discount of $____________, less underwriter's discount of $___________). The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

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 Academy and to persons and entities with relationships with the Academy, 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 (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority or the Academy.

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.

RATING

S&P Global Ratings, a division of S&P Global Inc. ("***S&P***"), has assigned the rating of "A" (stable outlook) to the Bonds based upon the Academy's creditworthiness. Such ratings reflect only the views of the rating agency and any explanation as to the significance of the ratings should be obtained from the rating agency. The above ratings are not recommendations to buy, sell, or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the respective rating agency. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price or the marketability of the Bonds.

MISCELLANEOUS

Independent Certified Public Accountants

The financial statements of the Academy as of and for the years ending June 30, 2025, 2024, 2023, 2022, 2021 and 2020 included in APPENDIX B of this Official Statement, have been audited by Schneider Downs, independent certified public accountants, as stated in their report appearing herein.

Additional Information

All quotations from, and summaries and explanations of, the Indenture, the Loan Agreement, the Continuing Disclosure Agreement and other documents referred to herein do not purport to be complete, and reference is made to said documents for full and complete statements of their provisions. All references herein to the Bonds are qualified by the definitive forms thereof and the information with respect thereto contained in the Indenture, the Loan Agreement and the Continuing Disclosure Agreement. The agreements of the Authority with the holders of the Bonds are fully set forth in the Indenture and the Loan Agreement, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers or owners of the Bonds. The Appendices attached hereto are a part of this Official Statement. All forecasts, estimates and other statements in this Official Statement involving matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact.

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The Authority has consented to the distribution of this Official Statement insofar as it relates to the Authority and the transactions to which the Authority is a party. The Authority, however, neither has nor will assume responsibility as to the accuracy and completeness of the information in this Official Statement except that contained under the headings "THE AUTHORITY" and "LEGAL MATTERS — Absence of Material Litigation" (but solely as it relates to the Authority), and then only to the extent that such information relates to the Authority.

MCCANDLESS INDUSTRIAL DEVELOPMENT AUTHORITY

By: ____
Chairperson

Approved:

SHADY SIDE ACADEMY

By: ____
Vice President of Finance

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APPENDIX A

DESCRIPTION OF SHADY SIDE ACADEMY

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INTRODUCTION

Shady Side Academy ("Shady Side" or the "Academy") is an independent, co-educational day school serving 1,261 students in pre-Kindergarten through grade 12. Founded in 1883, Shady Side Academy is located on multiple campuses in Pittsburgh, Pennsylvania. The Academy is organized as a non-profit corporation and is an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

The Academy's Board of Trustees, administration and faculty believe that the following characteristics distinguish the Academy:

Enrollment Growth. Demand for a Shady Side Academy education is strong, with total enrollment increasing 24% since FYE 2020 (Fall 2019). Enrollment has grown from 1,129 students in Fall 2021 to 1,261 students for the 2025-26 academic year. This growth is underpinned by an increasingly selective admissions profile; the Academy's acceptance rate has tightened from 68% to 61% since Fall 2021, while the matriculation rate remains robust at an average of 71%. Furthermore, the waitlist has exceeded 50 students for three consecutive years. Strategic enrollment management has prioritized financial sustainability, resulting in a 39% increase in full-pay enrollment since FY 2020. Full-pay students now represent 73% of the student body (up from 65% in FY 2020), which has allowed the Academy to reduce its tuition discount from 14.9% to 13.3% over the past five years. As a result, net tuition revenue has increased from $24.7 million in FYE 2021 to $35.7 million in FYE 2025, an increase of $10.97 million or 44%.

Shady Side is targeting a total enrollment of 1,327 students by Fall 2030 and is fully staffed to support this level of enrollment. Assuming annual attrition of 6.2% (consistent with Shady Side's 5-year average), the Academy will need to enroll approximately 212 new students each year to hit the 2030 target. Over the past five years, Shady Side's average new enrollment has been 230 students.

Balance Sheet Strength and Sound Financial Performance. As of June 30, 2025, Shady Side had net assets of $146.9 million. The Academy's cash and investments have increased from $94.7 million at FYE 2021 to $107.4 million at FYE 2025, an increase of $12.7 million or 13.5%. During the same time period, the Academy has invested significantly in its plant as a part of the Campus Master Plan (as further discussed herein). Shady Side Academy has generated a GAAP based surplus in each of the past five years except for 2021 which was impacted by COVID. For the recently ended 2025-26 academic year, the Academy budgeted for a non-GAAP based surplus of $600,000 and is forecasting an actual non-GAAP based surplus of $1.0 million. For the 2026-27 academic year, the Academy is projecting enrollment of 1,280, up from 1,261 in the most recent academic year, and continues to budget for a $600,000 surplus. These operating surpluses are a result of growing enrollment, prudent management of financial aid, and fundraising growth.

The Academy's enrollment growth has been aided by strategic capital improvements including renovations at both lower schools to create adequate space to meet demand. Shady Side now enrolls five sections of elementary students, improving average student tenure and decreasing pressure on entry points in sixth and ninth grades. Additionally, the Academy completed the construction of the new Rockwell Middle School which provided additional space to accommodate the Academy's growing student body and allowed the Academy to sell the former Middle School campus in January 2026 to significantly improve operational efficiencies. The Academy has funded its recent capital improvements through philanthropic initiatives that have also served to strengthen annual fund giving. In the past four years, annual giving has averaged $4.9 million.

The Academy anticipates that continued enrollment growth and tuition increases without significant incremental expenses will further expand its operating margin.

Campus Master Plan. In January 2026, the Academy completed a centerpiece of its strategic vision with the opening of the Rockwell Middle School, a 49,000-square-foot facility that unifies grades 6 through 12 on the Fox Chapel campus. This consolidation enhances the student experience through a seamless 6-12 educational journey while driving significant operational efficiencies. By moving the Middle School onto the Upper School campus, the Academy vacated the former Benedum Road campus – an older estate mansion that carried significant annual operating expenses and a substantial deferred maintenance burden. The property was sold to the SK Rockwell Conservancy in January 2026, with sale proceeds used to fund construction of the new building. This unification not only created additional capacity for future enrollment growth but also structurally reduces long-term capital and facility maintenance requirements.

$15 million of Series 2026 Bond proceeds will (1) refinance an existing $8 million line of credit used to bridge finance the Rockwell Middle School construction and (2) bridge finance pledges associated with the Dining Hall/student center renovation. Construction of the Middle School was funded by cash campaign collections as well as a line of credit with a balance of $8 million. As of Summer 2026, the Academy has $1.2 million in campaign pledges outstanding related to the Rockwell Middle School and anticipates raising an additional $5 million. The Dining Hall is anticipated to break ground early to mid 2027 and be completed in 2028. The cost is expected to be $15 million and the Academy has raised $7 million to date.

HISTORY AND MISSION

Shady Side Academy was founded as an all-male day school in 1883, on Aiken Avenue in the East End neighborhood of Shadyside, Pittsburgh. With the establishment of the Junior School in 1909, Shady Side Academy expanded its reach to younger learners. In 1922, the Senior School was established on its current suburban campus in Fox Chapel. This move also resulted in Shady Side becoming a boarding school, first with a traditional seven-day program and, later, with the School's weekday program. A later merger in the early 1940s with another local boys' private school, The Arnold School, resulted in the creation of another new campus: a Junior School, located in Pittsburgh's Point Breeze and serving Kindergarten through fifth grade students. In the 1950s, the Academy purchased an estate less than a mile from the Senior School campus, creating a standalone middle school for grades six through eight.

In 1973, the Senior School embraced the concept of co-education. It began admitting female students (popularly referred to, particularly in newspapers, as "The Shady Ladies") for the first time. The Junior and Middle Schools followed suit in the 1990s, with the first K-12 "Lifer" female students graduating in 2007.

In 1994, Shady Side Academy converted the old Power House into a visual arts center, the first major addition to the Senior School campus in twenty years. In recent years, the Academy has worked to implement "green," or environmentally friendly, changes to its campuses. The 2006 renovation of Rowe Hall, the main academic building, uses several "green" concepts. The $6.8 million renovation of this primary Senior School facility emphasized environmentally friendly approaches, from glass that allows more light into classrooms (allowing the building to maintain lower electricity usage levels) to rainwater collected in an underground cistern, then used to flush toilets and urinals. In the fall of 2007, the Rowe Hall Complex earned Gold LEED (Leadership in Energy and Environmental Design) Certification, becoming the only high school in the Commonwealth of Pennsylvania to have done so. Also in 2007, Shady Side added Pre-Kindergarten with the completion of the Pre-K building on the Junior School Campus.

Through a merger with Fox Chapel Country Day School in 2017, the Academy created a second elementary campus, increasing capacity for young learners.

The McIlroy Center for Science and Innovation opened in 2018 as the new home of the Senior School Science Department. The building's construction was made possible by the fundraising efforts of The Campaign for Shady Side. The Mcllroy Center is a Gold LEED-certified "green" building with sustainable features that reduce environmental impact while creating teaching opportunities, such as a rooftop solar array and monitoring system and a rain garden to collect storm runoff. The Glimcher Tech & Design Hub, a dynamic facility dedicated to innovation, creativity, technology, and design, opened at the Senior School in September 2019. The 12,000-square-foot space includes three primary areas: a Fabrication and Robotics Wing, a Computer Science Wing, and a café. The facility is on the lower levels of Rowe and Memorial Halls, in the space formerly occupied by the Science Department, before moving to the new McIlroy Center for Science & Innovation in 2018. In 2022, the Academy expanded the Senior School campus with the Gene Deal Fields.

In 2023, the Academy enhanced its Junior School campus with an expanded Early Learning Center and in 2024, Shady Side renovated the Country Day School campus to create inviting, modernized spaces. The final stage of its campus transformation was the Unified Upper School campus which moved the Middle School to the Senior School campus with the construction of the Rockwell Middle School for Winter, 2026, creating a unified learning community for grades 6 – 12.

The Academy's mission statement is as follows:

Shady Side Academy challenges students to think expansively, act ethically, and lead responsibly.

GOVERNANCE

The Board of Trustees (the "Board") serves as the governing body of the Academy. Current members and officers of the Board of Trustees, the year of their initial election to the Board and the year their term ends are listed below:

Board of Trustees (2026-27)

Name of Board Member	Year of Initial Election	Year Term Ends	Principal Affiliation
Michael Haggerty P'29 *Chair of the Board*	2023	2029	The Hillman Company
Robert Shannon Mulllin '93, P'26, '30 *Past Chair of the Board*	2011	2027	Cleopatra Resources
Mauricio Ulloa P'30 *Vice Chair for Buildings and Grounds*	2024	2027	Perkins Eastman
Lisa Haley P'26 *Vice Chair for Community Life*	2024	2027	JP Morgan Chase
Joyce Fu '99, P'28, '29, '33 *Vice Chair for Development*	2023	2029	Major League Baseball
Bart Brush '93, P'26, '29	2024	2027	TriState Capital Bank

Board of Trustees (2026-27)

Name of Board Member	Year of Initial Election	Year Term Ends	Principal Affiliation
Vice Chair for Finance			
Nicolle Bagnell P’30, ’33	2017	2026	Reed Smith LLP
Lara P. Bentz P’32, ’35	2021	2027	N&P Properties, LLC
Shravan Chopra P’26, ’28	2025	2028	Westinghouse Electric Company
Dave Grubman P’33, ’35, ’37	2024	2027	Sidley Austin LLP Global Law Firm
Charles Heppenstall ’78	2026	2029	*Retired*, UPMC Health Plan
Melissa Maxwell Kawai P’30, ’32, ’34	2021	2027	Max Construction Company
Gregory L. Lignelli P’30, ’32	2020	2029	System Inc Holdings, LLC
Albert Lin ’97, P’36	2025	2029	UPMC Sports Medicine
Margo Litwin, P’25, ’28	2024	2027	--
Caitlin McLaughlin P’26	2022	2028	Lafayette Square
Abhisek Mehta ’01	2025	2028	Blue Lotus Investment Fund
Whitney Menarcheck ’06	2024	2027	Transcendworx Syndicate & Straight Up Care
Chris Randall ’96, P’28, ’30	2025	2028	SMI Aware
Joseph R. Reschini P’32	2021	2027	The Reschini Group
Andrew Ross ’98	2024	2027	Confluence Global Capital
Miriam Shapira P’28, ’31, ’35	2024	2027	Global Centre for Climate Mobility
Amanda Hercules-Smith P’29, ’30	2025	2028	Medical Director St. Clair health Urgent Care
Natalie Taylor P’28, ’32	2025	2028	JP Morgan
Daniel J. Wolf ’07	2026	2029	Echinus Partners

Source: Shady Side Internal Records

Shady Side Academy School Board of Trustees 2026-27 standing and ad hoc committee chair assignments are as follows:

Committee:	Chair:
Buildings & Grounds	Mauricio Ulloa
Community Life	Lisa Haley
Development	Joyce Fu
Finance	Bart Brush
Audit & Institutional Risk	Nicolle Bagnell
Committee on Trustees	Caitlin McLaughlin
Endowment	Andrew Ross

ADMINISTRATION

The Board of Trustees delegates the daily operation of the Academy to the Head of School. The Head of School is assisted by a group of administrators (the “Administration”). A summary of the backgrounds of selected Shady Side Academy administrators follows:

Bart Griffith, *President*. Bart Griffith ’93 P’28,’30 became President of Shady Side Academy in July 2019 and is the second alumnus to lead the Academy. Griffith is a native of the Pittsburgh area, having grown up in Squirrel Hill and Fox Chapel, and attended Shady Side Academy for grades 6–12. During his time at Shady Side, he was a varsity football captain, editor of the Shady Side News, and recipient of the President's Prize. As an alumnus, he was an engaged member of the Shady Side Board of Visitors from 2007 to 2019.

Amy Szlachetka, *Vice President of Finance*. Amy Szlachetka manages Shady Side Academy's financial operations, overseeing budgeting, the Business Office, and long-term financial planning. She joined Shady Side in 2005 as Assistant Comptroller and later became Director of Financial Planning. Previously, she worked in corporate litigation at Westinghouse Electric Corp. She holds a bachelor's degree in psychology and criminology from The Ohio State University and a law degree from the University of Pittsburgh. Szlachetka brings extensive experience in financial management and business operations.

Bayh Sullivan, *Chief Enrollment Officer*. Bayh Sullivan oversees enrollment strategy and recruitment at Shady Side Academy, leading admissions, financial aid, and retention efforts. Sullivan previously served as Director of Enrollment Management at The Ellis School, her alma mater. She began her career at Germantown Friends School and doing brand development and marketing at Generation, a non-profit brand consultancy. She has a bachelor's in English language and literature from Bryn Mawr College.

Jamie Scott, *Chief Philanthropy Officer*. Jamie (Brush) Scott '98 leads Shady Side Academy's philanthropic initiatives, overseeing fundraising, alumni relations, and major gifts to support the Academy's mission and growth. A Shady Side alumna, Scott joined the Academy as Assistant Director of Communications before transitioning to Alumni Relations and Development. Prior to Shady Side, she worked in development at Phipps Conservatory and Botanical Gardens and as a Contributing Writer at Whirl magazine, while volunteering her time on local non-profit boards. Scott holds a bachelor's degree in journalism from Indiana University at Bloomington.

Diana Toole, *Chief Marketing Officer*. Diana Toole leads Shady Side Academy's marketing and communications efforts, driving brand strategy, digital engagement, and community outreach. Previously, Toole was the Director of Strategic Marketing, Communications, and Community Outreach at The Ellis School, where she played a pivotal role in branding and digital storytelling over 10 years. Prior to that, she worked in marketing and communications at Carlow University and the Carnegie Museum of Natural History. Her work has received multiple national awards for excellence in design and marketing. She holds a bachelor's degree in communication design from Carnegie Mellon University and a master's in business administration with a concentration in project management from Carlow University.

Jennifer Asmonga, *Vice President of Academics*. Dr. Asmonga transitioned into the role of Vice President for Academics in summer 2025. A member of the Shady Side community since 2008, Dr. Asmonga previously served as Head of Lower Schools and has led transformative work across both the Junior School and Country Day School, from growing enrollment to aligning curriculum and guiding major facility upgrades. In her new Academy-wide role, she oversees curriculum development, faculty hiring and professional growth, and strategic academic initiatives. Dr. Asmonga's promotion reflects a core recommendation from Shady Side's 2024 PAIS accreditation and showcases her deep, sustained impact on teaching and learning across the Academy.

CURRICULUM

The Shady Side Academy curriculum is designed to build a strong academic foundation, setting students up for hands-on, immersive learning outside the classroom. At every level, learning is grounded in challenging students appropriately while remaining dynamic and captivating. Shady Side believes that while traditional academics lay the foundation for a strong learner, education today must reach further and do more than ever before. Faculty strives to cultivate thinkers who thrive at the intersection of disciplines.

The goal of the academic approach is to blend rigorous intellectual growth with character development, recognizing that resilience, perseverance, and a deep engagement with learning are just as crucial as mastering content. With a combination of intimate and highly relational teaching, coaching, and advising models, Shady Side provides a highly individualized education. At the same time, the Academy is large enough to offer programmatic scale and broad community spirit,

The multiple campuses in Pittsburgh provide diverse learning environments. As they progress, students experience unique educational opportunities while remaining part of one unified community. Elementary curriculum is delivered both at the 320-student Junior School in the East End and at the 200-student Country Day School in Fox Chapel. The Upper School campus for grades 6 through 12, located 5 minutes from the Country Day School, offers students and their families a seamless educational journey through middle and high school. The Middle School is housed in the newly constructed Rockwell Middle School, which includes extensive natural lighting, solar panels, energy-efficient systems, a dedicated library, and dining hall. The Upper School campus includes nine educational buildings, two gyms, two dorms, two turf athletic fields, and an ice rink.

Early Learning Program
In the early learning program, Shady Side Academy nurtures social, emotional, and academic skills in ways that feel natural and exciting to children through a mix of structured and free play. Faculty strives to create experiences that spark curiosity, encouraging students to wonder, ask questions, take risks, and see mistakes as opportunities to learn.

Shady Side's approach to literacy for young learners is informed by research, and instruction aligns with the Science of Reading, emphasizing the importance of systematic phonics, phonemic awareness, fluency, vocabulary, and comprehension instruction. Spanish class expands students' horizons, immersing them in a new language and culture. STEM classes include hands-on exploration of topics like plants, weather, habitats, and motion and students apply critical thinking using tools like Bee-Bots in technology class. In math, the curriculum prioritizes number sense, helping students grasp the value and relationships of numbers while connecting math to real-world experiences. In the arts program, visual arts, music, and theater are woven into both classroom learning and specialty classes.

Lower Schools
In grades 1-5, learning is about building confidence and enthusiasm to explore new topics with excitement and purpose. Using their foundation in phonics, elementary students build fluency and comprehension. Students engage in problem-solving through science, technology, engineering, and math by experimenting and refining their thinking.

In STEM, they explore topics like motion, animal adaptations, and space while using tools and technology to test ideas. The curriculum balances structured lessons with flexibility, fostering curiosity and resilience. Through math, students build number sense and tackle complex, real-world problems beyond memorization. Using a concrete-pictorial-abstract approach, they deepen understanding and explain their reasoning.

Spanish class broadens students' worldviews by immersing them in language and culture through games, songs, visuals, and digital tools. Using the comprehensible input approach, students naturally absorb vocabulary and grammar through listening, reading, and speaking activities, building their skills through exposure and engagement.

The arts are woven into both specialty classes and the classroom experience, allowing students to explore visual art, instrumental performance, music theory, and theater. They draw inspiration from renowned artists, and experiment with diverse media while advancing their understanding of perspective and self-expression. Music education deepens as students refine their grasp of rhythm, pitch, and notation, beginning with the ukulele in third grade and progressing to band or string instruments. Theater nurtures confidence, as students develop storytelling and performance skills through plays.

Middle School

The Middle School curriculum is designed to meet the unique needs of 11- to 14-year-olds through classes that inspire curiosity, clubs and affinity groups that foster a sense of belonging, athletics that build resilience, and opportunities for respectful dialogue that nurture empathy. The advisory program provides students with dedicated time to connect with a trusted faculty mentor and a supportive peer group. Students gain key academic and organizational skills through structured learning experiences. Dedicated library time in sixth and seventh grade nurtures research and literacy skills, while all sixth graders take a study skills course to build effective learning strategies. With dedicated time for clubs during the school day, students can explore new interests, develop leadership skills, and collaborate with peers. All students participate in two athletic or movement-based activities each year.

The core program includes computer science, English, mathematics, science, social studies, and world languages (Spanish, Latin, or Chinese). All students choose from general music, concert band, chorus, or strings ensemble each year. Students have one semester of gym class and one semester of health classes each year. Art classes include 3D design, sculpture, printmaking, video, and drawing, among others.

Project Week in the Middle School is a dynamic, hands-on experience where students break from traditional classes to tackle real-world challenges through interdisciplinary learning. By blending science, design, and the arts, students develop critical thinking and problem-solving skills in an immersive, project-based setting. Whether designing sustainable communities or exploring the power of legacy, Project Week pushes students to think creatively, apply knowledge in meaningful ways, and see their learning come to life.

Upper School

In the Upper School, the core program includes two semesters of computer science, four years of English, three years of history, three years of mathematics, three years of science, and three years (and mastery of Level 3) of a world language. Additionally, the performing arts program offers students the opportunity to develop their musical and theatrical talents with Concert Choir, Concert Band, Symphonic Band, String Orchestra, Electronic Sound Studio, Music Theory, Music Workshop: Guitar and Piano, Acting, Jazz Ensemble, and/or Chamber Choir. The Visual Arts program encourages students to explore diverse media, refine technical skills, and develop their artistic voice. Through hands-on studio experiences, students engage in creative problem-solving and self-expression in both traditional and digital forms.

Each May, Senior School students dedicate three weeks to exploring a single, interdisciplinary topic—whether it's the physics of thrill rides, the social and economic impact of major sports franchises through a behind-the-scenes look at the Pittsburgh Steelers, or the ethics of AI with local tech innovators. These courses enhance students' capacity to launch their own companies, serve in local government, contribute to the city's arts scene, or complete externships at design firms, museums, hospitals, or charities.

Athletics

At every level of Shady Side Academy, movement is built into the core curriculum. Physical activity and play in the Lower Schools help build fine motor skills and spatial awareness, laying a foundation for reading, writing, and problem-solving. Every morning, students pair up with classmates and teachers for an outdoor constitutional, and the topics of conversation are wide-ranging. In the Upper School, athletics are a required component of the curriculum.

Shady Side Academy offers 60+ athletic teams for the following interscholastic sports.

Athletic Offerings*

Fall	Winter	Spring
Cheerleading (S)	Basketball (S) (M) (L)	Baseball (S) (M)
Cross Country (S) (M) (L)	Ice Hockey (S) (M) (L)	Lacrosse (S) (M)
Field Hockey (S) (M)	Squash (S) (M)	Softball (S) (M)
Football (S) (M)	Swimming (S) (M)	Boys Tennis (S) (M)
Golf (S)		Track & Field (S) (M)
Girls Tennis (S) (M)		Ultimate Frisbee (S)
Soccer (S) (M)		
Volleyball (S)		

*(S) indicates sports available in the Senior School, (M) indicates Middle School, and (L) indicates Lower School

FACULTY AND STAFF

Shady Side Academy employs 150 full-time teaching faculty for the 2025-26 academic year. The following table depicts the number of full-time and part-time teaching faculty employed by the Academy for the 2021-22 through the 2025-26 academic year.

Teaching Faculty Composition

Positions	2021-22	2022-23	2023-24	2024-25	2025-26
Full-time	143	147	150	150	150
Part-time	2	3	5	4	7
Total	145	150	155	154	157
Faculty with advanced degrees	91	102	110	115	117
Faculty with administrative roles	3	3	3	3	3

Source: Shady Side Internal Records

The following table depicts the teaching experience of Shady Side's full-time teachers for the 2025-26 academic year.

2025-26 Full-Time Teaching Faculty Experience

Years of Teaching Experience	# of Full-Time Teachers
0-5 years	22
6-10 years	25
11-15 years	33
16-20 years	29
21+ years	41
Total	**150**

Source: Shady Side Internal Records

In order to maintain its strong reputation, the Academy is committed to fostering a community of creative and dedicated teachers and coaches. Therefore, Shady Side is committed to providing its teachers with competitive compensation and professional development opportunities. Shady Side indexes its faculty compensation against the Pittsburgh Consortium of Independent Schools ("PCIS"). The table below lists the median salaries of the Academy and of PCIS and NAIS for the 2020-21 through the most recent academic year.

Median Faculty Salaries

	2021-22	2022-23	2023-24	2024-25	2025-26
Median Shady Side Faculty Salary	$50,600	$51,250	$53,561	$57,475	$63,112
NAIS Median Faculty Salary	60,000	63,103	65,368	68,103	-
Shady Side Salary as % of NAIS Median	*84%*	*81%*	*82%*	*84%*	-
PCIS Median Faculty Salary	-	-	53,320	53,050	57,387
Shady Side Salary as % of PCIS Median	-	-	*100%*	*108%*	*110%*

Source: Shady Side Internal Records

ENROLLMENT AND ADMISSIONS

Shady Side draws its students primarily from its local communities within the greater Pittsburgh area. The Academy also maintains a small boarding program, primarily serving student athletes and international students. The student population is made up of families of diverse experiences, backgrounds and cultures.

Shady Side Academy currently enrolls 1,261 students. This represents an increase of 132 students over the past five years, from 1,129 students in Fall, 2021 to 1,261 students in Fall, 2025. Efficient renovations at both lower schools created adequate space to meet demand and construction of the new Rockwell Middle School enabled further enrollment expansion in grades 6 – 8.

As these new larger classes matriculate through, Shady Side intends to continue to grow enrollment to a target of 1,327 students by Fall, 2030. Assuming annual attrition of 6.2%, the Academy will need to enroll approximately 212 new students each year to hit the 2030 target. Over the past five years, Shady Side's average new enrollment has been 230 students. The Academy is fully staffed to support 1,327 students and does not anticipate significantly increased expenses with the expanded enrollment. The chart below shows the expected enrollment growth.

Current and Target Enrollment

Grade	Fall 2025	Fall 2030	Change
Early Learning	163	168	5
Lower School	365	385	20
Middle School	249	270	21
Upper School	484	504	20
Total	1,261	1,327	66

Source: Shady Side Internal Records

The following table illustrates the total enrollment by grade for the past five academic years.

Annual Enrollment by Grade

Grade	2021-22	2022-23	2023-24	2024-25	2025-26
PreKindergarten	79	95	102	93	91
Kindergarten	74	78	73	78	72
Early Learning	153	173	175	171	163

Annual Enrollment by Grade

Grade	2021-22	2022-23	2023-24	2024-25	2025-26
Grade 1	64	77	81	77	71
Grade 2	58	61	76	79	68
Grade 3	59	63	66	80	76
Grade 4	63	58	66	72	78
Grade 5	57	67	57	71	72
Lower School	301	326	346	379	365
Grade 6	65	67	87	64	87
Grade 7	70	73	73	93	69
Grade 8	68	71	73	81	93
Middle School	203	211	233	238	249
Grade 9	108	98	104	126	129
Grade 10	127	117	112	119	130
Grade 11	111	135	121	110	119
Grade 12	126	109	134	122	106
Upper School	472	459	471	477	484
Total	**1,129**	**1,169**	**1,225**	**1,265**	**1,261**

Source: Shady Side Internal Records

As the Academy's enrollment has grown, the acceptance rate has fallen, from 68% in Fall, 2021 to 61% in the most recent Fall, 2025 admissions cycle, and matriculation has ranged from 68% to 74%. In each of the past three years the waitlist has exceeded 50 students. The following table illustrates the number of applications, acceptances and matriculants for the prior five academic years.

Applications, Acceptances, and Matriculants

Academic Year	Applications	Acceptances	Acceptance Rate	Matriculants	Matriculation Rate
2021-22	502	339	68%	230	68%
2022-23	538	343	64%	240	70%
2023-24	528	317	60%	224	71%
2024-25	527	328	62%	242	74%
2025-26	505	308	61%	214	69%

Source: Shady Side Internal Records

The Academy maintains a small boarding program for Upper School students. Boarding students are primarily student athletes and international students. The geopolitical climate as well as decreasing domestic demand has impacted enrollment in Shady Side's boarding program. The Academy is actively evaluating long-term configurations for its boarding program based on capacity to achieve a balanced budget for the program. Going forward the Academy anticipates domestic boarding enrollment of 15 students and international boarding of 15 students, for a total of 30 boarding students.

The chart below shows the total day and boarding enrollment for the past five years.

Upper School Day and Boarding Enrollment

Academic Year	Day	Domestic Boarding	Intl Boarding	% Day	% Boarding
2021-22	408	40	24	86%	14%
2022-23	393	43	23	86%	14%
2023-24	398	50	23	85%	15%
2024-25	408	47	21	86%	14%
2025-26	441	24	19	91%	9%

Source: Shady Side Internal Records

Attrition in a given year illustrates the number of students who were eligible to re-enroll from the prior year but elected not to do so, e.g. attrition for 2025-26 represents the number of students who at the end of 2024-25 academic year were eligible to re-enroll but did not do so. Attrition occurs when students decide not to re-enroll at Shady Side, which could include a variety of reasons. In the Administration's view, the top three reasons why students withdraw from the Academy are: (i) relocation; (ii) programming; and (iii) financial. In the most recent academic year attrition was elevated which the Academy believes is attributable to increased family relocation as a result of change in job status due to loss of federal funding and grants. Over the recent five-year history, Shady Side's average attrition rate was 6.1%. The following table illustrates historical attrition.

Annual Attrition Trends

Academic Year	Students Eligible for Re-enrollment	Students Departing	Percentage of Enrollment
2021-22	984	76	7.7%
2022-23	998	54	5.4%
2023-24	1,057	56	5.3%
2024-25	1,076	53	4.9%
2025-26	1,131	84	7.4%

Source: Shady Side Internal Records

As primarily a day school, Shady Side Academy attracts students from nearby local communities with the majority of students coming from Pittsburgh, Pennsylvania, representing over 120 zip codes. The following chart demonstrates the geographic distribution of the Academy's students for the 2025-26 academic year, excluding the 19 international students:

2025-26 Geographic Distribution of Students

Zip Code	# of Students	Zip Code	# of Students
15238	224	15218	35
15217	155	15090	33
15232	75	15143	30
15206	73	15213	29
15215	65	15235	28
15044	50	15201	26
15208	47	Other	327
15101	43		
		Total	**1,242**

Source: Shady Side Internal Records

The diversity of the Academy's student body has increased as enrollment has grown, from 33% students of color in Fall, 2021 to 43% in Fall, 2025. The following table shows the breakdown of students of color for the past five academic years.

Student Ethnic Composition

Academic Year	African-American	Latino / Hispanic	Asian-American	Middle Eastern	Other	Total	% of Total Students
2021-22	70	18	135	15	135	373	33%
2022-23	70	33	168	13	175	459	39%
2023-24	73	43	179	10	162	467	38%
2024-25	73	42	199	8	205	527	42%
2025-26	74	44	200	9	211	538	43%

Source: Shady Side Internal Records

STUDENT OUTCOMES

Shady Side Academy has historically matriculated graduating students to highly competitive colleges and universities throughout the United States. The following table shows the colleges and universities to which five or more Shady Side students have matriculated since the class of 2021.

College Matriculation of Shady Side Graduates
(Classes of 2021 - 2025)

Institution	Matriculants	Institution	Matriculants
University of Pittsburgh	44	Brown University	6
Pennsylvania State University	26	Cornell University	6
Carnegie Mellon University	21	Dartmouth College	6
Case Western Reserve University	12	Denison University	6
Washington University in St. Louis	11	Elon University	6
New York University	10	University of Maryland	6
Wake Forest University	10	University of Michigan	6
Bucknell University	9	University of Notre Dame	6
Rochester Institute of Technology	9	American University	5
Purdue University	8	Johns Hopkins University	5
High Point University	7	Northeastern University	5
Temple University	7	Southern Methodist University	5
Tulane University	7	University of Illinois Urbana – Champagne	5
Boston University	6	University of Wisconsin Madison	5

Source: Shady Side Internal Records

The following table shows the Academy's mean SAT and ACT scores compared to the national averages over the past 5 years.

Mean SAT & ACT Scores

	Class of '21	Class of '22	Class of '23	Class of '24	Class of '25
SAT Scores					
Shady Side Average SAT Composite	1335	1350	1293	1293	1330
National Average	1060	1050	1028	1024	1024
% National Average	*126%*	*129%*	*126%*	*126%*	*130%*
ACT Scores					
Shady Average ACT Composite	30	30	29	29	30
National Average	20	20	20	19	19
% National Average	*150%*	*150%*	*145%*	*153%*	*158%*

Source: Shady Side Internal Records, The College Board Total Group Profile Report, and American College Testing

Shady Side students are consistently recognized in the National Merit Scholarship Program. The following table lists the number of Shady Side students who were semi-finalists and finalists over the past five years.

National Merit Scholar Awards

	Class of '21	Class of '22	Class of '23	Class of '24	Class of '25
Participants	118	127	134	134	122
Semi-Finalists	14	7	N/A	7	8
Finalists	13	5	N/A	7	7

Source: Shady Side Internal Records

Advance Placement courses are available only in mathematics, world languages, and computer science. Over the past five years the number of students taking tests has increased from 165 to 232, while the percentage of exams yielding a "3" or higher has increased from 72% to 93%. The chart below shows the number of exams taken by Shady Side students which received scores of "3" or higher and the number of exams receiving scores of "5" for the past five academic years.

AP Test Results

	Class of '21	Class of '22	Class of '23	Class of '24	Class of '25
Number of Exams Taken	165	151	193	228	232
Number of Scores "3" or higher	119	91	143	169	215
% of Scores "3" or higher	72%	60%	74%	74%	93%
Number of Scores "5" or higher	51	35	57	83	75
% of Scores "5" or higher	31%	23%	30%	36%	32%

Source: Shady Side Internal Records

TUITION & FINANCIAL AID

The following table shows the Academy's tuition rates for the upcoming and prior five academic years. The Academy recently conducted a pricing study and believes that it has additional pricing power as a leader in the Pittsburgh independent school market. This pricing power is evidenced by FYE 2025 tuition growth of 8.4% in PreK and Kindergarten and 5 – 7% in Grades 1 – 12 while maintaining enrollment and continuing to decrease financial aid. Additional tuition increases are anticipated in the next four fiscal years.

Historic Tuition Levels

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
PreKindergarten	16,995	17,600	18,650	22,500	24,400	26,400
% Growth	*3.0%*	*3.6%*	*6.0%*	*20.6%*	*8.4%*	*8.2%*
Kindergarten	19,550	20,250	21,475	22,500	24,400	26,400
% Growth	*3.0%*	*3.6%*	*6.0%*	*4.8%*	*8.4%*	*8.2%*
Grades 1 – 5	23,975	24,850	26,350	28,000	29,900	31,700
% Growth	*3.0%*	*3.6%*	*6.0%*	*6.3%*	*6.8%*	*6.0%*
Grades 6 – 8	28,845	29,900	31,550	33,500	35,400	37,200
% Growth	*3.0%*	*3.7%*	*5.5%*	*6.2%*	*5.7%*	*5.1%*
Grades 9 – 12, Day	33,985	35,175	36,950	39,000	40,900	42,700
% Growth	*3.0%*	*3.5%*	*5.0%*	*5.5%*	*4.9%*	*4.4%*
Grades 9 – 12, Domestic Boarding	55,485	56,675	59,525	62,500	65,500	67,300
% Growth	*3.7%*	*2.1%*	*5.0%*	*5.0%*	*4.8%*	*2.7%*
Grades 9 – 12, Intl Boarding	59,235	60,425	63,525	66,500	69,500	71,300
% Growth	*10.7%*	*2.0%*	*5.1%*	*4.7%*	*4.5%*	*2.6%*

Source: Shady Side Internal Records

The Academy benchmarks its tuition against other area and regional independent day schools. Shady Side's tuition level is competitive in the market of independent schools against which the Academy benchmarks itself. The following table depicts the 2025-26 academic year tuition rates for Shady Side and schools with which the Academy compares itself and competes for students.

