

RINGLING COLLEGE OF ART AND DESIGN

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MAY 31, 2025 AND 2024

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

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Report of Independent Auditor

To the Board of Trustees
Ringling College of Art and Design
Sarasota, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ringling College of Art and Design (the “College”), which comprise the statements of financial position as of May 31, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of May 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and Chapter 10.650, Rules of the Florida Auditor General are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2025, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Orlando, Florida
September 22, 2025

RINGLING COLLEGE OF ART AND DESIGN
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2025 AND 2024

ASSETS

	<u>2025</u>	<u>2024</u>
<u>Current assets</u>		
Cash and cash equivalents	\$ 9,039,239	\$ 20,708,496
Short-term investments	14,401,890	4,182,454
Accounts receivable - students, net	108,234	169,488
Contributions receivable, net	2,227,821	1,541,793
Other receivables, no allowance	358,882	414,991
Prepaid expenses and other assets	<u>3,746,612</u>	<u>4,434,023</u>
Total Current Assets	<u>29,882,678</u>	<u>31,451,245</u>
<u>Non-current assets</u>		
Cash and cash equivalents restricted by donors	5,642,823	3,717,248
Long-term investments	1,701,562	1,597,926
Long-term contributions receivable, net	12,203,391	10,179,597
Investment in property	2,950,000	2,400,000
Other non-current assets	<u>11,323,775</u>	<u>5,836,341</u>
Total Non-Current Assets	<u>33,821,551</u>	<u>23,731,112</u>
<u>Endowment</u>		
Cash and cash equivalents restricted for endowment	66,559	309,542
Contributions receivable restricted for endowment, net	3,517,198	2,358,466
Contributions receivable from remainder trusts, net	131,631	176,716
Other non-current assets	42,520	42,520
Long-term investments	<u>75,103,444</u>	<u>70,191,141</u>
Total Endowment Assets	<u>78,861,352</u>	<u>73,078,385</u>
<u>Property and equipment</u>		
at cost less accumulated depreciation	<u>285,926,954</u>	<u>288,854,169</u>
TOTAL ASSETS	<u>\$ 428,492,535</u>	<u>\$ 417,114,911</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

RINGLING COLLEGE OF ART AND DESIGN
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2025 AND 2024

LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
<u>Current liabilities</u>		
Accounts payable	\$ 3,470,852	\$ 1,467,195
Accrued salaries and wages	5,901,866	5,861,919
Other accrued expenses	2,168,548	2,055,068
Current portion of long-term debt	3,570,208	3,450,470
Student deposits	613,138	692,071
Deferred revenue	2,529,442	1,895,342
Amounts held in custody for others	14,679	14,307
	<u>18,268,733</u>	<u>15,436,372</u>
Total Current Liabilities		
<u>Long-term liabilities</u>		
Long-term debt, net	148,324,238	152,668,239
Annuity payable	949,591	930,028
	<u>149,273,829</u>	<u>153,598,267</u>
Total Long-Term Liabilities		
Total Liabilities	<u>167,542,562</u>	<u>169,034,639</u>
<u>Net assets</u>		
Without donor restrictions	177,286,398	173,597,869
With donor restrictions	83,663,575	74,482,403
	<u>260,949,973</u>	<u>248,080,272</u>
Total Net Assets		
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 428,492,535</u>	<u>\$ 417,114,911</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

RINGLING COLLEGE OF ART AND DESIGN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2025

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<u>Operating revenues, gains and other support</u>			
Net tuition and fees	\$ 68,388,002	\$ -	\$ 68,388,002
Government grants and contracts	434,204	15,873	450,077
Private gifts and grants	2,565,049	13,972,414	16,537,463
Sales and services of continuing education	1,121,156	-	1,121,156
Sales and services of auxiliary enterprises	19,759,277	-	19,759,277
Investment return, net	1,547,836	3,089	1,550,925
Endowment distribution designated for operations	3,068,161	20,150	3,088,311
Other revenue	2,626,301	-	2,626,301
Total Operating Revenues and Gains	<u>99,509,986</u>	<u>14,011,526</u>	<u>113,521,512</u>
Net Assets Released from Restrictions	<u>9,756,345</u>	<u>(9,756,345)</u>	<u>-</u>
Total Operating Revenues, Gains and	<u>109,266,331</u>	<u>4,255,181</u>	<u>113,521,512</u>
<u>Operating expenses and losses</u>			
Education and general:			
Instruction	36,365,978	-	36,365,978
Academic support	20,072,815	-	20,072,815
Student services	10,642,338	-	10,642,338
Scholarships and stipends	252,200	-	252,200
Institutional support	18,478,491	-	18,478,491
Total Education and General	<u>85,811,822</u>	<u>-</u>	<u>85,811,822</u>
Auxiliary enterprises	<u>20,904,199</u>	<u>-</u>	<u>20,904,199</u>
Total Operating Expenses and Losses	<u>106,716,021</u>	<u>-</u>	<u>106,716,021</u>
Increase in Net Assets from Operating Activities	<u>2,550,310</u>	<u>4,255,181</u>	<u>6,805,491</u>
<u>Nonoperating activities</u>			
Private gifts	-	1,940,300	1,940,300
Investment return, net	2,348,253	5,322,268	7,670,521
Endowment distribution designated for operations	(3,068,161)	(20,150)	(3,088,311)
Unrealized principal loss of true endowment	-	(592)	(592)
Change in value of split interest agreements	-	(257,708)	(257,708)
Write-off of unrecoverable deposits	(200,000)	-	(200,000)
Net assets released from restrictions	<u>2,058,127</u>	<u>(2,058,127)</u>	<u>-</u>
Increase in Net Assets from Nonoperating Activities	<u>1,138,219</u>	<u>4,925,991</u>	<u>6,064,210</u>
Total Change in Net Assets	3,688,529	9,181,172	12,869,701
Net Assets at Beginning of Year	<u>173,597,869</u>	<u>74,482,403</u>	<u>248,080,272</u>
NET ASSETS AT END OF YEAR	<u>\$ 177,286,398</u>	<u>\$ 83,663,575</u>	<u>\$ 260,949,973</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

RINGLING COLLEGE OF ART AND DESIGN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2024

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<u>Operating revenues, gains and other support</u>			
Net tuition and fees	\$ 69,094,319	\$ -	\$ 69,094,319
Government grants and contracts	521,191	-	521,191
Private gifts and grants	4,296,870	9,705,603	14,002,473
Sales and services of continuing education	1,322,074	-	1,322,074
Sales and services of auxiliary enterprises	20,372,706	-	20,372,706
Investment return, net	1,540,732	60,388	1,601,120
Endowment distribution designated for operations	2,480,462	19,400	2,499,862
Other revenue	2,591,668	-	2,591,668
Total Operating Revenues and Gains	102,220,022	9,785,391	112,005,413
Net Assets Released from Restrictions	7,733,105	(7,733,105)	-
Total Operating Revenues, Gains and	109,953,127	2,052,286	112,005,413
<u>Operating expenses and losses</u>			
Education and general:			
Instruction	33,010,557	-	33,010,557
Academic support	21,330,366	-	21,330,366
Student services	9,717,767	-	9,717,767
Scholarships and stipends	263,225	-	263,225
Institutional support	16,479,864	-	16,479,864
Total Education and General	80,801,779	-	80,801,779
Auxiliary enterprises	21,005,448	-	21,005,448
Total Operating Expenses and Losses	101,807,227	-	101,807,227
Increase in Net Assets from Operating Activities	8,145,900	2,052,286	10,198,186
<u>Nonoperating activities</u>			
Private gifts	-	2,485,816	2,485,816
Investment return, net	3,469,018	6,819,968	10,288,986
Endowment distribution designated for operations	(2,480,462)	(19,400)	(2,499,862)
Unrealized principal gain of true endowment	-	41,923	41,923
Change in value of split interest agreements	-	(195,465)	(195,465)
Change in donor designation	(1,100)	1,100	-
Other	(66,453)	-	(66,453)
Net assets released from restrictions	1,472,108	(1,472,108)	-
Increase in Net Assets from Nonoperating Activities	2,393,111	7,661,834	10,054,945
Total Change in Net Assets	10,539,011	9,714,120	20,253,131
Net Assets at Beginning of Year	163,058,858	64,768,283	227,827,141
NET ASSETS AT END OF YEAR	\$ 173,597,869	\$ 74,482,403	\$ 248,080,272

