

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

JUNE 30, 2025 AND 2024

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
United Board For Christian Higher Education In Asia
New York, New York

Opinion

We have audited the accompanying financial statements of United Board For Christian Higher Education in Asia (“United Board”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 United Board as of June 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Board and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 United Board'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 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.

**Board of Trustees
United Board For Christian Higher Education In Asia
New York, New York**

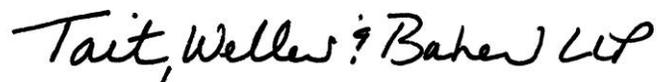
In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Report on Summarized Comparative Information

We have previously audited United Board For Christian Higher Education In Asia's 2024 financial statements, and our report dated November 12, 2024, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.



TAIT, WELLER & BAKER LLP

**New York, New York
February 5, 2026**

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 And 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash	\$ 1,245,971	\$ 4,442,825
Accounts receivable	131,807	308,879
Advances and miscellaneous receivables	9,351	61,492
Prepaid expenses	54,814	96,922
Investments, at market <i>(Note 3)</i>	179,230,595	160,599,252
Pledges receivable <i>(Note 2)</i>	240,978	316,356
Beneficial interest in remainder trust	308,969	280,783
Right-of-use asset	187,460	54,127
Furniture and equipment, net of accumulated depreciation of \$652,140 and \$622,840 in 2025 and 2024	<u>59,553</u>	<u>56,061</u>
Total assets	<u>\$ 181,469,498</u>	<u>\$ 166,216,697</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 373,526	\$ 774,568
Grants payable	275,700	336,593
Right-of-use liability	187,460	54,127
Postretirement health benefit obligation <i>(Note 8)</i>	<u>288,386</u>	<u>290,606</u>
Total liabilities	<u>1,125,072</u>	<u>1,455,894</u>
Net assets		
Without donor restrictions	105,310,573	96,230,577
With donor restrictions <i>(Note 5)</i>	<u>75,033,853</u>	<u>68,530,226</u>
Total net assets	<u>180,344,426</u>	<u>164,760,803</u>
Total liabilities and net assets	<u>\$ 181,469,498</u>	<u>\$ 166,216,697</u>

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2025 With Summarized Information For 2024

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>2025 Total</u>	<u>2024 Total</u>
	<u>Operations</u>	<u>Long-Term Investment</u>	<u>Total</u>			
Support and Revenue						
Foundation gifts	\$ 913,016	\$ -	\$ 913,016	\$ 929,697	\$ 1,842,713	\$ 1,235,553
General public gifts	492,600	-	492,600	9,069,614	9,562,214	11,319,397
Change in value of beneficial interest in remainder trust	-	-	-	28,186	28,186	21,051
Endowment income <i>(Note 3)</i>	5,742,402	-	5,742,402	1,143,492	6,885,894	6,448,794
Net assets released from donor restrictions <i>(Note 5)</i>	<u>9,685,694</u>	<u>-</u>	<u>9,685,694</u>	<u>(9,685,694)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>16,833,712</u>	<u>-</u>	<u>16,833,712</u>	<u>1,485,295</u>	<u>18,319,007</u>	<u>19,024,795</u>
Expenses						
Program services	12,617,575	-	12,617,575	-	12,617,575	12,061,304
Management and general	1,972,937	-	1,972,937	-	1,972,937	1,617,527
Fundraising	<u>1,026,369</u>	<u>-</u>	<u>1,026,369</u>	<u>-</u>	<u>1,026,369</u>	<u>1,060,960</u>
Total expenses	<u>15,616,881</u>	<u>-</u>	<u>15,616,881</u>	<u>-</u>	<u>15,616,881</u>	<u>14,739,791</u>
Excess of support and revenues over expenses	1,216,831	-	1,216,831	1,485,295	2,702,126	4,285,004
Other changes in net assets:						
Investment return in excess (deficit) of amount designated for current operations <i>(Note 3)</i>	-	7,838,953	7,838,953	5,018,332	12,857,285	7,975,358
Unused grant funds and other income	24,212	-	24,212	-	24,212	368,655
Transfer between net assets	<u>(1,241,043)</u>	<u>1,241,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	-	9,079,996	9,079,996	6,503,627	15,583,623	12,629,017
Net assets						
Beginning of year	<u>224,400</u>	<u>96,006,177</u>	<u>96,230,577</u>	<u>68,530,226</u>	<u>164,760,803</u>	<u>152,131,786</u>
End of year	<u>\$ 224,400</u>	<u>\$ 105,086,173</u>	<u>\$ 105,310,573</u>	<u>\$ 75,033,853</u>	<u>\$ 180,344,426</u>	<u>\$ 164,760,803</u>

See notes to financial statements.