Comparative 2025-26 Tuition

School	Grades 1-5	Grades 6-8	Grades 9-12 (Day)
Winchester Thurston School (Pittsburgh, PA)	$30,500	$35,200	$40,400
The Ellis School (Pittsburgh, PA)	29,750*	34,950	39,400
Sewickley Academy (Sewickley, PA)	29,500*	35,000	39,000
St. Edmunds Academy (Pittsburgh, PA)	26,000	27,000	-
Falk Laboratory School	20,900	20,900	-
Shady Side Academy (Pittsburgh, PA)	**29,900**	**35,400**	**40,900**
Median of Competitors	27,950	34,950	39,400

**Tuition shown is for grades 1-4. Grade 5 tuition is 33,100.*
**Tuition shown is for grade 4. Grade 1 – 5 tuition ranges from $24,000 - $26,000.*
Source: Shady Side Internal Records and websites of peer institutions

The financial composition of the student body remains a keystone of the enrollment strategy. Since FY 2020, full-pay enrollment has increased 39%. The target ratio of full-pay to grant seats is 3:1; in FY 2026, 73% of students are full-pay, up from 65% in FY 2020. As a result, the tuition discount has decreased from 14.9% to 13.3% over the past five years. The following table illustrates the financial aid awarded to students in the past five academic years.

Total Financial Aid Awards

Fiscal Year	Total Grants	Number of Recipients	% of Student Body	Average Grant	Grants as a % of Tuition Revenue
2021-22	$4,801,140	219	20%	$21,923	14.9%
2022-23	$4,948,105	212	22%	$23,340	14.5%
2023-24	$5,306,314	211	20%	$25,148	14.3%
2024-25	$5,180,625	196	17%	$26,432	12.5%
2025-26	$5,763,975	203	16%	$28,394	13.3%

Source: Shady Side Internal Records

Full-time employees of the Academy receive a tuition remission benefit of 85% of the applicable tuition costs for each enrolled child. The employee is responsible for the remaining 15% of applicable tuition costs. In the 2025-26 academic year, the Academy granted $3.3 million in remission to 120 students, representing 10% of the student body and 8% of tuition revenue.

ADVANCEMENT

The Blue and Gold fund is a vital part of the annual operating budget, contributing to every part of the Academy's operation and comprised of unrestricted gifts to the Academy made on a yearly basis. Support for the annual fund has averaged $4.9 million over the last four fiscal years. Participation in annual giving is strong, particularly among alumni. In 2024, 1,040 community members donated to the Blue and Gold Fund. The table below illustrates total annual fund support by donor category over the last four fiscal years.

Sources of Annual Giving

	2021-22	**2022-23**	**2023-24**	**2024-25**
Trustees	$ 472,846	$ 368,930	$ 502,890	$ 318,006
Alumni	1,381,540	1,564,488	1,797,791	2,042,151
Current parents	700,935	813,259	309,400	375,675
Current grandparents	161,650	412,056	270,200	164,670
Parents of Alumni	270,158	204,837	686,134	1,010,715
Faculty/staff	15,800	9,248	7,403	8,154
Other individuals	92,958	556,334	85,222	494,516
Organizations & foundations	349,128	1,555,267	1,554,827	1,257,510
Total	$ 3,445,042	$ 5,484,419	$ 5,213,867	$ 5,671,397

Source: Shady Side Internal Records

The table below illustrates total philanthropic support for the operating budget and capital campaigns over the last five fiscal years.

Total Philanthropic Giving*

	2021-22	2022-23	2023-24	2024-25
Annual Fund	$ 3,445,042	$ 5,484,419	$ 5,213,867	$ 5,671,397
Planned Giving	-	300,365	38,514	32,079
Capital	7,070,618	8,080,692	5,792,493	7,853,768
Total (Actual)	$ 10,464,191	$ 11,091,081	$ 8,741,237	$ 10,546,992

*Certain gifts are allocated to multiple categories; as such the total of the categories does not match the actual total received.
Source: Shady Side Internal Records

Current Fundraising Initiative
Shady Side Academy has raised $22 million from 75 generous donors toward the $26 million Rockwell Middle School project, which opened January 2026. A range of major gifts has driven steady momentum, ensuring that the new facility will deliver on the Academy's commitment to innovative spaces, relational teaching, and an exceptional student experience. With $5 million left to secure, Shady Side Academy is focused on completing fundraising while celebrating the opening of a defining addition to the campus.

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FINANCIAL MATTERS

The following summaries and discussions of financial matters should be read in conjunction with the Academy's audited financial statements and notes for the fiscal years 2021 through 2025, which have been audited by Schneider Downs & Co. Inc.

Statement of Unrestricted Activities
(Fiscal Years Ended June 30)

	2021	2022	2023	2024	2025
Support and Revenues:					
Student tuition and fees, net	$ 24,691,355	$ 26,948,658	$ 28,710,843	$ 31,492,030	$ 35,668,555
Auxiliary enterprises	1,978,748	1,763,395	1,839,074	2,063,680	2,172,430
Summer programs	426,917	1,403,450	1,825,100	1,926,510	2,212,316
Private gifts	2,717,893	3,246,215	2,890,489	2,968,170	3,474,218
Interest and dividends, net	1,399	7,667	489,946	1,011,479	837,609
Miscellaneous	175,880	370,046	1,326,767	468,688	494,581
Net assets released from restriction	3,225,719	7,377,062	7,605,476	10,151,105	15,561,971
Total support and revenues	$ 33,217,911	$ 41,116,493	$ 44,687,695	$ 50,081,662	$ 60,421,680
Expenses:					
Program services	$ 23,095,759	$ 25,119,473	$ 27,647,525	$ 30,813,068	$ 31,909,659
Management and general	10,492,798	11,073,977	12,017,299	13,076,891	13,851,100
Fundraising	1,234,345	1,277,627	965,620	906,068	768,513
Total expenses	$ 34,822,902	$ 37,471,077	$ 40,630,444	$ 44,796,027	$ 46,529,272
Change in Net Assets from operations	(1,604,991)	3,645,416	4,057,251	5,285,635	13,892,408
Nonoperating activities					
Gain on extinguishment of debt	$ 3,674,500	$ -	$ -	$ -	$ -
(Loss) gain on disposal of property, plant, & equip.	-	-	-	260,798	(71,529)
Net transfers from operating surplus	-	-	-	-	(623,000)
Total other change in net assets	$ 3,674,500	$ -	$ -	$ 260,795	$ (694,529)
Change in Net Assets	$ 2,069,509	$ 3,645,416	$ 4,057,251	$ 5,546,430	13,197,879
Net Assets					
Beginning of year	$ 29,759,617	$ 31,829,126	$ 35,474,542	$ 39,531,793	$ 45,078,223
End of year	$ 31,829,126	$ 35,474,542	$ 39,531,793	$ 45,078,223	$ 58,276,102

Source: Shady Side audited financial statements

The following table depicts the Academy's total net asset position, classified by the level of restriction, for the past five fiscal years.

Total Net Assets
(Fiscal Years Ended June 30)

	2021	2022	2023	2024	2025
Without Donor Restrictions	$ 31,829,126	$ 35,474,542	$ 39,531,793	$ 45,078,223	$ 58,276,102
With Donor Restrictions	81,131,432	73,245,131	88,900,234	91,223,033	88,674,912
Total Net Assets	$112,960,558	$108,719,673	$128,432,027	$136,301,256	$146,951,014

Source: Shady Side audited financial statements

Management Discussion of Financial Performance
As of June 30, 2025, Shady Side had net assets of $146.9 million. The Academy's cash and investments have increased from $94.7 million at FYE 2021 to $107.4 million at FYE 2025, an increase of $12.7 million or 13.5%. During the same time period, the Academy has invested significantly in its plant as a part of the Campus Master Plan.

Shady Side Academy has generated a GAAP based surplus in each of the past five years except for 2021 which was impacted by COVID. The Academy believes these operating surpluses are a result of the following:

- Growing Enrollment. Since FY 2020, enrollment has grown 24% through strategic enrollment management. Efficient renovations at both lower schools created adequate space to meet demand. Shady Side now enrolls five sections of elementary students, improving average student tenure and decreasing pressure on entry points in sixth and ninth grades. Target enrollment is 1,327 students in Fall, 2030 and the Academy is fully staffed to support this enrollment growth.

- Prudent Management of Financial Aid. Since FY 2020, full-pay enrollment has increased 39%. The target ratio of full-pay to grant seats is 3:1; in FY 2026, 73% of students are full-pay, up from 65% in FY 2020.

- Fundraising Growth. Concurrently with fundraising efforts in support of the Middle School project, the Academy has strengthened annual fund giving. In the past four years, annual giving has averaged $4.9 million.

For the recently completed fiscal year ended June 30, 2026, Shady Side Academy's management believes the Academy continued its trend of sound financial operating performance combined with strong fundraising support and positive investment performance. For FYE 2026, Shady Side enrolled 1,261 students. The Academy budgets for a $600,000 surplus after funding capital expenditures and administration is currently estimating the FYE 2026 surplus at $1.0 million (non-GAAP based). For the 2026-27 academic year, the Academy is projecting enrollment of 1,280 and continues to budget for a $600,000 surplus.

Investments and Endowment
As of June 30, 2025, Shady Side Academy had $107.4 million of cash and investments, an increase of $12.7 million or 13.5% since June 30, 2021. The following table displays the Academy's total cash and investments for the past five fiscal years.

Cash and Investments Balance
(Fiscal Years ended June 30)

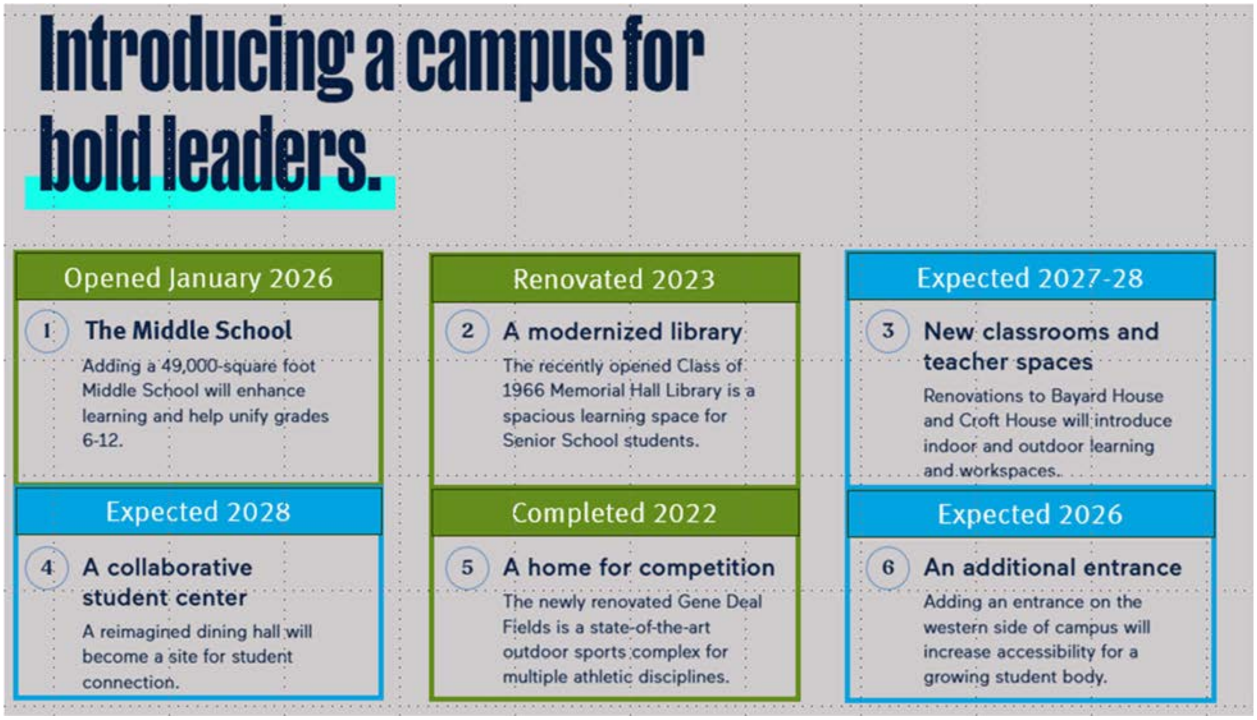
	2021	2022	2023	2024	2025
Cash and cash equivalents	$ 7,818,404	$ 6,984,762	$ 4,225,938	$ 3,158,884	$ 4,517,841
Investments – Other	7,898,420	10,261,422	17,237,614	19,024,891	14,263,394
Investments – Endow	78,933,911	70,891,932	74,764,663	81,617,037	88,607,922
Total investments	$ 94,650,735	$ 88,138,116	$ 96,228,215	$ 103,800,812	$ 107,389,157

Source: Shady Side Internal Records

The Academy's endowment spending policy for fiscal year 2026 is 5%, calculated based on the average quarter-end balance from the previous 12 quarters.

CAMPUS MASTER PLAN

Shady Side Academy is in the process of completing a number of renovations associated with its Strategic Vision. The chart below shows the work that has been completed to date, as well as the work which is expected to take place through 2028.



$15 million of Series 2026 Bond Proceeds will (1) refinance an existing $8 million line of credit used to bridge finance the Rockwell Middle School construction and (2) bridge finance pledges associated with the Dining Hall/student center. The remaining $15 million in Bond proceeds will refinance the Academy's outstanding debt ($5 million) on a taxable basis and fund deferred maintenance projects on campus ($10 million).

Construction of the Rockwell Middle School was funded by cash campaign collections as well as a line of credit with a balance of $8 million (following paydown from proceeds of the sale of the former middle school). As of Summer 2026, the Academy has $1.2 million in campaign pledges outstanding related to the Middle School and anticipates raising an additional $5 million.

The Dining Hall is anticipated to break ground early to mid 2027 and be completed in 2028. To maintain uninterrupted dining services during construction of the new dining hall, the Academy will establish a temporary dining and food service operation. The interim kitchen facility will consist of an approximately 3,000-square-foot, slab-on-grade wood-frame structure located immediately outside the entrances to Curry Gymnasium and designed to house commercial kitchen equipment, food preparation areas, and serving lines. Refrigerated storage will be provided through leased refrigeration trucks located adjacent to the temporary kitchen facility. Student and community dining functions will be relocated to Curry Gymnasium, which will serve as the temporary dining venue for the duration of the project. This interim solution will enable the Academy to continue providing daily meal service while minimizing disruption to campus operations. The cost is expected to be $15 million and the Academy has raised $7 million to date, collected in cash.

GEOGRAPHIC AREA AND FACILITIES

Shady Side Academy operates multiple campuses in Pittsburgh, totaling 189 acres. The Academy offers two elementary school options – the Junior School located in Pittsburgh's East End, home to 304 students and the Country Day School located in Fox Chapel, home to 224 students – as well as a unified grades 6-12 Upper School campus located in Fox Chapel. The Country Day School's campus in Fox Chapel features year-round outdoor learning spaces, including a treehouse, on 17 acres of land. The 7-acre Junior School includes three playgrounds, a full-size athletic field and gymnasium, and direct access to Frick Park. At the Upper Campus, the newly constructed Rockwell Middle School includes extensive natural lighting, a dedicated library and dining hall with natural lighting, solar panels, and energy-efficient systems. The Senior School campus offers nine educational buildings, two gyms, two dorms, two turf athletic fields, and an ice rink.

The following table identifies the Academy's properties and the approximate square footage of each facility:

Existing Campus Facilities

Name of Property	Square Footage	Year Built	Recent Significant Renovation	Purpose
Upper Campus				
Bayard House	16,200	1930	-	Administrative
Benedum Visual Arts Center	8,528	1922	1995	Arts
Croft House	23,688	1930	2013	Dormitory
Center for Science and Innovation	22,005	2018	-	Academics
McCune Dining Hall	13,063	1928	2014	Dining
Facilities Office	2,498	1930	-	Administrative
Health Center	1,398	2018	-	Health
Hillman Center for Performing Arts	26,405	2006	2021	Arts
Roy McKnight Hockey Center	10,863	1996	2022	Athletics
Mellon & Curry Gyms	52,357	1966	2011	Athletics
Morewood House	10,600	1922	2015	Dormitory
Press Box – 2nd Floor	925	2012	-	Athletics
Rockwell Middle School	49,000	2026	-	Academics
Rowe Hall	40,210	1921	2023	Academics
Stadium	1,131	2008	-	Athletics
Tech House	2,052	1924	2003	Administrative
Tech Warehouse	1,798	1965	2009	Administrative
Visitors Press Box	600	1995	2012	Athletics
Upper Circle Storage	2,108	1965	2009	Administrative
Eastover	4,262	1922	2019	President's House
Indian Hill	4,200	-	-	
Lower Campus				
Junior School	52,754	-	2023	Academics
PreK / ELC	9,789	2007	2023	Academics
Country Day	54,538	1948	2024	Academics

Source: Shady Side Internal Records

In addition to the above, the Upper School campus includes 7 residential houses, totaling 15,700 square feet.

ACCREDITATION AND MEMBERSHIPS

Shady Side is fully accredited by the Pennsylvania Association of Independent Schools. The Academy is a member of the National Association of Independent Schools, the Middle States Association, the Association of Boarding Schools, the Pittsburgh Consortium of Independent Schools, the National Association for College Admission Counselors, and the Association of College Counselors in Independent Schools.

INSURANCE

The Academy carries standard industry insurance policies, including but not limited to business auto, commercial fire, crime, property, general liability, umbrella, Directors & Officers liability, employment practice liability, trustee and fiduciary liability, property, business interruption, cyber, student accident, international travel, and workers compensation.

LITIGATION

The Academy is not aware of any litigation pending or threatened wherein an unfavorable decision would have a materially adverse effect on the financial condition, property, or operations of the Academy.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF SHADY SIDE ACADEMY

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Shady Side Academy
Pittsburgh, Pennsylvania

Consolidated Financial Statements
For the years ended June 30, 2025 and 2024

and Independent Auditor's Report Thereon

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Independent Auditor's Report

Board of Trustees
Shady Side Academy
Pittsburgh, Pennsylvania, United States of America

Opinion

We have audited the consolidated financial statements of Shady Side Academy and its subsidiaries (the Academy), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, 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 financial position of the Academy and its subsidiaries as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Academy and its subsidiaries 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 Consolidated Financial Statements

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

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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 Academy's ability to continue as a going concern within one year after the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy'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 Academy'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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
November 25, 2025

Shady Side Academy

Consolidated Statements of Financial Position
As of June 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 4,517,841	$ 3,158,884
Contribution receivables (less allowance of $46,000 and $13,500, respectively)	1,837,794	6,172,222
Tuition and student-related receivables (less allowance of $323,000 and $418,000, respectively)	506,901	576,793
Investments	102,871,316	100,641,928
Prepaids and other assets	395,275	451,805
Right-of-use assets, operating leases	369,931	549,539
Property, plant and equipment, net	56,911,556	43,582,815
Total assets	$ 167,410,614	$ 155,133,986
Liabilities and net assets		
Liabilities		
Accounts payable and other payables	$ 2,095,618	$ 1,474,469
Accrued expenses	1,928,941	1,753,101
Student deposits	470,363	526,595
Notes payable	5,508,040	6,057,800
Operating lease liabilities	449,906	660,061
Deferred revenue	3,384,011	2,216,886
Refundable advance	6,622,721	6,143,818
Total liabilities	20,459,600	18,832,730
Net assets		
Net assets without donor restrictions	58,276,102	45,078,223
Net assets with donor restrictions	88,674,912	91,223,033
Net assets	146,951,014	136,301,256
Total liabilities and net assets	$ 167,410,614	$ 155,133,986

See accompanying notes to consolidated financial statements.

Shady Side Academy

Consolidated Statements of Activities
For the years ended June 30, 2025 and 2024

	Without Donor Restrictions 2025	With Donor Restrictions 2025	Total 2025	Without Donor Restrictions 2024	With Donor Restrictions 2024	Total 2024
Support and revenues						
Student tuition and fees, net	$ 35,668,555	$ -	$ 35,668,555	$ 31,492,030	$ -	$ 31,492,030
Auxiliary enterprises	2,172,430	-	2,172,430	2,063,680	-	2,063,680
Summer programs	2,212,316	-	2,212,316	1,926,510	-	1,926,510
Private gifts	3,474,218	2,831,485	6,305,703	2,968,170	2,430,764	5,398,934
Net realized and unrealized gains on investments	-	8,971,595	8,971,595	-	8,769,673	8,769,673
Interest and dividends, net	837,609	1,210,770	2,048,379	1,011,479	1,273,467	2,284,946
Miscellaneous	494,581	-	494,581	468,688	-	468,688
Net assets released from restriction	15,561,971	(15,561,971)	-	10,151,105	(10,151,105)	-
Total support and revenues	60,421,680	(2,548,121)	57,873,559	50,081,662	2,322,799	52,404,461
Expenses						
Program services	32,532,659	-	32,532,659	30,813,068	-	30,813,068
Management and general	13,851,100	-	13,851,100	13,076,891	-	13,076,891
Fundraising	768,513	-	768,513	906,068	-	906,068
Total expenses	47,152,272	-	47,152,272	44,796,027	-	44,796,027
Nonoperating activities						
(Loss) gain on disposal of property, plant and equipment	(71,529)	-	(71,529)	260,795	-	260,795
Changes in net assets	13,197,879	(2,548,121)	10,649,758	5,546,430	2,322,799	7,869,229
Net assets at beginning of year	45,078,223	91,223,033	136,301,256	39,531,793	88,900,234	128,432,027
Net assets at end of year	$ 58,276,102	$ 88,674,912	$146,951,014	$ 45,078,223	$ 91,223,033	$136,301,256

See accompanying notes to consolidated financial statements.

Shady Side Academy

Consolidated Statements of Functional Expenses
For the years ended June 30, 2025 and 2024

	Program Expenses 2025	Management and General 2025	Fundraising 2025	Total 2025
Salaries and benefits	$ 21,187,789	$ 9,035,342	$ 626,598	$ 30,849,729
Operation and maintenance of plant	5,128,458	3,002,546	16,715	8,147,719
Depreciation	2,298,352	574,588	-	2,872,940
Summer events and programming	1,130,523	-	-	1,130,523
Other miscellaneous expenses	629,028	103,634	55,395	788,057
Information services and systems	608,601	142,990	-	751,591
Professional and contracted services and fees	597,090	144,792	-	741,882
Travel expenses	616,317	2,887	33,808	653,012
Advertising and promotion	336,501	22,501	35,997	394,999
Insurance expenses	-	381,684	-	381,684
Interest expenses	-	323,029	-	323,029
Cost of merchandise sales	-	117,107	-	117,107
Total expenses	$ 32,532,659	$ 13,851,100	$ 768,513	$ 47,152,272

	Program Expenses 2024	Management and General 2024	Fundraising 2024	Total 2024
Salaries and benefits	$ 20,222,937	$ 8,031,897	$ 707,991	$ 28,962,825
Operation and maintenance of plant	5,309,071	2,704,723	47,798	8,061,592
Depreciation	2,233,374	558,343	-	2,791,717
Professional and contracted services and fees	693,114	196,909	-	890,023
Summer events and programming	857,904	-	-	857,904
Information services and systems	579,253	135,553	-	714,806
Other miscellaneous expenses	431,435	67,102	49,533	548,070
Advertising and promotion	-	488,083	58,672	546,755
Travel expenses	485,980	4,293	42,074	532,347
Interest expenses	-	402,278	-	402,278
Insurance expenses	-	388,670	-	388,670
Cost of merchandise sales	-	99,040	-	99,040
Total expenses	$ 30,813,068	$ 13,076,891	$ 906,068	$ 44,796,027

See accompanying notes to consolidated financial statements.

Shady Side Academy

Consolidated Statements of Cash Flows
For the years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 11,272,761	$ 7,869,229
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	2,872,940	2,791,717
Loss (gain) on disposal of assets	71,529	(260,795)
Change in allowance for credit losses and doubtful accounts	(62,807)	(81,595)
Contributions restricted for long-term purposes	(1,913,378)	(2,476,046)
Net realized and unrealized gains on investments	(8,971,595)	(8,769,673)
(Increase) decrease in assets		
Student accounts receivable	164,359	215,467
Contributions receivable	(108,080)	(171,106)
Other asset	56,926	(141,354)
Increase (decrease) in liabilities		
Accounts payable and other payables	(1,190,915)	(77,861)
Accrued expenses	175,840	115,490
Other liabilities	1,110,893	106,485
Operating lease right-of-use assets and liabilities, net	(30,547)	(873)
Total adjustments to reconcile change in net assets to net cash used in operating activities	(7,824,835)	(8,750,144)
Net cash provided by (used in) operating activities	3,447,926	(880,915)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	450,399
Purchase of property, plant and equipment, net of construction payable	(15,084,146)	(6,832,489)
Proceeds from sale of investments	20,284,456	17,539,027
Purchase of investments	(13,063,349)	(16,930,344)
Net cash used in investing activities	(7,863,039)	(5,773,407)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	6,323,830	6,136,247
Payment of notes payable	(549,760)	(548,979)
Net cash provided by financing activities	5,774,070	5,587,268
Net increase (decrease) in cash and cash equivalents	1,358,957	(1,067,054)
Cash and cash equivalents at beginning of year	3,158,884	4,225,938
Cash and cash equivalents at end of year	$ 4,517,841	$ 3,158,884
Supplemental schedule of noncash investing and financing activities		
Refundable advance for scholarships, where the donor retains variance power	$ 6,622,721	$ 6,143,818
Interest paid	323,029	402,278
Property and equipment included in accounts payable	25,343	866,107
Transfer of operating surplus to plant	623,000	-

See accompanying notes to consolidated financial statements.

1. Nature of Organization

Shady Side Academy is a not-for-profit organization established to educate students from pre-kindergarten through the 12th grade. The majority of students are from Western Pennsylvania.

2. Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements include the accounts of Shady Side Academy and its majority-owned, controlled subsidiaries, the Shady Side Academy Foundation and Fox Chapel Country Day School, Inc., collectively the Academy. All intercompany accounts and transactions have been eliminated in consolidation.

b. Basis of Accounting

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

c. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

d. Cash and Cash Equivalents

The Academy considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

The Academy maintains cash balances at U.S. banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000 for each institution. The Academy's cash balances at times exceeded federally insured limits. The Academy has not experienced any losses and does not believe it is exposed to any significant credit risk on cash and cash equivalents. At June 30, 2025, the Academy's cash accounts exceeded federally insured limits by approximately $3,916,267.

e. Contributions Receivables

Unconditional written promises to give (contributions) are recognized as an asset and contribution revenue in the period received. Promises to give are recorded at net realizable value and are discounted at an appropriate rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible promises to give is estimated by the Academy based on factors such as the Academy's experience with donors, adverse conditions that might affect the donor's ability to pay and current economic conditions. Conditional promises to give are recognized when the conditions on which they depend, which consist of both a barrier and a right of return or release, are met.

f. Tuition and Student-Related Receivables

Tuition and student-related receivables include amounts billed and currently due from students of which the Academy has an unconditional right to receive. The amounts due are stated at their estimated net realizable value. An allowance for credit losses is maintained to provide for the estimated amount of receivables that will not be collected. The allowance is based on the Academy's assessment of the collectibility of receivables with similar risk characteristics on a pooled basis. It is derived from an evaluation of significant past due balances, historical losses and existing economic conditions. The Academy writes off uncollectible receivables against the allowance when the likelihood of collection is remote. Recoveries of receivables previously written off are recognized as an offset to provision for credit loss in the year of recovery. Actual results could differ from these estimates.

g. Investments

Investments are reported at fair value. Adjustments to reflect increases or decreases in fair value, referred to as unrealized gains and losses, are reported in the consolidated statement of activities.

Gains and losses on the sale of investments are determined using the specific identification method. Realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations or law. Dividend and interest income are accrued as earned. Income and net gains (losses) on investment of endowment funds are reported in the consolidated statement of activities as follows:

- As increases (decreases) in net assets with donor restrictions if the terms of the gift that gave rise to the investment require that they be added to the principal of a permanent endowment fund; or
- As increases (decreases) in net assets without donor restrictions in all other cases.

The investment portfolio is managed by professional investment advisors and managers in accordance with the Academy’s investment policy.

h. Property, Plant and Equipment

Property, plant and equipment is recorded at cost. Expenditures for additions, improvements and other enhancements to property, plant and equipment are capitalized, and minor replacements, maintenance and repairs that do not extend asset life or add value are charged to expense as incurred. When property, plant and equipment assets are retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in results of operations.

In general, depreciation is the systematic and rational allocation of an asset's cost, less its residual value (if any), to the periods it benefits. Property, plant and equipment is depreciated using the straight-line method, which results in depreciation expense being incurred evenly over the life of an asset. The estimated useful lives for each major depreciable classification of property, plant and equipment range from five to 50 years. The Academy's estimate of depreciation expense incorporates management assumptions regarding the useful economic lives and residual values of the Academy's assets. The Academy periodically reviews and adjusts, as appropriate, the residual values and useful lives of its assets.

Certain of the Academy's plant operations entail periodic planned outages for major maintenance activities. These planned shutdowns typically result in significant expenditures, which principally comprise amounts paid to third parties for materials, contract services and related items.

The Academy reports gifts of property, plant and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Academy reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

i. Long-lived Asset Impairment

The Academy reviews its long-lived assets, including property, plant, and equipment, and right of use (ROU) assets held under operating leases, which are held and used in its operations, for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If such an event or change in circumstances is present, the Academy will estimate the undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the undiscounted future cash flows is less than the carrying amount of the related asset, the Academy will record the asset at fair value and recognize an impairment loss in operating income.

There was no impairment recorded in 2025 or 2024.

j. Leases

The Academy is a lessee in multiple noncancelable operating leases. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The majority of leases entered into include one or more options to renew or terminate. Renewal terms can extend the lease term by five years. The exercise of lease renewal and termination options is at the Academy's sole discretion. Renewal option periods and termination options are included in the expected lease term and the measurement of the ROU asset and lease liability when exercise of the options is reasonably certain to occur.

The Academy has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The lease liability is initially and subsequently recognized based on the present value of future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Changes to variable lease payments due to subsequent changes in an index or rate and variable lease payments not dependent on an index or a rate are recorded as variable lease expense in the period in which they are incurred.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (less) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

For all underlying classes of assets, the Academy has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Academy is reasonably certain to exercise. The Academy recognizes short-term lease cost on a straight-line basis over the lease term.

k. Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets of the Academy and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Academy. These net assets may be used at the discretion of the Academy's management and board of directors (Board). Net assets without donor restrictions include net assets designated by the Board for specific purposes.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Academy or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. All net assets restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

l. Revenue Recognition

The Academy's revenue streams consist primarily of educational program and tuition revenue. The Academy follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification) Topic 606, Revenue from Contracts with Customers, using the modified retrospective adoption method. Under Topic 606, revenue is recognized in accordance with a five-step model, which includes identifying the contracts with customers; identifying the separate performance obligations; determining the transaction price; allocating the transaction price to the separate performance obligations; and recognizing revenue when each performance obligation is satisfied.

Revenue is measured at the amount of consideration the Academy expects to receive in exchange for services provided within the contract. Payment terms on the majority of the Academy's contracts are typically 30 days. Revenue is recognized when the Academy satisfies the performance obligations under the contract, which is generally once the underlying educational and program services have been provided. Based on the nature of the educational and program services contracts with customers that the Academy enters into, the customer typically receives and consumes the services as provided; thus, revenue from these contracts is recognized over time using time elapsed as the input method for measuring progress.

Funds received but not yet earned are reported as deferred revenue. The Academy each year has various summer programs, which are offered to students during the months of June through August. Funds received for these programs are recorded as deferred revenue until the corresponding performance obligations have been satisfied. Advance deposits and payments are recorded as deferred revenue when billed, and the revenue is recognized as performance obligations are satisfied. Deferred revenue was $2,216,885 as of July 1, 2023.

m. Private Gifts

Private Gifts - Private gifts received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted private gifts are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Academy reports the support as revenues without donor restriction.

n. Refundable Advance

Refundable advance includes amounts from donors held by the Academy for scholarships. Such funds are pooled with other Academy funds for investment purposes, and the respective donors retain variance power over these assets, resulting in a liability being recorded. Changes in refundable advance for the years ended June 30, 2025 and 2024 is as follows:

Description	2025	2024
Beginning balance	$ 6,143,818	$ 5,665,157
Scholarships	(234,734)	(267,684)
Realized and unrealized investment appreciation	713,637	746,345
Ending balance	$ 6,622,721	$ 6,143,818

o. Functional Allocation of Expenses

The costs of providing the Academy's program and other activities have been summarized on a functional basis in the consolidated statement of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities. Salaries and wages and employee benefits and payroll taxes are allocated on the basis of time and effort. Expenses allocated include utilities, maintenance, fringe benefits and depreciation, which are allocated based on square footage or an allocation percentage of total administrative costs before allocation to total education expenses. All other expenses are allocated based on actual usage and on a reasonable basis that is consistently applied.

p. Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was $394,999 and $546,775 in 2025 and 2024, respectively.

q. Income Taxes

The Academy is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Academy's exempt function. The Academy may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Academy's exempt function. The Academy has processes presently in place to ensure the maintenance of its tax-exempt status, identify and report unrelated business income, and determine its filing and tax obligations in jurisdictions for which it has nexus. As of June 30, 2025 and 2024, the Academy believes that it has not generated any unrelated business taxable income.

The Academy recognizes the tax benefit from an uncertain tax position only if it is "more likely than not" that the tax position would be sustained on examination by the taxing authorities, based upon the technical merits of the position. The amount recognized is the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon examination. Interest and penalties related to unrecognized tax benefits are classified as income tax expense.

Generally, the Academy is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2022.

r. Fair Value Measurements

The Academy measures certain financial instruments at fair value on a recurring basis at each reporting period. Certain assets are measured at fair value on a nonrecurring basis annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Fair value is estimated as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value estimates involve uncertainty and significant judgment regarding interest rates, credit risk, prepayments and other factors, especially when quoted prices are unavailable. Changes in assumptions or market conditions could significantly affect these estimates.

Fair Value Hierarchy

Assets and liabilities recorded at fair value are measured and classified in accordance with a fair value hierarchy consisting of three levels based on the observability of valuation inputs:

- **Level 1:** Fair value measurements based on quoted prices (unadjusted) in active markets that the Academy has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. The Academy does not adjust the quoted price for such instruments.

- **Level 2:** Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

- **Level 3:** Fair value measurements based on valuation techniques that use significant unobservable inputs. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability, therefore the Academy must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability.

The Academy maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

In certain cases, the inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

s. Subsequent Events

The Academy's management evaluated events that occurred after June 30, 2025 through November 25, 2025, the date when the consolidated financial statements were available to be issued.