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

RINGLING COLLEGE OF ART AND DESIGN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>Cash flows from operating activities</u>		
Increase in net assets	\$ 12,869,701	\$ 20,253,131
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	19,711,415	18,956,736
Bond premium amortization	(860,354)	(880,374)
Loss (gain) on disposal of property and equipment	36,878	(16,598)
Realized and unrealized gains on investments	(6,155,651)	(8,826,418)
(Increase) decrease in current assets excluding cash and investments	118,709	(753,791)
Increase in long-term contributions receivable	(3,137,441)	(108,816)
Increase in other non-current assets	(6,258,560)	(58,989)
Increase (decrease) in current liabilities excluding debt	2,712,623	(2,469,772)
Decrease in other long-term liabilities	106,125	133,302
Contributions received restricted for -		
Endowment	(782,704)	(1,886,651)
Property and equipment	(4,499,792)	(4,765,000)
Net cash provided by operating activities	<u>13,860,949</u>	<u>19,576,760</u>
<u>Cash flows from investing activities</u>		
Proceeds from sale of investments	5,498,950	3,004,561
Purchase of investments	(15,128,674)	(13,495,526)
Proceeds from sale of property and equipment	500	30,737
Purchase of property and equipment	(16,050,415)	(21,079,812)
Net cash used by investing activities	<u>(25,679,639)</u>	<u>(31,540,040)</u>
<u>Cash flows from financing activities</u>		
Contributions received restricted for -		
Endowment	782,704	1,886,651
Property and equipment	4,499,792	4,765,000
Principal repayments on debt	(3,450,471)	(3,335,699)
Net cash provided by financing activities	<u>1,832,025</u>	<u>3,315,952</u>
Net decrease in cash	(9,986,665)	(8,647,328)
Cash - Beginning of year	24,735,286	33,382,614
CASH - END OF YEAR	<u>\$ 14,748,621</u>	<u>\$ 24,735,286</u>
RECONCILIATION OF CASH		
Cash and cash equivalents	\$ 9,039,239	\$ 20,708,496
Cash and cash equivalents restricted by donors	5,642,823	3,717,248
Cash and cash equivalents restricted for endowment	66,559	309,542
CASH - END OF YEAR	<u>\$ 14,748,621</u>	<u>\$ 24,735,286</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	<u>\$ 7,070,194</u>	<u>\$ 7,306,949</u>
Non-cash contributions of works of art	<u>\$ 129,550</u>	<u>\$ 55,935</u>
Non-cash capital assets in accounts payable	<u>\$ 2,166,347</u>	<u>\$ 909,660</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ringling College of Art and Design's (the College) primary mission is to provide a professional education in the visual arts. Revenues of the College are generated primarily from tuition, fees, and other sales and services to its students and contributions from the general public. Founded in 1931, it is a private, non-profit, independent, four-year college located in Sarasota, Florida, offering degrees in business of art and design, computer animation, creative writing, entertainment design, film, fine arts, game art, graphic design, illustration, motion design, photography and imaging, virtual reality development, and visual studies. The College enrolls over 1,600 students from the United States and 54 countries worldwide, with twenty nine percent from Florida. The College provides PreCollege experiences and lifelong learning classes through its Continuing and Professional Studies on the main campus and operates a Museum Campus, which provides exhibitions, art education for all ages and includes the Osher Lifelong Learning Institute (OLLI).

Basis of Presentation

The financial statements of the College have been prepared on the accrual basis. These financial statements 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 financial accounting standards adopted by the Financial Accounting Standards Board (FASB). This has been done by classification of fund transactions and balances into two categories for net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions in accordance with donors' stipulations results in the release of such restrictions.

Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of the College. Net assets with donor restrictions are designated by donors for specific purposes, and include unconditional contributions receivable, split-interest agreements, interests in trusts held by others, and accumulated appreciation on donor-restricted endowments which have not been appropriated by the Board of Trustees (the Board) for distribution. Some net assets with donor restrictions are required by donors to be held in perpetuity. The donors of net assets to be held in perpetuity permit the College to use a portion of the income earned on the related investments for specified purposes.

Expiration of Donor-Imposed Restrictions

The expiration of a donor-imposed restriction is recognized in the period in which the restriction expires and at that time the related resources are reclassified to without donor restrictions. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The College followed a policy of reporting donor-imposed restricted contributions and endowment income whose restrictions are met in the same period as received as without donor restrictions for the year ended May 31, 2024. The College followed a new policy of reporting donor-imposed restricted contributions and endowment income whose restrictions are met in the same period as received as with donor restrictions and the associated net assets released from restrictions for the year ended May 31, 2025.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Nonoperating Activities

The accompanying statements of activities distinguish between operating and nonoperating activities. Operating revenues consist of all the activities of the College, except for certain items specifically considered to be of a nonoperating nature. Nonoperating activities include contributions for endowment, contributions and other activity related to annuity and unitrust agreements, contributions of artwork, endowment income and gains and losses, net of amounts distributed to support operations in accordance with the spending policy, and certain unusual or non-recurring items.

Revenue Recognition

The College's revenue recognition policies include the recording of student tuition and fees as revenue in the fiscal year that the related academic services are rendered. Tuition and fees received in advance of services to be rendered are recorded as deferred income. Net tuition and fees reflect scholarship allowances reducing tuition and fees of \$25,976,353 and \$24,767,986 at May 31, 2025 and 2024, respectively. In addition, students who officially withdraw from all courses during the first eight weeks of the semester will receive a partial refund in accordance with the College's refund policy. Historically, refunds of tuition have been approximately 0.31% of the total amount billed. Refunds issued reduce the amount of revenue recognized. Auxiliary enterprises furnish services primarily to students and are comprised predominantly of housing accommodations in residence halls, apartments, and single-family homes as well as meal plans. Income from auxiliary enterprises is recorded as revenue in the fiscal year that the services are provided. Payments for tuition, fees, and auxiliary enterprises are due approximately one month prior to the start of the academic term.

Cash and Cash Equivalents

The College considers all highly liquid instruments held by banks with a maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions for long-term purposes are not considered cash and cash equivalents.

Certain cash and cash equivalents and short-term investments amounts included in the 2024 financial statements have been reclassified to conform to classifications presented in 2025. The reclassifications did not have a material effect on the accompanying financial statements.