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 And 2024

	<u>2025</u>	<u>2024</u>
<i>Cash flows from operating activities</i>		
Cash received from foundations	\$ 1,842,713	\$ 1,235,553
Cash received from general public	8,196,085	8,159,797
Interest and dividends received	2,941,518	1,825,989
Cash paid to employees and suppliers	(5,342,407)	(4,163,451)
Cash paid for grants	<u>(10,613,238)</u>	<u>(10,003,125)</u>
Net cash used for operating activities	<u>(2,975,329)</u>	<u>(2,945,237)</u>
<i>Cash flows from investing activities</i>		
Proceeds from sale of investments	115,129,099	22,819,179
Purchase of investments	(116,922,886)	(20,397,377)
Purchase of furniture and equipment	<u>(32,792)</u>	<u>(40,808)</u>
Net cash provided by investing activities	<u>(1,826,579)</u>	<u>2,380,994</u>
<i>Cash flows provided by financing activities</i>		
Cash from contributions restricted for investment in endowment	<u>1,605,054</u>	<u>3,666,304</u>
Net increase (decrease) in cash	(3,196,854)	3,102,061
<i>Cash</i>		
Beginning of year	<u>4,442,825</u>	<u>1,340,764</u>
End of year	<u>\$ 1,245,971</u>	<u>\$ 4,442,825</u>

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 And 2024

(1) SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

The United Board for Christian Higher Education in Asia (the “*United Board*”) is a nongovernmental organization that works primarily, though not exclusively, through Christian institutions of higher education in Asia to develop the whole person – intellectually, spiritually, and ethically. The United Board identifies with Christian values, and through its programs, grants, and networks, it supports institutions to improve the quality of education and prepare individuals for lives of professional and personal fulfillment and meaningful service in community with others.

USE OF ESTIMATES

In preparing financial statements in conformity with generally accepted accounting principles in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reported period. Actual results may differ from those estimates.

CASH AND CASH EQUIVALENTS

All highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents, principally money market funds.

The United Board had approximately \$68,000 and \$51,000, respectively, in an uninsured foreign cash account as of June 30, 2025 and 2024, respectively.

FOREIGN CURRENCY

The United Board has an office in Hong Kong. Assets and liabilities are translated at the rates of exchange at the balance sheet date while income statement accounts are translated at exchange rates in effect during the year.

CONCENTRATION OF CREDIT RISK

The United Board occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“*ASC*”) 825, “*Financial Instruments*”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made. In addition, management mitigates the risk of its exposure to uninsured cash by minimizing the frequency that it holds cash in excess of FDIC insured limits and if such limits are exceeded, the holdings are of short duration.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value and reported based on quoted market prices. Reported fair values for private equities, venture capital limited partnership interests, hedge funds and similar investments (collectively, “*alternative investments*”) are estimated by the respective external investment manager if ascertainable fair values are not readily available. Such valuations involve assumptions and methods that are verified by the United Board. Because the United Board’s *alternative investments* are not readily marketable, their estimated fair value is subject to uncertainty and, therefore, may differ significantly from the fair value that would have been reported had a ready market for such investments existed. Due to inherent risks and potential volatility in investment valuations, the amount reported in the accompanying financial statements can vary substantially from year to year and such differences could be material.

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

BENEFICIAL INTEREST IN REMAINDER TRUSTS

The United Board has a beneficial interest in remainder trusts, the assets of which are held and managed by third parties.

The beneficial interest in remainder trusts is recorded at fair value based on the fair value of the trusts less the fair value of the payments to be made to the income beneficiaries of the trusts.

NET ASSETS

A description of the two net asset categories follows:

Net assets without donor restrictions include the revenues and expenses associated with the principal mission of the United Board.

Net assets with donor restrictions include gifts subject to donor-imposed stipulations that may or will be met either by actions of the United Board and/or the passage of time and market gains from invested donor restricted net assets held in perpetuity which have not been expended. Also included are gifts, trusts and pledges which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

FURNITURE AND EQUIPMENT

Furniture and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

At the time furniture and equipment become fully depreciated, are retired or disposed of, the accumulated depreciation applicable thereof is charged against the respective asset account and any gain or loss on disposal is credited or charged directly to income.