3. Liquidity and Availability of Resources

The Academy's financial assets available for general use at June 30, consist of the following:

	2025	2024
Financial assets available		
Cash and cash equivalents	$ 4,517,841	$ 3,158,884
Tuition and student-related receivables, net	506,901	576,793
Investments	96,248,595	94,498,110
Contributions receivable, net	1,837,794	6,172,222
Total financial assets available	103,111,131	104,406,009
Less		
Donor-restricted purposes	(66,990)	(9,605,996)
Donor-restricted endowment funds	(88,607,922)	(81,617,037)
Financial assets available to meet cash needs for general expenditures within one year	$ 14,436,219	$ 13,182,976

The Academy's working capital and cash flows fluctuate during the year due to the timing of cash receipts and major gifts. As part of the Academy's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Academy invests in various readily available marketable securities. In the event of an unanticipated liquidity need, the Academy could draw upon $3,000,000 from an available revolving demand note (Note 13).

The Academy’s endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is not available for general expenditure. Annually, the Academy can appropriate up to 7% of the endowment, based on the Academy's spending policy, as described in Note 11, at the end of the fiscal year. Appropriations of approximately $186,000 from the endowment will be available within the next 12 months.

4. Contributions Receivable

Contributions receivable consist of the following at June 30:

	2025	2024
Contributions due within one year	$ 154,692	$ 54,000
Contributions due in one to five years	1,728,658	6,131,722
Contributions receivable, gross	1,883,350	6,185,722
Less allowance for doubtful contributions	(45,556)	(13,500)
Contributions receivable, net	$ 1,837,794	$ 6,172,222

The discount rate used to measure the net present value was 2.5% at June 30, 2025.

5. Property, Plant and Equipment

The historical costs of the Academy's property, plant and equipment and related accumulated depreciation balances at June 30 were as follows:

	2025	2024
Land	$ 501,372	$ 501,372
Land improvements	8,984,084	9,190,801
Machinery and equipment	9,695,983	12,689,271
Buildings and improvements	68,979,785	66,976,548
Vehicles	302,112	292,741
Construction-in-progress	16,734,297	3,536,591
Property, plant and equipment, gross	105,197,633	93,187,324
Less accumulated depreciation and amortization	(48,286,077)	(49,604,509)
Property, plant and equipment, net	$ 56,911,556	$ 43,582,815

Depreciation expense related to property, plant and equipment was $2,872,940 and $2,791,717 for the years ended June 30, 2025 and 2024, respectively.

6. Leases

The Academy leases printers and vehicles to be utilized by the Academy.

Components of lease expense were as follows for the years ended June 30:

		2025		2024
Operating lease cost	$	205,164	$	193,658

Information regarding lease terms and discount rates as of June 30 is as follows:

	2025	2024
Weighted-average remaining lease term (years):		
Operating leases	1.8	2.9
Weighted-average discount rate (%):		
Operating leases	4.2	4.2

Supplemental cash flow information related to leases is as follows for the years ended June 30:

		2025		2024
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$	238,374	$	222,554

Maturities of lease liabilities are as follows as of June 30, 2025:

Year		**Operating Leases**
2026	$	243,852
2027		223,518
Total lease payments		467,370
Less imputed interest		(17,464)
Total lease liabilities	$	449,906

7. Defined Contribution Plan

The Academy sponsors a defined contribution plan for its employees, organized through the Teachers Insurance and Annuity Association. For employees contributing at least 4% of their gross salary, the Academy contributes 6% for employees with one to three years of service and 7% for employees with over three years of service. Amounts charged to expense for the defined contribution plan totaled $1,171,506 and $904,050 for the years ended June 30, 2025 and 2024, respectively.

8. Litigation

In the normal course of operations, the Academy becomes involved in legal matters and claims. While the Academy believes the ultimate outcome of such other matters and claims will not have a material adverse effect on the Academy's financial position, results of operations or cash flows, the outcome of such matters and claims is not determinable with certainty, and negative outcomes may adversely affect the Academy.

9. Notes Payable

Long-Term Notes Payable

Long-term notes payable consists of the following at June 30:

	2025	2024
Note payable to a bank of $4,760,000, due in escalating monthly installments ranging from $11,045 to $14,360, plus interest of 0.85% above Daily Secured Overnight Financing Rate (SOFR) (4.32% and 5.33% in 2025 and 2024, respectively), through January 2031. There is no collateral held on the note.	$ 4,432,120	$ 4,571,148
Notes payable to a vendor of the Academy; note of $100,000, due in equal monthly payments of $833 through June 2029, and a note of $22,000, due in equal monthly payments of $372 through December 2024, which was paid in full during the year ended June 30, 2025. There is no stated interest rate or collateral held on either note.	42,587	53,319
Note payable to a bank of $2,000,000, due in monthly installments of $33,333, plus interest of 0.75% above Daily SOFR, through January 2028. There is no collateral held on the note.	1,033,333	1,433,333
Total long-term notes payable	$ 5,508,040	$ 6,057,800

The aggregate amounts of principal maturities of long-term notes payable outstanding at June 30, 2025 are as follows:

Year	Future Payments
2026	$ 554,680
2027	560,212
2028	399,153
2029	174,230
2030	168,104
Thereafter	3,651,661
Total long-term notes payable	$ 5,508,040

Line of Credit

The Academy has a $3,000,000 revolving line of credit with a bank for its working capital needs expiring in 2026. There is no collateral held on the line. Interest under this line of credit is calculated at 0.90% above Daily SOFR and is payable monthly. There were no borrowings outstanding under this line of credit at June 30, 2025 and 2024, respectively.

The Academy has a $12,000,000 revolving line of credit with a bank for its working capital needs expiring in 2026. The line is collateralized by a property owned by the Academy. Interest under this line of credit is calculated at 1.75% above Daily SOFR and is payable monthly. There were no borrowings outstanding under this line of credit at June 30, 2025 and 2024, respectively.

Restrictive Covenants

The provisions of certain notes payable obligations contain various covenants pertaining to financial reporting requirements and financial covenants.

At June 30, 2025, the Academy was in compliance with all covenants.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	2025	2024
Subject to expenditures for specified purpose:		
Faculty support	$ 47,558	$ 231,686
Educational programs	11,549	86,634
Operations and maintenance of plant	7,883	9,287,676
Total net assets subject to expenditures for specified purpose	66,990	9,605,996
Subject to the Academy's spending policy and appropriation:		
Financial aid support	39,172,659	35,797,694
Faculty support	35,016,393	32,486,589
Educational programs	14,418,870	13,332,754
Total net assets subject to the Academy's spending policy and appropriation	88,607,922	81,617,037
Total net assets with donor restrictions	$ 88,674,912	$ 91,223,033

The sources of net assets released from restrictions are as follows for the years ended June 30:

	2025	2024
Plant spending	$ 11,612,427	$ 6,266,192
Endowment spending	3,949,544	3,884,913
Total net assets released from restrictions	$ 15,561,971	$ 10,151,105

All acquisition of land, buildings and equipment were deemed placed in service at time of release from restrictions.

11. Endowment

The Academy's endowment consists of various individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. Net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Trustees of the Academy have elected to be governed by the Commonwealth of Pennsylvania’s Act 141 (Act 141), a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment’s permanently restricted investments as income each year. The long-term preservation of the real value of the assets must be taken into consideration when the Board elects the amount. On an annual basis, the executive committee of the Board, in writing, must elect a spending rate of between 2% and 7%. In accordance with Act 141, the Academy annually transfers between 4% and 7% of the previous three years’ market value average of the restricted endowment fund. This percentage is applied to a 12-quarter average market value of the investments at June 30 of the previous year. The Academy classifies as net assets restricted in perpetuity net assets with donor restrictions on the original and subsequent value of gifts donated to the endowment. In accordance with Act 141, the Academy has adopted a written investment policy, of which a section specifically relates to the endowment fund.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Academy in a manner consistent with the standard of prudence prescribed by Act 141. In accordance with Act 141, the Academy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Protecting the corpus of the endowment fund.
2. Preserving the spending power of the assets.
3. Obtaining maximum investment return with reasonable risk and operational consideration.
4. Complying with applicable laws.

Changes in endowment net assets for the years ended June 30 are as follows:

Endowment net assets, July 1, 2023	$ 74,764,663
Investment return	
Interest and dividends	1,273,467
Net appreciation, realized and unrealized	8,651,240
Total investment return	9,924,707
Contributions	812,580
Appropriation of endowment assets for expenditures	(3,884,913)
Change in endowment net assets	6,852,374
Endowment net assets, June 30, 2024	81,617,037
Investment return	
Interest and dividends	1,255,275
Net appreciation, realized and unrealized	9,031,776
Total investment return	10,287,051
Contributions	653,378
Appropriation of endowment assets for expenditures	(3,949,544)
Change in endowment net assets	6,990,885
Endowment net assets, June 30, 2025	$ 88,607,922

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 requires the Academy to retain as a fund of perpetual duration. At June 30, 2025, three donor-restricted funds with original gift values of $2,159,503, fair values of $2,039,465 and deficiencies of $120,038 were reported in net assets with donor restrictions. At June 30, 2024, two donor-restricted funds with original gift values of $18,403,238, fair values of $18,191,620 and deficiencies of $211,619, were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new restricted contributions and continued appropriation for certain programs that was deemed prudent by the governing board.

Return Objectives and Risk Parameters

The Academy has adopted investment and spending policies for endowment assets that attempt to provide a reasonable level of funding to programs supported by its endowment while seeking to enhance the purchasing power of the fund's corpus by striving for long-term growth. Endowment assets include those assets of donor-restricted funds, which the Academy must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board, endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a blended benchmark of equity, fixed income, private equity and real estate peer groups.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Academy 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 Academy targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment advisors, at the discretion of the endowment committee, are given guidelines to the percentage that can be committed to a particular investment or investment category.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Academy had a policy of appropriating for distribution each year no more than 7% of its endowment fund's average fair value over the prior 12 trailing quarters. In establishing this policy, the Academy considered the long-term expected return on its endowment. Accordingly, over the long term, the Academy expects the current spending policy to allow its endowment to grow. This is consistent with the Academy'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. If additional appropriation is considered necessary, the action will be authorized by the Board and the allocation will be made from the quasi-endowed funds.

12. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following is a description of the valuation methodologies and inputs used for assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis.

Cash and Cash Equivalents

The carrying value of cash and cash equivalents held by the Academy approximates fair value given the short-term nature of the assets.

Equity Securities

Whenever available, the Academy obtains quoted prices in active markets for identical assets at the statement of financial position date to measure equity securities with readily determinable fair values. Market price data is generally obtained from exchange or dealer markets.

Debt Securities

Debt securities include bonds and government obligations. Whenever available, the Academy obtains quoted prices in active markets for identical assets at the statement of financial position date to measure debt securities at fair value. Market price data is generally obtained from dealer markets.

Other Investments

The Academy initially estimates the fair value of investments in certain hedge funds, private equity funds and other investment partnerships at the transaction price. Subsequently, these investments are measured using net asset value (NAV) information provided by the general partner or manager of the investments, the financial statements of which are generally audited annually.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at Net Asset Value	Total Fair Value
June 30, 2025					
Assets:					
Cash and cash equivalents	$ 10,543,405	$ -	$ -	$ -	$ 10,543,405
Common stocks:					
Equity securities	52,897,232	511,684	-	-	53,408,916
Debt securities:					
Bonds	-	12,567,345	-	-	12,567,345
Government obligations	6,387,083	511,684	-	-	6,898,767
Alternative investments (a):					
Venture capital funds	-	-	-	4,037,255	4,037,255
Private equity funds	-	-	-	15,415,628	15,415,628
Total assets	$ 69,827,720	$ 13,590,713	$ -	$ 19,452,883	$ 102,871,316
June 30, 2024					
Assets:					
Cash and cash equivalents	$ 14,682,172	$ -	$ -	$ -	$ 14,682,172
Common stocks:					
Equity securities	49,686,668	467,793	-	-	50,154,461
Debt securities:					
Bonds	-	13,339,227	-	-	13,339,227
Government obligations	4,432,419	491,589	-	-	4,924,008
Alternative investments (a):					
Venture capital funds	-	-	-	3,887,136	3,887,136
Private equity funds	-	-	-	13,654,924	13,654,924
Total assets	$ 68,801,259	$ 14,298,609	$ -	$ 17,542,060	$ 100,641,928

(a) Alternative investments that are measured at fair value using the NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Investments in Certain Entities Carried at Fair Value Using NAV per Share

The following table includes information related to alternative investments that calculate NAV per share (or its equivalent):

Asset Class	Fair Value 6/30/2025	Fair Value 6/30/2024	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Strategy	Estimated Life
Venture capital funds	$ 4,037,255	$ 3,887,136	N/A	N/A	Produce consistent capital appreciation-controlled volatility	Indefinite
Private equity funds	15,415,628	13,654,924	N/A or Monthly	N/A or 30 days	Invest in distressed debt, venture capital, etc.	1 - 8 years
	$19,452,883	$17,542,060				

At June 30, 2025, unfunded commitments include $312,265 of venture capital funds and $2,207,500 of private equity funds.

SHADY SIDE ACADEMY
Pittsburgh, Pennsylvania

Consolidated Financial Statements
For the years ended June 30, 2024 and 2023

and Independent Auditor's Report Thereon

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C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Shady Side Academy
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of Shady Side Academy (Academy), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Academy as of June 30, 2024 and 2023, the changes in its net assets and functional expenses, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Academy 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 Consolidated 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 Academy's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Academy'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 Academy'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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
November 20, 2024

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30 2024	June 30 2023
ASSETS		
Cash and cash equivalents	$ 3,158,884	$ 4,225,938
Receivables		
Student accounts receivable (less allowance of $418,000 and $504,000, respectively)	576,793	707,676
Contributions receivable (less allowance of $13,500 and $9,000, respectively)	6,172,222	9,665,602
	6,749,015	10,373,278
Inventories	128,359	131,590
Prepaid expenses and deferred charges	323,446	177,565
Investments	100,641,928	92,002,277
Operating lease right-of-use assets	549,539	686,434
Property, plant and equipment		
Land and land improvements	9,704,733	9,218,701
Buildings	70,500,579	66,717,901
Equipment	12,689,271	11,815,418
Vehicles	292,741	315,940
	93,187,324	88,067,960
Less - Accumulated depreciation	(49,604,509)	(49,202,420)
	43,582,815	38,865,540
Total Assets	$ 155,133,986	$ 146,462,622
LIABILITIES AND NET ASSETS		
LIABILITIES		
Notes payable	$ 6,057,800	$ 6,606,779
Accounts payable and other payables	1,474,469	686,223
Accrued expenses	1,753,101	1,637,611
Student deposits	526,595	420,811
Deferred income	2,216,886	2,216,185
Refundable advance	6,143,818	5,665,157
Operating lease liabilities	660,061	797,829
Total Liabilities	18,832,730	18,030,595
NET ASSETS		
Without donor restrictions	45,078,223	39,531,793
With donor restrictions	91,223,033	88,900,234
Total Net Assets	136,301,256	128,432,027
Total Liabilities And Net Assets	$ 155,133,986	$ 146,462,622

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
Revenue from contracts:			
Student tuition and fees, net	$ 31,492,030	-	$ 31,492,030
Auxiliary enterprises	2,063,680	-	2,063,680
Summer programs	1,926,510	-	1,926,510
Private gifts	2,968,170	$ 2,430,764	5,398,934
Interest and dividends, net of related expenses of $402,000 and $294,000, respectively	1,011,479	1,273,467	2,284,946
Net realized and unrealized gains on investments	-	8,769,673	8,769,673
Miscellaneous	468,688	-	468,688
	39,930,557	12,473,904	52,404,461
Net assets released from restriction	10,151,105	(10,151,105)	-
	50,081,662	2,322,799	52,404,461
EXPENSES AND OTHER DEDUCTIONS			
Program services	30,813,068	-	30,813,068
General and administrative	13,076,891	-	13,076,891
Fundraising	906,068	-	906,068
	44,796,027	-	44,796,027
NONOPERATING GAINS (LOSSES)			
Gain (loss) on disposal of property, plant, and equipment	260,795	-	260,795
Changes In Net Assets	5,546,430	2,322,799	7,869,229
NET ASSETS			
Beginning of year	39,531,793	88,900,234	128,432,027
End of year	$ 45,078,223	$ 91,223,033	$ 136,301,256

2023		
Without Donor Restrictions	With Donor Restrictions	Total
$ 28,710,843	-	$ 28,710,843
1,839,074	-	1,839,074
1,825,100	-	1,825,100
2,890,489	$ 16,244,142	19,134,631
489,946	2,171,451	2,661,397
-	4,844,986	4,844,986
1,326,767	-	1,326,767
37,082,219	23,260,579	60,342,798
7,605,476	(7,605,476)	-
44,687,695	15,655,103	60,342,798
27,633,755	-	27,633,755
12,013,857	-	12,013,857
965,620	-	965,620
40,613,232	-	40,613,232
(17,212)	-	(17,212)
4,057,251	15,655,103	19,712,354
35,474,542	73,245,131	108,719,673
$ 39,531,793	$ 88,900,234	$ 128,432,027

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			
	Program Expenses	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 20,222,937	$ 8,031,897	$ 707,991	$ 28,962,825
Operation and maintenance of plant	5,309,071	2,704,723	47,798	8,061,592
Depreciation	2,233,374	558,343	-	2,791,717
Professional and contracted services and fees	693,114	196,909	-	890,023
Summer events and programming	857,904	-	-	857,904
Information services and systems	579,253	135,553	-	714,806
Other miscellaneous expenses	431,435	67,102	49,533	548,070
Advertising and promotion	-	488,083	58,672	546,755
Travel expenses	485,980	4,293	42,074	532,347
Interest expenses	-	402,278	-	402,278
Insurance expenses	-	388,670	-	388,670
Cost of merchandise sales	-	99,040	-	99,040
Total	$ 30,813,068	$ 13,076,891	$ 906,068	$ 44,796,027

2023			
Program Expenses	Management and General	Fundraising	Total Expenses
$ 15,913,469	$ 7,164,053	$ 723,526	$ 23,801,048
6,709,449	2,597,946	96,285	9,403,680
2,019,374	504,843	-	2,524,217
390,692	313,795	-	704,487
1,027,679	-	-	1,027,679
838,222	209,555	-	1,047,777
403,602	116,786	59,944	580,332
-	366,703	60,416	427,119
331,268	8,054	25,449	364,771
-	294,137	-	294,137
-	343,786	-	343,786
-	94,199	-	94,199
$ 27,633,755	$ 12,013,857	$ 965,620	$ 40,613,232

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 7,869,229	$ 19,712,354
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	2,791,717	2,524,217
(Gain) loss on disposal of assets	(260,795)	17,212
Change in allowance for credit losses and doubtful accounts	(81,595)	(11,514)
Contributions restricted for long-term purposes	(2,476,046)	(15,710,837)
Net realized and unrealized gains on investments	(8,769,673)	(4,844,986)
Changes in assets and liabilities:		
Student accounts receivable	215,467	418,732
Contributions receivable	(171,106)	354,651
Other assets	(141,354)	38,089
Operating lease right-of-use assets and liabilities, net	(873)	111,395
Accounts payable and other payables	(77,861)	(305,147)
Accrued expenses	115,490	(129,345)
Other liabilities	106,485	390,895
Net Cash (Used In) Provided By Operating Activities	(880,915)	2,565,716
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	17,539,027	8,593,780
Purchases of investments	(16,930,344)	(14,343,239)
Proceeds from sale of property, plant and equipment	450,399	-
Purchases of property, plant and equipment, net of construction payables	(6,832,489)	(5,962,076)
Net Cash Used In Investing Activities	(5,773,407)	(11,711,535)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(548,979)	(7,070,895)
Proceeds from notes payable	-	6,760,030
Contributions restricted for long-term purposes	6,136,247	6,697,860
Net Cash Provided By Financing Activities	5,587,268	6,386,995
Net Decrease In Cash And Cash Equivalents	(1,067,054)	(2,758,824)
CASH AND CASH EQUIVALENTS		
Beginning of year	4,225,938	6,984,762
End of year	$ 3,158,884	$ 4,225,938

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

During the years ended June 30, 2024 and 2023, Shady Side Academy held a refundable advance for approximately $6,144,000 and $5,665,000, respectively, for scholarships, where the donor retains variance power. (See Note 2.)

During the years ended June 30, 2024 and 2023, Shady Side Academy paid approximately $402,000 and $294,000, respectively, in interest.

Establishment of operating lease right-of-use assets and liabilities of approximately $932,000 as of July 1, 2022 as a result of adoption of ASC 842 - Leases.

During the years ended June 30, 2024 and 2023, Shady Side Academy paid approximately $866,000 and $37,000, respectively, in property and equipment included in accounts payable.

See notes to consolidated financial statements.

NOTE 1 - ORGANIZATION

Shady Side Academy is a private, not-for-profit institution educating students from pre-kindergarten through the 12th grade. The majority of students are from Western Pennsylvania.

The consolidated financial statements include the accounts of Shady Side Academy, the Shady Side Academy Foundation and Fox Chapel Country Day School, Inc., collectively the Academy, located in Pittsburgh, Pennsylvania.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying consolidated financial statements follows:

Basis of Presentation - The consolidated financial statements of the Academy have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

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

> Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
>
> Net Assets With Donor Restrictions - Net assets subject to donor-imposed or legal restrictions included donor-imposed restrictions or stipulations that may or will be met either by actions of the Academy or the passage of time, or donor-imposed restrictions of investing the principal contribution in perpetuity and the investment income be used only for the Academy's operations and programs.

Contributions with Restrictions Met in the Same Year - Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Academy considers all investments purchased with maturities of three months or less to be cash equivalents. Carrying value approximates fair value for these investments. The Academy maintains cash and cash equivalents that may at times exceed federally insured amounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Student Accounts Receivable - The Academy does not require collateral on student accounts receivable, and credit losses have been consistently within management's expectations. The Academy evaluates each student's ability to pay through assessing student creditworthiness, historical experience and current economic conditions through a reasonable forecast period. Factors considered in the Academy's evaluation of assessing collectability and risk include: significant past due balances, historical losses and existing economic conditions. There can be no assurance that actual results will not differ from estimates or that consideration of these factors in the future will not result in an increase or decrease to the allowance for credit losses. Accounts are charged off when management determines that collection of amounts owed is not reasonably expected. Actual results could differ from these estimates.

Contributions Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in private gifts revenue. The Academy distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Management's periodic evaluation of the adequacy of the allowance for uncollectible amounts is based on the Academy's experience, adverse conditions that might affect the donor's ability to pay and current economic conditions.

Inventories - Inventories are priced at the lower of first-in, first-out (FIFO) (average cost) or net realizable value.

Investments - Investments in equity securities with readily determinable fair values are reported at fair market value, and realized and unrealized gains and losses are reflected in the consolidated statements of activities. Investments received by gift are recorded at fair value on the date of donation. 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, changes in value will occur in the near term, and it is reasonably possible that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Investments for which there is no ready market are valued at fair value as estimated by management. In estimating fair value, management takes into consideration valuations reported to the Academy by the investment partnerships, the nature of the investments, current market conditions and other factors that the Academy considers relevant. The Academy's interests in limited partnerships are generally reported at the Academy's ownership interest's net asset value in the funds reported by the fund managers unless it is probable that all or a portion of the investment will be sold for an amount different from the estimated fair value. As of June 30, 2024 and 2023, the Academy had no plans to sell investments at amounts different from the estimated fair value of investments in limited partnerships. Because of inherent uncertainty of valuation in the absence of readily ascertainable market values, the estimated values of those investments could differ from the values that would have been used had a ready market existed for such investments or if the investments were realized, and the differences could be material. Such investments are, by their nature, generally considered to be long-term investments and are not intended to be liquidated on a short-term basis.

Property, Plant and Equipment - Property, plant and equipment are stated at cost. Repairs, maintenance and minor replacements of existing facilities are included with expenditures as incurred. Provision for depreciation has been computed using the straight-line method based on estimated useful lives, which range from five to 50 years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Academy reviews the carrying amount of property, plant and equipment for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of an asset to future net undiscounted pretax cash flows expected to be generated by the asset. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the related estimated fair value. There were no impairment losses recorded for the years ended June 30, 2024 and 2023.

Revenue Recognition - The Academy's revenue streams consist primarily of educational program and tuition revenue. The Academy follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification) Topic 606, Revenue from Contracts with Customers, using the modified retrospective adoption method. Under Topic 606, revenue is recognized in accordance with a five-step model, which includes identifying the contracts with customers; identifying the separate performance obligations; determining the transaction price; allocating the transaction price to the separate performance obligations; and recognizing revenue when each performance obligation is satisfied.

Revenue is measured at the amount of consideration the Academy expects to receive in exchange for services provided within the contract. Payment terms on the majority of the Academy's contracts are typically 30 days. Revenue is recognized when the Academy satisfies the performance obligations under the contract, which is generally once the underlying educational and program services have been provided. Based on the nature of the educational and program services contracts with customers that the Academy enters into, the customer typically receives and consumes the services as provided; thus, revenue from these contracts is recognized over time using time elapsed as the input method for measuring progress.

Deferred Income - Funds received but not yet earned are reported as deferred revenue. The Academy each year has various summer programs, which are offered to students during the months of June through August. Funds received for these programs are recorded as deferred revenue until the corresponding performance obligations have been satisfied. Advance deposits and payments are recorded as deferred revenue when billed, and the revenue is recognized as performance obligations are satisfied. Deferred income was $1,761,617 as of July 1, 2022.

Refundable Advance - Refundable advance includes amounts from donors held by the Academy for scholarships. Such funds are pooled with other Academy funds for investment purposes, and the respective donors retain variance power over these assets, resulting in a liability being recorded. Changes in refundable advance for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Beginning balance	$ 5,665,157	$ 5,410,679
Scholarships	(267,684)	(195,846)
Realized and unrealized investment appreciation	746,345	450,324
	$ 6,143,818	$ 5,665,157

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases - Leases are recognized under FASB Codification Topic 842, Leases (Topic 842). The Academy determines whether a contract contains a lease at contract inception and classifies it as either finance or operating. A contract contains a lease if there is an identified asset and the Academy has the right to control the asset.

Finance leases are generally those that allow the Academy to substantially utilize or pay for the entire asset over its estimated useful life. Finance leases are recorded in property, plant and equipment, net, and finance lease liabilities within accounts payable and other payables on the consolidated statements of financial position. Finance lease right-of-use assets are amortized in operating expenses on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term, with the interest component for lease liabilities included in interest expense and recognized using the effective interest method over the lease term.

Operating lease right-of-use assets represent the Academy's right to use an underlying asset for the lease term, and lease liabilities represent the Academy's obligation to make lease payments arising from the lease. Operating leases are recorded in operating lease right-of-use assets and operating lease liabilities on the Academy's consolidated statements of financial position. In the consolidated statements of activities, lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Topic 842 allows lessees an option to not recognize right-of-use assets and lease liabilities arising from short-term leases. A short-term lease is defined as a lease with an initial term of 12 months or less. The Academy elected to not recognize short-term leases as right-of-use assets and lease liabilities on the consolidated statements of financial position. All short-term leases which are not included on the Academy's consolidated statements of financial position will be recognized within lease expense. Leases that have an initial term of 12 months or less with an option for renewal will need to be assessed in order to determine if the lease qualifies for the short-term lease exception. If the option is reasonably certain to be exercised, the lease does not qualify as a short-term lease.

Finance and operating lease right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Academy's lease liabilities are recognized based on the present value of the remaining fixed lease payments, over the lease term, using a discount rate. For the purpose of lease liability measurement, the Academy considers only payments that are fixed and determinable at the time of commencement. Some leasing arrangements require variable payments that are dependent upon usage or output, or may vary for other reasons, such as insurance or tax payments. Any variable payments are expensed as incurred. The Academy uses its incremental borrowing rate at the commencement date in determining the present value of the lease payments for all asset classes, unless the implicit rate is readily determinable. The Academy's lease terms may include options to extend or terminate the lease and are recognized when it is reasonably certain that the Academy will exercise that option. Lease assets are tested for impairment in the same manner as long-lived assets used in operations. See Note 11 for additional information.

Investment income and related net realized and unrealized gains and losses on investments of endowment are reported as follows:

- As changes in net assets with donor restrictions if so restricted by the donor; or
- As changes in net assets without donor restrictions in all other assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses - Expenses are summarized and categorized based on their functional classification as either program or supporting services in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Specific expenses that are readily identifiable to program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Salaries and wages and employee benefits and payroll taxes are allocated on the basis of time and effort. Expenses allocated include utilities, maintenance, fringe benefits and depreciation, which are allocated based on square footage or an allocation percentage of total administrative costs before allocation to total education expenses. All other expenses are allocated based on actual usage and on a reasonable basis that is consistently applied.

Income Taxes - The Academy is a not-for-profit entity and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. The Academy has not identified any material uncertain tax positions requiring an accrual or disclosure in the consolidated financial statements. There were no interest or penalties recognized in the consolidated statements of activities for the years ended June 30, 2024 and 2023. Management believes that the Academy is no longer subject to income tax examinations for tax years prior to 2021.

Recently Adopted Accounting Pronouncements - In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU requires organizations to recognize an allowance for credit losses for the difference between the amortized cost basis of a financial instrument and the amount of amortized cost that the organization expects to collect over the instrument's contractual life. The Academy adopted this standard in the current year with no significant impact to its consolidated financial statements and related disclosures.

Subsequent Events - Management has evaluated subsequent events through November 20, 2024, the date that the consolidated financial statements were available to be issued and has not identified any events or transactions that would require recognition or disclosure in the consolidated financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Academy receives annual student tuition and fees, contributions and other income without donor restrictions, and considers such support and revenue for use in current programs that are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and program expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Academy's fiscal year.

NOTE 3 - LIQUIDITY AND AVAILABILITY (Continued)

The table below presents financial assets available for general expenditures within one year at June 30:

	2024	2023
Cash and cash equivalents	$ 3,158,884	$ 4,225,938
Investments	94,498,110	86,337,120
Contributions receivable, net	6,172,222	9,665,602
Student accounts receivable, net	576,793	707,676
	104,406,009	100,936,336
Donor-imposed restrictions:		
Endowments	(81,617,037)	(74,764,663)
Funds subject to purpose restrictions	(9,605,996)	(14,135,571)
	(91,223,033)	(88,900,234)
	$ 13,182,976	$ 12,036,102

Income from the endowment fund is donor-restricted for specific purposes and, therefore, is not available for general expenditure. Endowment funds are subject to an annual spending rate of up to 7% as described in Note 9. Approximately $180,000 and $174,000 of the endowment spending for the fiscal year ended June 30, 2024 and 2023, respectively, is available for general expenditure.

The Academy also has $3,000,000 of availability on its revolving demand note (Note 4).

The Academy has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 4 - NOTES PAYABLE

On April 25, 2018, the Academy executed an agreement for a $4,000,000 revolving demand note, payable on demand. The note bore an interest rate of 1.15% above the London Interbank Offered Rate (LIBOR). As of June 30, 2022, the principal outstanding on this borrowing arrangement was $2,000,000. The Academy paid the demand note amount in full during the year ended June 30, 2023.

On January 31, 2023, the Academy entered into an agreement for a $3,000,000 revolving demand note, payable on demand. The note bears an interest rate of 0.65% above Daily Secured Overnight Financing Rate (SOFR) (5.33% as of June 30, 2024). As of June 30, 2024 and 2023, there are no outstanding borrowings on this note.

During the year ended June 30, 2020, the Academy entered into two notes payable with a vendor of the Academy. A note in the amount of $100,000 is payable in equal monthly installments of $833 through June 2029 and bears no stated interest rate. A note in the amount of $22,000 is payable in equal monthly installments of $372 through December 2024. As of June 30, 2024 and 2023, the principal outstanding on these borrowing arrangements was $53,319 and $68,234, respectively. There is no collateral held on either note.

NOTE 4 - NOTES PAYABLE (Continued)

On January 31, 2023, the Academy entered into an agreement for a note in the amount of $2,000,000. The note bears an interest rate of 0.75% above Daily SOFR (5.33% as of June 30, 2024), and is payable in monthly installments of $33,333 through January 2028. As of June 30, 2024 and 2023, the principal outstanding on this borrowing arrangement was $1,433,333 and $1,833,333, respectively. There is no collateral held on the note.

On January 31, 2023, the Academy entered into an agreement for a note in the amount of $4,760,030. The note bears an interest rate of 0.85% above Daily SOFR (5.33% as of June 30, 2024), and is payable in escalating monthly installments ranging from $11,045 to $14,360 through January 2031, with the remaining balance payable in February 2031. As of June 30, 2024 and 2023, the principal outstanding on this borrowing arrangement was $4,571,148 and $4,715,212, respectively. There is no collateral held on the note.

There are no financial covenants on the Academy's notes payable as of June 30, 2024 and 2023.

The aggregate annual amount of principal payments required on debt agreements is as follows:

Year Ending June 30		Amount
2025	$	550,890
2026		554,680
2027		560,212
2028		399,153
2029		172,477
Thereafter		3,820,388
	$	6,057,800

NOTE 5 - PENSION PLAN

The Academy's academic and nonacademic employees are eligible to participate in a voluntary contributory retirement plan (Plan) organized through the Teachers Insurance and Annuity Association. For employees contributing at least 4% of their gross salary, the Academy contributes 6% for employees with one to three years of service and 7% for employees with over three years of service. The Academy's contributions to the Plan aggregated $904,050 and $930,071 for the years ended June 30, 2024 and 2023, respectively.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2024	2023
Subject to expenditure for specified purpose:		
Faculty support	$ 231,686	$ 340,729
Educational programs	86,634	83,093
Operation and maintenance of plant	9,287,676	13,711,749
	9,605,996	14,135,571
Subject to the Academy's spending policy and appropriation, investment in perpetuity, the income from which is expendable to support the activities within each category:		
Financial aid support	35,797,694	32,456,778
Faculty support	32,486,589	29,959,627
Educational programs	13,332,754	12,348,258
	81,617,037	74,764,663
	$ 91,223,033	$ 88,900,234

Net assets released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of the passage of time or for the release of accumulated gains according to the endowment spending policy during the years ended June 30 were as follows:

	2024	2023
Satisfaction of purpose restrictions:		
Plant spending	$ 6,266,192	$ 3,950,933
Endowment spending	3,884,913	3,654,543
	$ 10,151,105	$ 7,605,476

NOTE 7 - CONTRIBUTIONS

As of June 30, 2024, unconditional promises to give are recorded as contributions receivable on the accompanying consolidated statements of financial position and are due as follows:

	With Donor Restrictions	Total
Less than one year	$ 54,000	$ 54,000
One to five years	6,131,722	6,131,722
	$ 6,185,722	6,185,722
Allowance for doubtful accounts		(13,500)
		$ 6,172,222

Amounts are recorded after discounting to the present value of the future cash flows, utilizing a 2.5% discount rate.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Academy is involved in claims and litigation incidental to the conduct of its operations. Based on consultation with legal counsel, management does not believe that any claims and litigation will have a material effect on the Academy's consolidated financial condition, activities or cash flows.

NOTE 9 - ENDOWMENT

The Academy's endowment consists of various investment funds established primarily for support of the organization's mission. It includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Academy to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Trustees of the Academy have elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141), a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's permanently restricted investments as income each year. The long-term preservation of the real value of the assets must be taken into consideration when the Board of Trustees (Board) elects the amount. On an annual basis, the executive committee of the Board, in writing, must elect a spending rate of between 2% and 7%. In accordance with Act 141, the Academy annually transfers between 4% and 7% of the previous three years' market value average of the restricted endowment fund. This percentage is applied to a 12-quarter average market value of the investments at June 30 of the previous year. The Academy classifies as net assets restricted in perpetuity net assets with donor restrictions on the original and subsequent value of gifts donated to the endowment. In accordance with Act 141, the Academy has adopted a written investment policy, of which a section specifically relates to the endowment fund.