Accounts Receivable – Students

Accounts receivable - students consist of amounts billed to students for tuition and auxiliary charges. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The College separates accounts receivable into risk pools based on their aging. The allowance for credit losses is based on management's evaluation of outstanding accounts receivable at the end of the year. It is the College's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the allowance for credit losses for the years ended May 31, 2025, and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of the period	\$13,397	\$24,582
Provisions	57,569	26,773
Write-offs, net of recoveries	<u>(30,651)</u>	<u>(37,958)</u>
Balance, end of the period	<u>\$40,315</u>	<u>\$13,397</u>

Debt Issuance Costs

Debt issuance costs are recognized over the lives of the related debt issues on a straight-line basis and are presented as a direct deduction from the related debt liability charged to interest expense. Accumulated amortization at May 31, 2025 and 2024, was \$812,917 and \$726,355, respectively.

Property and Equipment

Property and equipment is recorded at cost at the date of acquisition or, if acquired by gift, at the estimated fair value as of the date of the gift. Depreciation is calculated using the straight-line method over the useful life of the respective assets. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend its estimable useful life is not capitalized.

Useful lives for the accumulated depreciation calculation by category of assets are as follows:

Land improvements	5-50 years
Buildings and improvements	10-40 years
Furniture, fixtures, vehicles, and equipment	5-10 years
Library books	10 years
Computer equipment	3-20 years

Cloud-Based Computing Arrangements

In accordance with Accounting Standards Update (ASU) 2018-15, the College has determined that its enterprise resource planning (ERP) implementation is a cloud computing arrangement that is a service contract. Under this guidance, ongoing cloud subscription fees are expensed as incurred.

The College has capitalized implementation costs and invoices related to the Finance and Human Capital Management modules. These costs are treated as intangible assets in accordance with ASC 350-40, which specifies the types of costs that can be capitalized. These capitalized costs are classified as other non-current assets on the statement of financial position and will be amortized over the expected benefit period, from fiscal year 2024-2025 through fiscal year 2031-2032. Total amortization expense for the year ended May 31, 2025, was \$771,126.

The Student Module is not scheduled to go live until 2026. Therefore, the related costs remain in Construction in Progress until the module is ready for its intended use, at which point amortization will commence.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Collections

The College's policy is to capitalize donated works of art at fair value and purchased works of art at cost if not preserved and held for public exhibition or if intended to be sold without proceeds used for purchases of works of art. Of the \$11,366,295 and \$5,878,861 presented in other non-current assets on the statements of financial position, \$5,812,393 and \$5,682,843 as of May 31, 2025 and 2024, respectively, are donated works of art which are being held with the intent of resale and do not meet the definition of a collection.

The College's collections include works of art that are maintained in the College's galleries and library and loaned to on-campus departments and local entities. These collections are protected and preserved for public exhibition, education and research. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed periodically. The collections, which were acquired through purchases and contributions since the College's inception, are not recognized as assets in the statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or in net assets with donor restrictions if the assets used to purchase the items are restricted by donors.

Endowment

Endowment consists of funds functioning as endowment and true endowment funds. Funds functioning as endowment are Board designated funds whose income is not restricted by donors. It is the College's policy to unitize endowment fund investments. All endowment investments are assigned units which provide the basis to determine an individual fund's ownership in the investment pool and its share of the gains, losses, and distributed income.

Split Interest Agreements

The College is designated as a beneficiary of several irrevocable charitable remainder unitrusts. The terms of these trusts require distribution to the College of the remainder interest on the death of the grantors of the trust. The trusts have independent trustees and are not controlled by the College. The assets of the trusts consist of cash, stocks, bonds, and real estate. The present value of the expected receipt of the remainder interest upon termination of the trust is recognized as a contribution at the time of the creation of the trust. Revaluations of the expected future benefits to be received are recognized in the statement of activities, with present value calculations based on risk-free rates and actuarially determined mortality rates.

The College has entered into nineteen charitable gift annuities in which the donors have contributed property or cash to the College in consideration for the payment of a life annuity. The property was recognized at fair value when received and an annuity payment liability recognized at the present value of future cash flows expected to be paid to the donor using a discount rate of 5% to 8.4%. The fair value of the College's obligations under split-interest agreements is classified within Level 3 of the fair value hierarchy, as the valuation incorporates significant unobservable inputs, including risk-free discount rates and actuarially determined mortality assumptions.

Student Deposits and Deferred Revenue

Student deposits represent housing damage deposits and payments applied to College charges for tuition and other costs for future semesters, as well as excess payments made by students for prior semesters which are refundable to them. Student deposits for the past two years ranged between \$400 and \$500. The deposits are applied against the charges for the academic and residential programs.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred revenue for the College consists primarily of a PreCollege program, pledge payments with conditional terms, and 2026 Town Hall lecture series presales. The PreCollege program and Town Hall lecture series start in June 2025 and January 2026, respectively. Revenue is recognized ratably over the period of program or presentation delivery, with 100 percent of the PreCollege and lecture series recorded as deferred revenue at May 31.

The activities and balances for student deposits and deferred revenue from contracts with customers are shown in the following table.

	<u>Student Deposits</u>	<u>Deferred Revenue</u>
Balance at May 31, 2023	\$750,336	\$2,063,179
Revenue recognized, deposits applied/forfeited	(343,891)	(2,063,179)
Payments received for future performance obligations	<u>285,626</u>	<u>1,895,342</u>
Balance at May 31, 2024	692,071	1,895,342
Revenue recognized, deposits applied/forfeited	(365,321)	(1,895,342)
Payments received for future performance obligations	<u>286,388</u>	<u>2,529,442</u>
Balance at May 31, 2025	<u>\$613,138</u>	<u>\$2,529,442</u>

Investments

Investments are reported at fair value on the statements of financial position. Investments received by gift are recorded at fair value at the date of donation. Fair value on short-term investments and marketable securities is based on quoted market price. Investment in property is reported at fair value based on the most recent appraisals. Investment income or loss (including gains and losses on investments, interest and dividends) is included in net assets without donor restriction unless the income or loss is restricted by the donor.

The College's investments include various types of securities, which are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain securities and the level of uncertainty related to changes in the value of securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the financial statements. Quantitative information for level 2 and level 3 valuation inputs and related sensitivities is maintained by third parties and is not reasonably available to the College. Alternative investments consist of investments in hedge funds, private investments, real estate, and infrastructure. The estimated fair value is determined by the investment manager utilizing the net asset valuations provided by the underlying asset's manager or through national exchange prices for securities with a readily determinable value. Due to the inherent uncertainty of these estimates, these values may differ from the values that would have been used had a ready market for these investments existed and the differences could be material.

Advertising Expenses

The College expenses advertising costs for marketing materials as incurred, amounting to \$1,384,919 and \$1,508,613 for the years ended May 31, 2025 and 2024, respectively.

Fund-Raising Expenses

Fund-raising expenses are included in institutional support on the statements of activities. Total fund-raising expenses for the years ended May 31, 2025 and 2024, were \$4,290,485 and \$3,535,368, respectively.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Income Tax

A ruling from the U.S. Treasury Department, dated May 19, 1938, states that Ringling School of Art is exempt from Federal income tax under the provisions of 101(6) of the Revenue Act of 1936, which is now 501(c)(3) of the 1986 Internal Revenue Code. However, the College's unrelated business income is subject to income tax at corporate rates. The College's policy is to record a liability for any beneficial tax position, excluding any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of May 31, 2025 and May 31, 2024 and, accordingly, no liability has been accrued.

Related Party Transactions

The only related party transactions consist of contributions receivable disclosed in Note 5.

Use of Estimates

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

Litigation

The College is involved in certain litigation in the ordinary course of operations. The College, based on the advice of legal counsel, is of the opinion that the range of potential liability will not materially affect the financial position of the College.