REVENUE RECOGNITION

The United Board recognizes contributions when cash, securities or other assets, and unconditional promise to give, or a notification of a beneficial interest is received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before the United Board is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. The United Board recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as “***net assets released from restrictions.***”

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

INCOME TAXES

The United Board is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation and qualifies for the maximum charitable deduction by donors.

Management has reviewed the tax positions for each of the open tax years (2021 – 2023) or expected to be taken in the United Board's 2024 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

LEASES

Operating leases are included in operating right-of-use ("ROU") assets and ROU lease liabilities in the statement of financial position. United Board determines whether an agreement is or contains a lease at lease inception.

ROU assets represent United Board's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As United Board's leases do not provide an implicit interest rate, the incremental borrowing rate based on the information available at commencement date is used in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the United Board's audited financial statements for the year ended June 30, 2024, from which the summarized information was derived.

(2) PLEDGES RECEIVABLE

The following is a summary of unconditional promises to give at June 30:

	<u>2025</u>	<u>2024</u>
Endowed Scholarship Fund	\$ 300,633	\$ 400,633
Less discount to present value at 1.8%	<u>(59,655)</u>	<u>(84,277)</u>
Net pledge receivable	<u>\$ 240,978</u>	<u>\$ 316,356</u>
Amounts due in:		
One to five years	<u>\$ 300,633</u>	<u>\$ 400,633</u>

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

(3) INVESTMENTS

Investments at June 30 consisted of the following:

	<u>2025</u>	<u>2024</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 13,245,276	\$ 2,562,352
Marketable Securities	4,621,045	6,887,871
Fixed Income Securities	16,758,990	12,043,037
Mutual Funds		
Short Term	-	7,313,013
Fixed Income	16,664,504	4,756,139
Equity	87,790,781	67,788,849
Alternative Investments		
Long/Short Strategy	22,842,743	31,774,382
Multi-Strategy	9,951,926	20,211,775
Real Assets	<u>7,355,330</u>	<u>7,261,834</u>
	<u>\$ 179,230,595</u>	<u>\$ 160,599,252</u>

The following table summarizes the investment return and its classification in the statement of activities:

	<u>Without Donor</u>	<u>With Donor</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2025</u>	<u>2024</u>
			<u>Total</u>	<u>Total</u>
Interest and dividends (net of advisory fees of approximately \$563,000 in 2025 and \$412,000 in 2024)	\$ 1,743,519	\$ 1,162,104	\$ 2,905,623	\$ 1,812,464
Realized/unrealized gains (losses) on investments	<u>10,147,078</u>	<u>6,690,478</u>	<u>16,837,556</u>	<u>12,611,688</u>
Total investment return	11,890,597	7,852,582	19,743,179	14,424,152
Investment income designated for current operations*	<u>4,051,644</u>	<u>2,834,250</u>	<u>6,885,894</u>	<u>6,448,794</u>
Investment income in excess of amounts designated for current operations	<u>\$ 7,838,953</u>	<u>\$ 5,018,332</u>	<u>\$ 12,857,285</u>	<u>\$ 7,975,358</u>

* Reconciliation to Statement of Activities

	<u>Without Donor</u>	<u>With Donor</u>	<u>June 30,</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2025</u>
			<u>Total</u>
Investment return designated for current operations per above	\$ 4,051,644	\$ 2,834,250	\$ 6,885,894
Investment return – perpetual endowment income restricted as to use	<u>1,690,758</u>	<u>(1,690,758)</u>	<u>-</u>
Per Statement of Activities – investment return	<u>\$ 5,742,402</u>	<u>\$ 1,143,492</u>	<u>\$ 6,885,894</u>

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

(4) FAIR VALUE OF FINANCIAL INSTRUMENTS

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an active market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing United Board’s own assurance about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The hierarchy requires the use of observable market data when available. The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the measurement.

Alternative investments are commingled funds and are valued at their net asset value (“NAV”).

Beneficial Interest in Remainder Trust is measured at the estimated fair value of the underlying assets of the trust or the fair value of the future cash flows. Because the trust will not be distributed to the United Board, the inputs to fair value are considered to Level 3.

