INDIAN HILLS COMMUNITY COLLEGE
DEVELOPMENT CORPORATION, INC.
OTTUMWA, IOWA

FINANCIAL REPORT
JUNE 30, 2026 AND 2025

INDIAN HILLS COMMUNITY COLLEGE
DEVELOPMENT CORPORATION, INC.

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ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Your Success Is Our Business."

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Indian Hills Community College
Development Corporation, Inc.
Ottumwa, Iowa

Opinion

We have audited the accompanying financial statements of Indian Hills Community College Development Corporation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, 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 Indian Hills Community College Development Corporation, Inc. as of June 30, 2026, 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 Indian Hills Community College Development Corporation, Inc. 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 Indian Hills Community College Development Corporation, Inc.'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.

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 Indian Hills Community College Development Corporation, Inc.'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 Indian Hills Community College Development Corporation, Inc.'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 the Indian Hills Community College Development Corporation, Inc.'s 2025 financial statements, and expressed an unmodified opinion on those audited financial statements in our report dated September 23, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

ANDERSON, LARKIN & CO., P.C.

Anderson, Larkin & Co., P.C.

Ottumwa, Iowa
September 15, 2026

FINANCIAL STATEMENTS

INDIAN HILLS COMMUNITY COLLEGE
DEVELOPMENT CORPORATION, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 WITH COMPARATIVE TOTALS
AS OF JUNE 30, 2025

	2026	2025
ASSETS		
Cash and cash equivalents	$ 1,039,674	$ 990,475
Accounts receivable	298	-
Right-of-use operating lease assets	2,292,335	2,441,027
TOTAL ASSETS	$ 3,332,307	$ 3,431,502
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 587,257	$ 568,843
Right-of-use operating leases	2,421,308	2,543,042
TOTAL LIABILITIES	3,008,565	3,111,885
NET ASSETS:		
Without donor restrictions	323,742	319,617
TOTAL LIABILITIES AND NET ASSETS	$ 3,332,307	$ 3,431,502

See Accompanying Notes to Financial Statements

INDIAN HILLS COMMUNITY COLLEGE
DEVELOPMENT CORPORATION, INC.

STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2026 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2025

	2026	2025
REVENUES AND OTHER SUPPORT:		
Housing rentals - net of refunds	$ 800,638	$ 866,064
Interest	25,952	32,521
Gifts and grants	50,000	15,000
TOTAL REVENUES AND OTHER SUPPORT	876,590	913,585
EXPENSES:		
Program services	561,553	652,009
Support services	310,912	247,992
TOTAL EXPENSES	872,465	900,001
CHANGE IN NET ASSETS	4,125	13,584
NET ASSETS - Beginning of year	319,617	306,033
NET ASSETS - End of year	$ 323,742	$ 319,617

See Accompanying Notes to Financial Statements

INDIAN HILLS COMMUNITY COLLEGE
DEVELOPMENT CORPORATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2026 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services	Support Services		
	Housing Expense	Administrative and General	2026 Total	2025 Total
Rent	$ 343,414	$ -	$ 343,414	$ 356,821
Utilities	163,073	-	163,073	233,073
Labor and benefits	47,878	-	47,878	54,813
Telephone	-	-	-	77
Meals	2,238	-	2,238	2,525
Professional fees	4,950	-	4,950	4,700
Meetings	-	84	84	323
College promotion	-	56,855	56,855	22,669
National competitions	-	253,973	253,973	225,000
TOTAL FUNCTIONAL EXPENSES	$ 561,553	$ 310,912	$ 872,465	$ 900,001

See Accompanying Notes to Financial Statements

INDIAN HILLS COMMUNITY COLLEGE
DEVELOPMENT CORPORATION, INC.

STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2026 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 4,125	$ 13,584
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of right-of-use operating lease assets	148,692	148,691
Increase in accounts receivable	(298)	161
Decrease in operating lease liabilities	(121,734)	(118,140)
Increase in accounts payable	18,414	15,205
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,199	59,501
CASH AND CASH EQUIVALENTS - Beginning of year	990,475	930,974
CASH AND CASH EQUIVALENTS - End of year	$ 1,039,674	$ 990,475

See Accompanying Notes to Financial Statements

INDIAN HILLS COMMUNITY COLLEGE
DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Corporation was incorporated pursuant to the Iowa Non-Profit Corporation Act, Chapter 504A, 1973 Code of Iowa, to be continually maintained in Iowa.

The Corporation operates the dormitories for Indian Hills Community College in Southeast Iowa and assists in promoting the College.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under FASB, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. At June 30, 2026 the Corporation had only net assets without donor restrictions.

Cash and Cash Equivalents

The Corporation considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Corporation grants credit to college students and Indian Hills Community College. Accounts receivable are considered past due after 30 days and are charged off when management determines the account is uncollectible. The risk of loss on the accounts receivable is the balance due at the time of default. Bad debts are charged to operations in the year in which the account is determined uncollectible. If the reserve method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements.

Equipment

Equipment is recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets. The Corporation follows the policy of capitalizing any items purchased that provide future benefit and cost $5,000 or more.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All rent, utilities, labor, and benefit expenses are allocated to program services. All college promotion and national competition expenses are allocated to supporting services.