NOTE 9 - ENDOWMENT (Continued)

The Academy considers the following factors in making a determination to set a spending rate:

1. Protecting the corpus of the endowment fund.

2. Preserving the spending power of the assets.

3. Obtaining maximum investment return with reasonable risk and operational consideration.

4. Complying with applicable laws.

The following table represents the change in net assets with donor restrictions endowment funds for the years ended June 30:

	2024	2023
Endowment net assets		
Beginning of year	$ 74,764,663	$ 70,891,932
Investment return:		
Investment income	1,273,467	2,136,166
Net realized and unrealized appreciation	8,651,240	4,880,271
Contributions	812,580	510,837
Appropriation of endowment assets for expenditures	(3,884,913)	(3,654,543)
End of year	$ 81,617,037	$ 74,764,663

A fund is considered to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity. As a result of financial market conditions, certain endowment funds had an aggregate market value of $211,619 less than their cost basis of $18,403,238 as of June 30, 2024. These funds were included in total endowment funds with an original cost of approximately $50,497,000. Future market gains are intended to restore this deficiency.

Return Objectives and Risk Parameters - The Academy has adopted investment and spending policies for endowment assets that attempt to provide a reasonable level of funding to programs supported by its endowment while seeking to enhance the purchasing power of the fund's corpus by striving for long-term growth. Endowment assets include those assets of donor-restricted funds, which the Academy must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board, endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a blended benchmark of equity, fixed income, private equity and real estate peer groups.

NOTE 9 - ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Academy 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 Academy targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment advisors, at the discretion of the endowment committee, are given guidelines to the percentage that can be committed to a particular investment or investment category.

Spending Policy and Investment Objectives Related to Spending Policy - In accordance with Act 141, the Academy annually transfers between 4.0% and 7.0% of the previous three years' market value average of the endowment fund to net assets without donor restrictions for use in current and future operations. In 2024 and 2023, the spendable return on endowment fund net assets totaled $3,884,913 and $3,654,543, respectively, which represents approximately 4.75% and 5.0%, respectively. The Academy believes that this spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with the Academy's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

NOTE 10 - FAIR VALUE MEASUREMENT

The Fair Value Measurement topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The topic requires disclosures that categorize assets and liabilities measured at fair value into three different levels, depending on the assumptions used in the valuation. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant administration judgment. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The Fair Value Measurement hierarchy is defined as follows:

> Level 1 - Valuations are based on unadjusted quoted prices in an active market for identical assets or liabilities.
>
> Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.
>
> Level 3 - Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect the administration's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

The Academy's financial instruments consist primarily of cash and cash equivalents, student accounts receivable, contributions receivable, investments, accounts payable and notes payable. The carrying amount of cash and cash equivalents, student accounts receivable, contributions receivable and accounts payable approximates their fair value due to the short-term nature of such instruments. The carrying value of the Academy's notes payable approximates fair value at June 30, 2024 and 2023, since the interest rates are market-based and are generally adjusted periodically.

NOTE 10 - FAIR VALUE MEASUREMENT (Continued)

The valuation of the Academy's investments according to the fair value hierarchy at June 30 is as follows:

	2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 14,682,172	-	-	$ 14,682,172
Equity securities	49,686,668	$ 467,793	-	50,154,461
Government obligations	4,432,419	491,589	-	4,924,008
Bonds	-	13,339,227	-	13,339,227
Total investments in the fair value hierarchy	$ 68,801,259	$ 14,298,609	-	83,099,868
Investments measured at net asset value (a)				17,542,060
Total fair value				$ 100,641,928

	2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 13,042,610	-	-	$ 13,042,610
Equity securities	45,295,421	$ 428,757	-	45,724,178
Government obligations	7,658,316	428,757	-	8,087,073
Bonds	-	9,353,871	-	9,353,871
Total investments in the fair value hierarchy	$ 65,996,347	$ 10,211,385	-	76,207,732
Investments measured at net asset value (a)				15,794,545
Total fair value				$ 92,002,277

Interest and dividend income was $2,686,946 and $2,955,397 in 2024 and 2023, respectively.

(a) In accordance with the FASB Codification topic 820, Fair Value Measurement, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the items presented in the consolidated financial statements.

NOTE 10 - FAIR VALUE MEASUREMENT (Continued)

The valuation of the Academy's investments in entities measured at net asset value (or its equivalent) requires significant judgment due to the absence of quoted market prices, inherent lack of liquidity, heavy reliance on Level 3 inputs and the long-term nature of such investments. These investments are valued initially at their transaction value and subsequently adjusted to reflect expected exit values at the measurement date by utilizing assumptions that market participants would normally use to estimate a fair market value. These valuation adjustments include, but are not limited to, material changes in an organization's operations and/or financial performance, subsequent or anticipated rounds of equity financings, specific rights or terms associated with the investment (e.g., conversion features, liquidation preferences or restrictions), expected exit timing and strategy, industry valuations or comparable public companies, changes in economic conditions and changes in legal or regulatory environments.

The following table summarizes investments measured at fair value based on net asset value per share as of June 30:

Instrument	Fair Value 6/30/2024	Fair Value 6/30/2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Acadian All World Country Fund Ltd. (b)	$ 8,134,638	$ 6,793,358	N/A	Monthly	30 days
Aberdeen U.S. Private Equity VII, L.P. (c)	2,342,093	2,283,628	$ 140,000	Not Permitted	N/A
Aberdeen U.S. Private Equity VIII, L.P. (c)	2,071,028	2,204,994	300,000	Not Permitted	N/A
Aberdeen U.S. Private Equity IX, L.P. (c)	1,012,285	879,548	270,000	Not Permitted	N/A
Aberdeen U.S. Private Equity X, L.P. (c)	79,880	-	920,000	Not Permitted	N/A
Aberdeen U.S. Private Equity XIV, L.P. (c)	15,000	-	985,000	Not Permitted	N/A
Moonrise Venture Partners I, L.P. (d)	1,881,299	1,864,689	63,335	Not Permitted	N/A
Moonrise Venture Partners II, L.P. (d)	1,305,773	1,295,995	100,955	Not Permitted	N/A
Moonrise Venture Partners III, L.P. (d)	700,064	472,333	309,969	Not Permitted	N/A
Total Investments measured at net asset value (a)	$ 17,542,060	$ 15,794,545			

NOTE 10 - FAIR VALUE MEASUREMENT (Continued)

(b) The fund's objective is to seek long-term capital appreciation by investing primarily in common stocks of international issuers with varying market capitalizations.

(c) The limited partnership's objective is to seek long-term capital appreciation by investing in the less-efficient "small buyout" segment of the private equity landscape.

(d) The limited partnership's objective is to seek long-term capital appreciation by investing in global venture capital funds.

NOTE 11 - LEASES

On July 1, 2022, the Academy adopted Topic 842 using the comparatives under 840 option as amended by ASU 2018-11. The Academy elected the practical expedient package permitted under the transition approach. As such, the Academy did not reassess whether any expired or existing contracts are or contain leases, did not reassess historical lease classification, and did not reassess initial direct costs for any leases that existed prior to July 1, 2022. As of the date of adoption, the Academy recognized operating lease right-of-use assets and liabilities of approximately $932,000 on the consolidated statements of financial position.

The Academy has operating leases for printers and vehicles to be utilized by the Academy. These items were discounted using the risk-free rate based on the term of the leases.

The consolidated statements of financial position components of the leases at June 30, were as follows:

	2024	2023
Operating lease right-of-use assets	$ 549,539	$ 686,434
Operating lease liabilities	$ 660,061	$ 797,829

The Academy recorded operating lease cost of $193,658 within the consolidated statements of activities for the years ended June 30,2024 and 2023.

The consolidate cash flow components of the leases were as follows for the years ended June 30:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 222,554	$ 169,694

NOTE 11 - LEASES (continued)

The weighted-average remaining lease term (in years) and discount rate were as follows for the years ended June 30:

	2024	2023
Operating lease weighted-average remaining lease term	2.87	3.90
Operating lease weighted-average discount rate	4.20%	4.20%

As of June 30, 2024, estimated annual maturities of lease liabilities for the year ending June 30, 2025 and thereafter were as follows:

Year Ending June 30		Amount
2025	$	237,132
2026		241,368
2027		221,655
Total minimum lease payments		700,155
Less: amounts representing interest		(40,094)
Present value of total lease liabilities	$	660,061

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SHADY SIDE ACADEMY
Pittsburgh, Pennsylvania

Consolidated Financial Statements
For the years ended June 30, 2023 and 2022

and Independent Auditor's Report Thereon

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Shady Side Academy
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of Shady Side Academy (Academy), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Academy as of June 30, 2023 and 2022, and its functional expenses, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Academy 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 Consolidated 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 Academy's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 Academy'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 Academy'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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
November 28, 2023

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30 2023	June 30 2022
ASSETS		
Cash and cash equivalents	$ 4,225,938	$ 6,984,762
Receivables		
Student accounts receivable (less allowance for doubtful accounts, $504,000 and $495,000, respectively)	707,676	1,137,394
Contributions receivable (less allowance for doubtful pledges, $9,000 and $30,000, respectively)	9,665,602	986,937
	10,373,278	2,124,331
Inventories	131,590	123,480
Prepaid expenses and deferred charges	177,565	221,603
Investments	92,002,277	81,153,354
Operating lease right-of-use assets	686,434	-
Property, plant and equipment		
Land and land improvements	9,218,701	6,304,886
Buildings	66,717,901	64,231,296
Equipment	11,815,418	11,661,085
Vehicles	315,940	315,940
	88,067,960	82,513,207
Less - Accumulated depreciation	(49,202,420)	(47,068,314)
	38,865,540	35,444,893
Total Assets	$ 146,462,622	$ 126,052,423
LIABILITIES AND NET ASSETS		
LIABILITIES		
Notes payable	$ 6,606,779	$ 6,917,644
Accounts payable and other payables	686,223	991,370
Accrued expenses	1,637,611	1,766,956
Student deposits	420,811	484,484
Deferred income	2,216,185	1,761,617
Refundable advance	5,665,157	5,410,679
Operating lease liabilities	797,829	-
Total Liabilities	18,030,595	17,332,750
NET ASSETS		
Without donor restrictions	39,531,793	35,474,542
With donor restrictions	88,900,234	73,245,131
Total Net Assets	128,432,027	108,719,673
Total Liabilities And Net Assets	$ 146,462,622	$ 126,052,423

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
Revenue from contracts:			
Student tuition and fees, net	$ 28,710,843	-	$ 28,710,843
Auxiliary enterprises	1,839,074	-	1,839,074
Summer programs	1,825,100	-	1,825,100
Private gifts	2,890,489	$ 16,244,142	19,134,631
Interest and dividends, net of related expenses of $294,000 and $54,000, respectively	489,946	2,171,451	2,661,397
Net realized and unrealized gains (losses) on investments	-	4,844,986	4,844,986
Miscellaneous	1,326,767	-	1,326,767
	37,082,219	23,260,579	60,342,798
Net assets released from restriction	7,605,476	(7,605,476)	-
	44,687,695	15,655,103	60,342,798
EXPENSES AND OTHER DEDUCTIONS			
Program services	27,647,525	-	27,647,525
General and administrative	12,017,299	-	12,017,299
Fundraising	965,620	-	965,620
	40,630,444	-	40,630,444
Changes In Net Assets	4,057,251	15,655,103	19,712,354
NET ASSETS			
Beginning of year	35,474,542	73,245,131	108,719,673
End of year	$ 39,531,793	$ 88,900,234	$ 128,432,027

2022		
Without Donor Restrictions	With Donor Restrictions	Total
$ 26,948,658	-	$ 26,948,658
1,763,395	-	1,763,395
1,403,450	-	1,403,450
3,246,215	$ 6,540,038	9,786,253
7,667	1,225,816	1,233,483
-	(8,275,093)	(8,275,093)
370,046	-	370,046
33,739,431	(509,239)	33,230,192
7,377,062	(7,377,062)	-
41,116,493	(7,886,301)	33,230,192
25,119,473	-	25,119,473
11,073,977	-	11,073,977
1,277,627	-	1,277,627
37,471,077	-	37,471,077
3,645,416	(7,886,301)	(4,240,885)
31,829,126	81,131,432	112,960,558
$ 35,474,542	$ 73,245,131	$ 108,719,673

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			
	Program Expenses	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 15,913,469	$ 7,164,053	$ 723,526	$ 23,801,048
Operation and maintenance of plant	6,709,449	2,597,946	96,285	9,403,680
Depreciation	2,019,374	504,843	-	2,524,217
Information services and systems	838,222	209,555	-	1,047,777
Summer events and programming	1,027,679	-	-	1,027,679
Professional and contracted services and fees	390,692	313,795	-	704,487
Other miscellaneous expenses	403,602	116,786	59,944	580,332
Advertising and promotion	-	366,703	60,416	427,119
Travel expenses	331,268	8,054	25,449	364,771
Insurance expenses	-	343,786	-	343,786
Interest expenses	-	294,137	-	294,137
Cost of merchandise sales	-	94,199	-	94,199
Loss on disposal of assets	13,770	3,442	-	17,212
Total	$ 27,647,525	$ 12,017,299	$ 965,620	$ 40,630,444

2022			
Program Expenses	Management and General	Fundraising	Total Expenses
$ 15,045,790	$ 6,550,149	$ 1,030,680	$ 22,626,619
5,983,893	2,709,762	47,353	8,741,008
1,901,090	475,273	-	2,376,363
676,138	169,034	-	845,172
745,555	-	-	745,555
450,925	267,154	-	718,079
99,531	98,170	78,183	275,884
-	281,679	97,438	379,117
216,551	702	23,973	241,226
-	314,246	-	314,246
-	53,900	-	53,900
-	153,908	-	153,908
-	-	-	-
$ 25,119,473	$ 11,073,977	$ 1,277,627	$ 37,471,077

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 19,712,354	$ (4,240,885)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,524,217	2,376,363
Loss on disposal of assets	17,212	-
Change in allowance for bad debts	(11,514)	12,573
Contributions restricted for long-term purposes	(15,710,837)	(2,117,443)
Net realized and unrealized (gains) losses on investments	(4,844,986)	8,275,093
Changes in assets and liabilities:		
Student accounts receivable	418,732	(444,245)
Contributions receivable	354,651	(35,773)
Other assets	38,089	(69,206)
Operating lease right-of-use assets and liabilities, net	111,395	-
Accounts payable and other payables	(305,147)	77,223
Accrued expenses	(129,345)	(24,302)
Other liabilities	390,895	(1,995,247)
Net Cash Provided By Operating Activities	2,565,716	1,814,151
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	8,593,780	10,314,961
Purchases of investments	(14,343,239)	(13,696,289)
Purchases of property, plant and equipment, net of construction payables	(5,962,076)	(1,857,037)
Net Cash Used In Investing Activities	(11,711,535)	(5,238,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable and other payables	(7,070,895)	(245,913)
Proceeds from notes payable	6,760,030	-
Contributions restricted for long-term purposes	6,697,860	2,836,485
Net Cash Provided By Financing Activities	6,386,995	2,590,572
Net Decrease In Cash And Cash Equivalents	(2,758,824)	(833,642)
CASH AND CASH EQUIVALENTS		
Beginning of year	6,984,762	7,818,404
End of year	$ 4,225,938	$ 6,984,762

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

During the years ended June 30, 2023 and 2022, Shady Side Academy held a refundable advance for approximately $5,665,000 and $5,411,000, respectively, for scholarships, where the donor retains variance power. (See Note 2.)

During the years ended June 30, 2023 and 2022, Shady Side Academy paid approximately $294,000 and $54,000, respectively, in interest.

Establishment of operating lease right-of-use assets and liabilities of approximately $931,510 as of July 1, 2022 as a result of adoption of ASC 842 - Leases.

See notes to consolidated financial statements.

NOTE 1 - ORGANIZATION

Shady Side Academy is a private, not-for-profit institution educating students from pre-kindergarten through the 12th grade. The majority of students are from Western Pennsylvania.

The consolidated financial statements include the accounts of Shady Side Academy and the Shady Side Academy Foundation, collectively the Academy, located in Pittsburgh, Pennsylvania.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying consolidated financial statements follows:

Basis of Presentation - The consolidated financial statements of the Academy have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

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

> Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This includes balances that are designated by the Board of Trustees (Board) for specific purposes and for operating reserves.
>
> Net Assets With Donor Restrictions - Net assets subject to donor-imposed or legal restrictions included donor-imposed restrictions or stipulations that may or will be met either by actions of the Academy or the passage of time, or donor-imposed restrictions of investing the principal contribution in perpetuity and the investment income be used only for the Academy's operations and programs.

Contributions with Restrictions Met in the Same Year - Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Academy considers all investments purchased with maturities of three months or less to be cash equivalents. Carrying value approximates fair value for these investments. The Academy maintains cash and cash equivalents that may at times exceed federally insured amounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Student Accounts Receivable - The Academy does not require collateral on student accounts receivable, and credit losses have been consistently within management's expectations. Accounts are charged off when management determines that collection of amounts owed is not reasonably expected. Actual results could differ from these estimates.

Contributions Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in private gifts revenue. The Academy distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Management's periodic evaluation of the adequacy of the allowance for uncollectible amounts is based on the Academy's experience, adverse conditions that might affect the donor's ability to pay and current economic conditions.

Inventories - Inventories are priced at the lower of first-in, first-out (FIFO) (average cost) or net realizable value.

Investments - Investments in equity securities with readily determinable fair values are reported at fair market value, and realized and unrealized gains and losses are reflected in the consolidated statements of activities. Investments received by gift are recorded at fair value on the date of donation. 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, changes in value will occur in the near term, and it is reasonably possible that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Investments for which there is no ready market are valued at fair value as estimated by management. In estimating fair value, management takes into consideration valuations reported to the Academy by the investment partnerships, the nature of the investments, current market conditions and other factors that the Academy considers relevant. The Academy's interests in limited partnerships are generally reported at the Academy's ownership interest's net asset value in the funds reported by the fund managers unless it is probable that all or a portion of the investment will be sold for an amount different from the estimated fair value. As of June 30, 2023 and 2022, the Academy had no plans to sell investments at amounts different from the estimated fair value of investments in limited partnerships. Because of inherent uncertainty of valuation in the absence of readily ascertainable market values, the estimated values of those investments could differ from the values that would have been used had a ready market existed for such investments or if the investments were realized, and the differences could be material. Such investments are, by their nature, generally considered to be long-term investments and are not intended to be liquidated on a short-term basis.

Property, Plant and Equipment - Property, plant and equipment are stated at cost. Repairs, maintenance and minor replacements of existing facilities are included with expenditures as incurred. Provision for depreciation has been computed using the straight-line method based on estimated useful lives, which range from five to 50 years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Academy reviews the carrying amount of property, plant and equipment for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of an asset to future net undiscounted pretax cash flows expected to be generated by the asset. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the related estimated fair value. There were no impairment losses recorded for the years ended June 30, 2023 and 2022.

Revenue Recognition - The Academy's revenue streams consist primarily of educational program and tuition revenue. The Academy follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification) Topic 606, Revenue from Contracts with Customers, using the modified retrospective adoption method. Under Topic 606, revenue is recognized in accordance with a five-step model, which includes identifying the contracts with customers; identifying the separate performance obligations; determining the transaction price; allocating the transaction price to the separate performance obligations; and recognizing revenue when each performance obligation is satisfied.

Revenue is measured at the amount of consideration the Academy expects to receive in exchange for services provided within the contract. Payment terms on the majority of the Academy's contracts are typically 30 days. Revenue is recognized when the Academy satisfies the performance obligations under the contract, which is generally once the underlying educational and program services have been provided. Based on the nature of the educational and program services contracts with customers that the Academy enters into, the customer typically receives and consumes the services as provided; thus, revenue from these contracts is recognized over time using time elapsed as the input method for measuring progress.

Deferred Income - Funds received but not yet earned are reported as deferred revenue. The Academy each year has various summer programs, which are offered to students during the months of June through August. Funds received for these programs are recorded as deferred revenue until the corresponding performance obligations have been satisfied. Advance deposits and payments are recorded as deferred revenue when billed, and the revenue is recognized as performance obligations are satisfied.

Refundable Advance - Refundable advance includes amounts from donors held by the Academy for scholarships. Such funds are pooled with other Academy funds for investment purposes, and the respective donors retain variance power over these assets, resulting in a liability being recorded. Changes in refundable advance for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Beginning balance	$ 5,410,679	$ 6,195,891
Scholarships	(195,846)	(131,675)
Realized and unrealized investment appreciation (depreciation)	450,324	(653,537)
	$ 5,665,157	$ 5,410,679

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases - Leases are recognized under Codification 842, Leases (Topic 842). The Academy determines whether a contract contains a lease at contract inception and classifies it as either finance or operating. A contract contains a lease if there is an identified asset and the Academy has the right to control the asset.

Finance leases are generally those that allow the Academy to substantially utilize or pay for the entire asset over its estimated useful life. Finance leases are recorded in property, plant and equipment, net, and finance lease liabilities within current maturities of long-term debt and long-term debt on the consolidated statement of financial position. Finance lease right-of-use assets are amortized in operating expenses on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term, with the interest component for lease liabilities included in interest expense and recognized using the effective interest method over the lease term.

Operating lease right-of-use assets represent the Academy's right to use an underlying asset for the lease term, and lease liabilities represent the Academy's obligation to make lease payments arising from the lease. Operating leases are recorded in operating lease right-of-use assets, other current liabilities, and long-term operating lease liabilities on the Academy's consolidated statement of financial position. In the consolidated statements of activities, lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Topic 842 allows lessees an option to not recognize right-of-use assets and lease liabilities arising from short-term leases. A short-term lease is defined as a lease with an initial term of 12 months or less. The Academy elected to not recognize short-term leases as right-of-use assets and lease liabilities on the consolidated statement of financial position. All short-term leases which are not included on the Academy's consolidated statement of financial position will be recognized within lease expense. Leases that have an initial term of 12 months or less with an option for renewal will need to be assessed in order to determine if the lease qualifies for the short-term lease exception. If the option is reasonably certain to be exercised, the lease does not qualify as a short-term lease.

Finance and operating lease right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Academy's lease liabilities are recognized based on the present value of the remaining fixed lease payments, over the lease term, using a discount rate. For the purpose of lease liability measurement, the Academy considers only payments that are fixed and determinable at the time of commencement. Some leasing arrangements require variable payments that are dependent upon usage or output, or may vary for other reasons, such as insurance or tax payments. Any variable payments are expensed as incurred. The Academy uses its incremental borrowing rate at the commencement date in determining the present value of the lease payments for all asset classes, unless the implicit rate is readily determinable. The Academy's lease terms may include options to extend or terminate the lease and are recognized when it is reasonably certain that the Academy will exercise that option. Lease assets are tested for impairment in the same manner as long-lived assets used in operations. See Note 12 for additional information.

Investment income and related net realized and unrealized gains and losses on investments of endowment are reported as follows:

- As changes in net assets with donor restrictions if so restricted by the donor; or
- As changes in net assets without donor restrictions in all other assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses - Costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes - The Academy is a not-for-profit entity and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. The Academy has not identified any material uncertain tax positions requiring an accrual or disclosure in the consolidated financial statements. There were no interest or penalties recognized in the consolidated statements of activities for the years ended June 30, 2023 and 2022. Management believes that the Academy is no longer subject to income tax examinations for tax years prior to 2020.

Recently Adopted Accounting Pronouncements - In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). This ASU modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. The Academy adopted this standard on July 1, 2022 and has elected to utilize the optional transition method. See Note 12.

Subsequent Events - Management has evaluated subsequent events through November 28, 2023, the date that the consolidated financial statements were available to be issued and has not identified any events or transactions that would require recognition of disclosure in the consolidated financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Academy receives annual student tuition and fees, contributions and other income without donor restrictions, and considers such support and revenue for use in current programs that are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and program expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Academy’s fiscal year.

The table below presents financial assets available for general expenditures within one year at June 30:

	2023	2022
Cash and cash equivalents	$ 4,225,938	$ 6,984,762
Investments	92,002,277	81,153,354
Contributions receivable	9,665,602	986,937
Student accounts receivable, net	707,676	1,137,393
	106,601,493	90,262,446
Donor-imposed restrictions:		
Endowments	(74,764,663)	(70,891,932)
Funds subject to purpose restrictions	(14,135,571)	(2,353,199)
	(88,900,234)	(73,245,131)
	$ 17,701,259	$ 17,017,315

NOTE 3 - LIQUIDITY AND AVAILABILITY (Continued)

Income from the endowment fund is donor-restricted for specific purposes and, therefore, is not available for general expenditure. Endowment funds are subject to an annual spending rate of up to 7% as described in Note 9. Approximately $174,000 and $165,000 of the endowment spending for the fiscal year ended June 30, 2024 and 2023, respectively, is available for general expenditure.

The Academy also has $3,000,000 of availability on its revolving demand note (Note 4).

The Academy has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 4 - NOTES PAYABLE

On April 25, 2018, the Academy executed an agreement for a $4,000,000 revolving demand note, payable on demand. The note bore an interest rate of 1.15% above LIBOR. As of June 30, 2022, the principal outstanding on this borrowing arrangement was $2,000,000. The Academy paid the demand note amount in full during the year ended June 30, 2023.

On January 31, 2023, the Academy entered into an agreement for a $3,000,000 revolving demand note, payable on demand. The note bears an interest rate of 0.65% above Daily Secured Overnight Financing Rate (SOFR) (5.07% as of June 30, 2023). As of June 30, 2023, there are no outstanding borrowings on this agreement.

During the year ended June 30, 2020, the Academy entered into two notes payable with a vendor of the Academy. A note in the amount of $100,000 is payable in equal monthly installments of $833 through June 2029 and bears no stated interest rate. A note in the amount of $22,000 is payable in equal monthly installments of $372 through December 2024. As of June 30, 2023 and 2022, the principal outstanding on these borrowing arrangements was $68,234 and $83,148, respectively. There is no collateral held on either note.

On February 17, 2021, the Academy entered into an agreement for a note in the amount of $5,000,000. The note bore an interest rate of 1.15% above LIBOR and is payable in monthly installments through February 2031. As of June 30, 2022, the principal outstanding on this borrowing arrangement was $4,834,496. The Academy paid the demand note amount in full during the year ended June 30, 2023.

On January 31, 2023, the Academy entered into an agreement for a note in the amount of $2,000,000. The note bears an interest rate of 0.75% above Daily SOFR (5.07% as of June 30, 2023), and is payable in monthly installments of $33,333 through January 2028. As of June 30, 2023, the principal outstanding on this borrowing arrangement was $1,833,333. There is no collateral held on the note.

On January 31, 2023, the Academy entered into an agreement for a note in the amount of $4,760,030. The note bears an interest rate of 0.85% above Daily SOFR (5.07% as of June 30, 2023), and is payable in escalating monthly installments ranging from $11,045 to $14,360 through January 2031, with the remaining balance payable in February 2031. As of June 30, 2023, the principal outstanding on this borrowing arrangement was $4,715,212. There is no collateral held on the note.

There are no financial covenants on the Academy's notes payable as of June 30, 2023 and 2022.

NOTE 4 - NOTES PAYABLE (Continued)

The aggregate annual amount of principal payments required on debt agreements is as follows:

Year Ending June 30	Amount
2024	$ 548,532
2025	550,890
2026	554,680
2027	560,212
2028	399,153
Thereafter	3,993,312
	$ 6,606,779

NOTE 5 - PENSION PLAN

The Academy's academic and nonacademic employees are eligible to participate in a voluntary contributory retirement plan (Plan) organized through the Teachers Insurance and Annuity Association. For employees contributing at least 4% of their gross salary, the Academy contributes 6% for employees with one to three years of service and 7% for employees with over three years of service. The Academy's contributions to the Plan aggregated $930,071 and $922,286 for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
Subject to expenditure for specified purpose:		
Faculty support	$ 340,729	$ 403,350
Educational programs	83,093	126,502
Operation and maintenance of plant	13,711,749	1,823,347
	14,135,571	2,353,199
Subject to the Academy's spending policy and appropriation, investment in perpetuity, the income from which is expendable to support the activities within each category:		
Financial aid support	32,456,778	30,824,330
Faculty support	29,959,627	28,600,636
Educational programs	12,348,258	11,466,966
	74,764,663	70,891,932
	$ 88,900,234	$ 73,245,131

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of the passage of time or for the release of accumulated gains according to the endowment spending policy during the years ended June 30 were as follows:

	2023	2022
Satisfaction of purpose restrictions:		
Plant spending	$ 3,950,933	$ 4,342,220
Endowment spending	3,654,543	3,034,842
	$ 7,605,476	$ 7,377,062

NOTE 7 - CONTRIBUTIONS

As of June 30, 2023, unconditional promises to give are recorded as contributions receivable on the accompanying consolidated statements of financial position and are due as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Less than one year	$ 3,600	$ 24,356	$ 27,956
One to five years	-	9,646,861	9,646,861
	$ 3,600	$ 9,671,217	9,674,817
Allowance for doubtful pledges			(9,215)
			$ 9,665,602

Amounts are recorded after discounting to the present value of the future cash flows, utilizing a 2.5% discount rate.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Academy is involved in claims and litigation incidental to the conduct of its operations. Based on consultation with legal counsel, management does not believe that any claims and litigation will have a material effect on the Academy’s consolidated financial condition, results of operations or cash flows.

NOTE 9 - ENDOWMENT

The Academy's endowment consists of various investment funds established primarily for support of the organization's mission. It includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Academy to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Trustees of the Academy have elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141), a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's permanently restricted investments as income each year. The long-term preservation of the real value of the assets must be taken into consideration when the Board elects the amount. On an annual basis, the executive committee of the Board, in writing, must elect a spending rate of between 2% and 7%. In accordance with Act 141, the Academy annually transfers between 4% and 7% of the previous three years' market value average of the restricted endowment fund. This percentage is applied to a 12-quarter average market value of the investments at June 30 of the previous year. The Academy classifies as net assets restricted in perpetuity net assets with donor restrictions the original and subsequent value of gifts donated to the endowment. In accordance with Act 141, the Academy has adopted a written investment policy, of which a section specifically relates to the endowment fund.

The Academy considers the following factors in making a determination to set a spending rate:

1. Protecting the corpus of the endowment fund.
2. Preserving the spending power of the assets.
3. Obtaining maximum investment return with reasonable risk and operational consideration.
4. Complying with applicable laws.

The following table represents the change in net assets with donor restrictions endowment funds for the years ended June 30:

	2023	2022
Endowment net assets		
Beginning of year	$ 70,891,932	$ 78,933,911
Investment return:		
Investment income	2,136,166	1,357,349
Net realized and unrealized appreciation (depreciation)	4,880,271	(8,404,729)
Contributions	510,837	2,040,243
Appropriation of endowment assets for expenditures	(3,654,543)	(3,034,842)
End of year	$ 74,764,663	$ 70,891,932

NOTE 9 - ENDOWMENT (Continued)

A fund is considered to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity. As a result of financial market conditions, certain endowment funds had an aggregate market value of $368,429 less than their cost basis of $18,299,655 as of June 30, 2023. These funds were included in total endowment funds with an original cost of approximately $50,254,000. Future market gains are intended to restore this deficiency. There were no underwater endowment funds as of June 30, 2022.

Return Objectives and Risk Parameters - The Academy has adopted investment and spending policies for endowment assets that attempt to provide a reasonable level of funding to programs supported by its endowment while seeking to enhance the purchasing power of the fund's corpus by striving for long-term growth. Endowment assets include those assets of donor-restricted funds the organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board, endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a blended benchmark of equity, fixed income, private equity and real estate peer groups.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Academy 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 Academy targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment advisors, at the discretion of the endowment committee, are given guidelines to the percentage that can be committed to a particular investment or investment category.

Spending Policy and Investment Objectives Related to Spending Policy - In accordance with Act 141, the Academy annually transfers between 4.0% and 7.0% of the previous three years' market value average of the endowment fund to net assets without donor restrictions for use in current and future operations. In 2023 and 2022, the spendable return on endowment fund net assets totaled $3,522,868 and $3,034,842, respectively, which represents approximately 5.0% and 4.75%, respectively. The Academy believes that this spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with the Academy's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

NOTE 10 - EXPENSES BY BOTH NATURE AND FUNCTION

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Specific expenses that are readily identifiable to program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Salaries and wages and employee benefits and payroll taxes are allocated on the basis of time and effort. Expenses allocated include utilities, maintenance, fringe benefits and depreciation, which are allocated based on square footage or an allocation percentage of total administrative costs before allocation to total education expenses. All other expenses are allocated based on actual usage and on a reasonable basis that is consistently applied.

NOTE 11 - FAIR VALUE MEASUREMENT

The Fair Value Measurement topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The topic requires disclosures that categorize assets and liabilities measured at fair value into three different levels, depending on the assumptions used in the valuation. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant administration judgment. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The Fair Value Measurement hierarchy is defined as follows:

Level 1 - Valuations are based on unadjusted quoted prices in an active market for identical assets or liabilities.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Level 3 - Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect the administration's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

The Academy's financial instruments consist primarily of cash and cash equivalents, student accounts receivable, contributions receivable, investments, accounts payable, notes payable and a Paycheck Protection Program note payable. The carrying amount of cash and cash equivalents, student accounts receivable, contributions receivable and accounts payable approximates their fair value due to the short-term nature of such instruments. The carrying value of the Academy's notes payable approximates fair value at June 30, 2023 and 2022, since the interest rates are market-based and are generally adjusted periodically.

The valuation of the Academy's investments according to the fair value hierarchy at June 30 is as follows:

	2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 13,042,610	-	-	$ 13,042,610
Equity securities	45,295,421	$ 428,757	-	45,724,178
Government obligations	7,658,316	428,757	-	8,087,073
Bonds	-	9,353,871	-	9,353,871
Total investments in the fair value hierarchy	$ 65,996,347	$ 10,211,385	-	76,207,732
Investments measured at net asset value (a)				15,794,545
Total fair value				$ 92,002,277

NOTE 11 - FAIR VALUE MEASUREMENT (Continued)

	2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 6,691,306	-	-	$ 6,691,306
Equity securities	45,208,004	$ 413,087	-	45,621,091
Government obligations	5,623,187	408,655	-	6,031,842
Bonds	-	6,629,229	-	6,629,229
Total investments in the fair value hierarchy	$ 57,522,497	$ 7,450,971	-	64,973,468
Investments measured at net asset value (a)				16,179,886
Total fair value				$ 81,153,354

Interest and dividend income was $2,955,397 and $1,287,483 in 2023 and 2022, respectively.

(a) In accordance with the FASB Codification topic 820, Fair Value Measurement, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the items presented in the consolidated financial statements.

The valuation of the Academy's investments in entities measured at net asset value (or its equivalent) requires significant judgment due to the absence of quoted market prices, inherent lack of liquidity, heavy reliance on Level 3 inputs and the long-term nature of such investments. These investments are valued initially at their transaction value and subsequently adjusted to reflect expected exit values at the measurement date by utilizing assumptions that market participants would normally use to estimate a fair market value. These valuation adjustments include, but are not limited to, material changes in an organization's operations and/or financial performance, subsequent or anticipated rounds of equity financings, specific rights or terms associated with the investment (e.g., conversion features, liquidation preferences or restrictions), expected exit timing and strategy, industry valuations or comparable public companies, changes in economic conditions and changes in legal or regulatory environments.