The summary of inputs used to value the United Board’s investments and beneficial interest in remainder trust as of June 30, 2025 is as follows:

	2025			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investments				
Cash and Cash Equivalents	\$ 13,245,276	\$ -	\$ -	\$ 13,245,276
Marketable Securities	4,621,045	-	-	4,621,045
Fixed income securities	-	16,758,990	-	16,758,990
Mutual Funds				
Fixed Income	16,664,504	-	-	16,664,504
Equity	<u>87,790,781</u>	<u>-</u>	<u>-</u>	<u>87,790,781</u>
	<u>\$122,321,606</u>	<u>\$16,758,990</u>	<u>\$ -</u>	<u>\$ 139,080,596</u>
Alternative Investments measured at net asset value:				
Long/Short Strategy				22,842,743
Multi-Strategies				9,951,926
Real Assets				<u>7,355,330</u>
Total Alternative Investments				<u>40,149,999</u>
Total Investments				<u>\$ 179,230,595</u>
Beneficial Interest in Remainder Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,969</u>	<u>\$ 308,969</u>

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

	2024			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investments				
Cash and Cash Equivalents	\$ 2,562,352	\$ -	\$ -	\$ 2,562,352
Marketable Securities	6,887,871	-	-	6,887,871
Fixed income securities	-	12,043,037	-	12,043,037
Mutual Funds				
Short Term	7,313,013	-	-	7,313,013
Fixed Income	4,756,139	-	-	4,756,139
Equity	<u>67,788,849</u>	<u>-</u>	<u>-</u>	<u>67,788,849</u>
	<u>\$ 89,308,224</u>	<u>\$ 12,043,037</u>	<u>\$ -</u>	<u>\$ 101,351,261</u>
Alternative Investments measured at net asset value:				
Long/Short Strategy				31,774,382
Multi-Strategies				20,211,775
Real Assets				<u>7,261,834</u>
Total Alternative Investments				<u>59,247,991</u>
Total Investments				<u>\$ 160,599,252</u>
Beneficial Interest in Remainder Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,783</u>	<u>\$ 280,783</u>

There were no transfers between Level 1 and Level 2 during the year ended June 30, 2025 and 2024.

United Board's alternative investments are comprised of the following categories:

Long/Short Strategy – investments directly in long and short positions in global securities and fund-of-funds.

Multi-Strategies – investments which focus on multi-strategy investing including, but not limited to, a variety of arbitrage strategies, distressed investments, long/short equity, private equity and special situations.

Fixed Income Strategies – investments in debt or debt-like securities of both established and emerging financial market and senior bank debt.

Real Assets – investments in real estate and energy.

Alternative investments generally limit redemptions to monthly, quarterly, semi-annually, annually or longer and require between 60 and 180 days' notice. The following table represents unfunded commitments and liquidity of the alternative investments at June 30, 2025:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency After End Of Initial Redemption Period</u>	<u>Redemption Notice Period</u>
Long/Short Strategy	\$22,842,743	\$ -	Monthly-Semiannually	30-120 days
Multi Strategies	9,951,926	-	Quarterly	60-180 days
Real Assets	<u>7,355,330</u>	<u>1,536,412</u>	Not Eligible	N/A
	<u>\$40,149,999</u>	<u>\$1,536,412</u>		

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

(5) NET ASSETS

Net assets with donor restrictions at June 30, 2025 and 2024 are available for the following purposes:

	<u>2025</u>	<u>2024</u>
Subject to Time/Purpose Restrictions:		
Grants and gifts – designated	\$ 3,579,966	\$ 3,699,986
Split interest agreements	308,969	280,783
Term endowments/pending funds	452,620	314,616
Funds functioning as endowment	1,335,245	1,234,949
Accumulated endowment income	<u>45,955,408</u>	<u>41,037,372</u>
	<u>51,632,208</u>	<u>46,567,706</u>
Perpetual in Nature:		
Investment in perpetuity, the income from which is expendable to support the activities of the organization	23,160,667	21,646,164
Endowment pledge	<u>240,978</u>	<u>316,356</u>
	<u>23,401,645</u>	<u>21,962,520</u>
	<u>\$75,033,853</u>	<u>\$68,530,226</u>

During the years ended June 30, 2025 and 2024, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

Purpose restrictions accomplished:

	<u>2025</u>	<u>2024</u>
Program services	<u>\$9,685,694</u>	<u>\$9,205,082</u>

ENDOWMENT FUNDS

The United Board's endowment funds consist of individual funds established for a variety of purposes. Its endowment funds consist of both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP in the United States, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The United Board is incorporated in the state of New York, which has enacted the New York Prudent Management of Institutional Funds Act ("**NYPMIFA**"). NYPMIFA governs donor restricted endowment funds for not-for-profit corporations. The United Board has interpreted the applicable state standards and guidelines for the prudent management of an endowment fund as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the United Board classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund (i.e. the accumulated realized and unrealized gains/losses) is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the United Board.