Subsequent Events

The College has evaluated subsequent events through September 24, 2025, in connection with the preparation of these financial statements, which is the date the financial statements were issued. There were no subsequent events requiring accrual or disclosure in the fiscal 2025 statements.

NOTE 2—FEDERAL FINANCIAL AID

The College participates in federally funded student aid programs known as Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study (FWS). SEOG and FWS are included in Federal grant revenues presented in these financial statements. The College applies directly for funding of these programs, and recipients are selected by the College, based on need. Pell Grants are awarded and administered by a governmental agency. The College's responsibility is to coordinate information between the applicant and the agency and to disburse funds to recipients at the proper time.

NOTE 3—CONCENTRATIONS OF CREDIT RISK

The College maintains its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers all accounts at a single depository institution up to \$250,000. As of May 31, 2025, the College had \$8,120,644 in cash and cash equivalents in excess of insured amounts.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment for the years ending May 31, 2025 and 2024 consisted of:

	<u>2025</u>	<u>2024</u>
Buildings and improvements	\$271,059,647	\$268,314,474
Land and land improvements	58,463,957	57,989,311
Furniture, fixtures, equipment, and deposits	76,036,572	73,573,037
Library books	3,870,011	3,817,221
Computer equipment	48,975,944	44,670,485
Construction in progress	<u>15,582,913</u>	<u>11,509,419</u>
Total Plant Fixed Assets	473,989,044	459,873,947
Less accumulated depreciation	<u>(188,062,090)</u>	<u>(171,019,778)</u>
 NET PROPERTY AND EQUIPMENT	 <u>\$285,926,954</u>	 <u>\$288,854,169</u>

Total depreciation expense for the years ended May 31, 2025, and 2024 was \$18,940,289 and \$18,956,736, respectively.

The College capitalizes interest costs incurred on funds used for the construction of property and equipment. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. For the fiscal year ended May 31, 2025 and 2024, no interest costs were capitalized. The total interest cost incurred was \$6,337,651 and \$6,498,476 during the years ended May 31, 2025 and 2024, respectively.

Details of construction in progress for the years ending May 31, 2025, and 2024 consisted of:

	<u>2025</u>	<u>2024</u>
Signature Building	\$4,209,006	\$3,464,974
Hammond Commons	3,946,181	73,240
ERP Implementation	3,567,457	6,364,760
CJ HVAC replacement	2,262,559	503,173
Academic Center HVAC	639,889	-
Other Housing Renovations	390,402	465,548
Ulla Searing Renovation	175,654	20,090
Academic Technology Refresh	164,890	-
Museum Campus Playspace	160,000	30,000
Trail Plaza roofing	-	179,114
Goldstein Hall	-	106,082
Other	<u>66,875</u>	<u>302,438</u>
 Total Construction in Progress	 <u>\$15,582,913</u>	 <u>\$11,509,419</u>

Outstanding commitments not yet reflected in construction in progress include \$3,247,717 for ERP implementation, \$760,174 for the Hammond Commons renovation, \$784,359 for the Signature Building, \$699,681 for the Academic Center HVAC, and \$407,545 for other projects.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 5—CONTRIBUTIONS RECEIVABLE AND CONDITIONAL PROMISES RECEIVED

Contributions receivable have been discounted based on rates ranging from .09% to 5% at May 31, 2025, and 2024, respectively. Contributions receivable, net, are summarized as follows at May 31, 2025, and 2024:

	<u>2025</u>	<u>2024</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 2,753,225	\$ 1,919,900
One year to five years	13,086,621	10,369,180
Greater than five years	<u>7,590,948</u>	<u>6,093,448</u>
	23,430,795	18,382,528
Less discount to net present value	(3,463,936)	(2,597,628)
Less allowance for uncollectible contributions receivable	<u>(2,018,448)</u>	<u>(1,705,044)</u>
	<u>\$17,948,410</u>	<u>\$14,079,856</u>

Contributions receivable reflected in the financial statements as of May 31, 2025 and 2024 are:

	<u>2025</u>	<u>2024</u>
Current assets	\$ 2,227,821	\$ 1,541,793
Non-current assets	12,203,391	10,179,597
Endowment	<u>3,517,198</u>	<u>2,358,466</u>
	<u>\$17,948,410</u>	<u>\$14,079,856</u>

Gross contributions receivable from College Board members, faculty, and staff amounted to approximately \$5,779,000 and \$11,726,000 at May 31, 2025 and 2024, respectively. The College received conditional promises, which have not yet been recorded as support in the statements of activities, of \$11,150,000 towards construction for a new building subject to securing sufficient project funding, completing approvals, and construction groundbreaking. The College has also received conditional promises of bequests which, if received, would generally be restricted for specific purposes stipulated by the donors. It is not practical to estimate their net realizable value.

Local community foundations provide the College's donors opportunities to set up gift agreements to provide contributions or income to the College with funds maintained by the community foundation until a specified future date or in perpetuity. Presently, the College or organizations which merged with the College are named in gift annuity agreements where the foundations retain the obligation to pay the annuity to the income beneficiaries and maintain the remainder in perpetuity. As the community foundations maintain variance power over the contributions and distributions, contribution income will be recognized as distributed. Gifts to the foundations are not reflected in the College's financial statements. Approximately 9% and 17% of contributions receivable were due from one donor for the years ended May 31, 2025 and 2024, respectively.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 6—INVESTMENTS

Investments, stated at fair value at May 31, 2025 and 2024, include:

	<u>2025</u>		<u>2024</u>	
	<u>FMV</u>	<u>Cost</u>	<u>FMV</u>	<u>Cost</u>
Short-term				
Money market funds	\$ 1,179,987	\$ 1,179,987	\$ 1,126,673	\$ 1,126,673
U.S. government notes	<u>13,221,903</u>	<u>13,221,903</u>	<u>3,055,781</u>	<u>3,055,781</u>
TOTAL CURRENT ASSETS	<u>\$ 14,401,890</u>	<u>\$ 14,401,890</u>	<u>\$ 4,182,454</u>	<u>\$ 4,182,454</u>
Long-term				
Money market funds	\$ 30,468	\$ 30,468	\$ 27,738	\$ 27,738
Mutual funds invested in:				
Debt securities	811,915	898,103	790,163	889,108
U.S. equity securities	<u>859,179</u>	<u>613,394</u>	<u>780,025</u>	<u>580,350</u>
Subtotal	1,701,562	1,541,965	1,597,926	1,497,196
Investment in property	<u>2,950,000</u>	<u>1,700,000</u>	<u>2,400,000</u>	<u>1,700,000</u>
TOTAL NON-CURRENT ASSETS	<u>\$4,651,562</u>	<u>\$3,241,965</u>	<u>\$ 3,997,926</u>	<u>\$3,197,196</u>
	<u>2025</u>		<u>2024</u>	
	<u>FMV</u>	<u>Cost</u>	<u>FMV</u>	<u>Cost</u>
Endowment				
Cash held for investment	\$1,728,797	\$1,702,393	\$1,285,894	\$1,266,346
Cash surrender value of life insurance contracts	3,581	15,288	6,216	17,923
Money market fund	604,759	604,759	937,291	937,291
Common stock	23,041,125	20,815,860	21,199,977	19,905,102
Mutual funds invested in:				
Debt securities	150,044	165,971	155,495	174,966
U.S. equity securities	30,824,334	21,536,341	27,768,836	21,618,147
Corporate bonds	10,214,908	9,861,981	12,083,206	12,053,722
Foreign bonds	171,612	169,194	-	-
Alternative investments	<u>8,364,284</u>	<u>8,513,106</u>	<u>6,754,226</u>	<u>4,500,000</u>
TOTAL ENDOWMENT	<u>\$75,103,444</u>	<u>\$63,384,893</u>	<u>\$70,191,141</u>	<u>\$60,473,497</u>
TOTAL INVESTMENTS	<u>\$94,156,896</u>	<u>\$81,028,748</u>	<u>\$78,371,521</u>	<u>\$67,853,147</u>