NOTE 11 - FAIR VALUE MEASUREMENT (Continued)

The following table summarizes investments measured at fair value based on net asset value per share as of June 30:

Instrument	Fair Value 6/30/2023	Fair Value 6/30/2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Acadian All World Country Fund Ltd. (b)	$ 6,793,358	$ 7,253,530	N/A	Monthly	30 days
Aberdeen U.S. Private Equity VII, L.P. (d)	2,283,628	2,603,755	$ 240,000	Not Permitted	N/A
Aberdeen U.S. Private Equity VIII, L.P. (d)	2,204,994	1,768,479	320,000	Not Permitted	N/A
Aberdeen U.S. Private Equity IX, L.P. (d)	879,548	460,255	350,000	Not Permitted	N/A
Moonrise Venture Partners I, L.P. (e)	1,864,689	2,241,480	87,097	Not Permitted	N/A
Moonrise Venture Partners II, L.P. (e)	1,295,995	1,465,637	116,742	Not Permitted	N/A
Moonrise Venture Partners III, L.P. (e)	472,333	386,750	502,016	Not Permitted	N/A
Total Investments measured at net asset value (a)	$ 15,794,545	$ 16,179,886			

(b) The fund's objective is to seek long-term capital appreciation by investing primarily in common stocks of international issuers with varying market capitalizations.

(c) The company's objective is to provide risk-adjusted returns and current income to its stockholders by investing primarily in middle-market companies.

(d) The limited partnership's objective is to seek long-term capital appreciation by investing in the less-efficient "small buyout" segment of the private equity landscape.

(e) The limited partnership's objective is to seek long-term capital appreciation by investing in global venture capital funds.

NOTE 12 - LEASES

On July 1, 2022, the Academy adopted Topic 842 using the comparatives under 840 option as amended by ASU 2018-11. The reported results for the year ended June 30, 2023 reflect the application of Topic 842, whereas prior period amounts have not been adjusted and continue to be reported in accordance with historical accounting under Topic 840.

The Academy elected the practical expedient package permitted under the transition approach. As such, the Academy did not reassess whether any expired or existing contracts are or contain leases, did not reassess historical lease classification, and did not reassess initial direct costs for any leases that existed prior to July 1, 2022.

As of the date of adoption, the Academy recognized operating lease right-of-use assets and liabilities of approximately $931,510 on the consolidated statement of financial position. The Academy has operating leases for printers and vehicles to be utilized by the Academy. These items were discounted using the risk-free rate based on the term of the lease.

The Academy recorded operating lease cost of $193,658 within the consolidated statements of activities for the year ended June 30, 2023.

The Academy paid cash for operating cash flows from operating leases of $169,694 for the year ended June 30, 2023.

The weighted average remaining lease term (in years) and discount rate were as follows for the year ended June 30, 2023:

Operating lease weighted-average remaining lease term	3.90
Operating lease weighted-average discount rate	4.20%

As of June 30, 2023, estimated annual maturities of lease liabilities for the year ending June 30, 2024 and thereafter were as follows:

Year Ending June 30		Amount
2024	$	186,897
2025		198,718
2026		211,156
2027		201,058
	$	797,829

SHADY SIDE ACADEMY
Pittsburgh, Pennsylvania

Consolidated Financial Statements
For the years ended June 30, 2022 and 2021

and Independent Auditor's Report Thereon

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Shady Side Academy
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of Shady Side Academy (Academy), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Academy as of June 30, 2022 and 2021, and its functional expenses, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Academy 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 Consolidated 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 Academy's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 Academy'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 Academy'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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
November 1, 2022

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30	
	2022	2021
ASSETS		
Cash and cash equivalents	$ 6,984,762	$ 7,818,404
Receivables		
Student accounts receivable (less allowance for doubtful accounts, $495,000 and $488,000, respectively)	1,132,501	695,198
Contributions receivable (less allowance for doubtful pledges, $30,000 and $24,000, respectively)	986,937	1,675,837
Other receivables	4,893	7,771
	2,124,331	2,378,806
Inventories	123,480	106,807
Prepaid expenses and deferred charges	221,603	166,192
Investments	81,153,354	86,832,331
Property, plant and equipment		
Land and land improvements	6,304,886	5,412,841
Buildings	64,231,296	63,435,418
Equipment	11,661,085	11,939,733
Vehicles	315,940	315,940
	82,513,207	81,103,932
Less - Accumulated depreciation	(47,068,314)	(45,246,737)
	35,444,893	35,857,195
Total Assets	$ 126,052,423	$ 133,159,735
LIABILITIES AND NET ASSETS		
LIABILITIES		
Notes payable	$ 6,917,644	$ 7,057,078
Accounts payable	666,680	589,457
Construction payable	130,786	23,762
Accrued expenses	1,766,956	1,791,258
Student deposits	484,484	384,569
Deferred income	1,761,617	3,849,227
Annuities payable	19,718	27,270
Refundable advance	5,410,679	6,195,891
Capital leases	174,186	280,665
Total Liabilities	17,332,750	20,199,177
NET ASSETS		
Without donor restrictions	35,474,542	31,829,126
With donor restrictions	73,245,131	81,131,432
Total Net Assets	108,719,673	112,960,558
Total Liabilities And Net Assets	$ 126,052,423	$ 133,159,735

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
Revenue from contracts:			
Student tuition and fees, net	$ 26,948,658	-	$ 26,948,658
Auxiliary enterprises	1,763,395	-	1,763,395
Summer programs	1,403,450	-	1,403,450
Private gifts	3,246,215	$ 6,540,038	9,786,253
Interest and dividends, net of related expenses of $54,000 and $56,000, respectively	7,667	1,225,816	1,233,483
Net realized and unrealized (losses) gains on investments	-	(8,275,093)	(8,275,093)
Miscellaneous	370,046	-	370,046
	33,739,431	(509,239)	33,230,192
Net assets released from restriction	7,377,062	(7,377,062)	-
	41,116,493	(7,886,301)	33,230,192
EXPENSES AND OTHER DEDUCTIONS			
Program services	25,119,473	-	25,119,473
General and administrative	11,073,977	-	11,073,977
Fundraising	1,277,627	-	1,277,627
	37,471,077	-	37,471,077
Changes In Net Assets From Operating	3,645,416	(7,886,301)	(4,240,885)
NONOPERATING			
Gain on Extinguishment of Debt	-	-	-
Changes In Net Assets	3,645,416	(7,886,301)	(4,240,885)
NET ASSETS			
Beginning of year	31,829,126	81,131,432	112,960,558
End of year	$ 35,474,542	$ 73,245,131	$ 108,719,673

2021		
Without Donor Restrictions	With Donor Restrictions	Total
$ 24,691,355	-	$ 24,691,355
1,978,748	-	1,978,748
426,917	-	426,917
2,717,893	$ 2,141,880	4,859,773
1,399	1,360,267	1,361,666
-	18,982,356	18,982,356
175,880	-	175,880
29,992,192	22,484,503	52,476,695
3,225,719	(3,225,719)	-
33,217,911	19,258,784	52,476,695
23,095,759	-	23,095,759
10,492,798	-	10,492,798
1,234,345	-	1,234,345
34,822,902	-	34,822,902
(1,604,991)	19,258,784	17,653,793
3,674,500	-	3,674,500
2,069,509	19,258,784	21,328,293
29,759,617	61,872,648	91,632,265
$ 31,829,126	$ 81,131,432	$ 112,960,558

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			
	Program Expenses	Management and General	Fundraising	Total Expenses
Salaries and benefits	$15,045,790	$ 6,550,149	$1,030,680	$22,626,619
Operation and maintenance of plant	5,983,893	2,709,762	47,353	8,741,008
Depreciation	1,901,090	475,273	-	2,376,363
Information services and systems	676,138	169,034	-	845,172
Summer events and programming	745,555	-	-	745,555
Professional and contracted services and fees	450,925	267,154	-	718,079
Advertising and promotion	-	281,679	97,438	379,117
Insurance expenses	-	314,246	-	314,246
Travel expenses	216,551	702	23,973	241,226
Cost of merchandise sales	-	153,908	-	153,908
Interest expenses	-	53,900	-	53,900
Other miscellaneous expenses	99,531	98,170	78,183	275,884
Total	$25,119,473	$11,073,977	$1,277,627	$37,471,077

2021			
Program Expenses	Management and General	Fundraising	Total Expenses
$14,720,151	$ 5,656,696	$1,049,194	$21,426,041
4,702,960	2,962,819	55,420	7,721,199
1,930,877	482,928	-	2,413,805
795,088	198,772	-	993,860
506,821	-	-	506,821
258,510	284,889	-	543,399
-	301,359	99,062	400,421
-	298,833	-	298,833
64,145	-	58	64,203
-	189,273	-	189,273
-	55,687	-	55,687
117,207	61,542	30,611	209,360
$23,095,759	$10,492,798	$1,234,345	$34,822,902

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (4,240,885)	$ 21,328,293
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,376,363	2,413,805
Change in allowance for bad debts	12,573	16,359
Contributions restricted for long-term purposes	(2,378,858)	(928,417)
Net realized and unrealized losses (gains) on investments	8,275,093	(20,242,105)
Extinguishment of Paycheck Protection Program note payable	-	(3,674,500)
Changes in assets and liabilities:		
Student accounts receivable	(444,245)	125,408
Contributions receivable	683,269	(406,471)
Other assets	(69,206)	334,247
Accounts payable	77,223	377,944
Accrued expenses	(24,302)	(252,951)
Other liabilities	(1,995,247)	2,206,457
Net Cash Provided By Operating Activities	2,271,778	1,298,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	10,314,961	3,943,566
Purchases of investments	(13,696,289)	(4,002,769)
Purchases of property, plant and equipment, net of construction payables	(1,857,037)	(1,633,230)
Net Cash Used In Investing Activities	(5,238,365)	(1,692,433)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(124,520)	(40,984)
Proceeds from notes payable	(14,914)	4,985,086
Payments on capital lease obligations	(106,479)	(196,033)
Contributions restricted for long-term purposes	2,378,858	928,417
Net Cash Provided By Financing Activities	2,132,945	5,676,486
Net (Decrease) Increase In Cash And Cash Equivalents	(833,642)	5,282,122
CASH AND CASH EQUIVALENTS		
Beginning of year	7,818,404	2,536,282
End of year	$ 6,984,762	$ 7,818,404

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

During the years ended June 30, 2022 and 2021, Shady Side Academy held a refundable advance for approximately $5,411,000 and $6,196,000, respectively, for scholarships, where the donor retains variance power. (See Note 2.)

During the years ended June 30, 2022 and 2021, Shady Side Academy paid approximately $54,000 and $56,000, respectively, in interest.

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION

Shady Side Academy is a private, not-for-profit institution educating students from pre-kindergarten through the 12th grade. The majority of students are from Western Pennsylvania.

The consolidated financial statements include the accounts of Shady Side Academy and the Shady Side Academy Foundation, collectively the Academy, located in Pittsburgh Pennsylvania.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying consolidated financial statements follows:

Basis of Presentation - The consolidated financial statements of the Academy have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

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

> Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This includes balances that are designated by the Board of Trustees (Board) for specific purposes and for operating reserves.
>
> Net Assets With Donor Restrictions - Net assets subject to donor-imposed or legal restrictions included donor-imposed restrictions or stipulations that may or will be met either by actions of the Academy or the passage of time, or donor-imposed restrictions of investing the principal contribution in perpetuity and the investment income be used only for the Academy’s operations and programs.

Contributions with Restrictions Met in the Same Year - Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Academy considers all investments purchased with maturities of three months or less to be cash equivalents. Carrying value approximates fair value for these investments. The Academy maintains cash and cash equivalents that may at times exceed federally insured amounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Student Accounts Receivable - The Academy does not require collateral on student accounts receivable, and credit losses have been consistently within management's expectations. Accounts are charged off when management determines that collection of amounts owed is not reasonably expected. Actual results could differ from these estimates.

Contributions Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in private gifts revenue. The Academy distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Management's periodic evaluation of the adequacy of the allowance for uncollectible amounts is based on the Academy's experience, adverse conditions that might affect the donor's ability to pay and current economic conditions.

Inventories - Inventories are priced at the lower of first-in, first-out (FIFO) (average cost) or net realizable value.

Investments - Investments in equity securities with readily determinable fair values are reported at fair market value, and realized and unrealized gains and losses are reflected in the consolidated statements of activities. Investments received by gift are recorded at fair value on the date of donation. 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, changes in value will occur in the near term, and it is reasonably possible that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Investments for which there is no ready market are valued at fair value as estimated by management. In estimating fair value, management takes into consideration valuations reported to the Academy by the investment partnerships, the nature of the investments, current market conditions and other factors that the Academy considers relevant. The Academy's interests in limited partnerships are generally reported at the Academy's ownership interest's net asset value in the funds reported by the fund managers unless it is probable that all or a portion of the investment will be sold for an amount different from the estimated fair value. As of June 30, 2022 and 2021, the Academy had no plans to sell investments at amounts different from the estimated fair value of investments in limited partnerships. Because of inherent uncertainty of valuation in the absence of readily ascertainable market values, the estimated values of those investments may differ from the values that would have been used had a ready market existed for such investments or if the investments were realized, and the differences could be material. Such investments are, by their nature, generally considered to be long-term investments and are not intended to be liquidated on a short-term basis.

Property, Plant and Equipment - Property, plant and equipment are stated at cost. Repairs, maintenance and minor replacements of existing facilities are included with expenditures as incurred. Provision for depreciation has been computed using the straight-line method based on estimated useful lives, which range from five to 50 years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Academy reviews the carrying amount of property, plant and equipment for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of an asset to future net undiscounted pretax cash flows expected to be generated by the asset. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the related estimated fair value. There were no impairment losses recorded for the years ended June 30, 2022 and 2021.

Revenue Recognition - The Academy's revenue streams consist primarily of educational program and tuition revenue. The Academy follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification) Topic 606, Revenue from Contracts with Customers, using the modified retrospective adoption method. Under Topic 606, revenue is recognized in accordance with a five-step model, which includes identifying the contracts with customers; identifying the separate performance obligations; determining the transaction price; allocating the transaction price to the separate performance obligations; and recognizing revenue when each performance obligation is satisfied.

Revenue is measured at the amount of consideration the Academy expects to receive in exchange for services provided within the contract. Payment terms on the majority of the Academy's contracts are typically 30 days. Revenue is recognized when the Academy satisfies the performance obligations under the contract, which is generally once the underlying educational and program services have been provided. Based on the nature of the educational and program services contracts with customers the Academy enters into, the customer typically receives and consumes the services as provided; thus, revenue from these contracts is recognized over time using time elapsed as the input method for measuring progress.

Deferred Income - Funds received but not yet earned are reported as deferred revenue. The Academy each year has various summer programs, which are offered to students during the months of June through August. Funds received for these programs are recorded as deferred revenue until the corresponding performance obligations have been satisfied. Advance deposits and payments are recorded as deferred revenue when billed, and the revenue is recognized as performance obligations are satisfied.

Refundable Advance - Refundable advance includes amounts from donors held by the Academy for scholarships. Such funds are pooled with other Academy funds for investment purposes, and the respective donors retain variance power over these assets, resulting in a liability being recorded. Changes in refundable advance for years ended June 30, 2022 and 2021 is as follows:

	2022	2021
Beginning balance	$ 6,195,891	-
Contributions	-	$ 5,000,000
Scholarships	(131,675)	-
Realized and unrealized investment (depreciation) appreciation	(653,537)	1,195,891
	$ 5,410,679	$ 6,195,891

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment income and related net realized and unrealized gains and losses on investments of endowment are reported as follows:

- As changes in net assets with donor restrictions if so restricted by the donor; or
- As changes in net assets without donor restrictions in all other assets.

Functional Allocation of Expenses - Costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes - The Academy is a not-for-profit entity and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. The Academy has not identified any material uncertain tax positions requiring an accrual or disclosure in the consolidated financial statements. There were no interest or penalties recognized in the statements of activities for the years ended June 30, 2022 and 2021. Management believes that the Academy is no longer subject to income tax examinations for tax years prior to 2019.

Recent Accounting Pronouncements - In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02 Leases Topic 842 (ASU 2016-02), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). ASU 2016-02 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification determines whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less are accounted for similar to existing guidance for operating leases today. ASU 2016-02 requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. ASU 2016-02 supersedes the previous leases standard Leases (Topic 840). The standard is effective for fiscal years beginning after December 15, 2021. The Academy is currently in the process of evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04 Reference Rate Reform (Topic 848) Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference the London InterBank Offered Rate (LIBOR) or another rate that is expected to be discontinued. ASU 2020-04 is effective as of March 12, 2020 through December 31, 2022. The Academy is currently in the process of evaluating the impact that the adoption of ASU 2020-04 will have on its consolidated financial statements.

Subsequent Events - Management has evaluated subsequent events through November 1, 2022, the date that the consolidated financial statements were available to be issued and has not identified any events or transactions that would require recognition of disclosure in the consolidated financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Academy receives annual student tuition and fees, contributions and other income without donor restrictions, and considers such support and revenue for use in current programs that are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and program expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Academy's fiscal year.

The table below presents financial assets available for general expenditures within one year at June 30:

	2022	2021
Cash and cash equivalents	$ 6,984,762	$ 7,818,404
Investments	81,153,354	86,832,331
Contributions receivable	986,937	1,675,837
Student accounts receivable, net	1,132,501	695,198
Other receivables	4,892	7,771
	90,262,446	97,029,541
Investments restricted in perpetuity	(75,564,163)	(84,150,735)
Purpose restricted contributions receivable	(979,825)	(1,630,313)
	$ 13,718,458	$ 11,248,493

Income from the endowment fund is donor restricted for specific purposes and, therefore, is not available for general expenditure. Endowment funds are subject to an annual spending rate of up to 7% as described in Note 9. Approximately $165,000 of the endowment spending for the fiscal year ended June 30, 2023 is available for general expenditure.

The Academy also has $2,000,000 of availability on its revolving demand note (Note 4).

The Academy has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 4 - NOTES PAYABLE AND CAPITAL LEASES

On April 25, 2018, the Academy executed an agreement for a $4,000,000 revolving demand note, payable on demand. The note bears an interest rate of 1.15% above LIBOR (0.1798% at June 30, 2022). As of June 30, 2022 and 2021, the principal outstanding on this borrowing arrangement was $2,000,000.

During the year ended June 30, 2020, the Academy entered into two notes payable with a vendor of the Academy. A note in the amount of $100,000 is payable in equal monthly installments of $833 through June 2029 and bears no stated interest rate. A note in the amount of $22,000 is payable in equal monthly installments of $372 through December 2024 and bears no stated interest rate. As of June 30, 2022 and 2021, the principal outstanding on these borrowing arrangements was $83,148 and $98,062, respectively.

On February 17, 2021, the Academy entered into an agreement for a note in the amount of $5,000,000. The note bears an interest rate of 1.15% above LIBOR and is payable in monthly installments through February 2031. As of June 30, 2022 and 2021, the principal outstanding on this borrowing arrangement was $4,834,496 and $4,959,016, respectively.

The aggregate annual amount of principal payments required on debt agreements is as follows:

Year Ending June 30	Amount
2023	$ 143,752
2024	148,532
2025	150,890
2026	154,680
2027	160,212
Thereafter	4,159,578
	$ 4,917,644

In April 2020, the Academy entered into a term note with PNC Bank with a principal amount of approximately $3,674,500 pursuant to the Paycheck Protection Program (PPP Term Note) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), as amended by the Paycheck Protection Program Flexibility Act in June 2020. The PPP Loan is evidenced by a promissory note. The PPP Term Note bears interest at a fixed annual rate of 1.00% with a two-year maturity and is payable in monthly installments beginning the earlier of 10 months or the date that the Academy receives notice of partial forgiveness. The PPP Term Note may be accelerated upon the occurrence of an event of default. The PPP Term Note is unsecured and guaranteed by the United States Small Business Administration. Under the CARES Act, the Academy may apply to PNC Bank for forgiveness of the PPP Term Note, with the amount available to be forgiven equal to the sum of eligible payroll costs, covered rent and mortgage obligations and covered utility payments incurred by the Academy during the 24-week period beginning upon receipt of PPP Term Note funds, calculated in accordance with the terms of the CARES Act. In June 2021, the Academy received notice that the loan was fully forgiven and recognized the extinguishment of debt on the statements of activities for the year ended June 30, 2021.

NOTE 4 - NOTES PAYABLE AND CAPITAL LEASES (Continued)

The Academy has entered into various capital lease agreements for equipment to be utilized by the Academy. Quarterly payments for the leases range from $11,403 to $25,000, with interest rates ranging from 1.43% to 5.62% collateralized by equipment, through August 2023.

The aggregate annual amount of principal payments required on capital leases is as follows:

Year Ending June 30	Amount
2023	$ 136,204
2024	66,415
	202,619
Less amounts representing interest	28,433
	$ 174,186

NOTE 5 - PENSION PLAN

The Academy's academic and nonacademic employees are eligible to particulate in a voluntary contributory retirement plan (Plan) organized through the Teachers Insurance and Annuity Association. For employees contributing at least 4% of their gross salary, the Academy contributes 6% for employees with one to three years of service and 7% for employees with over three years of service. The Academy's contributions to the Plan aggregated $922,286 and $943,841 for the years ended June 30, 2022 and 2021, respectively.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specified purpose:		
Faculty support	$ 403,350	$ 449,200
Educational programs	126,502	117,036
Operation and maintenance of plant	1,823,347	1,631,285
	2,353,199	2,197,521
Subject to the Academy's spending policy and appropriation, investment in perpetuity, the income from which is expendable to support the activities within each category:		
Financial aid support	30,824,330	33,145,863
Faculty support	28,600,636	32,733,979
Educational programs	11,466,966	13,054,069
	70,891,932	78,933,911
	$ 73,245,131	$ 81,131,432

Net assets released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of the passage of time or for the release of accumulated gains according to the endowment spending policy during the years ended June 30 were as follows:

	2022	2021
Satisfaction of purpose restrictions:		
Plant spending	$ 4,342,220	$ 178,336
Endowment spending	3,034,842	3,047,383
	$ 7,377,062	$ 3,225,719

NOTE 7 - CONTRIBUTIONS

As of June 30, 2022, unconditional promises to give are recorded as contributions receivable on the accompanying consolidated statements of financial position and are due as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Less than one year	$ 3,600	$ 118,214	$ 121,814
One to five years	3,512	891,164	894,676
	$ 7,112	$ 1,009,378	1,016,490
Allowance for doubtful pledges			(29,554)
			$ 986,936

Amounts are recorded after discounting to the present value of the future cash flows, utilizing a 2.5% discount rate.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Academy is involved in claims and litigation incidental to the conduct of its operations. Based on consultation with legal counsel, management does not believe that any claims and litigation will have a material effect on the Academy's financial condition, results of operations or cash flows.

NOTE 9 - ENDOWMENT

The Academy's endowment consists of various investment funds established primarily for support of the organization's mission. It includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Academy to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Trustees of the Academy have elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141), a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's permanently restricted investments as income each year. The long-term preservation of the real value of the assets must be taken into consideration when the Board elects the amount. On an annual basis, the executive committee of the Board, in writing, must elect a spending rate of between 2% and 7%. In accordance with Act 141, the Academy annually transfers between 4% and 7% of the previous three years' market value average of the restricted endowment fund. This percentage is applied to a 12-quarter average market value of the investments at June 30 of the previous year. The Academy classifies as net assets restricted in perpetuity endowment funds the original and subsequent value of gifts donated to the endowment. In accordance with Act 141, the Academy has adopted a written investment policy, of which a section specifically relates to the endowment fund.

NOTE 9 - ENDOWMENT (Continued)

The Academy considers the following factors in making a determination to set a spending rate:

1. Protecting the corpus of the endowment fund.
2. Preserving the spending power of the assets.
3. Obtaining maximum investment return with reasonable risk and operational consideration.
4. Complying with applicable laws.

The following table represents the change in net assets with donor restrictions endowment funds for the years ended June 30:

	2022	2021
Endowment net assets		
Beginning of year	$ 78,933,911	$ 61,283,247
Investment return:		
Investment income	1,357,349	1,360,267
Net realized and unrealized (depreciation) appreciation	(8,404,729)	18,982,356
Contributions	2,040,243	355,424
Appropriation of endowment assets for expenditures	(3,034,842)	(3,047,383)
End of year	$ 70,891,932	$ 78,933,911

A fund is considered to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity. Management believes there are no underwater endowment funds as of June 30, 2022 and 2021.

Return Objectives and Risk Parameters - The Academy has adopted investment and spending policies for endowment assets that attempt to provide a reasonable level of funding to programs supported by its endowment while seeking to enhance the purchasing power of the fund's corpus by striving for long-term growth. Endowment assets include those assets of donor-restricted funds the organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board, endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a blended benchmark of equity, fixed income, private equity and real estate peer groups.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Academy 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 Academy targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment advisors, at the discretion of the endowment committee, are given guidelines to the percentage that can be committed to a particular investment or investment category.

NOTE 9 - ENDOWMENT (Continued)

Spending Policy and Investment Objectives Related to Spending Policy - In accordance with Act 141, the Academy annually transfers between 5.0% and 7.0% of the previous three years' market value average of the endowment fund to net assets without donor restrictions for use in current and future operations. In 2022 and 2021, the spendable return on endowment fund net assets totaled \$3,034,842 and \$3,047,383, respectively, which represents approximately 4.75% and 5.0%, respectively. The Academy believes that this spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with the Academy's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

NOTE 10 - EXPENSES BY BOTH NATURE AND FUNCTION

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Specific expenses that are readily identifiable to program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Salaries and wages and employee benefits and payroll taxes are allocated on the basis of time and effort. Expenses allocated include utilities, maintenance, fringe benefits and depreciation, which are allocated based on square footage or an allocation percentage of total administrative costs before allocation to total education expenses. All other expenses are allocated based on actual usage and on a reasonable basis that is consistently applied.

NOTE 11 - FAIR VALUE MEASUREMENT

The Fair Value Measurement and Disclosures topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The topic requires disclosures that categorize assets and liabilities measured at fair value into three different levels, depending on the assumptions used in the valuation. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant administration judgment. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The Fair Value Measurement hierarchy is defined as follows:

Level 1 - Valuations are based on unadjusted quoted prices in an active market for identical assets or liabilities.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Level 3 - Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect the administration's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

NOTE 11 - FAIR VALUE MEASUREMENT (Continued)

The Academy's financial instruments consist primarily of cash and cash equivalents, student accounts receivable, contributions receivable, investments, accounts payable, notes payable and a Paycheck Protection Program note payable. The carrying amount of cash and cash equivalents, student accounts receivable, contributions receivable and accounts payable approximates their fair value due to the short-term nature of such instruments. The carrying value of the Academy's notes payable approximates fair value at June 30, 2022 and 2021, since the interest rates are market-based and are generally adjusted periodically.

The valuation of the Academy's investments according to the fair value hierarchy at June 30 is as follows:

	2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 6,691,306	-	-	$ 6,691,306
Equity securities	45,208,004	$ 413,087	-	45,621,091
Government obligations	5,623,187	408,655	-	6,031,842
Bonds	-	6,629,229	-	6,629,229
Total investments in the fair value hierarchy	$ 57,522,497	$ 7,450,971	-	64,973,468
Investments measured at net asset value (a)				16,179,886
Total fair value				$ 81,153,354

	2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,649,664	-	-	$ 3,649,664
Equity securities	53,705,268	$ 484,826	-	54,190,094
Government obligations	5,134,797	485,096	-	5,619,893
Bonds	-	7,810,302	-	7,810,302
Total investments in the fair value hierarchy	$ 62,489,729	$ 8,780,224	-	71,269,953
Investments measured at net asset value (a)				15,562,378
Total fair value				$ 86,832,331

Interest and dividend income was $1,287,483 and $1,417,666 in 2022 and 2021, respectively.

NOTE 11 - FAIR VALUE MEASUREMENT (Continued)

(a) In accordance with the FASB Codification topic 820, Fair Value Measurement, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the items presented in the financial statements.

The valuation of the Academy's investments in entities measured at net asset value (or its equivalent) requires significant judgment due to the absence of quoted market prices, inherent lack of liquidity, heavy reliance on Level 3 inputs and the long-term nature of such investments. These investments are valued initially at their transaction value and subsequently adjusted to reflect expected exit values at the measurement date by utilizing assumptions that market participants would normally use to estimate a fair market value. These valuation adjustments include, but are not limited to, material changes in an organization's operations and/or financial performance, subsequent or anticipated rounds of equity financings, specific rights or terms associated with the investment (e.g., conversion features, liquidation preferences or restrictions), expected exit timing and strategy, industry valuations or comparable public companies, changes in economic conditions and changes in legal or regulatory environments.

NOTE 11 - FAIR VALUE MEASUREMENT (Continued)

The following table summarizes investments measured at fair value based on net asset value per share as of June 30:

Instrument	Fair Value 6/30/2022	Fair Value 6/30/2021	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Acadian All World Country Fund Ltd. (b)	$ 7,253,530	$ 10,172,908	N/A	Monthly	30 days
Aberdeen U.S. Private Equity VII, L.P. (d)	2,603,755	1,909,972	$ 240,000	Not Permitted	N/A
Aberdeen U.S. Private Equity VIII, L.P. (d)	1,768,479	881,739	720,000	Not Permitted	N/A
Aberdeen U.S. Private Equity IX, L.P. (d)	460,255	101,067	650,000	Not Permitted	N/A
Moonrise Venture Partners I, L.P. (e)	2,241,480	1,521,575	87,097	Not Permitted	N/A
Moonrise Venture Partners II, L.P. (e)	1,465,637	861,545	167,553	Not Permitted	N/A
Moonrise Venture Partners III, L.P. (e)	386,750	113,572	628,604	Not Permitted	N/A
Total Investments measured at net asset value (a)	$ 16,179,886	$ 15,562,378			

(b) The fund's objective is to seek long-term capital appreciation by investing primarily in common stocks of international issuers with varying market capitalizations.

(c) The company's objective is to provide risk-adjusted returns and current income to its stockholders by investing primarily in middle-market companies.

(d) The limited partnership's objective is to seek long-term capital appreciation by investing in the less-efficient "small buyout" segment of the private equity landscape.

(e) The limited partnership's objective is to seek long-term capital appreciation by investing in global venture capital funds.

SHADY SIDE ACADEMY
Pittsburgh, Pennsylvania

Consolidated Financial Statements
For the years ended June 30, 2021 and 2020

and Independent Auditor's Report Thereon

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Shady Side Academy
Pittsburgh, Pennsylvania

We have audited the accompanying consolidated financial statements of Shady Side Academy (Academy), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academy's preparation and fair presentation of the consolidated financial statements 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 Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
November 15, 2021

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30 2021	June 30 2020
ASSETS		
Cash and cash equivalents	$ 7,818,404	$ 2,536,282
Receivables		
Student accounts receivable (less allowance for doubtful accounts, $488,000 and $478,000, respectively)	695,198	830,760
Contributions receivable (less allowance for doubtful pledges, $24,000 and $18,000, respectively)	1,675,837	1,275,571
Other receivables	7,771	2,767
	2,378,806	2,109,098
Inventories	106,807	167,511
Prepaid expenses and deferred charges	166,192	444,739
Investments	86,832,331	60,335,132
Property, plant and equipment		
Land and land improvements	5,412,841	5,284,047
Buildings	63,435,418	62,328,354
Equipment	11,939,733	11,834,188
Vehicles	315,940	315,940
	81,103,932	79,762,529
Less - Accumulated depreciation	(45,246,737)	(43,148,521)
	35,857,195	36,614,008
Total Assets	$ 133,159,735	$ 102,206,770
LIABILITIES AND NET ASSETS		
LIABILITIES		
Notes payable	$ 7,057,078	$ 2,112,976
Paycheck Protection Program note payable	-	3,674,500
Accounts payable	589,457	211,513
Construction payable	23,762	-
Accrued expenses	1,791,258	2,044,209
Student deposits	384,569	1,415,140
Deferred income	3,849,227	606,550
Annuities payable	27,270	32,919
Refundable advance	6,195,891	-
Capital leases	280,665	476,698
Total Liabilities	20,199,177	10,574,505
NET ASSETS		
Without donor restrictions	31,829,126	29,759,617
With donor restrictions	81,131,432	61,872,648
Total Net Assets	112,960,558	91,632,265
Total Liabilities And Net Assets	$ 133,159,735	$ 102,206,770

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
Revenue from contracts:			
Student tuition and fees, net	$ 24,691,355	-	$ 24,691,355
Auxiliary enterprises	1,978,748	-	1,978,748
Summer programs	426,917	-	426,917
Private gifts	2,717,893	$ 2,141,880	4,859,773
Interest and dividends, net of related expenses of $56,000 and $117,000, respectively	1,399	1,360,267	1,361,666
Net realized and unrealized gains (losses) on investments	-	18,982,356	18,982,356
Miscellaneous	175,880	-	175,880
	29,992,192	22,484,503	52,476,695
Net assets released from restriction	3,225,719	(3,225,719)	-
	33,217,911	19,258,784	52,476,695
EXPENSES AND OTHER DEDUCTIONS			
Program services	23,095,759	-	23,095,759
General and administrative	10,492,798	-	10,492,798
Fundraising	1,234,345	-	1,234,345
	34,822,902	-	34,822,902
Changes In Net Assets From Operating	(1,604,991)	19,258,784	17,653,793
NONOPERATING			
Gain on Extinguishment of Debt	3,674,500	-	3,674,500
Changes In Net Assets	2,069,509	19,258,784	21,328,293
NET ASSETS			
Beginning of year	29,759,617	61,872,648	91,632,265
End of year	$ 31,829,126	$81,131,432	$112,960,558

2020		
Without Donor Restrictions	With Donor Restrictions	Total
$ 22,091,409	-	$22,091,409
1,849,354	-	1,849,354
1,213,474	-	1,213,474
3,613,387	$ 916,257	4,529,644
18,691	1,228,099	1,246,790
-	(464,946)	(464,946)
156,598	-	156,598
28,942,913	1,679,410	30,622,323
4,153,502	(4,153,502)	-
33,096,415	(2,474,092)	30,622,323
23,978,344	-	23,978,344
10,259,045	-	10,259,045
1,052,015	-	1,052,015
35,289,404	-	35,289,404
(2,192,989)	(2,474,092)	(4,667,081)
-	-	-
(2,192,989)	(2,474,092)	(4,667,081)
31,952,606	64,346,740	96,299,346
$ 29,759,617	$61,872,648	$91,632,265

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			
	Program Expenses	Management and General	Fundraising	Total Expenses
Salaries and benefits	$14,720,151	$ 5,656,696	$1,049,194	$21,426,041
Operation and maintenance of plant	4,702,960	2,962,819	55,420	7,721,199
Depreciation	1,930,877	482,928	-	2,413,805
Information services and systems	795,088	198,772	-	993,860
Professional and contracted services and fees	258,510	284,889	-	543,399
Summer events and programming	506,821	-	-	506,821
Advertising and promotion	-	301,359	99,062	400,421
Insurance expenses	-	298,833	-	298,833
Cost of merchandise sales	-	189,273	-	189,273
Travel expenses	64,145	-	58	64,203
Interest expenses	-	55,687	-	55,687
Other miscellaneous expenses	117,207	61,542	30,611	209,360
Total	$23,095,759	$10,492,798	$1,234,345	$34,822,902

2020			
Program Expenses	Management and General	Fundraising	Total Expenses
$14,554,582	$ 6,151,705	$ 868,456	$21,574,743
5,532,050	2,160,679	53,563	7,746,292
1,911,966	477,991	-	2,389,957
599,783	261,139	-	860,922
305,928	213,439	-	519,367
841,939	-	-	841,939
-	309,543	64,574	374,117
-	322,322	-	322,322
-	178,733	-	178,733
132,851	2,063	15,232	150,146
-	92,715	-	92,715
99,245	88,716	50,190	238,151
$23,978,344	$10,259,045	$1,052,015	$35,289,404

See notes to consolidated financial statements.