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

The United Board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the United Board and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the United Board
- (7) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution.
- (8) The investment policies of the United Board

RETURN OBJECTIVES AND RISK PARAMETERS

According to policy approved by the Board of Trustees, the United Board assets are invested in a manner to preserve the real purchasing power of the assets after all withdrawals and fees by earning a total rate of return over full market cycles of 3 to 5 years which will support the spending policy stated below. Additionally, the total rate of return (net of fees) is expected to equal or exceed a passive investment in commonly quoted market indices (benchmarks) based on a long-term optimal asset allocation.

To satisfy its long-term rate-of-return objectives, the United Board 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 United Board targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

SPENDING POLICY

The United Board has a policy that limits annual spending that is 70% weighed to the prior year spending amount increased by inflation and 30% weighted to 4.5% of the average market value of the endowment fund's last four quarters ending on December 31, preceding the fiscal year in which the distributions are made. This policy is consistent with the United Board's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns. The Finance and Administration Committee annually reviews and approves all perpetually restricted funds in accordance with NYPMIFA to determine if it's prudent to spend from the endowment.

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

Endowment net asset composition by type of fund as of June 30, 2025 and 2024:

	2025		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds / pledges	\$ -	\$ 69,809,674	\$ 69,809,674
Funds functioning as endowment funds	<u>105,267,527</u>	<u>1,335,245</u>	<u>106,602,772</u>
Total Funds	<u>\$ 105,267,527</u>	<u>\$ 71,144,919</u>	<u>\$ 176,412,446</u>

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds / pledges	\$ -	\$ 63,314,508	\$ 63,314,508
Funds functioning as endowment funds	<u>96,131,247</u>	<u>1,234,949</u>	<u>97,366,196</u>
Total Funds	<u>\$ 96,131,247</u>	<u>\$ 64,549,457</u>	<u>\$ 160,680,704</u>

Changes in endowment net assets for the years ended June 30, 2024 and 2023:

	2025		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 96,131,247	\$ 64,549,457	\$ 160,680,704
Investment return <i>(See Note 3)</i>	11,846,880	7,896,299	19,743,179
Contributions	100,001	1,533,413	1,633,414
Release from restrictions	-	-	-
Transfers	1,241,043	-	1,241,043
Endowment income designated for current operations	<u>(4,051,644)</u>	<u>(2,834,250)</u>	<u>(6,885,894)</u>
	<u>\$ 105,267,527</u>	<u>\$ 71,144,919</u>	<u>\$ 176,412,446</u>

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 90,086,172	\$ 58,323,334	\$ 148,409,506
Investment return <i>(See Note 3)</i>	8,755,768	5,668,384	14,424,152
Contributions	124,942	3,097,557	3,222,499
Release from restrictions	-	(27,020)	(27,020)
Transfers	1,100,361	-	1,100,361
Endowment income designated for current operations	<u>(3,935,996)</u>	<u>(2,512,798)</u>	<u>(6,448,794)</u>
	<u>\$ 96,131,247</u>	<u>\$ 64,549,457</u>	<u>\$ 160,680,704</u>

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

(6) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of supporting programs and activities have been summarized on a functional basis in the statement of activities. Facility costs are allocated among the functional categories based upon salaries and usage of facility space. Accordingly, certain costs have been allocated among the programs and supporting services benefited as follows:

<u>2025</u>	<u>Program Services</u>	<u>SUPPORT SERVICES</u>			<u>Total Expenses</u>
		<u>Management And General</u>	<u>Fund-Raising</u>	<u>Total Support Services</u>	
Grants to universities and other programs	\$10,724,928	\$ -	\$ -	\$ -	\$10,724,928
Salaries and benefits	1,225,032	1,109,383	837,508	1,946,891	3,171,923
Occupancy	134,147	61,207	60,966	122,173	256,320
Travel	236,453	243,789	37,427	281,216	517,669
Development program	245,250	-	47,274	47,274	292,524
Other	51,765	558,558	43,194	601,752	653,517
	<u>\$12,617,575</u>	<u>\$1,972,937</u>	<u>\$1,026,369</u>	<u>\$2,999,306</u>	<u>\$15,616,881</u>