Investment in property reflects a contribution of real estate under a gift annuity agreement. The College incurred investment management and investment consulting fees, which are reported as a reduction of investment earnings, of \$195,854 and \$199,408 for the years ended May 31, 2025 and 2024, respectively.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 6—INVESTMENTS (Continued)

The following schedule summarizes the investment return from cash and cash equivalents and investments and its classification in the statement of activities for the years ended May 31, 2025 and 2024:

	<u>2025</u>		
	<u>Without Donor Unrestricted</u>	<u>With Donor Restriction</u>	<u>Total</u>
Operating Investment Return			
Interest income, net	\$ 1,534,650	\$ 3,089	\$ 1,537,739
Realized loss	(14,217)	-	(14,217)
Unrealized gain	27,403	-	27,403
Nonoperating Investment Return			
Interest and dividend income, net	529,609	994,284	1,523,893
Realized gain	335,704	733,223	1,068,927
Unrealized gain	1,482,940	3,594,761	5,077,701
Unrealized principal loss of true endowment	<u>-</u>	<u>(592)</u>	<u>(592)</u>
Total Investment Return	3,896,089	5,324,765	9,220,854
Investment return designated for current operations	<u>(3,068,161)</u>	<u>(20,150)</u>	<u>(3,088,311)</u>
INVESTMENT RETURN LONG-TERM	<u>\$ 827,928</u>	<u>\$5,304,615</u>	<u>\$6,132,543</u>
	<u>2024</u>		
	<u>Without Donor Unrestricted</u>	<u>With Donor Restriction</u>	<u>Total</u>
Operating Investment Return			
Interest income, net	\$ 1,506,955	\$ 172	\$ 1,507,127
Realized loss	(13,926)	-	(13,926)
Unrealized gain	47,703	60,216	107,919
Nonoperating Investment Return			
Interest and dividend income, net	541,105	1,055,413	1,596,518
Realized gain	44,955	25,430	70,385
Unrealized gain	2,882,958	5,739,125	8,622,083
Unrealized principal gain of true endowment	<u>-</u>	<u>41,923</u>	<u>41,923</u>
Total Investment Return	5,009,750	6,922,279	11,932,029
Investment return designated for current operations	<u>(2,480,462)</u>	<u>(19,400)</u>	<u>(2,499,862)</u>
INVESTMENT RETURN LONG-TERM	<u>\$2,529,288</u>	<u>\$6,902,879</u>	<u>\$9,432,167</u>

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 7—SPLIT-INTEREST AGREEMENTS

The College has entered into nineteen charitable gift annuities in which the donors have contributed property or cash to the College in consideration for the payment of a life annuity. The College maintained investments of \$2,016,014 at May 31, 2025, which met the reserves and investment limitations required by Florida Statutes. Florida Statute 627.481 requires reserves to be maintained equal to the sum of the reserves on its outstanding annuity agreements plus a surplus of 10%. In addition, the annuity investments are limited to no more than 50% equities (including mutual funds) and no more than 10% may be invested in any one stock or fund. The annuity payment liability as of May 31, 2025 and 2024, was \$949,591 and \$930,028, respectively.

The present value of contributions receivable from remainder trusts as of May 31, 2025, and 2024, was \$131,631 and \$176,716, respectively. The allowance was \$14,625 and \$19,635 at May 31, 2025 and 2024, respectively.

NOTE 8—LONG-TERM DEBT

Long-term debt at May 31, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Series 2009 Bonds	\$8,725,000	\$9,560,000
Series 2014 Bonds	3,175,000	4,810,000
Series 2017 Bonds	88,005,000	88,200,000
Series 2019 Bonds	39,045,000	39,530,000
2020 Loan Payable	<u>3,595,473</u>	<u>3,895,944</u>
Total	142,545,473	145,995,944
Add unamortized issuance premium	10,245,626	11,105,980
Less current portion	(3,570,208)	(3,450,470)
Less unamortized debt issuance costs	<u>(896,653)</u>	<u>(983,215)</u>
LONG-TERM DEBT	<u>\$148,324,238</u>	<u>\$152,668,239</u>

Principal maturities of long-term debt are as follows for the years ending May 31:

2026	\$ 3,570,208
2027	3,690,262
2028	3,820,402
2029	3,991,349
2030	4,172,412
Thereafter	<u>123,300,840</u>
TOTAL	<u>\$142,545,473</u>

All Series Bonds consist of borrowings funded by the issuance of Educational Facilities Revenue Bonds through the Higher Educational Facilities Financing Authority (HEFFA) and have been issued under the terms of the Master Trust Indenture dated June 1, 2004, between the master trustee and the College as amended by supplemental master trust indentures. The master trustee has a secured interest in all pledged revenues. Under terms of the loan agreements with HEFFA, the College is responsible for payment of principal and interest on the bonds, and the master trust indenture, as amended, contains a debt service coverage ratio of 1 to 1.1, for which management believes the College was in compliance as of May 31, 2025, and 2024.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 8—LONG-TERM DEBT (Continued)

Series 2009 Bonds were issued to refund the Series 2004 Bonds and are subject to partial mandatory sinking fund redemption each March 1, through March 2034. The 2009 Bonds were sold to Truist Bank under the terms of a Guaranty and Credit Agreement dated December 1, 2009 as a tax-exempt bank-qualified loan. This Agreement was amended to remove the put options and modify the variable rate. The variable rate as of May 31, 2025 and 2024 was 4.41% and 5.22%, respectively.

Series 2014 Bonds were issued to refund the remaining Series 2008 Bonds and are subject to partial mandatory sinking fund redemption each March 1, beginning in 2015 through 2026. The 2014 Bonds were sold to Truist Bank under the terms of a Guaranty and Credit Agreement dated June 1, 2014 as a tax-exempt loan. The variable rate as of May 31, 2025 and 2024 was 4.41% and 5.22%, respectively.

Series 2017 Bonds were issued as fixed rate tax-exempt bonds in the amount of \$90,255,000 to provide funds for numerous capital projects, refund \$30,000,000 of the Series 2010 Bonds, and \$13,500,000 of the Truist taxable loan. The 2017 Series Bonds are subject to partial mandatory sinking fund redemption each March 1, beginning in 2019 through 2047, were sold at a premium, resulting in effective yields between 1.41% and 4.05%, and bear interest, payable semiannually, at fixed rate ranging from 3% to 5%.

Series 2019 Bonds were issued as fixed rate tax-exempt bonds in the amount of \$40,920,000 with maturities ranging from March 1, 2021 through March 1, 2049, to provide funds for capital projects. The bonds were sold at a premium, resulting in effective yields between 1.49% and 3.03%. The 2019 Bonds bear interest, payable semiannually, at fixed rate ranging from 4% to 5%.

In 2020, the College obtained a \$5,000,000 fixed rate taxable loan from Truist Bank to fund acquisition of the soundstages previously under a capital lease. The loan is an unsecured general obligation of the College. The loan is fully amortized over a 15-year term with interest fixed at 3.15%.