SHADY SIDE ACADEMY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 21,328,293	$ (4,667,081)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,413,805	2,389,957
Change in allowance for bad debts	16,359	(12,339)
Contributions restricted for long-term purposes	(928,417)	(1,297,907)
Net realized and unrealized (gains) losses on investments	(20,242,105)	464,946
Extinguishment of Paycheck Protection Program note payable	(3,674,500)	-
Changes in assets and liabilities:		
Student accounts receivable	125,408	(242,903)
Contributions receivable	(406,471)	68,009
Other assets	334,247	81,162
Accounts payable	377,944	(242,060)
Accrued expenses	(252,951)	693,307
Other liabilities	2,206,457	(343,881)
Net Cash Provided By (Used In) Operating Activities	1,298,069	(3,108,790)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	3,943,566	7,266,231
Purchases of investments	(4,002,769)	(4,783,982)
Purchases of property, plant and equipment, net of construction payables	(1,633,230)	(2,375,403)
Net Cash (Used In) Provided By Investing Activities	(1,692,433)	106,846
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(40,984)	(2,009,024)
Proceeds from notes payable	4,985,086	122,000
Proceeds from Paycheck Protection Program note payable	-	3,674,500
Payments on capital lease obligations	(196,033)	(262,855)
Contributions restricted for long-term purposes	928,417	1,297,907
Net Cash Provided By Financing Activities	5,676,486	2,822,528
Net Increase (Decrease) In Cash And Cash Equivalents	5,282,122	(179,416)
CASH AND CASH EQUIVALENTS		
Beginning of year	2,536,282	2,715,698
End of year	$ 7,818,404	$ 2,536,282

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

During the year ended June 30, 2021, Shady Side Academy held a refundable advance for approximately $6,196,000 for scholarships, where the donor retains variance power.

During the years ended June 30, 2021 and 2020, Shady Side Academy paid approximately $56,000 and $105,000, respectively, in interest.

During the year ended June 30, 2020, Shady Side Academy financed purchases of property, plant and equipment in the amount of approximately $167,000 through capital leases.

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - ORGANIZATION

Shady Side Academy is a private, not-for-profit institution educating students from pre-kindergarten through the 12th grade. The majority of students are from Western Pennsylvania.

The consolidated financial statements include the accounts of Shady Side Academy and the Shady Side Academy Foundation, collectively the Academy, located in Pittsburgh Pennsylvania.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying consolidated financial statements follows:

Basis of Presentation - The consolidated financial statements of the Academy have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

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

> Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This includes balances that are designated by the Board of Trustees (Board) for specific purposes and for operating reserves.
>
> Net Assets With Donor Restrictions - Net assets subject to donor-imposed or legal restrictions included donor-imposed restrictions or stipulations that may or will be met either by actions of the Academy or the passage of time, or donor-imposed restrictions of investing the principal contribution in perpetuity and the investment income be used only for the Academy's operations and programs.

Fund Accounting - The accounting policies and practices followed by the Academy in accounting for and reporting financial transactions are based on the fund method of accounting applicable to educational institutions. Under this method, which facilitates observance of limitations and restrictions placed on the use of the resources available to the Academy, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities and objectives specified. Individual financial transactions are reported by fund groups. These consolidated financial statements, however, have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions with Restrictions Met in the Same Year - Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Academy considers all investments purchased with maturities of three months or less to be cash equivalents. Carrying value approximates fair value for these investments. The Academy maintains cash and cash equivalents that may at times exceed federally insured amounts.

Student Accounts Receivable - The Academy does not require collateral on student accounts receivable, and credit losses have been consistently within management's expectations. Accounts are charged off when management determines that collection of amounts owed is not reasonably expected. Actual results could differ from these estimates.

Contributions Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in private gifts revenue. The Academy distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Management's periodic evaluation of the adequacy of the allowance for uncollectible amounts is based on the Academy's experience, adverse conditions that might affect the donor's ability to pay and current economic conditions.

Inventories - Inventories are priced at the lower of first-in, first-out (FIFO) (average cost) or net realizable value.

Investments - Investments in equity securities with readily determinable fair values are reported at fair market value, and realized and unrealized gains and losses are reflected in the consolidated statements of activities. Investments received by gift are recorded at fair value on the date of donation. 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, changes in value will occur in the near term, and it is reasonably possible that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Investments for which there is no ready market are valued at fair value as estimated by management. In estimating fair value, management takes into consideration valuations reported to the Academy by the investment partnerships, the nature of the investments, current market conditions and other factors that the Academy considers relevant. The Academy's interests in limited partnerships are generally reported at the Academy's ownership interest's net asset value in the funds reported by the fund managers unless it is probable that all or a portion of the investment will be sold for an amount different from the estimated fair value. As of June 30, 2021 and 2020, the Academy had no plans to sell investments at amounts different from the estimated fair value of investments in limited partnerships. Because of inherent uncertainty of valuation in the absence of readily ascertainable market values, the estimated values of those investments may differ from the values that would have been used had a ready market existed for such investments or if the investments were realized, and the differences could be material. Such investments are, by their nature, generally considered to be long-term investments and are not intended to be liquidated on a short-term basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment - Property, plant and equipment are stated at cost. Repairs, maintenance and minor replacements of existing facilities are included with expenditures as incurred. Provision for depreciation has been computed using the straight-line method based on estimated useful lives, which range from five to 50 years.

The Academy reviews the carrying amount of property, plant and equipment for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of an asset to future net undiscounted pretax cash flows expected to be generated by the asset. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the related estimated fair value. There were no impairment losses recorded for the years ended June 30, 2021 and 2020.

Revenue Recognition - The Academy's revenue streams consist primarily of educational program and tuition revenue. The Academy follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification) Topic 606, Revenue from Contracts with Customers, using the modified retrospective adoption method. Under Topic 606, revenue is recognized in accordance with a five-step model, which includes identifying the contracts with customers; identifying the separate performance obligations; determining the transaction price; allocating the transaction price to the separate performance obligations; and recognizing revenue when each performance obligation is satisfied.

Revenue is measured at the amount of consideration the Academy expects to receive in exchange for services provided within the contract. Payment terms on the majority of the Academy's contracts are typically 30 days. Revenue is recognized when the Academy satisfies the performance obligations under the contract, which is generally once the underlying educational and program services have been provided. Based on the nature of the educational and program services contracts with customers the Academy enters into, the customer typically receives and consumes the services as provided; thus, revenue from these contracts is recognized over time using time elapsed as the input method for measuring progress.

Deferred Income - Funds received but not yet earned are reported as deferred revenue. The Academy each year has various summer programs, which are offered to students during the months of June through August. Funds received for these programs are recorded as deferred revenue until the corresponding performance obligations have been satisfied. Advance deposits and payments are recorded as deferred revenue when billed, and the revenue is recognized as performance obligations are satisfied.

Refundable Advance - Refundable advance includes amounts from donors held by the Academy for scholarships. Such funds are pooled with other Academy funds for investment purposes, and the respective donors retain variance power over these assets, resulting in a liability being recorded. Changes in refundable advance for the year ended June 30, 2021 is as follows:

Beginning balance		-
Contributions	$	5,000,000
Realized and unrealized investment appreciation		1,195,891
	$	6,195,891

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment income and related net realized and unrealized gains and losses on investments of endowment are reported as follows:

- As changes in net assets with donor restrictions if so restricted by the donor; or
- As changes in net assets without donor restrictions in all other assets.

Functional Allocation of Expenses - Costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes - The Academy is a not-for-profit entity and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. The Academy has not identified any material uncertain tax positions requiring an accrual or disclosure in the consolidated financial statements. There were no interest or penalties recognized in the statements of activities for the years ended June 30, 2021 and 2020. Management believes that the Academy is no longer subject to income tax examinations for tax years prior to 2018.

Recently Adopted Accounting Pronouncements - In August 2018, the FASB issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement - Disclosure Framework (Topic 820), which improves the disclosure requirements on fair value measurements and is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Academy adopted ASU 2018-13 in the current year, which did not significantly impact the consolidated financial statements.

Recent Accounting Pronouncements - In February 2016, the FASB issued ASU 2016-02 Leases Topic 842 (ASU 2016-02), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). ASU 2016-02 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification determines whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less are accounted for similar to existing guidance for operating leases today. ASU 2016-02 requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. ASU 2016-02 supersedes the previous leases standard Leases (Topic 840). The standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Academy is currently in the process of evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04 Reference Rate Reform (Topic 848) Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference the London InterBank Offered Rate (LIBOR) or another rate that is expected to be discontinued. ASU 2020-04 is effective as of March 12, 2020 through December 31, 2022. The Academy is currently in the process of evaluating the impact that the adoption of ASU 2020-04 will have on its consolidated financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events - Management has evaluated subsequent events through November 15, 2021, the date that the consolidated financial statements were available to be issued and has not identified any events or transactions that would require recognition of disclosure in the consolidated financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Academy receives annual student tuition and fees, contributions and other income without donor restrictions, and considers such support and revenue for use in current programs that are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and program expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Academy's fiscal year.

The table below presents financial assets available for general expenditures within one year at June 30:

	2021	2020
Cash and cash equivalents	$ 7,818,404	$ 2,536,282
Investments	86,832,331	60,335,132
Contributions receivable	1,675,837	1,275,571
Student accounts receivable, net	695,198	830,760
Other receivables	7,771	2,767
	97,029,541	64,980,512
Investments restricted in perpetuity	(84,150,735)	(60,154,228)
Purpose restricted contributions receivable	(1,630,313)	(1,133,670)
	$ 11,248,493	$ 3,692,614

The Academy also expects to bill and receive approximately $24,161,000 of student tuition during the fiscal year ended June 30, 2022, which will be available for general expenditure.

Income from the endowment fund is donor restricted for specific purposes and, therefore, is not available for general expenditure. Endowment funds are subject to an annual spending rate of up to 7% as described in Note 9. Approximately $147,000 of the endowment spending for the fiscal year ended June 30, 2022 is available for general expenditure.

The Academy also has $2,000,000 of availability on its revolving demand note (Note 4).

The Academy has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 4 - NOTES PAYABLE AND CAPITAL LEASES

On April 25, 2018, the Academy executed an agreement for a $4,000,000 revolving demand note, payable on demand. The note bears an interest rate of 1.15% above LIBOR (0.1025% at June 30, 2021). As of June 30, 2021 and 2020, the principal outstanding on this borrowing arrangement was $2,000,000.

During the year ended June 30, 2020, the Academy entered into two notes payable with a vendor of the Academy. A note in the amount of $100,000 is payable in equal monthly installments of $833 through June 2029 and bears no stated interest rate. A note in the amount of $22,000 is payable in equal monthly installments of $372 through December 2024 and bears no stated interest rate. As of June 30, 2021 and 2020, the principal outstanding on these borrowing arrangements were $98,062 and $112,976, respectively.

On February 17, 2021, the Academy entered into an agreement for a note in the amount of $5,000,000. The note bears an interest rate of 1.15% above LIBOR and is payable in monthly installments through February 2031. As of June 30, 2021, the principal outstanding on this borrowing arrangement was $4,959,016.

The aggregate annual amount of principal payments required on debt agreements is as follows:

Year Ending June 30	Amount
2022	$ 138,988
2023	143,752
2024	148,532
2025	150,890
2026	154,680
Thereafter	4,320,236
	$ 5,057,078

In April 2020, the Academy entered into a term note with PNC Bank with a principal amount of approximately $3,674,500 pursuant to the Paycheck Protection Program (PPP Term Note) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act), as amended by the Paycheck Protection Program Flexibility Act in June 2020. The PPP Loan is evidenced by a promissory note. The PPP Term Note bears interest at a fixed annual rate of 1.00% with a two-year maturity and is payable in monthly installments beginning the earlier of 10 months or the date that the Academy receives notice of partial forgiveness. The PPP Term Note may be accelerated upon the occurrence of an event of default. The PPP Term Note is unsecured and guaranteed by the United States Small Business Administration. Under the CARES Act, the Academy may apply to PNC Bank for forgiveness of the PPP Term Note, with the amount available to be forgiven equal to the sum of eligible payroll costs, covered rent and mortgage obligations and covered utility payments incurred by the Academy during the 24-week period beginning upon receipt of PPP Term Note funds, calculated in accordance with the terms of the CARES Act. In June 2021, the Academy received notice that the loan was fully forgiven and recognized the extinguishment of debt on the statements of activities for the year ended June 30, 2021.

NOTE 4 - NOTES PAYABLE AND CAPITAL LEASES (Continued)

The Academy has entered into various capital lease agreements for equipment to be utilized by the Academy. Quarterly payments for the leases range from $10,87 to $25,000, with interest rates ranging from 1.43% to 5.62% collateralized by equipment, through August 2023.

The aggregate annual amount of principal payments required on capital leases is as follows:

Year Ending June 30		Amount
2022	$	130,099
2023		130,099
2024		40,342
		300,540
Less amounts representing interest		19,875
	$	280,665

NOTE 5 - PENSION PLAN

The Academy's academic and nonacademic employees are eligible to particulate in a voluntary contributory retirement plan (Plan) organized through the Teachers Insurance and Annuity Association. For employees contributing at least 4% of their gross salary, the Academy contributes 6% for employees with one to three years of service and 7% for employees with over three years of service. The Academy's contributions to the Plan aggregated $943,841 and $802,004 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for specified purpose:		
Faculty support	$ 449,200	$ 371,772
Educational programs	117,036	106,461
Operation and maintenance of plant	1,631,285	111,168
	2,197,521	589,401
Subject to the Academy's spending policy and appropriation, investment in perpetuity, the income from which is expendable to support the activities within each category:		
Financial aid support	33,145,863	25,757,978
Faculty support	32,733,979	25,281,082
Educational programs	13,054,069	10,244,187
	78,933,911	61,283,247
	$ 81,131,432	$ 61,872,648

Net assets released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of the passage of time or for the release of accumulated gains according to the endowment spending policy during the years ended June 30 were as follows:

	2021	2020
Satisfaction of purpose restrictions:		
Plant spending	$ 178,336	$ 415,841
Endowment spending	3,047,383	3,737,661
	$ 3,225,719	$ 4,153,502

NOTE 7 - CONTRIBUTIONS

As of June 30, 2021, unconditional promises to give are recorded as contributions receivable on the accompanying consolidated statements of financial position and are due as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Less than one year	$ 6,000	$ 121,692	$ 127,692
One to five years	39,524	1,532,544	1,572,068
	$ 45,524	$ 1,654,236	1,699,760
Allowance for doubtful pledges			(23,923)
			$ 1,675,837

Amounts are recorded after discounting to the present value of the future cash flows, utilizing a 2.5% discount rate.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Academy is involved in claims and litigation incidental to the conduct of its operations. Based on consultation with legal counsel, management does not believe that any claims and litigation will have a material effect on the Academy's financial condition, results of operations or cash flows.

NOTE 9 - ENDOWMENT

The Academy's endowment consists of various investment funds established primarily for support of the organization's mission. It includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Academy to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Trustees of the Academy have elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141), a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's permanently restricted investments as income each year. The long-term preservation of the real value of the assets must be taken into consideration when the Board elects the amount. On an annual basis, the executive committee of the Board, in writing, must elect a spending rate of between 2% and 7%. In accordance with Act 141, the Academy annually transfers between 5% and 7% of the previous three years' market value average of the restricted endowment fund. This percentage is applied to a 12-quarter average market value of the investments at June 30 of the previous year. The Academy classifies as net assets restricted in perpetuity endowment funds the original and subsequent value of gifts donated to the endowment. In accordance with Act 141, the Academy has adopted a written investment policy, of which a section specifically relates to the endowment fund.

NOTE 9 - ENDOWMENT (Continued)

The Academy considers the following factors in making a determination to set a spending rate:

1. Protecting the corpus of the endowment fund.
2. Preserving the spending power of the assets.
3. Obtaining maximum investment return with reasonable risk and operational consideration.
4. Complying with applicable laws.

Net assets with donor restrictions as of June 30, 2021 and 2020 are comprised of endowment fund net assets of $78,850,781 and $61,283,247, respectively.

The following table represents the change in net assets with donor restrictions endowment funds for the years ended June 30:

	2021	2020
Endowment net assets		
Beginning of year	$ 61,283,247	$ 63,911,287
Investment return:		
Investment income	1,360,267	1,228,099
Net realized and unrealized appreciation (depreciation)	18,982,356	(464,946)
Contributions	355,424	346,468
Appropriation of endowment assets for expenditures	(3,047,383)	(3,737,661)
End of year	$ 78,933,911	$ 61,283,247

Return Objectives and Risk Parameters - The Academy has adopted investment and spending policies for endowment assets that attempt to provide a reasonable level of funding to programs supported by its endowment while seeking to enhance the purchasing power of the fund's corpus by striving for long-term growth. Endowment assets include those assets of donor-restricted funds the organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board, endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a blended benchmark of equity, fixed income, private equity and real estate peer groups.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Academy 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 Academy targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment advisors, at the discretion of the endowment committee, are given guidelines to the percentage that can be committed to a particular investment or investment category.

NOTE 9 - ENDOWMENT (Continued)

Spending Policy and Investment Objectives Related to Spending Policy - In accordance with Act 141, the Academy annually transfers between 5.0% and 7.0% of the previous three years' market value average of the endowment fund to net assets without donor restrictions for use in current and future operations. In 2021 and 2020, the spendable return on endowment fund net assets totaled $3,047,383 and $3,737,661, respectively, which represents approximately 5.0% and 6.0%, respectively. The Academy believes that this spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with the Academy's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

NOTE 10 - EXPENSES BY BOTH NATURE AND FUNCTION

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Specific expenses that are readily identifiable to program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Salaries and wages and employee benefits and payroll taxes are allocated on the basis of time and effort. Expenses allocated include utilities, maintenance, fringe benefits and depreciation, which are allocated based on square footage or an allocation percentage of total administrative costs before allocation to total education expenses. All other expenses are allocated based on actual usage and on a reasonable basis that is consistently applied.

NOTE 11 - FAIR VALUE MEASUREMENT

The Fair Value Measurement and Disclosures topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The topic requires disclosures that categorize assets and liabilities measured at fair value into three different levels, depending on the assumptions used in the valuation. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant administration judgment. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The Fair Value Measurement hierarchy is defined as follows:

Level 1 - Valuations are based on unadjusted quoted prices in an active market for identical assets or liabilities.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Level 3 - Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect the administration's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

NOTE 11 - FAIR VALUE MEASUREMENT (Continued)

The Academy's financial instruments consist primarily of cash and cash equivalents, student accounts receivable, contributions receivable, investments, accounts payable, notes payable and a Paycheck Protection Program note payable. The carrying amount of cash and cash equivalents, student accounts receivable, contributions receivable and accounts payable approximates their fair value due to the short-term nature of such instruments. The carrying value of the Academy's notes payable approximates fair value at June 30, 2021 and 2020, since the interest rates are market-based and are generally adjusted periodically.

The valuation of the Academy's investments according to the fair value hierarchy at June 30 is as follows:

	2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,649,664	-	-	$ 3,649,664
Equity securities	53,705,268	$ 484,826	-	54,190,094
Government obligations	5,134,797	485,096	-	5,619,893
Bonds	-	7,810,302	-	7,810,302
Total investments in the fair value hierarchy	$ 62,489,729	$ 8,780,224	-	71,269,953
Investments measured at net asset value (a)				15,562,378
Total fair value				$ 86,832,331

	2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,553,367	-	-	$ 3,553,367
Equity securities	36,621,318	$ 1,031,276	-	37,652,594
Government obligations	3,542,653	-	-	3,542,653
Bonds	-	8,079,441	-	8,079,441
Total investments in the fair value hierarchy	$ 43,717,338	$ 9,110,717	-	52,828,055
Investments measured at net asset value (a)				7,507,077
Total fair value				$ 60,335,132

Interest and dividend income was $1,417,666 and $1,363,574 in 2021 and 2020, respectively.

NOTE 11 - FAIR VALUE MEASUREMENT (Continued)

(a) In accordance with the FASB Codification topic 820, Fair Value Measurement, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the items presented in the financial statements.

The valuation of the Academy's investments in entities measured at net asset value (or its equivalent) requires significant judgment due to the absence of quoted market prices, inherent lack of liquidity, heavy reliance on Level 3 inputs and the long-term nature of such investments. These investments are valued initially at their transaction value and subsequently adjusted to reflect expected exit values at the measurement date by utilizing assumptions that market participants would normally use to estimate a fair market value. These valuation adjustments include, but are not limited to, material changes in an organization's operations and/or financial performance, subsequent or anticipated rounds of equity financings, specific rights or terms associated with the investment (e.g., conversion features, liquidation preferences or restrictions), expected exit timing and strategy, industry valuations or comparable public companies, changes in economic conditions and changes in legal or regulatory environments.

NOTE 11 - FAIR VALUE MEASUREMENT (Continued)

The following table summarizes investments measured at fair value based on net asset value per share as of June 30:

Instrument	Fair Value 6/30/2021	Fair Value 6/30/2020	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Acadian All World Country Fund Ltd. (b)	$ 10,172,908	$ 4,781,795	N/A	Monthly	30 days
Aberdeen U.S. Private Equity VII, L.P. (d)	1,909,972	1,473,433	780,000	Not Permitted	N/A
Aberdeen U.S. Private Equity VIII, L.P. (d)	881,739	271,091	1,720,000	Not Permitted	N/A
Aberdeen U.S. Private Equity IX, L.P. (d)	101,067	-	1,000,000	Not Permitted	N/A
Moonrise Venture Partners I, L.P. (e)	1,521,575	750,512	299,731	Not Permitted	N/A
Moonrise Venture Partners II, L.P. (e)	861,545	230,246	762,627	Not Permitted	N/A
Moonrise Venture Partners III, L.P. (e)	113,572	-	1,000,000	Not Permitted	N/A
Total Investments measured at net asset value (a)	$ 15,562,378	$ 7,507,077			

(b) The fund's objective is to seek long-term capital appreciation by investing primarily in common stocks of international issuers with varying market capitalizations.

(c) The company's objective is to provide risk-adjusted returns and current income to its stockholders by investing primarily in middle-market companies.

(d) The limited partnership's objective is to seek long-term capital appreciation by investing in the less-efficient "small buyout" segment of the private equity landscape.

(e) The limited partnership's objective is to seek long-term capital appreciation by investing in global venture capital funds.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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[FORM OF OPINION OF COZEN O'CONNOR, BOND COUNSEL]

August __, 2026

RE: $___________ McCandless Industrial Development Authority
Tax-Exempt Revenue Bonds, Series 2026A (Shady Side Academy Project) and
$___________ McCandless Industrial Development Authority
Taxable Revenue Bonds, Series 2026B (Shady Side Academy Project)

TO THE PURCHASERS OF THE BONDS:

We have served as Bond Counsel to the McCandless Industrial Development Authority (the "Authority"), a body corporate and politic created pursuant to the Pennsylvania Economic Development Financing Law, as amended (Act of December 17, 1967, P.L. 251) (the "Act"), in connection with the issuance by the Authority of $___________ aggregate principal amount of its McCandless Industrial Development Authority Tax-Exempt Revenue Bonds, Series 2026A (Shady Side Academy Project) (the "2026A Bonds") and $___________ aggregate principal amount of its McCandless Industrial Development Authority Taxable Revenue Bonds, Series 2026B (Shady Side Academy Project) (the "2026B Bonds" and, together with the 2026A Bonds, the "Bonds").

The Bonds are being issued pursuant to the Act, a resolution adopted by the Authority on June 24, 2026 (the "Resolution"), and a Trust Indenture dated as of August 1, 2026 (the "Indenture") between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The Bonds are being issued on behalf of Shady Side Academy, a Pennsylvania nonprofit corporation (the "Borrower"), to finance all or a portion of the costs of (a) various capital projects at the facilities of the Borrower, (b) refinancing certain taxable indebtedness of the Borrower with proceeds of the 2026B Bonds, and (c) paying all or a portion of the costs of issuance of the Bonds (together, the "Project").

The proceeds of the Bonds will be loaned by the Authority to the Borrower pursuant to a Loan Agreement, dated as of August 1, 2026 (the "Loan Agreement"), between the Authority and the Borrower. The Authority has assigned all of its right, title and interest in the Loan Agreement (except for rights related to certain approvals, consents and notices, certain modifications, supplements and amendments to the Loan Agreement, the right to pursue remedies, the right to payment of certain fees and expenses and the right to indemnification) to the Trustee for the benefit of the Registered Owners (as defined in the Indenture).

We have examined the proceedings relating to the authorization and issuance of the Bonds, including, among other things: (a) the Act; (b) a certified copy of the Resolution; (c) executed counterparts of the Indenture and the Loan Agreement or certified copies thereof; (d) the opinion of McGuireWoods LLP, dated the date hereof and upon which, with such counsel's permission, we have relied, among other things, as to the qualification of the Borrower as an organization described in Section 501(c)(3) of the Code; (e) various certificates executed by the Authority, the Borrower and/or the Trustee, including certificates as to the authentication and delivery of the Bonds; (f) a certificate and agreement of the Authority and the Borrower dated the date hereof (the "Tax Regulatory Agreement") with regard to Sections 103 and 141 through 150 of the Code; (g) the Form 8038 of the Authority with respect to the Bonds; (h) the approval certificate issued by the Pennsylvania Department of Community and Economic Development with respect to the Bonds; (i) the approval certificates issued by the Town of McCandless and the County of Allegheny pursuant to Section 147(f) of the Code with respect to the Bonds; and (h) such constitutional and statutory provisions and such other agreements, resolutions, certificates, instruments and documents with respect to the Bonds as we have deemed necessary or appropriate in order to enable us to render the opinions set forth herein. We have also examined a fully executed and authenticated 2026A Bond and 2026B Bond or true copies thereof, and we assume all other Bonds are in such form and are similarly executed and authenticated.

In rendering our opinion, we have assumed, without independent investigation, the accuracy of, and have not undertaken to verify the factual matters set forth in, such agreements, resolutions, certificates, instruments, and other documents which are referred to above, and have relied, without independent investigation, on the covenants, warranties and representations made by the Authority, the Borrower and the Trustee in such documents and in the

Indenture, the Loan Agreement and the other financing documents described above, and no inference as to our knowledge of the existence or absence of those facts should be drawn from our representation of the Authority as Bond Counsel.

In addition, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with originals of all documents submitted to us as copies and the authenticity of certificates of public officials. We have also assumed that each party to the Indenture and the Loan Agreement other than the Authority has the power (including, without limitation, corporate power and corporate authority) to enter into and perform the Indenture and the Loan Agreement, respectively. In addition, we have further assumed the due authorization, execution and delivery of the Indenture and the Loan Agreement by each other party thereto other than the Authority, and that each of the Indenture and the Loan Agreement is a valid and binding obligation of each such party, enforceable against it in accordance with its terms.

From our examination of the foregoing and such other items as we deem relevant, we are of the opinion that:

1. The Authority is validly existing under the Act and has the power to issue the Bonds for the purpose of financing the Project and at all relevant times had and has full power and authority thereunder to adopt the Resolution, execute the Indenture and the Loan Agreement, perform its obligations thereunder, and issue the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the Authority, are entitled to the benefit and security of the Indenture, and are valid and binding special limited obligations of the Authority, payable solely from the sources described in the Indenture, and enforceable in accordance with their terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, fraudulent conveyance, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion in appropriate cases.

3. The Authority has the power under the Act to enter into the Indenture and the Loan Agreement, each of which has been duly authorized, executed and delivered by the Authority, and each of which is enforceable against the Authority in accordance with its terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion in appropriate cases.

4. Interest on the 2026A Bonds is excluded from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions and is not an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Authority and the Borrower comply with all applicable federal income tax law requirements and their respective covenants contained in the Indenture, the Loan Agreement and the Tax Regulatory Agreement that must be satisfied subsequent to the issuance of the 2026A Bonds in order that interest on the 2026A Bonds continues to be excluded from gross income for purposes of federal income taxation. Failure to comply with certain of such requirements with respect to the 2026A Bonds could cause the interest on the 2026A Bonds to be includable in gross income retroactive to the date of issuance of the 2026A Bonds . The Authority and the Borrower have covenanted to comply with all such applicable requirements.

5. Under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), as enacted and construed on the date hereof, the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

Other than as set forth in paragraphs 4 and 5 above, we express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

We express no opinion herein on the adequacy, completeness or accuracy of any official statement, placement memorandum or other disclosure document pertaining to the offering of the Bonds. We also express no opinion as to the validity or enforceability of any provision which purports to require that provisions of an agreement may be amended or waived only in writing, as to the availability of specific performance or other equitable relief, or purports to exculpate any party from its own negligent acts.

We call to your attention that (i) the Bonds do not pledge the general credit or taxing power of the Commonwealth or any political subdivision, agency or instrumentality of the Commonwealth, nor shall the Commonwealth or any political subdivision, agency or instrumentality thereof be liable for the payment of the principal of or interest on the Bonds (other than the Authority, to the limited extent described herein), and (ii) the Authority has no taxing power.

This opinion is limited to the laws of the United States and the laws of the Commonwealth as in effect on the date hereof, and we express no opinion with respect to the laws of any other state or jurisdiction.

This opinion is limited to the matters expressly stated herein. No implied opinions are to be inferred to extend this opinion beyond the matters expressly stated herein. This opinion is expressed as of the date hereof, and we express no opinion as to any matter not set forth in the numbered paragraphs herein. We do not assume any obligation to update or supplement this opinion to reflect, or to otherwise advise you of, any facts or circumstances which may hereafter come to our attention or any changes in facts, circumstances or law which may hereafter occur.

This opinion is rendered solely for your benefit and may be relied upon by you solely in connection with the issuance of the Bonds and may not be relied upon by you for any other purpose, or relied upon by, or furnished or quoted to, any other person for any purpose, in each case without our prior written consent.

Very truly yours,

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APPENDIX D

SUMMARY OF THE INDENTURE AND LOAN AGREEMENT

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SUMMARY OF THE INDENTURE AND LOAN AGREEMENT

The following are summaries of certain provisions of the Loan Agreement and the Indenture. The summaries should not be regarded as full statements of the documents themselves or of the portions summarized. For complete statements of the provisions thereof, reference is made to the documents in their entireties, copies of which will be available for inspection at the designated corporate trust office of the Trustee.

DEFINITIONS OF CERTAIN TERMS

The following definitions apply to the summaries of the Indenture and the Loan Agreement, and to terms not otherwise defined in the Official Statement. Terms used but not defined herein may be found in the Official Statement, the Indenture or the Loan Agreement. All accounting terms and definitions shall be deemed to include any equivalent term or definition used by the Borrower in the future if the Borrower's accounting presentation changes materially in the future.

"2026A Bonds" means the Authority's Tax-Exempt Revenue Bonds, Series 2026A (Shady Side Academy Project) issued in an aggregate principal amount of $________ pursuant to the Indenture.

"2026B Bonds" means the Authority's Taxable Revenue Bonds, Series 2026B (Shady Side Academy Project) issued in an aggregate principal amount of $________ pursuant to the Indenture.

"Act" means the Pennsylvania Economic Development Financing Law, as amended (Act of December 17, 1967, P.L. 251), and all acts supplemental thereto or amendatory thereof.

"Additional Payments" means those payments required to be made by the Borrower pursuant to the Loan Agreement as described under the heading "SUMMARY OF THE LOAN AGREEMENT ".

"Affiliate" means any Person directly or indirectly controlling, controlled by or under common control with the Borrower. For purposes of this definition the term "control" shall mean the direct or indirect ability to determine the direction of management and policies through ownership, contract or otherwise.

"Authority Annual Fee" means the annual fee payable by the Borrower to the Authority pursuant to the Loan Agreement.

"Authority" means the McCandless Industrial Development Authority created by the Act, and its successors.

"Authority Board" shall mean at any given time the governing body of the Authority.

"Authority Closing Fee" means the closing fee payable by the Borrower to the Authority pursuant to the Loan Agreement.

"Authorized Denominations" means $5,000 and any integral multiple thereof.

"Authorized Officer" means (a) with respect to the Borrower, the President or any Vice President of the Borrower, (b) with respect to the Authority, the Chairperson or Vice Chairperson of the Authority or (c) any other officer authorized in writing by the Borrower or the Authority to perform the act in question.

"Bonds" means the 2026A Bonds and the 2026B Bonds.

"Bond Counsel" means any nationally recognized municipal bond counsel acceptable to the Authority and not unsatisfactory to the Trustee.

"Bond Documents" means the Indenture, the Bonds, the Loan Agreement, the Tax Agreement, the Purchase Contract and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

"Bond Fund" means the Fund by that name created by the Indenture.

"Bond Register" means the registration books of the Authority kept by the Trustee (in its capacity as Registrar) to evidence the registration and transfer of Bonds.

"Bondholder," "Holder," "Owner" or "Registered Owner" means the Person in whose name a Bond is registered on the Bond Register.

"Borrower" means Shady Side Academy, a Pennsylvania nonprofit corporation, and its successors and assigns and any surviving, resulting or transferee corporation.

"Business Day" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the Commonwealth, the State of New York or the state in which the Designated Office of the Trustee are authorized or required by law to close for a reason not related to financial condition.

"Certified Public Accountant" or "Accountant" means any firm of certified public accountants (not an individual) who shall be Independent, appointed by the Borrower or the Authority, as the case may be, actively engaged in the business of public accounting, and duly certified as a certified public accountant under the laws of the Commonwealth.

"Clearing Fund" means the Fund by that name created by the Indenture.

"Closing Date" means the date of initial authentication and delivery of the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations relating to such section, which are applicable to the Bonds or the use of the proceeds thereof.

"Commonwealth" means the Commonwealth of Pennsylvania.

"Completion Debt" means Long-Term Debt incurred to finance costs associated with a capital project that was financed through the issuance of other Long-Term Debt.

"Defaulted Interest" means interest on any Bond which is payable but not paid on the date due.

"Designated Office" means when used with respect to the Trustee, the designated corporate trust office of the Trustee or its Affiliate performing the specified functions.

"Electronic Means" shall mean the following communications methods: e-mail; secure electronic transmission containing applicable authorization codes; passwords and/or authentication keys issued by the Trustee; or another method or system specified by the Trustee as available for use in connection with its services under the Indenture; provided, however, that with respect to notices given to the Trustee, the provisions of Section 8.12 of the Indenture shall also apply.

"Event of Default" means (a) with respect to the Indenture, any "Event of Default" as defined below under "SUMMARY OF THE INDENTURE – Events of Default", and (b) with respect to the Loan Agreement, any "Event of Default" as defined in below under "SUMMARY OF THE LOAN AGREEMENT – Events of Default".

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel, addressed to the Authority and the Trustee, to the effect that the action proposed to be taken is authorized or permitted by the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation under Section 103 of the Code.

"Fiscal Year" means the fiscal year of the Borrower, currently the 12-month period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year.

"GAAP" means those accounting principles applicable in the preparation of financial statements of institutions of higher learning, as promulgated by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body.

"Government Obligations" means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America, or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by each Rating Agency.