<u>2024</u>	<u>Program Services</u>	<u>SUPPORT SERVICES</u>			<u>Total Expenses</u>
		<u>Management And General</u>	<u>Fund-Raising</u>	<u>Total Support Services</u>	
Grants to universities and other programs	\$10,396,758	\$ -	\$ -	\$ -	\$10,396,758
Salaries and benefits	1,002,985	1,003,580	858,193	1,861,773	2,864,758
Occupancy	108,670	60,462	63,199	123,661	232,331
Travel	193,812	189,281	47,147	236,428	430,240
Development program	309,486	-	57,707	57,707	367,193
Other	49,593	364,204	34,714	398,918	448,511
	<u>\$12,061,304</u>	<u>\$1,617,527</u>	<u>\$1,060,960</u>	<u>\$2,678,487</u>	<u>\$14,739,791</u>

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

(7) LEASE COMMITMENT

The United Board leases office space in New York City under an operating lease which expires in November 2026. The lease contains a provision for a basic rent amount with annual increases for building operating costs. The United Board also leases office space in Hong Kong under an operating lease which expires June 30, 2027. The United Board also leases office space in Chennai, India under an operating lease agreement which expires on October 31, 2026. The following is quantitative data related to United Board's operating leases for the year ended June 30, 2025:

Operating Lease Amounts:

Right-of-use asset	\$ 187,460
Lease liability	187,460

Other Information:

Operating outgoing cash flows for operating leases	\$ 135,000
Weighted-average remaining lease term	1.4 years
Weighted average discount rate	5%

Total lease cost information for the year ended June 30, 2025 is as follows:

Operating lease costs	<u>\$ 231,000</u>
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Approximate future minimum rentals under its non-cancelable operating lease is as follows:

	<u>Office Facilities</u>
2026	\$ 229,000
2027	<u>149,000</u>
	<u>\$ 378,000</u>

Subsequent to year-end, United Board extended its lease of office space in Hong Kong.

(8) RETIREMENT PLANS

Contributions are made to a voluntary, defined contribution pension plan (the "Plan"). The Plan, which is available to all eligible employees, is funded through payments to a custodial account arrangement with an insurance company and involves investments in mutual funds. Voluntary and employer contributions are fully vested at the time of contribution. Employer contributions for 2025 and 2024 were approximately \$310,000 and \$314,000, respectively.

The United Board also provides certain healthcare benefits for eligible retired employees and their spouses. Employees become eligible for these benefits if they retire after the age of 60 and have completed 10 years of service. These benefits were frozen for new employees hired after 1999. The amount of the accumulated post-retirement benefit obligation as of June 30, 2025 and 2024 was approximately \$288,000 and \$291,000, respectively. The approximate cost of the benefit payments was \$41,000 and \$44,000 during the years ending June 30, 2025 and 2024.

UNITED BOARD FOR CHRISTIAN HIGHER EDUCATION IN ASIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

(9) LINE OF CREDIT

The United Board has available a \$5,000,000 line of credit which carries interest at a rate of 2% above the 1 month SOFR. No amounts were outstanding on this line as of June 30, 2025 and 2024. The line of credit expires on January 31, 2026.

(10) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the United Board's financial assets as of June 30, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor and/or contractual restrictions.

Financial Assets	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,245,971	\$ 4,442,825
Investments	3,059,127	234,904
Accounts receivable	<u>131,807</u>	<u>308,879</u>
Total financial assets	4,436,905	4,986,608
2026/2025 endowment income designated for operations	6,857,742	6,661,262
Assets restricted as to use:		
Other donor restricted funds	<u>(3,579,966)</u>	<u>(3,699,986)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 7,714,681</u>	<u>\$ 7,947,884</u>

The United Board has board designated endowment funds in the amount of \$105,267,527 as of June 30, 2025, that can be made available with approval from the board of trustees. In addition, United Board maintains a \$5,000,000 line of credit which can be drawn on as needed during the year to manage cash flows.

(11) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date the financial statements were available for issuance, February 5, 2026, have been evaluated in the preparation of the financial statements.