Income Taxes

The Corporation is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of Iowa income tax law. The Corporation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of Investments

In determining fair value, the Corporation uses various valuation approaches. FASB establishes a fair value measurement framework, provides a single definition of fair value, and requires expanded disclosure summarizing fair value measurements. FASB emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability.

The statement establishes a hierarchy for inputs used in measuring fair value 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 Corporation. Unobservable inputs reflect the Corporation's assumption about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is measured in three levels based on the reliability of inputs:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments.

Level 2 – Valuations based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 – Valuations derived from other valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and not based on market, exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and significant professional judgment in determining the fair value assigned to such assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Corporation only holds Level 1 instruments.

Contributions

The Corporation accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board. In accordance with FASB, contributions received are recorded as increases in support with or without donor restrictions, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. It is the Corporation's policy to show net assets with donor restrictions that are received and expended in the same year as contributions without donor restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

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

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported support, revenue and expenses. Accordingly, actual results could differ from those estimates.

NOTE 2 - FAIR VALUE MEASUREMENTS

The Corporation's investments recorded at fair value on a recurring basis have been categorized based upon a fair value hierarchy in accordance with FASB. See Note 1 for a discussion of the Corporation's policies.

The Corporation's Level 1 investments measured at fair value on a recurring basis are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
June 30, 2026		
Deposits in ISJIT	$ 1,005,822	$ 1,005,822
(Included with cash and cash equivalents on the statements of financial position)		

Fair values for deposits in ISJIT are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE 3 - RELATED PARTY TRANSACTIONS

Dormitory space is leased from Indian Hills Community College on an annual renewable lease. The lease amount is based on 15% of housing rental income. The utilities are a part of this lease and vary depending on the applicable monthly billing. The current agreement calls for the Corporation to pay 20% of the applicable College natural gas and water bills and 11% of the applicable College electricity bills. In addition, the agreement calls for the Corporation to pay the College 35% of the business office clerk's salary (plus benefits) and 100% of the wages paid for resident assistants and dormitory supervisors. Other expenses paid to the College that are not formally a part of this agreement include printing, meals, scholarships, promotion and other items. A summary of the accounts payable and payments to the College is as follows:

	Rent	Utilities	Labor and Benefits	Other Expenses	Total
Payable at June 30, 2025	$ 129,910	$ 150,824	$ 54,813	$ 233,297	$ 568,844
Less payments	129,910	150,824	54,813	233,297	568,844
Plus expenses	120,096	163,072	47,878	256,211	587,257
Payable at June 30, 2026	$ 120,096	$ 163,072	$ 47,878	$ 256,211	$ 587,257

NOTE 4 - LEASES

The Corporation entered into a right-of-use operating lease primarily for real estate. For leases with terms greater than 12 months, the Corporation records the related right-of-use asset and liability at the present value of the lease payments over the contract term using a risk-free interest rate. The Corporation elected the practical expedient not to separate contract lease and non-lease components.

Most leases include one or more options to renew the lease at the end of the initial term, with renewal terms that generally extend the lease at the then-market rate of rental payments. The Corporation does not include the renewal option in the lease term for calculating the lease liability due to the uncertainty at the time of lease commencement as to whether the renewal option is reasonably certain to be executed. The discount rate applied for the existing lease uses the risk-free rate depending upon the lease term for the right-of-use operating lease liability.

The weighted average lease term and discount rate are as follows as of June 30, 2026:

Right-of-use operating leases remaining lease term	15.50 years
Right-of-use operating leases discount rate	3.00%

Lease expense for lease payments is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the fiscal year ended June 30, 2026:

Right-of-use operating:	
Operating lease expense	$ 343,414

Cash paid for amounts included in the measurement of lease liabilities for the fiscal year ended June 30, 2026 is as follows:

Operating cash flows for operating leases	$ 148,692

NOTE 4 – LEASES (Continued)

The following table summarizes the maturity of right-of-use liabilities under operating leases for subsequent fiscal years as of June 30, 2026:

2027	196,360
2028	196,360
2029	196,360
2030	196,360
2031	196,360
Thereafter	2,045,416
Total lease payments	3,027,216
Less: interest	(605,908)
Total lease liabilities	$ 2,421,308

NOTE 5 - INSURED DEPOSITS

The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. The Corporation did not have deposits in excess of federally insured limits as of June 30, 2026. The Corporation also had deposits in Iowa Schools Joint Investment Trust (ISJIT) invested in money market funds specifically authorized by Iowa law and are valued at amortized cost which approximates fair value of $1,005,822.00 as of June 30, 2026, that are not federally insured.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Corporation's financial assets as of the statement of financial position date. As of June 30, 2026, all financial assets were available for general use within one year of the balance sheet date as shown below:

Financial assets at year-end:	
Cash and cash equivalents	$ 1,039,674
Receivables	298
Financial assets available to meet cash needs for general expenditures within one year	$ 1,039,972

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 7 - EVALUATION OF SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through September 15, 2026, the date which the financial statements were available to be issued.