"Gross Revenues" means all of the Borrower's receipts, revenues, income, tuition (meaning all educational fees paid by the attending families of Shady Side Academy, including all receipts and revenues from its educational/instructional activities, including but not limited to traditional educational activities, summer classes and camps the Borrower may operate) and other moneys received or owed to it from the operation of its educational facilities, and contributions, gifts, grants, bequests or pledges, reimbursement from insurance companies, governmental agencies and other third-party payors for services provided, whether now owned or hereafter acquired, but excluding (1) any funds or accounts held in a trust or fiduciary capacity and in which the Borrower has no beneficial interest, (2) accounts in which the Borrower is expressly prohibited by any law or governmental regulation from granting a security interest, and (3) gifts, grants, bequests, donations and contributions heretofore or hereafter made, designated or intended at the time of making thereof by the donor or maker as being for certain specified purposes (which purposes are inconsistent with the pledging thereof) or as not being subject to pledge, and the income or gains derived therefrom to the extent required by such designation or restriction.

"Guaranty" shall mean any obligation of the Borrower guaranteeing in any manner any obligation of any other entity, which obligation would constitute Indebtedness under the definition set forth in the Loan Agreement.

"Indebtedness" means, without duplication,

(a) all obligations for borrowed moneys;

(b) all leases of real or personal property which are properly capitalized on the balance sheet of the Borrower in accordance with GAAP; and

(c) all Guaranties;

provided, however, that Indebtedness shall not include any Subordinated Debt or any Non-Recourse Debt.

"Indenture" shall mean the Trust Indenture dated as of August 1, 2026, between the Authority and the Trustee as originally executed and as amended or supplemented as therein provided.

"Independent" means a Person who is not a member of the Authority Board or a trustee of the Borrower, a corporate officer or employee of the Authority or a corporate officer or employee of the Borrower or which is not a partnership, corporation or association having a partner, director, corporate officer, member or substantial stockholder who is a member of the Authority Board or a trustee of the Borrower, a corporate officer or employee of the Authority or a corporate officer or employee of the Borrower; provided, however, that the fact that such Person is retained regularly by or transacts business with the Authority or the Borrower shall not make such Person an employee within the meaning of this definition.

"Interest Payment Date" means each February 1 and August 1 commencing February 1, 2027.

"Interim Debt" means Indebtedness other than Short-Term Debt which matures within 60 months of the date of incurrence.

"Joint Written Request" means a Written Request of the Authority and the Borrower.

"Lien" means any lien, security interest or other similar right or interest, servitude, easement, right-of-way, license, encumbrance, irregularity or defect in title, cloud on title, restriction, reservation or covenant running with the land.

"Loan" shall mean the amount loaned by the Authority to the Borrower to pay the costs of the Project, which amount consists of the gross proceeds of the Bonds.

"Loan Agreement" means the Loan and Security Agreement dated as of August 1, 2026 between the Borrower and the Authority, as it may from time to time be supplemented or amended.

"Loan Payments" means the payments referred to in the Loan Agreement and described under the heading "SUMMARY OF THE LOAN AGREEMENT."

"Long-Term Debt" means all Indebtedness (including Interim Debt) which, at the time of incurrence or issuance, has a final maturity or term of 365 days or more or which is renewable at the option of the obligor thereof for a term greater than one year from the date of original incurrence or issuance; provided that Long-Term Debt shall not include Short-Term Debt, Subordinated Debt or Non-Recourse Debt.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, for the purpose of the definition of Permitted Investments only, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower with written notice to the Authority and the Trustee.

"Net Proceeds," means proceeds (net of all expenses, including all attorneys' fees and expenses incurred in the collection thereof) from insurance, condemnation awards (or other similar amounts) received as a result of any damage to, destruction or taking under the power of eminent domain of the Project Facilities.

"Non-Recourse Debt" means Indebtedness which is not a general obligation of the Borrower and which is secured solely by property acquired or financed with the proceeds of such Indebtedness.

"Officer's Certificate" means a certificate signed by an Authorized Officer of the Borrower or the Authority (as the case may be) or, in the case of a certificate delivered by any other Person, the chief executive officer, chief financial officer or any vice president of such other Person whose authority to execute such certificate shall be evidenced by an incumbency or similar certificate delivered to the recipient of such certificate.

"Official Statement" means the Official Statement prepared in connection with the issuance and sale of the Bonds.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel in form and substance acceptable to the Trustee.

"Opinion of Counsel" means a written opinion of counsel who is not unsatisfactory to the Trustee in form and substance acceptable to the Trustee.

"Original Purchaser" means Stifel, Nicolaus & Company, Incorporated and any other purchasers listed as such in the Purchase Contract.

"Outstanding," "Bonds outstanding" or "outstanding Bonds" means, as of any given date, all Bonds which have been duly authenticated and delivered under the Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at maturity or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash or Government Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds) in accordance with the Indenture; provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds in lieu of which other Bonds have been authenticated under the Indenture; and

(d) For the purpose of all consents, approvals, waivers and notices required to be obtained or given under the Indenture, Bonds held or owned by the Borrower or any Affiliate of the Borrower.

"Permitted Defeasance Obligations" means any of the following:

(a) Government Obligations; or

(b) debt obligations issued by any of the following agencies which are backed by the full faith and credit of the United States of America: Federal Financing Bank; General Services Administration (participation certificates); Export-Import Bank of the United States (Eximbank – direct obligations or fully guaranteed certificates of beneficial ownership); Farmers Home Administration; U.S. Maritime Administration (Guaranteed Title XI financing); and U.S. Department of Housing and Urban Development (Project Notes, Local Authority Bonds, New Communities Debentures—U.S. government guaranteed debentures, or U.S. Public Housing Notes and Bonds—U.S. government guaranteed public housing notes and bonds).

"Permitted Encumbrances" shall have the meaning set forth below under "SUMMARY OF THE LOAN AGREEMENT – Permitted Encumbrances."

"Permitted Investments" means any of the following investments, if and to the extent such investment is at the time legal for investment of funds held under the Indenture:

(a) Government Obligations.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided that such obligations are backed by the full faith and credit of the United States of America (principal-only or interest-only ("stripped") securities are only permitted if they have been stripped by the agency itself):

1) U.S. Export-Import Bank (Eximbank) (direct obligations or fully guaranteed certificates of beneficial ownership);

2) Farmers Home Administration (FmHA) (certificates of beneficial ownership);

3) Federal Financing Bank;

4) Federal Housing Administration Debentures (FHA);

5) General Services Administration (participation certificates);

6) Government National Mortgage Association (GNMA or "Ginnie Mae") (GNMA - guaranteed mortgage-backed bonds; GNMA - guaranteed pass-through obligations);

7) U.S. Maritime Administration (guaranteed Title XI financing); and

8) U.S. Department of Housing and Urban Development (HUD) (Project Notes; Local Authority Bonds; New Communities Debentures - U.S. government guaranteed debentures; U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds).

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1) Federal Home Loan Bank System (senior debt obligations);

2) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") (participation certificates; senior debt obligations);

3) Federal National Mortgage Association (FNMA or "Fannie Mae") (mortgage-backed securities and senior debt obligations);

4) Resolution Funding Corp. (REFCORP) obligations; and

5) Farm Credit System (consolidated systemwide bonds and notes).

(d) Money market funds registered under the federal Investment Company Act of 1940, as amended, whose shares are registered under the federal Securities Act of 1933, as amended, and having a rating by S&P of "AAAm-G"; "AAA-m"; or "AA-m" and, if rated by Moody's, of "Aaa", "Aa1" or "Aa2", or the analogous ratings then used by S&P and Moody's, at the time of purchase, including, without limitation, any such 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 (1) the Trustee or an Affiliate of the Trustee receives fees from such funds for services rendered, (2) the Trustee charges and collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (3) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or its Affiliates.

(e) Certificates of deposit that are (1) issued by a Qualified Financial Institution or (2) issued by a commercial bank, savings and loan association or mutual savings bank and secured at all times by collateral described in paragraph (a) and/or (b) above, provided that the collateral is held by a third party and the Bondholders have a perfected first priority security interest in the collateral.

(f) Certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Borrower, savings accounts, deposit accounts, money market deposits, demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and bankers' acceptances of depository institutions, including the Trustee and any of its Affiliates, which are fully insured by the Federal Deposit Insurance Corporation, including the Deposit Insurance Fund.

(g) Investment agreements, including guaranteed investment contracts (GICs), forward purchase agreements and reserve fund put agreements, provided that either (1) the provider is a Qualified Financial Institution or (2) the investment is collateralized by securities that are rated, or guaranteed, at the time of the initial investment, by an entity whose unsecured long-term debt obligations are rated, by Moody's or S&P in one of the two highest rating categories assigned by such agencies.

(h) Commercial paper rated, at the time of purchase, "Prime - 1" or better by Moody's and "A-1" or better by S&P.

(i) Bonds or notes issued by any state or municipality which are rated, at the time of purchase, by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating, at the time of purchase, of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

(k) Repurchase Agreements meeting the following criteria:

(i) The counterparty is an entity which is rated or guaranteed, at the time of the initial investment, by an entity whose unsecured long-term debt obligations are rated by Moody's or S&P in one of the three highest rating categories assigned by such agency.

(ii) The written repo contract must include the following:

(A) Securities which are acceptable for transfer are:

(i) Government Obligations, or

(ii) Securities described in paragraph (b) above.

(B) The collateral must be delivered to the Trustee or third party acting as agent for the Trustee before or simultaneously with payment (perfection by possession of certificated securities).

(C) Valuation of Collateral:

(i) The securities must be valued at least weekly, marked-to-market at current market price plus accrued interest.

(ii) The value of collateral must be equal to 102% for Government Obligations and 104% for all other securities of the amount of cash transferred by the Trustee to the counterparty or custodian under the repo plus accrued interest. If the value of securities held as collateral declines below the minimum requirement of the value of the cash transferred by the Trustee plus accrued interest, then additional cash and/or acceptable securities must be transferred.

(iii) Legal opinion which must be delivered to the Trustee:

"Person" means any natural person, firm, joint venture, association, partnership, business, trust, corporation, public body, agency or political subdivision thereof or any other similar entity.

"Project" means the payment of all or a portion of the costs of (a) the Capital Projects), (b) refunding the Refunded Debt, and (c) paying all or a portion of the costs of issuance of the Bonds.

"Project Facilities" means those facilities of the Borrower financed or refinanced with proceeds of the Bonds.

"Purchase Contract" means the Purchase Contract among the Authority, the Borrower and the Original Purchaser with respect to the Bonds.

"Qualified Financial Institution" means a bank, trust company, national banking association, insurance company or other financial services company or entity and whose unsecured short-term debt obligations are rated in either of the two highest categories (or, for purposes of clauses (e) and (g) of the definition of Qualified Investments, any of the three highest rating categories) by Moody's or S&P.

"Rating Agency" shall mean each nationally recognized securities rating agency then maintaining a rating on the Bonds at the request of the Borrower, and initially means S&P.

"Rebate Fund" means the fund by that name created by the Indenture.

"Record Date" means the fifteenth day of the calendar month immediately preceding the month in which each Interest Payment Date occurs (whether or not a Business Day).

"Repurchase Agreement" or "Repo" means an agreement providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date.

"S&P" means S&P Global Ratings, a division of S&P Global Inc., its successors and its assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, for the purpose of the definition of Permitted Investments only, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower, with written notice to the Authority and the Trustee.

"Student Fees" shall mean the revenues of the Borrower derived from student fees and the proceeds thereof.

"Subordinated Debt" means Indebtedness which at all times shall be wholly subordinate and junior in right of payment to any and all Indebtedness of the Borrower under the Loan Agreement or with respect to the Bonds and all other Long-Term Debt.

"Special Record Date" means the date fixed by the Trustee pursuant to the Indenture for the payment of Defaulted Interest.

"Supplemental Agreement" means any agreement supplemental or amendatory to the Loan Agreement entered into by the Authority and the Borrower pursuant to the provisions described under the heading "SUMMARY OF THE INDENTURE ."

"Supplemental Indenture" means any indenture supplemental or amendatory to the Indenture entered into by the Authority and the Trustee pursuant to the provisions described under the heading "SUMMARY OF THE INDENTURE."

"Tax Agreement" means the Tax Compliance Certificate and Agreement, executed and delivered by the Authority and the Borrower, containing representations and covenants regarding the preservation of the tax-exempt status of the interest on the Bonds, the investment of proceeds of the Bonds, and the calculation and payment of rebate amounts under Section 148(f) of the Code.

"Trust Estate" means:

(a) All right, title and interest of the Authority in and to the Loan Payments and the Loan Agreement (excluding Unassigned Rights);

(b) All funds and accounts established by the Trustee under the Indenture other than amounts held by the Trustee in the Rebate Fund and other moneys expressly excluded pursuant to the Indenture;

(c) All income and receipts on the funds (other than the Rebate Fund) held by the Trustee under the Indenture; and

(d) Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security under the Indenture by the Authority, the Borrower or by anyone on their behalf to the Trustee, including without limitation funds of the Borrower held by the Trustee in any of the funds established under the Indenture as security for the Bonds.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America and its successor and any entity resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee under the Indenture.

"Tuition" shall mean the revenues of the Borrower derived from tuition and the proceeds thereof.

"Unassigned Rights" means the fees and expenses payable to the Authority, including, but not limited to, fees and expenses due to the Authority as set forth in the Loan Agreement, the Authority's right to indemnification under the Loan Agreement, the reimbursement of advances pursuant to the Loan Agreement and the Authority's right to execute and deliver supplements and amendments to the Loan Agreement.

"Written Request" means a request in writing signed by an Authorized Officer of the Authority or the Borrower (as the case may be).

SUMMARY OF THE LOAN AGREEMENT

The Loan Agreement provides for, among other things, the loan of the proceeds of the Bonds by the Authority to the Borrower.

The Project

The Borrower shall use the proceeds of the Loan to undertake the Project.

Loan of Bond Proceeds

The Authority will, concurrently with the issuance of the Bonds, loan to the Borrower the gross proceeds from the sale of the Bonds (the "Bond Proceeds") to finance costs of the Project. The Bond Proceeds will be deposited with the Trustee to be expended and deposited in accordance with the Indenture. If the Bond Proceeds are not sufficient to pay the costs of the Project, the Borrower will pay those costs in excess of the Bond Proceeds.

Security

The Loan is a general obligation of the Borrower, secured by a first priority security interest in the Borrower's Gross Revenues. The Loan Agreement provides that no Lien may be granted by the Borrower to secure any Long-Term Debt unless a Lien of equal or superior rank and priority is granted in favor of the Trustee for the benefit of the Holders of all Bonds issued and Outstanding under the Indenture. See "THE LOAN AGREEMENT – Security for Indebtedness."

Time and Manner of Repayment

The Borrower agrees in the Loan Agreement to pay to the Trustee for the account of the Authority:

(a) Interest. On or prior to each Interest Payment Date, an amount which, together with other available amounts on deposit in the Bond Fund, is sufficient to pay the interest on the Bonds to be paid on such Interest Payment Date;

(b) Principal. On or prior to August 1 of each calendar year commencing August 1, 2036, an amount for deposit in the Bond Fund equal to the principal of the Bonds becoming due on such August 1; provided that if the Borrower exercises its right to redeem Bonds under any provision of the Indenture or if any Bonds are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of the Indenture, the amount required to redeem such Bonds shall be due on or before the applicable redemption date.

(c) Trustee's Fee. While the Bonds remain Outstanding, the reasonable compensation and expenses of the Trustee under the Indenture shall be paid directly to the Trustee by the Borrower upon the receipt by the Borrower of a bill for such services from the Trustee.

(d) Authority's Fees. The Borrower will pay the Authority Closing Fee and the Authority Annual Fee when due as set forth in the Loan Agreement. The Borrower will also pay any other administrative expenses incurred in connection with the financing of the Project, and any such additional fees and expenses of the Authority, within thirty (30) days of receipt of an itemized statement from the Authority relating thereto.

(e) Rebate Fund. The Borrower will pay to the Trustee all rebate payments required under Section 148(f) of the Code and the Indenture.

(f) Additional Payments. The Borrower shall pay when due all additional amounts required to be paid by it under the Indenture or the Loan Agreement (together, "Additional Payments"), including without limitation costs and expenses incurred in connection with the arbitrage rebate provisions of the Indenture.

Assignment to Trustee

All of the Authority's right, title and interest in the Loan Agreement (except Unassigned Rights) are being assigned and pledged to the Trustee as security for the Bonds. The Borrower has consented to such assignment and acknowledges that the Bonds are being issued in reliance by the Trustee upon the assignment of the Authority's rights under the Loan Agreement and such other instruments. The Borrower agrees in the Loan Agreement that it shall perform all obligations and pay all amounts due from the Authority under the Bonds and the Indenture so that at all times there shall be no default thereunder.

Permitted Encumbrances

The Borrower agrees in the Loan Agreement not to create or suffer to be created or exist upon any of its real properties any Lien other than Permitted Encumbrances. For purposes of the Loan Agreement, "Permitted Encumbrances" shall include the following:

(a) Liens arising by reason of good faith deposits with the Borrower in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Borrower to secure public or statutory obligations, or to secure or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(b) any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Borrower to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for institutions participating in such arrangements;

(c) any judgment Lien against the Borrower so long as (1) the finality of such judgment is being contested in good faith and execution thereon is stayed, or (2) in the absence of such a contest and stay, neither the pledge and security interest of the Indenture or the Loan Agreement nor any property of the Borrower will be materially impaired or subject to material loss or forfeiture;

(d) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any property, to (1) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such property for its intended purpose or materially and adversely affect the value thereof, or (2) purchase, condemn, appropriate or recapture, or designate a purchaser of such property;

(e) any Liens on any property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any Liens of mechanics, material men and laborers for work or services performed or materials furnished in connection with such property (1) which are not due and payable or are not delinquent, (2) the amount or validity of which are being contested in good faith and on which execution is stayed or (3) the existence of which will not materially impair the pledge and security interest of the Indenture or the Loan Agreement, or subject any property of the Borrower to material loss or forfeiture;

(f) any lease which, in the judgment of the Borrower, (1) is reasonably necessary or appropriate for or incidental to the proper and economical operation of such property, taking into account the nature and terms of the lease and the nature and purposes of the property subject thereto, (2) is not necessary for the operations of the Borrower, or (3) represents a lease of space for retail purposes which is reasonably necessary or appropriate for or incidental to the operation of such property in light of the location of the property and the benefit to the neighborhood in which such property is located;

(g) easements, rights-of-way, restrictions and other minor defects, encumbrances, and irregularities in the title to any property which do not materially impair the use of such property for its intended purpose or materially and adversely affect the value thereof;

(h) rights reserved to or vested in any municipality or public authority to control or regulate any property or to use such property in any manner, which rights do not materially impair the use of such property for its intended purposes or materially and adversely affect the value thereof;

(i) any Lien which is existing on the date of the Loan Agreement or which is existing when the Borrower acquires the property subject to such Lien;

(j) any additional Lien granted after the date of issuance and delivery of the Bonds to secure the Bonds or other Long-Term Debt, including but not limited to a Lien on the Gross Revenues; provided that, in the case of Liens on the Gross Revenues, the holder of such other Long-Term Debt shall have entered into an intercreditor or similar agreement with the Borrower, the Trustee and each other holder of Long-Term Debt secured by a Lien on Gross Revenues providing for all such Liens on Gross Revenues to be on parity with each other;

(k) any Lien which will not, in the opinion of counsel to the Borrower, materially adversely affect the normal operations of the Borrower;

(l) any Lien on property received by the Borrower as a gift, grant or bequest, such Lien being due to restrictions imposed by the donor, grantor, or testator of such gift, grant or bequest; and

(m) any Liens on property permitted by the provisions of the Loan Agreement described below under "Security for Indebtedness."

Security for Indebtedness

The Borrower covenants in the Loan Agreement that Indebtedness which is incurred pursuant thereto may be secured only by such Liens as are permitted below:

(a) No Lien may be granted to secure any Long-Term Debt unless a Lien of equal or superior rank and priority is granted in favor of the Trustee for the benefit of the Holders of all Bonds issued and Outstanding under the Indenture.

(b) Non-Recourse Debt may be secured by Liens on: (1) any real property, fixtures and tangible personal property (and the proceeds thereof) acquired with the proceeds of the Non-Recourse Debt and any improvements to such property; (2) revenues derived from the ownership or operation of the property described in clause (1) above; and (3) gifts, grants, bequests, donations, other similar contributions (or pledges thereof) expressly restricted by the donor to such use, and the income from the foregoing. At the time any such Lien is to be granted, the Borrower shall deliver to the Trustee a certificate of an Authorized Officer of the Borrower demonstrating and concluding that the Lien is being granted in accordance with the foregoing.

Certain Warranties, Representations and Covenants of the Borrower

The Borrower makes various representations and covenants in the Loan Agreement, including the following:

Maintenance. The Borrower agrees to maintain the Project Facilities in good condition, reasonable wear and tear excepted. The Authority shall have no obligation and makes no warranties respecting the condition or operation of the Project Facilities.

Compliance with Laws. The Project Facilities shall be used in compliance with all material laws, ordinances and regulations, including, without limitation, all building, zoning and environmental laws, ordinances and regulations of any duly constituted authority which hereafter in any manner may affect the Project Facilities or the use thereof. The Borrower shall have the right in good faith to contest or appeal from such laws, ordinances and regulations, and the Authority agrees that it will not unreasonably withhold consent to having the proceedings brought in the Authority's name if and to the extent deemed necessary by the Borrower to give the Borrower standing or authority to prosecute any such contest or appeal, but all costs, fees and expenses incurred in connection with such proceedings shall be borne by the Borrower. The Borrower agrees that it shall not discriminate or permit any discrimination in the use of the Project Facilities against any person on the grounds of race, color, religion or national origin, or otherwise, in any manner prohibited by the laws of the United States or the Commonwealth.

Taxes, Assessments, Other Governmental Charges. The Borrower agrees to pay and discharge all taxes, assessments and governmental charges or levies imposed upon it or on its income or properties prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a Lien or charge upon any material portion of its properties, provided that the Borrower shall not be required to pay any such tax, assessment, charge, levy or claim, the payment of which is being contested in good faith and by proper proceedings.

Insurance Coverage. The Borrower covenants to maintain, or cause to be maintained, insurance covering such risks and in such amounts as is customarily carried by similar institutions and which liability policies shall name the Authority and the Trustee as additional insureds. The Borrower shall provide (a) the Authority and the Trustee, on an annual basis, with a certificate of an Authorized Officer of the Borrower certifying that the insurance required by the preceding sentence is in force and (b) the Authority, on an annual basis, with certificates of insurance or other evidence reasonably satisfactory to the Authority that the Authority has been named on all such insurance policies as an additional insured as its interests shall appear as required by the preceding sentence. In the event that property and liability insurance is not commercially available at a reasonable cost or has otherwise been provided, the Borrower may accept such substituted coverage, including coverage from a captive insurance company or consortium, as may be recommended by an independent insurance coverage consultant; provided, however, that no Event of Default shall occur under the Loan Agreement if such substitute coverage is unavailable and the Borrower makes a continued good faith effort to secure appropriate and customary insurance coverage or substitute coverage, including self-insurance.

Application of Insurance Proceeds and of Condemnation Proceeds. The proceeds of all public liability insurance shall be applied to the payment of any judgment, settlement or liability incurred for risks covered by such insurance. In case the whole or any part of the Project Facilities is damaged or destroyed by any cause whatsoever or taken pursuant to condemnation proceedings or in lieu thereof, the provisions of the Loan Agreement shall apply.

Advances by Authority or Trustee. In the event the Borrower fails to take out or maintain the insurance coverage required by the Loan Agreement, fails to pay the taxes and other charges required to be paid under the Loan Agreement at or prior to the time they are required to be paid, or fails to perform any other obligation under the Loan Agreement, the Authority or the Trustee may (but shall not be obligated to) take out the required policies of insurance and pay the premiums on the same, pay such taxes or other charges and pay such other amounts as are necessary to perform the Borrower's obligations. All amounts so advanced by the Authority or the Trustee shall become an additional obligation of the Borrower to the Authority or to the Trustee, as the case may be, which amounts, together with interest thereon at an annual rate equal to the prime rate of interest charged by the Trustee's banking Affiliate plus 2% ("Prime Rate"). Any remedy vested pursuant to the Loan Agreement in the Authority or the Trustee for the collection of installment payments under the Loan Agreement also shall be available to the Authority and the Trustee for the collection of all such amounts so advanced.

Damage, Destruction and Condemnation of Project Facilities

Damage to or destruction of all or any portion of the Project Facilities by fire or any other cause or taking of all or a portion of the Project Facilities by condemnation shall not terminate the Loan Agreement or cause any abatement of or reduction in the payments to be made by the Borrower hereunder, or otherwise alter the respective obligations of the Authority or the Borrower as set forth in the Loan Agreement, except that, to the extent the proceeds of insurance or condemnation are applied by the Trustee to the redemption or purchase of the Bonds, the obligation of the Borrower hereunder shall be reduced accordingly. The Borrower covenants to give written notice of any event described in the Loan Agreement to the Trustee and to the Authority within five (5) days after the occurrence thereof.

Tax-Exempt Bond Covenants

The Borrower covenants in the Loan Agreement that it will comply with the provisions of the Tax Agreement in order to preserve the tax-exempt status of the interest on the Bonds.

Events of Default

The occurrence of any of the following shall constitute an Event of Default under the Loan Agreement:

(a) Failure by the Borrower to make any payments described in clauses (a) or (b) described under the heading "Installment Payments" when due; or

(b) Failure by the Borrower to make any payment under the Loan Agreement or in the performance of or compliance with any of the provisions, warranties, covenants, agreements, terms or conditions contained in the Loan, other than those specified in (a) above, which continues for sixty (60) days following written notice thereof to the Borrower from the Authority or the Trustee, except in the case of a default other than the payment of money which cannot be cured within such sixty (60) days, in which case the period shall be extended for such period as is reasonable to cure the same with due diligence, provided the Borrower commences within sixty (60) days and proceeds diligently to cure the same; or

(c) If the Borrower shall make an assignment of substantially all of its assets for the benefit of creditors or is adjudicated a bankrupt or shall file a bill in equity or otherwise initiate proceedings for the appointment of a receiver of its assets, or shall file a case under the Federal Bankruptcy Code to be declared a bankrupt or for reorganization or otherwise initiate any proceedings in any court for a composition with its creditors or for relief in any manner from the payment of its debts when due under any state or federal laws; or if any proceedings in bankruptcy or for the appointment of a receiver shall be instituted against the Borrower under any state or federal law and shall not be dismissed within sixty (60) days; or

(d) the occurrence of an Event of Default under any of the Bond Documents.

Unless and until the Authority or the Trustee shall have exercised any remedies upon an Event of Default, the Borrower (or any other Person on behalf of the Borrower) may at any time (1) pay all accrued unpaid payments then due and owing on the outstanding balance of the Loan and all other sums which the Borrower is obligated to pay under the Loan Agreement; and (2) cure all other existing defaults under the Loan Agreement, and in every such case, such payment and cure shall be deemed to constitute a waiver of the default and its consequences as though the default had not occurred.

Remedies

Upon the occurrence of an Event of Default:

(a) The Trustee may declare the entire outstanding balance of the Loan and any other sums which the Borrower is obligated to pay to the Authority under the Loan Agreement immediately due and payable.

(b) The Trustee, after ten (10) days' written notice to the Borrower, may perform for the account of the Borrower any covenant of the Borrower under the Loan Agreement in the performance of which an Event of Default has accrued. The Borrower shall pay to the Trustee upon demand any amount paid by it in the performance of such covenant and any amounts which the Trustee shall have paid by reason of failure of the Borrower to comply with any covenant or provision of the Loan Agreement, including reasonable counsel fees and expenses incurred in connection with prosecution or defense of any proceedings instituted by reason of default of the Borrower, together with interest at a rate equal to the Prime Rate, from the date of payment until repayment by the Borrower.

(c) The Trustee may, in addition to or in lieu of the foregoing, pursue any remedy now or hereafter available at law or in equity for enforcement of the Loan Agreement or the collection of all sums due under the Loan Agreement.

Amendments

The Loan Agreement may not be amended except in accordance with the provisions of the Indenture described below under the heading "SUMMARY OF THE INDENTURE – Supplements and Amendments." The Borrower shall reimburse the Authority for all costs and expenses paid or incurred by the Authority in connection with any amendments or modifications of the Loan Agreement or to the Indenture and any document, instrument or agreement related thereto, and the discussion, negotiation, preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments or modifications.

SUMMARY OF THE INDENTURE

The Bonds are being issued under and subject to the provisions of the Indenture, to which reference must be made for complete details of the terms of the Bonds and the Indenture.

Establishment of Funds

The Indenture provides for the establishment with the Trustee of trust funds including a Clearing Fund, a Project Fund, a Bond Fund and a Rebate Fund.

Clearing Fund. Moneys on deposit in the Clearing Fund shall be disbursed upon receipt of the Joint Written Request to be delivered at closing (subsequent to the Closing Date, such transfers shall be made upon receipt of the Written Requests of the Borrower) for the purpose of making the transfers and payments required under the Indenture and for the payment of costs of issuance certified in such Written Requests. The Trustee shall be entitled to rely conclusively upon each such Written Request.

Upon the earlier of such time as the Trustee is furnished with a Written Request of the Borrower stating that all such fees and expenses have been paid and January 31, 2022, the Trustee shall transfer any proceeds of the Bonds remaining in the Clearing Fund to the Project Fund.

Project Fund. Moneys on deposit in the Project Fund shall be held in trust by the Trustee until withdrawn and disbursed to pay the costs of the Project or to be transferred to the Bond Fund as provided in the Indenture.

Bond Fund. The Trustee shall deposit to the credit of the Bond Fund all installment payments payable on account of the Bonds pursuant to the Loan Agreement, Net Proceeds received by the Trustee pursuant to the Indenture for the purpose of redeeming Bonds, and any other amounts required or permitted to be deposited therein pursuant to the provisions of the Indenture. Pursuant to the assignment and pledge of payments under the Loan Agreement set forth in the granting clauses contained in the Indenture, the Borrower is directed pursuant to the Indenture to make payments under the Loan Agreement directly to the Trustee when and as the same become due and payable under the terms of the Loan Agreement. Moneys so deposited to the Bond Fund shall be applied as follows:

(a) First, to the payment of interest, when due, on all Outstanding Bonds, including any accrued interest due in connection with redemptions of Bonds;

(b) Second, to the payment, when due, of the principal of Bonds then payable at maturity or on a date fixed for redemption (but only upon surrender of such Bonds), subject to reduction by the principal amount of Bonds of the same series and maturity purchased by the Borrower and surrendered to the Trustee for cancellation or purchased for cancellation by the Trustee pursuant to subsection (c) below or the Extraordinary Redemption provisions of the Indenture; and

(c) Third, to the extent that the same have not otherwise been paid or provided for, the Authority Fees and expenses and the Trustee's fees and expenses in respect of the Bonds shall be payable from the Bond Fund at the Written Request of the Borrower.

Rebate Fund. Upon the Written Request of the Borrower, the Trustee shall create and establish the Rebate Fund. Deposits shall be made to the Rebate Fund in accordance with, and moneys and investments in the Rebate Fund shall be applied as set forth in a Written Request of the Borrower prepared in accordance with the Tax Agreement. The Tax Agreement may be superseded or amended by a new Tax Agreement delivered by the Borrower and accompanied by an Opinion of Bond Counsel addressed to the Trustee to the effect that the use of such new Tax Agreement will not cause the interest on the 2026A Bonds to become includable in gross income of the recipient thereof. The Rebate Fund, and the moneys and investments therein, shall not secure the Bonds.

Investment of Funds

Subject to the limitations provided in the Indenture, upon Written Request of the Borrower filed with the Trustee, moneys on deposit in the Bond Fund, the Clearing Fund and the Rebate Fund shall be invested in Permitted Investments; provided, however, that moneys held in the Bond Fund to be applied to pay the redemption price of Bonds called for redemption shall only be invested in Government Obligations with a term not exceeding the date or dates that moneys therefrom are anticipated to be required. Such investments shall be made so as to mature on or prior to the date or dates that moneys therefrom are reasonably anticipated to be required. As and when any amounts invested pursuant to the Indenture may be needed for disbursements from any Fund, the Trustee shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of such Fund. The Trustee, as authorized in the Indenture, may trade with itself in the purchase and sale of securities for such investment; provided, however, that in no case shall any investment be otherwise than in accordance with the investment limitations contained in the Indenture. The Trustee shall not be liable or responsible for any loss resulting from any such investments. Gains from investments shall be credited to and held in and losses shall be charged to the Fund from which the investment is made.

The interest, income and gains received in respect of any Permitted Investments shall, with respect to all Funds other than the Rebate Fund, be deposited to the credit of the Bond Fund. The interest, income and gains received in respect of Permitted Investments in the Rebate Fund shall remain in the Rebate Fund.

The Trustee may reasonably rely on the Borrower's investment direction given pursuant to the first paragraph of this section above concerning the suitability and legality of all directed investments. Although the Borrower recognizes that it may obtain brokerage confirmations, or written statements containing comparable information, from the Trustee at no additional cost, the Borrower agrees that brokerage confirmations are not required to be issued by the Trustee for each month in which a monthly statement of investments is provided to the Borrower. No statement of investments needs to be provided to the Borrower, however, for any fund or account for any month in which no investment activity occurred during such month in such fund or account.

Supplements and Amendments

Supplemental Indentures Not Requiring Consent of Bondholders. The Authority and the Trustee may from time to time, without the consent of or notice to any of the Bondholders, enter into one or more Supplemental Indentures, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in the Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders and the Trustee, or either of them;

(c) to assign and pledge under or subject to the Indenture additional revenues, properties or collateral;

(d) to evidence the appointment of a separate Trustee or the succession of a new Trustee under the Indenture;

(e) to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;

(f) to effect changes to obtain or maintain a rating on the Bonds or permitted in connection with obtaining an upgrade in the rating on the Bonds to a higher rating category or subcategory;

(g) to permit continued compliance with the Tax Agreement;

(h) to provide for uncertificated Bonds and a book-entry only system of registration for the Bonds;

(i) to provide for the refunding or advance refunding of any Bonds, including the right to establish and administer an escrow fund and to take related action in connection therewith; and

(j) to make any change that does not materially adversely affect the rights of any Bondholder or the Trustee.

Before the Authority and the Trustee shall enter into any Supplemental Indenture pursuant to the Indenture, there shall have been delivered to the Authority and the Trustee a Favorable Opinion of Bond Counsel, which opinion also shall state that the proposed Supplemental Indenture is permitted under the Indenture.