NOTE 9—CONSOLIDATION OF COMMUNITY ARTS PROGRAMMING

Effective at the close of business on May 3, 2025, the College permanently closed its community-facing arts programming at the Englewood Art Center (EAC). This decision, approved by the Board of Trustees in April 2025, represents a strategic consolidation of all community arts programming to the Ringling College Museum Campus. This realignment is intended to enhance programmatic efficiency and optimize the use of institutional resources. The Board of Trustees has initiated a plan to transfer the EAC facility to another qualifying nonprofit organization. The College is actively working to finalize an arrangement for the disposition of the property.

NOTE 10—RETIREMENT PROGRAM

The College offers employees an opportunity to voluntarily participate in a defined contribution retirement plan designed in accordance with the provisions of section 403(b) of the Internal Revenue Code. The plan provides that each participant is immediately vested in their elective contributions and the College's match. The College will match 100% of the employee's elective contributions, up to five (5%) of annual compensation once a service period has been satisfied. Total plan expense for the years ended May 31, 2025 and 2024 was \$1,131,533 and \$1,016,851, respectively.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 11—ENDOWMENT

The College has interpreted the *Florida Uniform Management of Institutional Funds Act of 2003* and its successor enacted law, the *Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA)*, effective July 1, 2012, as requiring the preservation of the historic dollar value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulation to the contrary. As a result of this interpretation, the College classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment plus the original value of subsequent gifts to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund is classified as with donor restrictions or without donor restriction in accordance with the applicable donor gift instrument until those amounts are appropriated for expenditure by the College in accordance with the College's endowment spending policy.

Net assets with donor restriction also reflect losses to permanently endowed contributions that exceed the fair value of the original and subsequent gifts. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. Deficiencies of this nature existed in one and ten donor restricted funds, which combined have an original gift value of \$110,000 and \$100,000; a current fair value of \$109,408 and \$99,905; and a deficiency of \$592 and \$95 as of May 31, 2025, and 2024, respectively. These deficiencies resulted from unfavorable market conditions that occurred after the investment of new perpetually restricted contributions.

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable income stream to support their endowed purposes while maintaining their purchasing power. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term objective is to achieve a return that exceeds the rate of inflation as measured by the Consumer Price Index plus the spending rate, which is anticipated to not exceed 5%, net of investment consulting and management fees. Additional distributions, particularly from Board designated endowment, may be made as recommended by the Investment Committee and approved by the Board.

Actual returns in any given year may vary from this amount. To satisfy its long-term return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the College's various endowed funds for the purposes for which they were created. The current spending policy is to distribute an amount equal to 5% of a moving twelve quarter average, measured at the end of each calendar year-end for the subsequent fiscal year. The distribution is further limited by actual appreciation in each fund at the time of the distribution. Accordingly, over the long term, the College expects its spending policy to allow endowment assets to grow to maintain their purchasing power as well as to provide growth through new gifts and investment return.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 11—ENDOWMENT (Continued)

Changes in endowment net assets for the years ended May 31, 2025, and 2024 are as follows:

	<u>2025</u>			<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions Purpose/Time Restrictions</u>	<u>Perpetual in Nature</u>	
Endowment net assets, beginning of year	\$22,209,317	\$12,517,440	\$38,351,628	\$73,078,385
Investment return, net	2,205,886	4,772,268	-	6,978,154
Contributions	-	-	1,940,300	1,940,300
Principal loss of endowment	-	(592)	-	(592)
Distributions	(992,325)	(2,095,986)	-	(3,088,311)
Change in donor designation	-	-	1,135	1,135
Other changes	-	-	(47,719)	(47,719)
Change in Net Assets	<u>1,213,561</u>	<u>2,675,690</u>	<u>1,893,716</u>	<u>5,782,967</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$23,422,878</u>	<u>\$15,193,130</u>	<u>\$40,245,344</u>	<u>\$78,861,352</u>
	<u>2024</u>			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions Purpose/Time Restrictions</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	\$19,820,103	\$7,248,251	\$35,960,884	\$63,029,238
Investment return, net	3,249,643	6,819,968	-	10,069,611
Contributions	-	46,731	2,439,085	2,485,816
Principal gain of endowment	-	41,923	-	41,923
Distributions	(860,429)	(1,639,433)	-	(2,499,862)
Change in donor designation	-	-	1,100	1,100
Other changes	-	-	(49,441)	(49,441)
Change in Net Assets	<u>2,389,214</u>	<u>5,269,189</u>	<u>2,390,744</u>	<u>10,049,147</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$22,209,317</u>	<u>\$12,517,440</u>	<u>\$38,351,628</u>	<u>\$73,078,385</u>

Endowment net assets without donor restrictions identified in the tables above represent Board designated net assets. The College's Board utilizes the spending distribution from endowment net assets without donor restrictions to support student scholarships. The Board has not designated the endowment net assets without donor restrictions for a specific purpose.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 12—NATURE AND AMOUNT OF NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of May 31, 2025 and 2024 were:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for a specified purpose or passage of time:		
Capital	\$19,655,419	\$16,171,098
Departmental purposes	4,718,478	4,157,290
Time restricted	1,877,358	1,538,072
Scholarships	1,973,846	1,746,875
Long-term investment	<u>15,193,130</u>	<u>12,517,440</u>
	43,418,231	36,130,775
Subject to the restrictions in perpetuity, for which income is subject to spending policy appropriation:		
Departmental purposes	9,853,185	9,470,936
Institutional	918,772	918,772
Scholarships	<u>29,473,387</u>	<u>27,961,920</u>
	<u>40,245,344</u>	<u>38,351,628</u>
Net assets with donor restriction	<u>\$83,663,575</u>	<u>\$74,482,403</u>

The College released net assets with donor restrictions for the following purposes for the years ended May 31, 2025 and 2024:

Capital	\$5,289,977	\$5,619,727
Departmental purposes	3,234,728	1,523,033
Institutional	16,186	4,856
Scholarships	<u>3,273,581</u>	<u>2,057,597</u>
	<u>\$11,814,472</u>	<u>\$9,205,213</u>

NOTE 13—LIMITED LIABILITY CORPORATION MEMBER

The College is a member of a limited liability corporation that consists of private, not-for-profit institutions, formed to provide a means of self-insuring certain property and liability loss coverage. The College has remitted premiums, which amounts may be refunded in future periods based upon the loss experience by members of the limited liability corporation. No amounts have been recorded for future refunds or the College's interest in the limited liability corporation. The College also maintains certain other coverages which management believes are sufficient to cover all material claims.

NOTE 14—OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATION

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and facilities operations and maintenance, which are allocated on a square-footage basis. Other allocated expenses are based upon the number of full-time equivalent employees.

**RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025**

NOTE 14—OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATION (Continued)

Operating expenses and losses by natural and functional classification, for the year ended May 31, 2025 were:

	Academic Instruction	Academic Support	Student Services	Scholarships and Stipends	Auxiliary Enterprises	Institutional Support	Total Expenses
Operating expenses and losses:							
Personnel compensation	\$ 16,905,993	\$ 6,180,455	\$ 4,130,375	\$ -	\$ 1,691,993	\$ 6,503,011	\$ 35,411,827
Benefits	5,207,145	1,968,403	1,713,604	-	1,479,181	2,499,704	12,868,037
Supplies/equipment	488,230	1,169,251	253,908	-	132,650	413,996	2,458,035
Telephone/other communications	26,537	91,841	109,929	-	6,336	99,978	334,621
Marketing/Publications	123,021	224,239	236,093	-	6,536	795,030	1,384,919
Conferences/travel	260,349	276,295	380,213	-	17,327	280,506	1,214,690
Computers/technology	123,783	1,614,654	497,870	-	58,108	772,149	3,066,564
Contracted services	3,582,238	2,272,713	1,989,724	-	4,931,364	3,509,795	16,285,834
Student related expenses	256,313	9,794	206,208	252,200	688	21	725,224
Other expenses	38,877	88,829	799	-	219,254	831,566	1,179,325
Insurance	350,250	225,329	59,996	-	1,012,989	383,487	2,032,051
Utilities	965,112	486,244	146,058	-	1,517,196	119,743	3,234,353
Taxes	57,092	28,298	-	-	129,602	198,115	413,107
Interest/loan fees	1,725,862	733,023	252,315	-	3,282,007	365,934	6,359,141
Depreciation and amortization	6,231,503	4,698,196	665,302	-	6,410,912	1,705,502	19,711,415
(Gain) loss on disposal	23,673	5,251	(56)	-	8,056	(46)	36,878
Total operating expenses	\$ 36,365,978	\$ 20,072,815	\$ 10,642,338	\$ 252,200	\$ 20,904,199	\$ 18,478,491	\$ 106,716,021

Operating expenses and losses by natural and functional classification, for the year ended May 31, 2024 were:

	Academic Instruction	Academic Support	Student Services	Scholarships and Stipends	Auxiliary Enterprises	Institutional Support	Total Expenses
Operating expenses and losses:							
Personnel compensation	\$ 15,894,055	\$ 6,482,851	\$ 3,941,701	\$ -	\$ 1,461,232	\$ 5,935,391	\$ 33,715,230
Benefits	3,968,417	1,631,626	1,336,976	-	1,218,785	2,153,484	10,309,288
Supplies/equipment	637,964	1,651,178	359,799	-	147,017	1,061,348	3,857,306
Telephone/other communications	39,127	63,905	115,838	-	11,317	108,150	338,337
Marketing/Publications	146,788	422,072	174,550	-	5,943	759,259	1,508,613
Conferences/travel	343,305	345,665	399,369	-	12,258	347,378	1,447,976
Computers/technology	155,263	1,513,822	512,188	-	66,804	670,822	2,918,899
Contracted services	2,208,427	2,448,540	1,765,148	-	5,337,072	3,394,156	15,153,341
Student related expenses	270,955	13,879	184,996	263,225	303	502	733,861
Other expenses	-	1,836	-	-	236,121	38,047	276,004
Insurance	756,539	368,303	114,275	-	938,155	568,506	2,745,778
Utilities	774,388	597,907	111,577	-	1,409,088	92,804	2,985,764
Taxes	48,841	24,232	-	-	106,335	169,618	349,025
Interest/loan fees	1,655,796	645,595	203,230	-	3,736,973	286,074	6,527,667
Depreciation and amortization	6,111,192	5,131,660	498,120	-	6,321,438	894,325	18,956,736
Gain on disposal	(500)	(12,705)	-	-	(3,393)	-	(16,598)
Total operating expenses	\$ 33,010,557	\$ 21,330,366	\$ 9,717,767	\$ 263,225	\$ 21,005,448	\$ 16,479,864	\$ 101,807,227

NOTE 15—LIQUIDITY

For purposes of analyzing resources available to meet general expenditures within one year, the College considers all expenditures related to its ongoing activities of academic instruction and related services to be general expenditures. Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes and is not available for general expenditure. Board designated endowment is subject to the College's spending policy as described in Note 11. The College does not intend to spend from the Board designated endowment other than amounts appropriated for general expenditures in accordance with the spending policy, and has deducted the funds from financial assets available in the table below. However, these amounts could be made available, if necessary.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 15—LIQUIDITY (Continued)

As part of the College's liquidity management plan, it structures its financial assets to be available as its obligations come due. Cash is held in interest bearing bank accounts and is invested in short and intermediate fixed income investments, and money market funds. The following table reflects the College's financial assets as of May 31, 2025, and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$14,748,621	\$24,735,286
Short-term investments	14,401,890	4,182,454
Student accounts receivable	108,234	169,488
Contributions receivable	17,948,410	14,079,856
Other accounts receivable	358,882	414,991
Assets held in trust by others	131,631	176,716
Investments in property	2,950,000	2,400,000
Other long-term investments	<u>76,805,006</u>	<u>71,789,067</u>
FINANCIAL ASSETS AT THE END OF THE YEAR	127,452,674	117,947,858
Less assets unavailable for general expenditures within one year:		
Restricted by donors for future capital projects	(17,856,845)	(14,075,300)
Restricted by donors for use in future periods	(2,535,125)	(1,860,561)
Board designated endowment	(22,403,279)	(21,216,992)
Future expendable donor-restricted endowment	(12,607,349)	(10,064,482)
Retained donor-restricted perpetual endowment	(40,113,713)	(38,174,910)
Investments in property	(2,950,000)	(2,400,000)
Annuities	(2,016,014)	(1,912,378)
Assets held in trust by others	<u>(131,631)</u>	<u>(176,716)</u>
FINANCIAL ASSETS AVAILABLE FOR CASH		
GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 26,838,718</u>	<u>\$28,066,519</u>

NOTE 16—FAIR VALUE MEASUREMENTS

The fair value of financial instruments has been determined based upon a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the College. Unobservable inputs reflect the College's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the following inputs.

Level 1 valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in the active market, valuation of these securities does not entail a significant degree of judgment. Level 2 valuations are based on quoted prices in markets that are not active for which all significant inputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable, supported by little or no market activity, and that are significant to the overall fair value measurement. (See Note 1 – Investments and Split Interest Agreements). There were no purchases of Level 3 investments during the years ended May 31, 2025, and 2024.

RINGLING COLLEGE OF ART AND DESIGN
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2025

NOTE 16—FAIR VALUE MEASUREMENTS (Continued)

The hedge funds are not available in an exchange or an active market; however, as a practical expedient, the fair value is determined based on the Net Asset Value (“NAV”) of the underlying assets as traded in an exchange or active market. No shareholder has the right to require the funds to redeem their shares. There is no public market for shares, and none is expected to develop. Consequently, shareholders may not be able to liquidate their investment other than as a result of repurchase of shares by the funds. Unfunded commitments to private investments totaled \$500,000 as of May 31, 2025 and 2024. Direct private equity investments are generally valued at cost, unless there is an active secondary trading market in the securities, in which case, direct private equity investments are valued using market prices as of the close of the last business day of the statement period.