Supplemental Indentures Requiring Consent of Bondholders. In addition to Supplemental Indentures covered by the preceding paragraph and subject to the terms and provisions contained in this paragraph, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds which are Outstanding under the Indenture at the time of the execution of such Supplemental Indenture shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Trustee of such Supplemental Indenture as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in this paragraph contained or in the preceding paragraph shall permit, or be construed as permitting, a Supplemental Indenture to effect: (i) an extension of the maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the Owners of such Bonds; (ii) the creation of any Lien prior to or on a parity with the Lien of the Indenture on the Trust Estate described in the Granting Clauses of the Indenture or the deprivation of any Bondholders of the Lien created by the Indenture on such Trust Estate (except as otherwise permitted by the terms of the Indenture or the Loan Agreement), without the consent of the Owners of all the Bonds at the time Outstanding; (iii) a reduction in the aforesaid aggregate principal amount of Bonds the Owners of which are required to consent to any such Supplemental Indenture, without the consent of the Owners of all the Bonds at the time outstanding which would be affected by the action to be taken; or (iv) a modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the Authority shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of the preceding paragraph, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by first-class mail postage prepaid to the registered Owners of the Bonds at their addresses as the same shall appear on the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Designated Office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in the preceding paragraph. If the Owners of the requisite principal amount of Bonds which are outstanding under the Indenture at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as in the Indenture provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such

Supplemental Indenture as permitted and provided in the preceding paragraph, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

Consent of University. So long as the Borrower is not in default under the Loan Agreement, a Supplemental Indenture under the Indenture shall not become effective unless and until the Borrower shall have consented in writing to the execution and delivery of such Supplemental Indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such Supplemental Indenture to which the Borrower has not already consented, together with a copy of the proposed Supplemental Indenture and a written consent form to be signed by the Borrower, to be mailed by certified or registered mail or by a recognized overnight delivery service to the Borrower at least thirty (30) days prior to the proposed date of execution and delivery of any such Supplemental Indenture.

Supplemental Agreements Not Requiring Consent of Bondholders. The Authority, the Borrower and the Trustee may, without the consent of or notice to the Owners of the Bonds, consent to any amendment, change or modification of the Loan Agreement as may be required:

(a) by the provisions of the Indenture or the Loan Agreement,

(b) for the purpose of curing any ambiguity or formal defect or omission,

(c) for the purpose of permitting continued compliance with the Tax Agreement,

(d) to effect changes to obtain or maintain a rating on any Bonds or permitted in connection with obtaining an upgrade in the rating on any Bonds to a higher rating category or subcategory, or

(e) to make any change that does not materially adversely affect the rights of any Bondholder, the Authority or the Trustee;

provided, however, that without the consent of each Bondholder affected or the Trustee, as applicable, no Supplemental Agreement may result in anything described in clauses (i) through (iv) above under "Supplemental Indentures Requiring Consent of Bondholders" without the consent of each Bondholder affected or the Trustee, as applicable.

Supplemental Agreements Requiring Consent of Bondholders. Except for Supplemental Agreements not requiring consent of Bondholders as set forth in the preceding paragraph, neither the Authority nor the Trustee shall consent to any other Supplemental Agreement without the written approval or consent, given and procured as provided below, of the Owners of not less than a majority in aggregate principal amount of the Bonds which are Outstanding under the Indenture at the time of execution of any such amendment, change or modification. If at any time the Authority and the Borrower shall request the consent of the Trustee to any such proposed Supplemental Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed Supplemental Agreement to be mailed in the same manner as provided in the Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of the proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Designated Office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved as provided in this paragraph. If the Owners of not less than a majority in aggregate principal amount of the Bonds outstanding under the Indenture at the time of the execution of any such Supplemental Agreement shall have consented to and approved the execution thereof as in the Indenture provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. The foregoing notwithstanding, without the consent of each Bondholder affected or the Trustee, as applicable, no Supplemental Agreement may result in anything described in clauses (i) through (iv) above under "Supplemental Indentures Requiring Consent of Bondholders."

Before the Authority shall enter into, and the Trustee shall consent to, any Supplemental Agreement pursuant to the Indenture, there shall have been delivered to the Authority and the Trustee a Favorable Opinion of Bond Counsel, which opinion also shall state that the proposed Supplemental Agreement is permitted under the Indenture.

Events of Default

If any one or more of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default" under the Indenture:

(a) default in the due and punctual payment of any interest on any Bond when the same becomes due and payable; or

(b) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when the same becomes due and payable, whether at the stated maturity or accelerated maturity thereof, or upon proceedings for redemption thereof; or

(c) the Authority shall for any reason be rendered incapable of fulfilling its obligations under the Indenture, or the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture or any Supplemental Indenture on the part of the Authority to be performed, and such incapacity or default shall continue for 60 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority and the Borrower by the Trustee (which notice may be given by the Trustee in its discretion and shall be given at the written request the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding); provided that, if any such default shall be correctable but is such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Authority or the Borrower within such period and diligently pursued until the default is corrected; or

(d) any Event of Default as specified in the Loan Agreement has occurred and is continuing and has not been waived.

With regard to any alleged default concerning which notice is given to the Borrower under the preceding paragraph, the Authority hereby grants the Borrower full authority for account of the Authority to perform any covenant or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Authority, with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts in order to remedy such default. Upon the occurrence of an Event of Default for which the Trustee has received notice pursuant to the Indenture or pursuant to the Indenture the Trustee is required to take notice, the Trustee shall, within thirty (30) days give written notice thereof by first class mail to all Bondholders.

Remedies

If an Event of Default shall have occurred and be continuing, the Trustee may, and if requested in writing by the Owners of not less than 25% in principal amount of the Bonds Outstanding shall, by notice in writing delivered to the Authority and the Borrower, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable; provided that if at any time after the principal of the Bonds then Outstanding shall have so become due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such acceleration or before the completion of the enforcement of any other remedy under the Indenture, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect to which such default shall have occurred, and all arrears of payments of principal when due, as the case may be, and all outstanding fees and expenses of the Trustee and all fees and expenses of the Trustee in connection with such default shall have been paid or provided for, then the acceleration of the Bonds then Outstanding and the consequences of such acceleration shall be annulled or rescinded, but no such annulment or rescission shall extend to or affect any subsequent acceleration of the Bonds then Outstanding, or impair any right consequent thereon.

Appointment of Receivers in Event of Default

If an Event of Default shall have occurred and be continuing, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the Loan Payments, pending such proceedings, with such powers as the court making such appointment shall confer.

Exercise of Remedies by the Trustee

(a) Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or equity by suit, action, mandamus or other proceeding (including any rights of a secured party under the Pennsylvania Uniform Commercial Code) to enforce the payment of the principal of, redemption premium, if any, and interest on the Bonds then Outstanding, to realize on or to foreclose any of its interests or liens under the Indenture or under any other of the Bond Documents, to exercise any rights or remedies available to the Trustee, to enforce and compel the performance of the duties and obligations of the Authority as in the Indenture set forth and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any portion of the Trust Estate or otherwise existing at law or in equity.

(b) If an Event of Default shall have occurred and be continuing, and if requested in writing so to do by the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

(c) All rights of action under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall, subject to the provisions described under the heading "Application of Moneys" below, be for the equal benefit of all the Owners of the Outstanding Bonds.

Limitation on Exercise of Remedies by Bondholders

No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or any other remedy under the Indenture, unless (a) a default has occurred of which the Trustee has been notified as provided in the Indenture or of which by said section the Trustee is deemed to have notice, (b) such default shall have become an Event of Default, (c) the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name, and shall have offered to the Trustee indemnity as provided in the Indenture, and (d) the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are thereby declared in every case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture, it being understood and intended that no one or more Owners of the Bonds shall have the right in any manner whatsoever to affect, disturb or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner in the Indenture provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in the Indenture provided, and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in the Indenture contained shall, however, affect or impair the right of any Bondholder to payment of the principal of and interest on any Bond at and after the maturity thereof or the obligation of the Authority to pay, solely from the Trust Estate, the principal of, redemption premium, if any, and interest on each of the Bonds to their respective Owners at the time, place, from the source and in the manner expressed in the Indenture and in the Bonds or affect or interfere with the right of any Owner to institute suit for the enforcement of any such payment.

Right of Bondholders to Direct Proceedings

Except as provided in the preceding paragraph, the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver, custodian or any other proceedings under the Indenture, provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceedings so directed would involve it in personal liability for which it has not been indemnified.

Application of Moneys

Any moneys held or received by the Trustee (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate (other than the Rebate Fund), shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or premium, if any, or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) First: To the payment of all amounts due the Trustee under the Indenture provisions relating to compensation, reimbursement and indemnification;

(b) Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal and premium, if any, and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal and premium, if any, and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal, premium, if any, and interest, without any preference or priority, ratably according to the aggregate amount so due;

(c) Third: To the payment of any amount due to the Authority under the Indenture or the Loan Agreement; and

(d) Fourth: To the payment of the remainder, if any, to the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied pursuant to the above, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available and which may become available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds and interest thereon have been paid pursuant to the above, and all fees, expenses and charges of the Trustee and the Authority, including attorneys' fees and expenses, have been paid, and all amounts owing to the United States Government under Section 148 of the Code have been paid, any balance remaining in the Bond Fund shall be paid to the Borrower.

Resignation and Removal of Trustee

(a) The Trustee may resign at any time by giving written notice thereof to the Authority, the Borrower and each Owner of Bonds Outstanding as their names and addresses appear in the Bond Register maintained by the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may, at the expense of the Borrower, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Authority and the Trustee signed by the Owners of a majority in principal amount of the Outstanding Bonds. In addition, the Authority at the written direction of the Borrower (so long as the Borrower is not in default under the Indenture and no condition exists that, with the giving of notice or the passage of time, or both, would constitute a default or an Event of Default) may remove the Trustee at any time for any reason. The Authority, the Borrower or any Bondholder may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

(c) If at any time:

(1) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the Authority, the Borrower or by any such Bondholder, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (x) the Authority may remove the Trustee, or (y) the Borrower or any Bondholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee; provided, however, that if a successor Trustee has not been appointed within thirty (30) days after the Trustee's removal, the Trustee may, at the Borrower's expense, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(d) The successor Trustee shall give notice of such resignation or such removal of the Trustee and such appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered Owners of Bonds as their names and addresses appear in the Bond Register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(e) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the above shall become effective until the acceptance of appointment by the successor Trustee.

Defeasance

If the Authority shall pay or provide for the payment of the entire indebtedness on all Bonds outstanding (including, for the purpose under the Indenture, any Bonds held by the Borrower or an Affiliate thereof) in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Bonds outstanding, as and when the same become due and payable;

(b) by delivering to the Trustee, for cancellation by it, all Bonds outstanding; or

(c) by depositing with the Trustee, in trust, (1) cash or Permitted Defeasance Obligations which are not callable or subject to prepayment prior to the date the moneys therefrom are anticipated to be required in such amount as will, together with the income or interest to accrue thereon, without consideration of any reinvestment thereof, and with any uninvested cash, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds at or before their respective maturity dates; and (2) in the case of Bonds which do not mature or will not be redeemed within 90 days of the deposit referred to in (1) above and as to which there has not been deposited cash or Permitted Defeasance Obligations in an amount which, without regard for earnings or income thereon, is fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all such Bonds at or before their respective maturity dates, a verification report of an independent certified public accounting firm which provides arbitrage and/or verification services or a firm which is recognized for providing arbitrage and/or verification services as to the adequacy of the trust funds to fully pay the Bonds deemed to be paid. If a forward supply contract is employed in connection with a refunding of Bonds, (i) the verification report described in clause (2) above shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement (or the Indenture, if no separate escrow agreement is executed in connection with such refunding), the terms of the escrow agreement or the Indenture, as applicable, shall be controlling;

and if the Authority shall pay or cause to be paid all other sums payable under the Indenture by the Authority, then and in that case the Indenture and the estate and rights granted under the Indenture shall cease, determine and become null and void, and thereupon the Trustee shall, upon Written Request of the Borrower, and upon receipt by the Trustee of an Officer's Certificate and an opinion of Independent Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Indenture and the lien of the Indenture. In such event, the Trustee shall assign, transfer and turn over to the Borrower the Trust Estate under the Indenture, including, without limitation, any surplus in the Bond Fund and any balance remaining in any other fund created under the Indenture (other than the Rebate Fund, said Permitted Defeasance Obligations or other moneys deposited in trust as above provided). The satisfaction and discharge of the Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Authority and the Borrower for any expenditures which it may thereafter incur in connection herewith. Notwithstanding the foregoing, to the extent there are rebate obligations outstanding to the U.S. Treasury with respect to the 2026A Bonds, the lien of the Indenture shall not be deemed discharged until the Borrower shall have agreed in writing to satisfy such rebate obligations in full.

The Authority or the Borrower may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered, which the Authority or the Borrower may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Liability of Authority Not Discharged

Upon the deposit with the Trustee, in trust, at or before maturity, of moneys or Permitted Defeasance Obligations in the necessary amount to pay or redeem all outstanding Bonds (whether upon or prior to maturity or the redemption date of such Bonds) and compliance with the other payment requirements described above under "Defeasance," provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in the Indenture provided, or provisions satisfactory to the Trustee shall have been made for the giving of such notice, and subject to the provisions of the Indenture, the Indenture may be discharged in accordance with the provisions of the Indenture but the liability of the Authority in respect of such Bonds shall continue, but the Owners thereof shall thereafter be entitled to payment only out of the moneys or the Permitted Defeasance Obligations deposited with the Trustee as aforesaid.

Provision for Payment of a Portion of Bonds

If the Authority shall pay or provide for the payment of the entire indebtedness on any portion of the Bonds, in one or more of the following ways:

(a) by paying or causing to be paid the principal of (including premium, if any) and interest on such portion of the Bonds as and when the same shall become due and payable;

(b) by depositing with the Trustee, in trust, (1) cash or Permitted Defeasance Obligations which are not callable or subject to prepayment prior to the date the moneys therefrom are anticipated to be required in such amount as will, together with the income or interest to accrue thereon, without consideration of any reinvestment thereof, and with any uninvested cash, be fully sufficient to pay or redeem (when redeemable) and discharge such portion of Bonds at or before their respective maturity dates; and (2) in the case of Bonds which do not mature or will not be redeemed within 90 days of the deposit referred to in clause (1) above and as to which there has not been deposited cash or Permitted Defeasance Obligations in an amount which, without regard for earnings or income thereon, is fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such portion of Bonds at or before their respective maturity dates, a verification report of a nationally recognized independent certified public accounting firm as to the adequacy of the trust funds to fully pay such portion of Bonds to be paid. If a forward supply contract is employed in connection with a refunding of Bonds, (A) the verification report described in clause (2) above shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (B) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement (or the Indenture, if no separate escrow agreement is executed in connection with such refunding), the terms of the escrow agreement or the Indenture, as applicable, shall be controlling; or

(c) by delivering to the Trustee, for cancellation by it, all Bonds outstanding or any such portion thereof.

and if the Authority shall also pay or cause to be paid all other sums payable under the Indenture by the Authority with respect to such portion of the Bonds, and, if such portion of the Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in the Indenture provided or provisions satisfactory to the Trustee shall have been made for the giving of such notice, such portion shall cease to be entitled to any lien, benefit or security under the Indenture. The liability of the Authority in respect of such Bonds or such portion thereof shall continue but the Owners thereof shall thereafter be entitled to payment (to the exclusion of all other Bondholders) only out of the moneys or Permitted Defeasance Obligations deposited with the Trustee as aforesaid.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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MCCANDLESS INDUSTRIAL DEVELOPMENT AUTHORITY
$___________ Tax-Exempt Revenue Bonds, Series 2026A
$___________ Taxable Revenue Bonds, Series 2026B
(Shady Side Academy Project)

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "***Disclosure Agreement***") is executed and delivered as of this __ day of __________, 2026, by and between Shady Side Academy (the "***Academy***") and The Bank of New York Mellon Trust Company, N.A., as dissemination agent (the "***Dissemination Agent***"), in connection with the issuance and sale by the McCandles Industrial Development Authority (the "***Authority***") of $_________ aggregate principal amount of its Tax-Exempt Revenue Bonds, Series 2026A (Shady Side Academy) and $_________ aggregate principal amount of its Taxable Revenue Bonds, Series 2026 (Shady Side Academy) (collectively, the "***Bonds***").

In consideration of the mutual covenants, promises and agreements contained herein and intending to be legally bound hereby, the Academy and the Dissemination Agent agree as follows:

Section 1. Definitions

In this Disclosure Agreement and any agreement supplemental hereto (except as otherwise expressly provided or unless the context clearly otherwise requires) terms used as defined terms in the recitals hereto shall have the same meanings throughout this Disclosure Agreement, and, in addition, the following terms shall have the meanings specified below:

"***Annual Financial Information***" shall mean the financial information or operating data with respect to the Academy for a particular Fiscal Year delivered at least annually pursuant to Section 3 hereof, substantially similar to the information set forth in the Official Statement in Appendix A, to the extent not included in the audited financial statements (including the notes thereto) of the Academy, under the following headings: Enrollment and Admissions; Tuition & Financial Aid; and Advancement.

Annual Financial Information may be provided in any format deemed convenient by the Academy subject to compliance with all applicable requirements of the Rule and/or the MSRB.

"***Annual Report***" shall mean the information to be provided by the Academy annually for each Fiscal Year pursuant to Section 3 hereof.

"***Business Day***" shall mean any day other than a Saturday or Sunday, a legal holiday or a day on which banking institutions in the Commonwealth are required or authorized by law or executive order to close or a day on which the Trustee or the Academy is closed.

"***Commonwealth***" shall mean the Commonwealth of Pennsylvania.

"***Disclosure Representative***" shall mean the Vice President of Finance (including any person holding such position on an interim basis) or such other official or employee of the Academy as the Academy shall designate in writing to the Dissemination Agent (or, if there is no third party Dissemination Agent, the Trustee).

"***Dissemination Agent***" means the party appointed by the Academy pursuant to the provisions of this Disclosure Agreement to perform the duties described herein to ensure compliance with the provisions of the Rule. The initial Dissemination Agent under this Disclosure Agreement shall be The Bank of New York Mellon Trust Company, N.A. For the avoidance of doubt, during any period in which the Academy is performing the duties of the Dissemination Agent hereunder, all references in this Disclosure Agreement to "Dissemination Agent" shall mean the Academy unless the context otherwise requires.

"***EMMA***" or the "***EMMA System***" means the Electronic Municipal Market Access system of the MSRB (or any successor electronic filing system established in accordance with the Rule for the submission of information required to be filed under the Rule). As of the date of this Disclosure Agreement, information regarding submissions to the MSRB through EMMA is available at http://emma.msrb.org/submission.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

"***Financial Obligation***" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"***Filing Date***" shall mean the date set forth in Section 3(a) by which the Annual Report is required to be filed on EMMA.

"***Fiscal Year***" shall mean any period of twelve consecutive months adopted by the Academy as its fiscal year for financial reporting purposes, and initially means the period beginning on July 1 of each calendar year and ending on June 30 of the next calendar year.

"***MSRB***" shall mean the Municipal Securities Rulemaking Board or its lawful successors.

"***Official Statement***" shall mean the Official Statement dated _________, 2026 relating to the offer and sale of the Bonds, as the same may be amended and supplemented from time to time.

"***Underwriter***" shall mean Stifel, Nicolaus & Company, Incorporated, as underwriter of the Bonds, pursuant to the Bond Purchase Agreement among the Underwriter, the Authority, and the Academy, dated _________, 2026.

"***Registered Owner***" or "***Registered Owners***" shall mean the person or persons in whose name a Bond is registered on the books of the Trustee for that purpose in accordance with the Trust Indenture and the Bonds. For so long as the Bonds shall be registered in the name of the Securities Depository or its nominee, the term "Registered Owners" shall also mean and include, for the purposes of this Disclosure Agreement, the owners of book entry credits evidencing beneficial ownership interests in the Bonds.

"***Reportable Event***" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"***Rule***" shall mean Rule 15c2-12 promulgated by the SEC under the Exchange Act, as such Rule maybe amended from time to time.

"***SEC***" means the United States Securities and Exchange Commission.

"***Securities Depository***" shall mean The Depository Trust Company, New York, New York, or any successor thereto appointed pursuant to the Trust Indenture.

"***Trust Indenture***" shall mean the Trust Indenture relating to the Bonds dated as of August 1, 2026, between the Authority and the Trustee.

"***Trustee***" shall mean The Bank of New York Mellon Trust Company, N.A., as trustee for the holders of the Bonds pursuant to the Trust Indenture.

All words and terms used in this Disclosure Agreement and not defined above or elsewhere herein shall have the same meanings as set forth in the Trust Indenture, if defined therein.

Section 2. Authorization and Purpose of Disclosure Agreement

This Disclosure Agreement is authorized to be executed and delivered by the Academy in order to enable the Underwriter to comply with the requirements of the Rule.

Section 3. Provision of Annual Report

(a) The Academy hereby agrees, in accordance with the provisions of the Rule, to provide through the Dissemination Agent to the MSRB, by electronic transmissions through EMMA, in such format as shall be prescribed by the MSRB, within 180 days of the end of each Fiscal Year commencing with the Fiscal Year ending June 30, 2026 (the "***Filing Date***"), the following information for such Fiscal Year (such information is referred to collectively herein as the "***Annual Report***"):

(i) A copy of the audited annual financial statements of the Academy prepared on the basis of generally accepted accounting principles and audited by an independent certified public accountant; and

(ii) An update of the Annual Financial Information.

In the event the Academy's audited annual financial statements for any Fiscal Year are not available within 180 days after the end of such Fiscal Year, the Academy shall provide through the Dissemination Agent to the MSRB, by electronic transmissions through EMMA, the Academy's unaudited annual financial statements for such Fiscal Year as part of the Annual Report, and thereafter shall provide the audited annual financial statements when and if the same become available.

(b) If the Dissemination Agent has not received a copy of such Annual Report within five (5) Business Days of the Filing Date, the Dissemination Agent shall contact the Academy to determine if the Academy is in compliance with Section 3(a). If after the Dissemination Agent contacts the Academy pursuant to this Section 3(b), the Academy fails to verify to the Dissemination Agent that the Annual Report has been provided to EMMA by the Filing Date as required by Section 3(a), the Dissemination Agent shall send a notice to EMMA stating that the Academy failed to file its Annual Report by the Filing Date.

(c) The Academy further agrees to provide through the Dissemination Agent to the MSRB, by electronic transmissions through EMMA, notice of a failure to provide any required Annual Report or any portion thereof in accordance with the provisions of this Section 3, within ten (10) Business Days after the occurrence of such failure.

(d) The Academy may submit the Annual Report as a single document or as a series of separate documents comprising a package. The Academy may provide the Annual Financial Information by specific cross-reference to other documents which have been submitted to the MSRB via the EMMA System or filed with the SEC. The Academy reserves the right to modify from time to time the specific types of information provided and the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Academy; provided that the Academy agrees that any such modification will be done in a manner consistent with the Rule. The Academy may, at its option, satisfy this obligation by providing an official statement for one or more series of bonds issued on behalf of the Academy after the date hereof or by specific reference, in accordance with the Rule, to one or more official statements previously provided to and available from the MSRB.

Each submission of Annual Financial Information by the Academy shall contain on its cover page in bold face type the following language, as appropriate:

The information contained herein is being filed by Shady Side Academy for the purposes of complying with its responsibilities under SEC Rule 15c2-12. The information contained herein is as of the date set forth below. The Authority has not participated in the presentation of this report or examined its contents, and the Authority makes no representations concerning the accuracy and completeness of the information contained herein.

(e) The Academy acknowledges that it, and not the Dissemination Agent, is solely responsible for the accuracy, completeness and timeliness of its Annual Reports and the notices required by Section 4 below.

Section 4. Reportable Events

(a) The Academy agrees that it shall provide through the Dissemination Agent, to the MSRB, by electronic transmissions through EMMA, in such format as shall be prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds (each a "***Reportable Event***") within ten (10) Business Days after the occurrence thereof (provided that the term "material" when used in this Section 4(a) with regard to an event or occurrence means that the Academy has determined that such event or occurrence is material within the meaning of the Rule):

(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, if any, reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, if any, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701- TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;

(7) Modification to the rights of the holders of the Bonds, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Academy (provided that such event shall be considered to occur at the time set forth in subparagraph (b)(5)(i)(C)(12) of the Rule);

(13) If material, the consummation of a merger, consolidation, or acquisition involving the Academy or the sale of all or substantially all of the assets of the Academy, 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;

(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 Academy, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Academy, any of which affects holders of the Bonds, 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 Academy, any of which reflect financial difficulties.

The foregoing sixteen (16) Reportable Events are quoted from the Rule. The SEC requires the listing of the Reportable Events set forth in clauses (1) through (16) above although some of such events may not be applicable to the Bonds.

(b) Whenever the Academy concludes that a Reportable Event has occurred, the Disclosure Representative shall promptly notify the Dissemination Agent in writing of such occurrence, specifying the Reportable Event. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB, by electronic transmissions through EMMA, in such format as shall be prescribed by the MSRB. Upon receipt, the Dissemination Agent shall promptly file such notice with the MSRB, by electronic transmissions through EMMA.

(c) Notwithstanding the foregoing, the Dissemination Agent shall, promptly after obtaining actual knowledge of an event listed in clauses (a)(1) or (a)(9) of this Section 4, notify the Disclosure Representative of the occurrence of such event and shall, within three (3) Business Days of giving notice to the Disclosure Representative, file notice (said notice to be prepared by the Academy) of such occurrence with the MSRB, by electronic transmissions through EMMA, in such format as shall be prescribed by the MSRB, unless the Disclosure Representative gives the Dissemination Agent written instructions not to file such notice.

(d) The Academy agrees that it shall provide through the Dissemination Agent, in the manner provided in subsection (b) of this Section 4, in a timely manner, to the MSRB, by electronic transmissions through EMMA, in a format prescribed by the MSRB, notice of any failure by the Academy to provide any information required pursuant to Section 4 hereof on or before the dates specified herein.

(e) Each notice filed under this Section 4 shall contain on its cover page the language set forth in Section 3(d).

Section 5. Amendment

This Disclosure Agreement may be amended by the Academy and the Dissemination Agent after the date hereof so long as such amendment does not contravene the Rule as applicable to the Bonds. In addition, notwithstanding any other provision of this Disclosure Agreement, the Academy and the Dissemination Agent may amend this Disclosure Agreement, and any provision hereof may be waived, if

(a) such amendment or waiver 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 on the Bonds, or type of business conducted;

(b) the amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders; and

(c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings in this Disclosure Agreement to violate the Rule if such amendment or waiver had been effective on the date of this Disclosure Agreement but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any of the provisions of Section 3 hereof relating to the Annual Financial Information that must be provided to the MSRB in accordance with the Rule is amended or waived, the Annual Financial Information for the first Fiscal Year the Annual Report for which reflects such amendment or waiver shall include an explanation, in narrative form, of the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of this Disclosure Agreement specifying the accounting principles to be followed in preparing the Academy's financial statements are amended or waived, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison must include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Bondholders to enable them to evaluate the ability of the Academy to meet its obligations. To the extent reasonably feasible, the comparison must be quantitative. The Academy shall file a notice of the change in the accounting principles with the MSRB, by electronic transmissions through EMMA, on or before the effective date of any such amendment or waiver.

Section 6. Other Information

(a) Nothing in this Disclosure Agreement shall preclude the Academy from disseminating any other information with respect to the Academy or the Bonds, using the means of communication provided in this Disclosure Agreement or otherwise, in addition to the notices of Reportable Events specifically provided for herein, nor shall the Academy be relieved of complying with any applicable law relating to the availability and inspection of public records. Any election by the Academy to furnish any information not specifically provided for herein in any notice given pursuant to this Disclosure Agreement or by the means of communication provided for herein shall not be deemed to be an additional contractual undertaking and the Academy shall have no obligation to update or furnish such information in any subsequent notice or by the same means of communication.

(b) Nothing in this Disclosure Agreement shall relieve the Trustee of any of its duties and obligations under the Trust Indenture.

Section 7. Default

(a) In the event that the Academy or the Dissemination Agent fails to comply with any provision of this Disclosure Agreement, the Dissemination Agent, the Authority or any Registered Owner of the Bonds shall have the right, by mandamus, suit, action or proceeding at law or in equity, to compel the Academy or the Dissemination Agent to perform each and every term, provision and covenant contained in this Disclosure Agreement. The Dissemination Agent shall be under no obligation to take any action in respect of any default hereunder unless it has received the direction in writing to do so by the Registered Owners of at least 25% of the outstanding principal amount of the Bonds and if, in the Dissemination Agent's opinion, such action may tend to involve expense or liability, unless it is also furnished with indemnity and security for expenses satisfactory to it.

(b) A default under this Disclosure Agreement shall not be or be deemed to be a default under the Bonds, the Trust Indenture or the Loan Agreement (as defined in the Trust Indenture) and the sole remedy in the event of a failure of the Academy or the Dissemination Agent to comply with the provisions hereof shall be an action to compel performance as described in clause (a) above.

(c) The Authority shall not have any responsibility or liability in connection with the Academy's compliance with the Rule, the Academy's filing obligations under this Disclosure Agreement or in connection with the contents of such filings. The Academy also agrees to indemnify and save the Authority, and its members, officers, employees and agents harmless against any loss, claim, expense (including reasonable attorneys' fees) or liability arising out of (i) any breach by the Academy of this Disclosure Agreement or (ii) any Annual Financial Information or notices provided under this Disclosure Agreement or any omissions therefrom.

Section 8. Concerning the Dissemination Agent

(a) The Academy may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

(b) The Academy may, in its sole discretion, discharge the Dissemination Agent by giving at least ten (10) Business Days' written notice to the Dissemination Agent prior to such termination, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Academy pursuant to this Disclosure Agreement. If at any time there is not any designated Dissemination Agent, the Academy shall perform all duties and obligations of the "Dissemination Agent" under this Disclosure Agreement. Initially, The Bank of New York Mellon Trust Company, N.A. has been appointed as the initial Dissemination Agent by the Academy under this Disclosure Agreement.

(c) The Dissemination Agent shall have only such duties in its capacity as such as are specifically set forth in this Disclosure Agreement, and no implied covenants or obligations shall be read into this Disclosure Agreement against the Dissemination Agent.

(d) The Academy agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless from and against any losses, costs, expenses or other liabilities which it (or they) may incur arising out of or in the exercise or performance of its (or their) powers and duties hereunder, including, without limitation, the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities arising out of the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Academy under this Section 8 shall survive resignation or removal of the Dissemination Agent and any defeasance of the Bonds.

(e) The Dissemination Agent shall be under no obligation to institute any suit, or to take any proceeding under this Disclosure Agreement, or to enter any appearance or in any way defend in any suit in which it may be made a defendant, or to take any steps in the execution of the duties hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and expenses and other reasonable disbursements, and against all liability. The Dissemination Agent may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Dissemination Agent, without indemnity, and in such case the Academy shall reimburse the Dissemination Agent upon demand for all costs and expenses, outlays and reasonable counsel fees and other reasonable disbursements properly incurred and against all liabilities in connection therewith.

(f) In case at any time it shall be necessary or desirable for the Dissemination Agent to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Dissemination Agent, and in any case in which this Disclosure Agreement provides for permitting or taking any action, the Dissemination Agent may rely upon any certificate required or permitted to be filed with it under the provisions of this Disclosure Agreement, and any such certificate shall be evidence of such fact to protect the Dissemination Agent in any action that it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Disclosure Agreement, any request, notice or other instrument from the Academy to the Dissemination Agent shall be deemed to have been signed by the proper party or parties if signed by the Disclosure Representative of such party, and the Dissemination Agent may accept a certificate signed by an individual who represents to the Dissemination Agent in writing that he or she is an authorized officer of the Academy as to any action taken by the Academy.

(g) The Dissemination Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably believed by it to be in accordance with the terms of this Disclosure Agreement, or upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Disclosure Agreement, or upon the written opinion of any attorney or accountant, and the Dissemination Agent shall be under no duty to make any investigation or inquiry as to statements contained or matters referred to in any such instrument or opinion, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Dissemination Agent may execute any of the power hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of laws and its duty hereunder, and the Dissemination Agent shall not be answerable for any act or omission of any such attorney, agent or employee selected by it with reasonable care. The Dissemination Agent shall not be answerable for the exercise of any discretion or power under this Disclosure Agreement or for anything whatever in connection with the performance of its duties hereunder, except only for its own willful misconduct or negligence. For purposes of this Disclosure Agreement, matters shall not be deemed to be known to the Dissemination Agent unless they are known by a responsible officer in the Dissemination Agent's corporate trust group.

(h) The Dissemination Agent may resign and thereby become discharged from the duties as such under this Disclosure Agreement by notice in writing mailed postage prepaid to the Academy, such resignation to become effective on the thirtieth (30th) business day following the Academy's receipt of notice thereof (or at such different later date and time as stated in such notice). Any such resignation shall take effect immediately upon the appointment of a new Dissemination Agent hereunder, if such new Dissemination Agent shall be appointed before the time stated in such notice (if any) and shall then accept the duties of Dissemination Agent hereunder.

Section 9. Term of Disclosure Agreement

This Disclosure Agreement shall terminate upon the earlier to occur of (1) the legal defeasance, prior redemption, payment or provision for payment in full of the Bonds, (2) the repeal or rescission of Section (b)(5) of the Rule, or (3) a final determination by a court of competent jurisdiction that Section (b)(5)of the Rule is invalid or unenforceable.

Section 10. Beneficiaries

This Disclosure Agreement shall inure solely to the benefit of the Academy, the Authority, the Dissemination Agent and the Registered Owners from time to time of the Bonds and nothing herein contained shall confer any right upon any other person.

Section 11. Compensation of Dissemination Agent

The Academy shall pay or reimburse the Dissemination Agent (within thirty (30) days after notice) for all its reasonable expenses, charges and other disbursements, including, without limitation the fees and costs of its officers, directors, attorneys, agents and employees incurred in and about the administration and execution of the duties created by this Disclosure Agreement and the performance of its powers and duties hereunder, and shall indemnify and save the Dissemination Agent and its officers, directors, attorneys, agents and employees pursuant to Section 8(d) hereof.

Section 12. Notices

Any written notice to or demand may be served, presented or made to the persons named below if deposited in the United States mail, first class postage prepaid, or in a recognized form of overnight mail, addressed to the following address (or to such other address as may be designated by such person in writing to the other persons listed below) and, if so deposited or sent, shall be deemed to be given or filed for all purposes of the Disclosure Agreement:

(a) To the Trustee at:

The Bank of New York Mellon Trust Company, N.A.
500 Ross Street, 12th Floor
Pittsburgh, Pennsylvania 15262
Attention: Global Corporate Trust

(b) To the Academy or the Disclosure Representative at:

Shady Side Academy
423 Fox Chapel Road
Pittsburgh, PA 15238
Attention: Vice President of Finance

(c) To the Authority:

McCandless Industrial Development Authority
9955 Grubbs Road
Wexford, Pennsylvania 15090
Attn: Chairperson

(a) To the Dissemination Agent at:

The Bank of New York Mellon Trust Company, N.A.
500 Ross Street, 12th Floor
Pittsburgh, Pennsylvania 15262
Attention: Global Corporate Trust

Section 13. No Personal Recourse

No personal recourse shall be had for any claim based on this Disclosure Agreement against any member, officer, or employee, past, present or future, of the Academy, or of any successor body as such, either directly or through the Academy or any such successor body, under any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise.

Section 14. Controlling Law

The internal laws of the Commonwealth of Pennsylvania shall govern the construction and interpretation of this Disclosure Agreement; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction in connection with the Bonds shall have promulgated any rule or regulation governing the subject matter hereof (including without limitation the Rule), this Disclosure Agreement shall be interpreted and construed in a manner consistent therewith.

Section 15. Successors and Assigns

All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Academy or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 16. Headings for Convenience Only

The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof

Section 17. Entire Agreement

This Disclosure Agreement sets forth the entire understanding and agreement of the Academy and the Dissemination Agent (if any) with respect to the matters herein contemplated and no modification or amendment for supplement to this Disclosure Agreement shall be valid or effective unless the same is in writing and signed by the parties hereto.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed by their authorized officers as of the date first written above.

SHADY SIDE ACADEMY

By: ______________________________
Name:
Title:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Dissemination Agent

By: ______________________________
Name:
Title:

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