A summary of financial instruments, measured at fair value in accordance with the measurements described above, as of May 31, 2025 and 2024, is as follows:

<u>Description of investment</u>	<u>5/31/2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$1,815,214	\$ 1,815,214	\$ -	\$ -
Mutual funds	32,645,472	32,645,472	-	-
Common stocks	23,041,125	23,041,125	-	-
Corporate bonds	10,214,908	-	10,214,908	-
Foreign bonds	171,612	-	171,612	-
U.S. government obligations	13,221,903	13,221,903	-	-
Investment in property	2,950,000	-	-	2,950,000
Cash surrender value of life insurance	3,581	-	3,581	-
Remainder trusts	<u>131,631</u>	<u>-</u>	<u>-</u>	<u>131,631</u>
Subtotal of investments, at fair value	84,195,446	70,723,714	10,390,101	3,081,631
Investments measured using NAV	7,708,670	-	-	-
Investments valued at cost	<u>655,614</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$92,559,730</u>	<u>\$70,723,714</u>	<u>\$10,390,101</u>	<u>\$3,081,631</u>
<u>Split Interest Agreements</u>	<u>5/31/2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Annuity obligations	949,591	-	-	949,591
<u>Description of investment</u>	<u>5/31/2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$2,091,702	\$ 2,091,702	\$ -	\$ -
Mutual funds	29,494,519	29,494,519	-	-
Common stocks	21,199,977	21,199,977	-	-
Corporate bonds	12,083,206	-	12,083,206	-
U.S. government obligations	3,055,781	3,055,781	-	-
Investment in property	2,400,000	-	-	2,400,000
Cash surrender value of life insurance	6,216	-	6,216	-
Remainder trusts	<u>176,716</u>	<u>-</u>	<u>-</u>	<u>176,716</u>
Subtotal of investments, at fair value	70,508,117	55,841,979	12,089,422	2,576,716
Investments measured using NAV	6,190,669	-	-	-
Investments valued at cost	<u>563,557</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$77,262,343</u>	<u>\$55,841,979</u>	<u>\$12,089,422</u>	<u>\$2,576,716</u>
<u>Split Interest Agreements</u>	<u>5/31/2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Annuity obligations	930,028	-	-	930,028

RINGLING COLLEGE OF ART AND DESIGN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED MAY 31, 2025

	Federal Assistance Listing Number	Federal Grant or Other Federal Identification	Federal Expenditures
U.S. Department of Education			
<i>Student Financial Aid Cluster</i>			
Federal Supplemental Educational Opportunity Grant	84.007	P007A244730	\$ 202,358
Federal Work-Study Program	84.033	P033A244730	289,805
Federal Pell Grant Program	84.063	P063P243557	2,808,421
Federal Direct Student Loan Program	84.268	P268K253557	<u>20,510,826</u>
Total Student Financial Aid Cluster			<u>23,811,410</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 23,811,410</u></u>
	State CSFA Number	State Grant or Other State Identification	State Expenditures
Florida Department of Education			
Florida Effective Access to Student Education	48.064		\$ 1,359,150
Florida Private Student Assistance Grant	48.054		218,214
Florida Bright Futures Scholarship Project Children and Spouses of Deceased or Disabled Veterans or Service Members	48.055		37,347
Honorably Discharged Graduate Assistance Program	48.118	2358466	<u>8,600</u>
Total Florida Student Financial Aid			2,160,413
Florida Department of Highway Safety and Motor Vehicles			
Ringling College of Art and Design License Plate Project	76.055		<u>6,403</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 2,166,816</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

RINGLING COLLEGE OF ART AND DESIGN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED MAY 31, 2025

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Ringling College of Art and Design and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)* and Chapter 10.650, Rules of the Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. There were no subrecipient expenditures during the fiscal year ended May 31, 2025.

NOTE 2—INDIRECT COST RATE

The College did not elect to utilize the 10% de minimis indirect cost rate during the year ended May 31, 2025.

NOTE 3—CONTINGENCY

The grant revenue amounts are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability to the College. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Trustees
Ringling College of Art and Design
Sarasota, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ringling College of Art and Design (the "College"), which comprise the statement of financial position as of May 31, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Orlando, Florida
September 22, 2025

**Report of Independent Auditor on Compliance for the Major Federal Award Program
and State Financial Assistance Project and on Internal Control over Compliance
Required by the Uniform Guidance and Chapter 10.650,
Rules of the Florida Auditor General**

To the Board of Trustees
Ringling College of Art and Design
Sarasota, Florida

Report on Compliance for the Major Federal Program and State Financial Assistance Project

Opinion on the Major Federal Program and State Financial Assistance Project

We have audited Ringling College of Art and Design's (the "College") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* and the requirements identified as subject to audit in the *Executive Office of the Governor's State Projects Compliance Supplement*, that could have a direct and material effect on the College's major federal program and state financial assistance project for the year ended May 31, 2025. The College's major federal program and state financial assistance project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on the Major Federal Program and State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and Chapter 10.650, Rules of the Florida Auditor General (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650, are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of its major federal program and state financial assistance project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Orlando, Florida
September 22, 2025

RINGLING COLLEGE
 Schedule of Findings and Questioned Costs -
 Federal Awards Programs and State Financial Assistance Projects
 Year Ended May 31, 2025

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified not
 considered to be material weakness(es)? _____ yes x none reported

Noncompliance material to financial
 statements noted _____ yes x no

Federal Awards and State Projects Section

Dollar threshold used to determine Type A
 programs and projects:

Federal programs \$ 750,000

State projects \$ 650,044

Auditee qualified as low-risk auditee for
 federal purposes? x yes _____ no

Type of auditor's report on compliance for
 major federal programs and state projects: Unmodified

RINGLING COLLEGE
 Schedule of Findings and Questioned Costs -
 Federal Awards Programs and State Financial Assistance Projects (continued) Year Ended
 May 31, 2025

Part I - Summary of Auditor's Results (continued)

Federal Awards and State Projects Section (continued)

Internal control over major programs:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ yes x none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.650 _____ yes x no

Identification of major federal programs and state projects:

Federal Programs:

Assistance Listing Numbers	Name of Program or Cluster
84.007, 84.033, 84.063, 84.268	U.S. Department of Education - Student Financial Aid Cluster

State Projects:

CSFA Numbers	Name of Project
48.054	Florida Private Student Assistance Grant
48.055	Children and Spouses of Deceased or Disabled Veterans or Service Members
48.059	Florida Bright Futures Scholarship Project
48.064	Florida Effective Access to Student Education
48.118	Honorably Discharged Graduate Assistance Program

RINGLING COLLEGE
Schedule of Findings and Questioned Costs -
Federal Awards Programs and State Financial Assistance Projects (continued)
Year Ended May 31, 2025

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, and violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Part III - State Project Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit state financial assistance projects, as required to be reported by Chapter 10.650 of the Rules of the Auditor General.

There were no findings required to be reported on the Schedule of Findings and Questioned Costs.

RINGLING COLLEGE
Schedule of Findings and Questioned Costs -
Federal Awards Programs and State Financial Assistance Projects (continued)
Year Ended May 31, 2025

Part IV - Prior Year Findings

Finding 2024-001 – Student Financial Aid Cluster, Assistance Listing # 84.007, 84.033, 84.063, 84.268

Status - The College put in place a process to timely capture student status changes in order to timely report those changes to the NSLDS.

This finding is not repeated in the current year.

Independent Auditor's Management Letter

To the Board of Trustees
Ringling College of Art and Design
Sarasota, Florida

Report on the Financial Statements

We have audited the financial statements of Ringling College of Art and Design (the "College"), as of and for the fiscal year ended May 31, 2025, and have issued our report thereon dated September 22, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and Chapter 10.650, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Report of Independent Auditor on Compliance for Each Major Federal Awards Program and State Financial Assistance Project and on Internal Controls over Compliance Required by Uniform Guidance and Chapter 10.650, Rules of the Florida Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), Rules of the Florida Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or state project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

The purpose of this management letter is intended solely to communicate certain matters prescribed by Chapter 10.650, Rules of the Florida Auditor General. Accordingly, this management letter is not suitable for any other purpose.

Cherry Bekaert LLP

Orlando, Florida
September 22, 2025